



OECD Public Governance Reviews

DOMINICAN REPUBLIC

**HUMAN RESOURCE MANAGEMENT FOR INNOVATION
IN GOVERNMENT**



OECD Public Governance Reviews: Dominican Republic

HUMAN RESOURCE MANAGEMENT
FOR INNOVATION IN GOVERNMENT

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Foreword

This review represents a new policy approach to public sector reform studies, linking the traditional thematic public employment and strategic human resource management (HRM) framework to public sector innovation and service delivery challenges in the Dominican Republic. The review is based on relevant lessons learned from the experience of OECD member and key partner countries, underpinned by an economic and institutional analysis of the current Dominican landscape in a broader regional perspective.

The review provides a detailed diagnosis of the Dominican public employment management system and both strategic and pragmatic solutions for improving it. The short-, medium- and long-term recommendations are based on assessments in the following identified priority areas: the use of strategic workforce planning and management; the state's ability to acquire and retain workforce competencies and to enhance government's core values, performance management and leadership; strategic HRM reforms; and the capacity to embed innovative approaches for a more efficient and effective public administration leading to better service delivery.

Several options are presented to make the most of available public means, addressing the gap between resources, demands and citizen expectations of the public sector, breaking the vicious circle entrapping smaller Latin American and Caribbean countries in particular. Institutional, organisational and regulatory barriers can seriously hinder the implementation of public sector reforms, limiting benefits that can be realised from performance improvements in priority areas such as public employment and strategic HRM.

The review was completed in April 2014, under the auspices of the OECD Public Employment and Management (PEM) Network, as part of the work programme of the Public Governance and Territorial Development Directorate (GOV). It was undertaken at the request of and financed by the Dominican government (MAP, Ministry of Public Administration), under the active leadership of Minister Ventura Camejo and strongly supported by the *Presidencia*.

Under the direction of Edwin Lau (Head of Division, Reform of the Public Sector) the review was co-ordinated and prepared by Natalia Cerrato. Chapters 1 and 6 were written by Natalia Cerrato. Chapters 2, 3, 4 and 5 were co-written by Natalia Cerrato and Maria Maguire. Very useful comments were provided by Mario Marcel, Edwin Lau, Christoph Demmke, Daniel Gerson and Marco Daglio. Statistical and methodological advice was provided by Alessandro Lupi for some comparative public employment figures in Chapter 2. Administrative and production assistance was provided by Lia Beyeler, Natasha Lawrance and Sophie Limoges. Editorial assistance was provided by Jennifer Allain. The Spanish publication of this review was also co-ordinated by Natalia Cerrato and facilitated by José Antonio García (OECD Mexico Centre) and Gilda Moreno Manzur (translation).

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Acronyms and abbreviations

CAF	Common Assessment Framework <i>Marco Común de Evaluación</i>
END	<i>Estrategia Nacional de Desarrollo</i> National Development Strategy
HRM	Human Resources Management <i>Gestión de Recursos Humanos (GRH)</i>
IACAC	Inter-American Convention against Corruption <i>Convención Interamericana contra la Corrupción</i>
IDB	Inter-American Development Bank <i>Banco Interamericano de Desarrollo (BID)</i>
INAP	<i>Instituto Nacional de Administración Pública</i> National Institute of Public Administration
IPAC	<i>Iniciativa Participativa Anticorrupción</i> Participatory Initiative Against Corruption
LAC	Latin America and the Caribbean <i>América Latina y el Caribe</i>
MAP	<i>Ministerio de Administración Pública</i> Ministry of Public Administration
MEPyD	<i>Ministerio de Economía, Planificación y Desarrollo</i> Ministry of Economy, Planning and Development
MfDR	Managing for Development Results <i>Gestión para Resultados en el Desarrollo (GpRD)</i>
MH	<i>Ministerio de Hacienda</i> Ministry of Finance
NGO	Non-governmental organisation <i>Organización no gubernamental (ONG)</i>
OECD	Organisation for Economic Co-operation and Development <i>Organización para la Cooperación y el Desarrollo Económico (OCDE)</i>

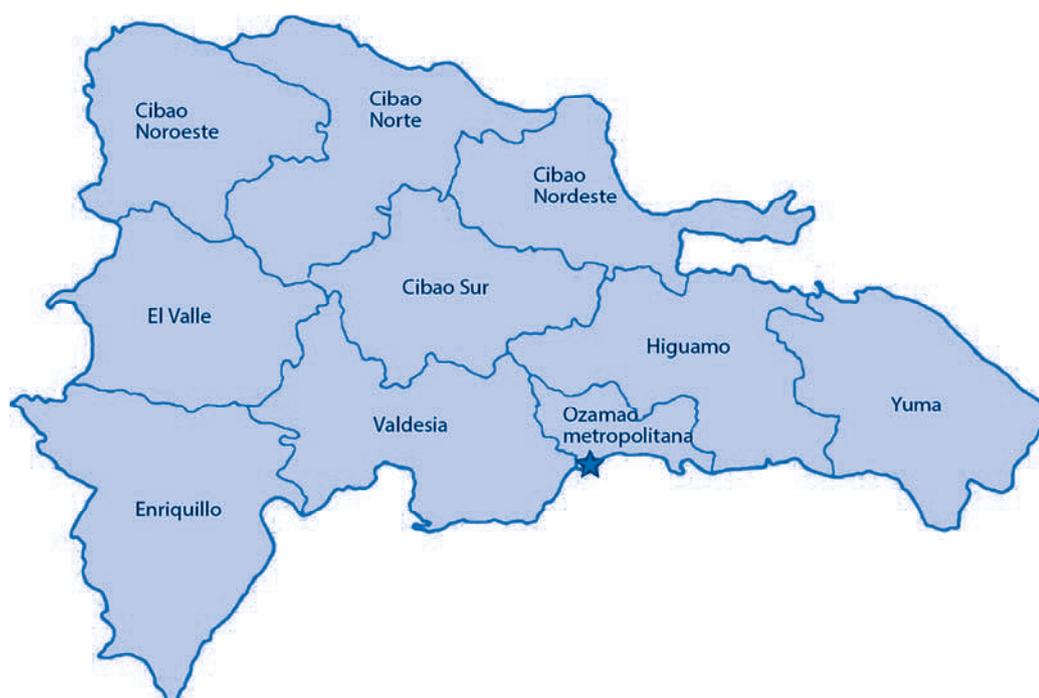
OPTIC	<i>Oficina Presidencial de Tecnologías de la Información y Comunicación</i> Presidential Office of E-government and ICT Policies
OSS	One-stop shops <i>Ventanillas Únicas (VU)</i>
PEM	Public Employment and Management <i>Gestión y Empleo Público</i>
RIA	Regulatory Impact Assessment <i>Análisis de Impacto Regulatorio (AIR)</i>
RIG	Regulation Inside Government <i>Regulación Dentro del Gobierno (RDG)</i>
SASP	<i>Sistema de Administración de Servidores Públicos</i> Public Employment Management System
SISMAP	<i>Sistema de Monitoreo de la Administración Pública</i> Public Administration Monitoring System
SMEs	Small and Medium-Sized Enterprises <i>Pequeñas y Medianas Empresas (PyMEs)</i>

Country profile

Territorial and institutional framework of the Dominican Republic

The Dominican Republic is divided into 31 heterogeneous provinces (incorporating 155 municipalities) and the *Distrito Nacional*, where the capital is situated (*Santo Domingo de Guzmán*). The provinces are political and administrative units that facilitate delegation of the central government authority at intermediate level. Every province has a civil governor who is appointed by and represents the central executive power. Each province is composed of two or more municipalities which in turn function as political and administrative units.

Figure 0.1. Map of the Dominican Republic



Source: OECD (2013a), *Fiscal Policy for Development in the Dominican Republic: Making Development Happen*, No. 2, OECD, Paris, www.oecd.org/countries/dominicanrepublic/Fiscal%20policy%20for%20development%20in%20the%20Dominican%20Republic.E-Book.pdf.

Table 0.1. Main economic indicators of the Dominican Republic, 1960-2010

	1960	1970	1980	1990	2000	2010
Population (million)	3.31	4.51	5.79	7.19	8.59	9.93
Unemployment, total (% of total labour force)	-	-	-	-	14.20	14.30
Inflation, consumer prices (annual %)	-	3.82	16.75	50.46	7.72	6.33
Poverty headcount ratio at USD 1.25 a day (PPP) (% of population)	-	-	-	-	-	-
Macroeconomic indicators						
GDP (current USD, million)	672.40	1 485.40	6 631.00	7 073.67	23 996.66	51 576.21
GDP (constant 2000 USD, million)	3 019.31	5 293.14	10 534.04	13 315.13	23 996.66	40 196.11
GDP per capita (current USD)	203.21	329.24	1 144.45	983.18	2 792.92	5 195.38
GDP per capita (constant 2000 USD)	912.47	1 173.24	1 818.07	1 850.70	2 792.92	4 049.04
Gross savings (% of GDP)	-	13.26	15.26	16.07	18.04	8.07
Industrial structure (value added, % of GDP)						
Agriculture	-	23.24	20.15	13.42	7.25	6.22
Industry	-	26.14	28.29	31.41	35.91	32.04
Services, etc.	-	50.62	51.56	55.17	56.85	61.74
Employment structure (% of total employment)						
Agriculture	-	-	-	-	15.90	-
Industry	-	-	-	-	24.30	-
Services	-	-	-	-	59.80	-
Ratio of employment to population, 15+, total (%)	-	-	-	-	54.20	55.50
Trade structure						
Exports of goods and services (current USD, million)	172.10	255.90	1 271.00	2 392.77	8 890.16	11 878.94
Exports of goods and services (% of GDP)	25.59	17.23	19.17	33.83	37.05	23.03
Imports of goods and services (current USD, million)	126.50	365.30	1 919.00	3 090.58	11 006.50	17 648.14
Imports of goods and services (% of GDP)	18.81	24.59	28.94	43.69	45.87	34.22
Human resources						
Labour force, total	-	-	-	2 850 506.58	3 538 466.29	4 430 037.91
School enrolment, secondary (% of total)	-	-	-	-	40.21	62.33
Labour force with tertiary education (% of total)	-	-	-	-	10.30	-
Public spending on education, total (% of GDP)	-	2.64	-	-	1.91	-

Source: OECD (2013a), *Fiscal Policy for Development in the Dominican Republic: Making Development Happen*, No 2, OECD, Paris, www.oecd.org/countries/dominicanrepublic/Fiscal%20policy%20for%20development%20in%20the%20Dominican%20Republic.E-Book.pdf.

Box 0.1. Key indicators of the Dominican Republic, 2012

Population (millions): 10.1

GDP (USD billions): 59.0

GDP per capita (USD): 5 763

GDP (PPP) as share of world total: 0.12%

Source: World Economic Forum (2013), *Global Competitiveness Report 2013-14*, WEF, www.weforum.org/reports/global-competitiveness-report-2013-2014.

Executive summary

The importance of HRM for achieving better quality, more responsive and efficient public services is well recognized by the Dominican government. The public administration's HRM reform strategy is crucially integrated into broader public service reforms which are in turn rooted in the country's national development plan. This gives the reforms a strong political impetus which remains critical to their successful implementation.

The central pillar of ongoing HRM reforms in the Dominican Republic is the creation of the career public service, supported by merit-based recruitment, employment processes and performance-oriented HRM practices. There is now a sound legislative framework in place for public service employment, and strategic HRM practices are being developed that will facilitate rightsizing and reallocation of the workforce. The new job classification system, a common pay structure and competency based job profiles all offer potential opportunities to develop flexibility in workforce management, create a more cohesive career service and foster mobility. A competency management system is under construction and will be a major asset for building the capacity of the workforce and embedding public sector values.

To support improvements in public services, a comprehensive performance management system, comprising an integrated organisational and individual performance framework, is being developed. Systematic and consistent evaluation and reporting is aided by online tools which have increased transparency and accountability.

The greatest challenge now facing the Dominican Republic in their efforts to modernise and professionalise their civil service is to maintain reform momentum and effectively transform plans into reality. This report identifies a number of key institutional, organisational, performance and regulatory bottlenecks that can hinder the capacity to successfully implement public sector reforms and limit the benefits that can be realised from improvements in public employment and strategic HRM.

Institutional fragmentation in the Dominican Republic hampers the efficient allocation of the workforce, undermines strategic HRM and makes it difficult to control employee numbers and costs. It could usefully address institutional fragmentation, duplication and proliferation by reconsidering the structure of the public administration and the relationships between entities. This would lead to a more coherent, accountable, transparent and cost-efficient administration, capable of implementing whole of government reforms in a more timely and effective manner.

The management of leadership is identified as a gap in the Dominican Republic's reform strategy. Sustaining public service reforms will require new leadership and management competencies, new forms of engagement between senior managers and political leaders, and a more corporate and whole-of-government leadership culture. Measures to strengthen leadership and management are lacking in the government's

reform strategy. Areas where an increased focus would yield dividends include more rigorous selection processes, a leadership competency profile, performance objectives that include cross-cutting corporate leadership responsibilities and leadership and management development.

Another area that has received little attention is workforce planning. Despite the government's initiatives to control payroll costs, public employment has continued to grow rapidly in recent years. Even allowing for the need to build capacity in order to improve public services, this tendency needs to be closely controlled and monitored to ensure that increases in employee numbers are affordable, well planned and focused strategically to deliver improvements in the quantity and/or quality of services.

To overcome these and other challenges, the Dominican Republic's reform agenda will require continual reinforcement, sustained leadership commitment from political and administrative levels, and a practical and pragmatic approach to reform sequencing. Drawing on the experience of OECD member countries, this report outlines key recommendations and considerations with a focus on strengthening and sustaining the reforms and their momentum over the short, medium and long term.

Underlying these recommendations are not a vision of "more State", but "better State", focusing on what the state does best and on building trust and sustainable economic growth, supported by solid co-ordination mechanisms and an efficient regulatory framework. Improving the accountability, efficiency, effectiveness and flexibility of public administration requires a whole-of-government approach to government activities, producing an integrated, systematic, incremental, sustained and visible path of change.

Taking a whole-of-government perspective would be a major advantage for managing the size and allocation of the public workforce and avoiding unplanned long-term growth in payroll costs. In the immediate future, undertaking a strategic staffing review would enable the government to establish a baseline for decisions about the reallocation and restructuring of the workforce and could encourage organizations to identify ways of delivering better services within budgetary constraints.

Further measures are recommended to reinforce efforts to expand and institutionalize merit-based recruitment and promotion, such as using accountability frameworks to ensure that ministers and senior managers are held accountable for the implementation of merit focused reforms in the institutions for which they are responsible.

The consolidation of the career public service would be helped by integrating a competency-based HRM framework which could improve the recruitment process, training and development, and performance management. Such a framework can help to identify critical skill gaps in the workforce and build capacity to meet the government's objectives relating to quality management, innovation and tangible results across the public service.

Recommendations also focus on ensuring the HRM framework for the career public service is designed to be a core driver of performance. Designing jobs and job classification structures in ways that open up career structures, as well as increasing opportunities for on-the-job learning and mobility, can contribute to a culture of performance, motivation and diversity. A job classification system that allows for both horizontal and vertical mobility and flexible organization of work has the potential to make a significant contribution to the Dominican Republic's efforts to strengthen performance and innovation.

Finally the experience of OECD countries who have undertaken coherent HRM reforms such as those described throughout this report stress the need for patience, commitment and a strategic approach to incremental sequencing. Outcomes such as building a performance-oriented culture, developing transformational leadership capacity, and building a flexible and agile workforce are still challenges for all OECD countries and are areas of continuous focus and development. As such, the institutional leadership of the country's HRM system needs to ensure it has the capacity, resources and systems in place to maintain the focus to enable continuous improvement in the field of HRM, linked to organisational performance, improved service delivery and innovation in the public administration of Dominican Republic.

The Dominican Republic government's commitment to improving the role played by its civil servants will contribute greatly to the country's ongoing development and future prosperity. This report takes stock of progress made, identifies a number of key bottlenecks and proposes a forward reform agenda through a series of recommendations focused on maintaining reform momentum.

Assessment and key recommendations

The Dominican public administration faces significant institutional and budgetary challenges, with a clear gap between resources, demands and citizen expectations on the public sector, and the current capabilities to adequately respond to them. Nevertheless, there is plenty of scope for a more efficient use of available public means. As a small country with limited resources, the Dominican Republic needs to make the most of them, ensuring that their use will provide the most efficient and effective return.

The answer is not necessarily “more state” but “better state”, focusing on what the state does best and on building trust and sustainable economic growth, supported by solid co-ordination mechanisms and an efficient regulatory framework. Improving the accountability, efficiency, effectiveness and flexibility of public administration requires a whole-of-government approach to government activities, producing an integrated, systematic, incremental, sustained and visible path of change by sequencing.

In such a landscape it is crucial to ensure some consistency, continuity and pragmatism in the reform process, embedding and strengthening what is essential before absorbing public administration novelties. Similarly, it is important that progress in public sector reform helps generate more resources from civil society, breaking the vicious circle entrapping smaller Latin American and Caribbean countries in particular. This makes the need for innovative approaches and pragmatic solutions to complex public administration and service delivery challenges quite compelling. However, only a long-term sustainable and inclusive strategy will help identify the right key priorities and help commit to an ambitious yet realistic short- and medium-term agenda, persevering long enough to achieve tangible quantitative and qualitative gains both in terms of internal public governance and external service delivery.

The Dominican Republic has embarked on ambitious reform programmes to modernise and professionalise its public administration. Enhancing public service performance is a central pillar of the Dominican National Development Strategy. The current Dominican government is committed to delivering better quality, more effective and efficient services, reducing waste of public resources and establishing a result-oriented and innovative professional culture in the public sector.

A framework for public employment and strategic HRM can both play a vital role in innovating the Dominican public sector: by making space through restructuring and reallocation and by eliminating redundancies; by identifying and developing necessary skills and building organisational capacity; by focusing performance management on desired outcomes and creating flexibility to achieve them; and by striking a balance between accountability and well-informed risk taking.

The Ministry of Public Administration (MAP) is the central authority responsible for public administration, public employment and strategic HRM in the Dominican Republic. MAP has wide-ranging responsibilities as a ministry for public administration and has

achieved a lot in the short time it has been in existence (since 2008). The appointment of a strong, active minister (Minister Ventura Camejo) signals political empowerment.

Creating a merit-based career public service is a major achievement which requires continual reinforcement

The Dominican Republic is engaged in a comprehensive set of public management reforms, in which human resource management (HRM) reforms play a key part. The central pillar of HRM reforms is the creation of the career public service, supported by merit-based recruitment and employment processes and performance-oriented HRM practices. Changes to HRM practices may provide incentives for staff to implement innovations in service delivery. As these reforms challenge the legacy of political influence and nepotism in public employment, continued strong political support and vigilance will be needed to ensure that the career public service and the merit principle become firmly established.

While there is now a sound legislative framework in place for public service employment, translating this into effective implementation poses significant challenges and will require continual reinforcement. Implementation can be strengthened by placing core values more at the forefront of reforms for sustainable change. This will build trust and drive essential improvements in the public service culture, provided that the values being promoted by the HRM reforms are supported by the values being demonstrated by other branches of government.

To reinforce the commendable efforts being made to expand and institutionalise merit-based recruitment and promotion throughout the public service, consideration should be given to establishing an independent merit protection agency. If well resourced, such bodies can be highly effective. Another very visible signal of the commitment to the merit principle can be sent by ensuring that ministers and senior managers are held accountable for the implementation of reforms in the institutions for which they are responsible. The consolidation of the career public service would be helped by making the recruitment process more rapid and efficient and by ensuring that employees who are incorporated into the career system have the right skills and are in the right place.

Strategic planning and management of the workforce can be improved

The public workforce in the Dominican Republic is below the OECD average of 15% of the labour force, but relatively large in comparative terms if the income level of the country is taken into account. However, institutional fragmentation hampers the efficient allocation of the workforce, undermines strategic HRM, and makes it difficult to control employee numbers and costs. There is significant scope to increase efficiency and productivity by restructuring the public administration, and additional efforts are needed in this domain. Innovative approaches to public employment and strategic HRM can be an important source of cost savings and can help the government of the Dominican Republic address emerging challenges such as the ageing of the workforce.

Despite the government's initiatives to control payroll costs, public employment has continued to grow rapidly in recent years. Even allowing for the need to build capacity in order to improve public services, this tendency needs to be closely controlled and monitored to ensure that increases in employee numbers are affordable and well planned and deliver improvements in the quantity and/or quality of services.

Taking a whole-of-government perspective would be a major advantage for managing the size and allocation of the public workforce and avoiding unplanned long-term growth in payroll costs. It is likely that significant workforce restructuring will be needed in order to ensure that staff numbers and competencies are well aligned with the priorities of the National Development Strategy (END, *Estrategia Nacional de Desarrollo*). In the immediate future, undertaking a strategic staffing review would enable the government to establish a baseline for decisions about the reallocation and restructuring of the workforce. A strategic staffing review could usefully be linked to the government's objective of driving innovation in public service delivery, in terms of encouraging organisations to identify ways of delivering better services within budgetary constraints. Over the longer term, it will be essential to develop strategic workforce planning in order to strengthen the capacity to plan and allocate the workforce more efficiently in line with the government's policy priorities.

The strategic HRM practices that are being developed within the career public service framework will facilitate rightsizing and reallocation of the workforce and should, in time, enable less reliance on recruitment freezes and staff cuts. Open recruitment competitions, mobility and redeployment are all key instruments that should be used more. It will also be important to remove structural and cultural barriers to flexible management of the workforce – for instance, by putting innovation at the core of public management modernisation policies especially in sectors that are the most affected by ageing.

The new job classification system, a common pay structure and competency-based job profiles all offer opportunities to develop flexibility in workforce management and should be used to maximum effect to create a more cohesive career service and to foster mobility.

The competency management system under construction will be a major asset for building the capacity of the workforce and embedding new values. Its effectiveness will be increased by establishing a common competency framework for the public service as a whole. In a rapidly changing policy environment, competencies cannot be static. Ongoing development of present and future competencies is an essential part of the flexibility and problem-solving capacity that are indispensable for governments to anticipate change and deal with increasingly complex issues. A key area in which competencies should be integrated as rapidly as possible is training and development of staff to raise the workforce qualification level. Competencies can be used to identify critical skill gaps which will need to be closed in order to enable the achievement of the government's objectives relating to quality management, innovation and tangible results across the public service. Closing these gaps will require a major capacity-building effort, supported by a more strategic approach to training and development of staff.

A range of HRM instruments can be used to make performance management more effective

To support improvements in public services, a comprehensive performance management system is being developed, comprising an integrated organisational and individual performance framework. While this is a key reform, the experience of OECD member countries has been that implementation of these systems is a lengthy and complex project. In the meantime, there is an urgency to strengthen individual performance management. As an interim step, it would be beneficial to go ahead immediately with a simplified individual system that focuses on performance objectives,

leaving the linkages to organisational performance to be established later on. The effectiveness of individual performance management could also be improved by measures to deal with inflated performance ratings and poor performance.

The management of senior managers is a crucial element for reinforcing the performance orientation of public governance. Managers play a vital motivating role in creating a culture of excellence and high performance and must lead by example. Pending the implementation of the organisational performance management framework, which will include a performance contract for top managers, the overall performance orientation of the public service would be strengthened by extending individual performance appraisal to all managers.

The HRM framework for the career public service is designed to be a core driver of performance. Merit-based recruitment and promotion processes that allow performance assessments to play a role in career development and promotion are a prerequisite for a stronger emphasis on performance management. Designing jobs and job classification structures in ways that open up career structures, as well as increasing opportunities for on-the-job learning and mobility, will contribute to a culture of performance, motivation and diversity. A job classification system that allows for both horizontal and vertical mobility and flexible organisation of work has the potential to make a significant contribution to the Dominican Republic's efforts to strengthen performance and innovation.

Developing methods of participation and involvement in the workplace for managers and employees also has the potential to improve performance and to make a significant contribution to employee motivation, the promotion of quality and innovation and the overall management of change in the Dominican Republic's public service.

Leadership and management should receive more attention

Effective leadership of reforms by senior public servants is key to success. It is essential to have senior managers who will provide not only excellent managerial skills and professional competence, but also leadership for change in the public sector. Leadership and management development activities are most likely to be effective when they are defined as a high priority by the government of the Dominican Republic, firmly placed in the context of public service reforms and closely linked to the culture of quality, innovation and results that the Dominican government wants to establish across the public service.

Sustaining public service reforms will require new leadership and management competencies, new forms of engagement between senior managers and political leaders, and a more corporate and whole-of-government leadership culture. Measures to strengthen leadership and management should figure more prominently in the government's reform strategy. Areas where an increased focus would yield dividends include more rigorous selection processes, a leadership competency profile, performance objectives that include cross-cutting corporate leadership responsibilities, and leadership and management development.

A more structured approach to managing senior managers as a group would provide the government with increased scope to strengthen leadership and management while retaining appropriate flexibility in regard to appointments. The steps that are under way to bring the organisation and management of the senior public service closer to the Latin American public service criteria are a positive development. The creation of the career

public service offers an opportunity to establish a clearer interface between the political level and the public administration and to create a group of professional managers to carry forward the government's reform programme.

Continued capacity building in HRM is required, and the emphasis for the time being should be on centralisation rather than delegation

The government should continue its efforts to build HRM capacity. The Ministry of Public Administration (MAP) must be well resourced to carry out its extensive responsibilities, and its authority should be reinforced by every possible means. While MAP has adopted a clear strategic orientation, there is scope to increase its effectiveness by aligning its structure more closely to its strategic priorities. Capacity building is required in the National Institute of Public Administration (INAP) to enable it to take on a more strategic role. Within institutions, the capacity of the HRM function needs to be built up, and HRM competencies and accountabilities of line managers should be developed. The impressive progress and investment being made in online tools, particularly the development of the Public Employment Management System (SASP), is an extremely worthwhile contribution to improving the capacity for strategic HRM.

The implementation of HRM reforms in a public service that has been loosely regulated in the past requires an emphasis on central monitoring and control for the present. Increased delegation of HRM to line managers should not be considered until core values are well established and strong frameworks for performance and accountability are embedded. Once the results-based budgeting and performance management systems are in place, delegated arrangements for HRM can be integrated with these frameworks.

Implementation of HRM reforms can be strengthened by addressing potential risks and missing elements and by adopting a more incremental approach

A key strength of the HRM reform strategy in the Dominican public administration is that it is an integral part of the broader public service reforms, and the importance of HRM for achieving better quality, more responsive and efficient public services is well recognised. This gives the reforms a strong political impetus which is critical to successful implementation. The HRM reform strategy would be further strengthened by including two elements that have received insufficient attention up to now – leadership, and strategic workforce planning – even though this may require some reordering of implementation priorities.

Implementation can also be supported by identifying tensions and potential threats and by developing risk management strategies. A key consideration in this regard is the challenge of implementing such wide-ranging and complex reforms within a relatively short time frame and in a context of limited resources. Ultimately, a more incremental approach to implementation may prove more sustainable, although the reform momentum must be maintained.

Systematic and consistent evaluation and reporting are critical for sustaining reforms. The Public Administration Monitoring System (SISMAP) is another extremely useful (online) instrument that has increased transparency and accountability. Monitoring and evaluation can be further developed through public reporting by MAP and other central bodies to the executive and the legislature. Consideration should also be given to putting

in place a legislative requirement for a periodic review of progress with implementing the Public Service Law 41-08 (*Ley Función Pública 41-08*).

Results can be significantly improved by addressing key public administration bottlenecks and by investing in pragmatic participatory approaches for better public service delivery

The Dominican Republic would strongly benefit from a broader innovation scope leading to a sustained, well-integrated targeted approach to overcome the identified key institutional, organisational, performance and regulatory barriers in its public administration. These bottlenecks can seriously hinder the capacity to successfully implement public sector reforms as an engine for renewal and for citizen-centred service delivery solutions, limiting benefits that can be realised from improvements in priority areas such as public employment and strategic HRM. Priority attention should be paid to the Dominican machinery of government, addressing institutional fragmentation, duplication and proliferation to identify feasible rationalisation and reorganisation opportunities for a more coherent, accountable, transparent and cost-efficient administration delivering better services. Better use could be made of MAP's existing resources by moving to a simpler structure organised more around strategic areas rather than functions.

Flexibility in adapting organisational structures to changing needs could be increased in the Dominican setting by moving away from the current rigid practice of laying down *ex ante* the structure of institutions and service delivery arrangements in legislation.

Change management should be developed and embedded as rapidly as possible to effectively support institutional restructuring efforts and promising quality management instruments, helping improve public sector image and credibility.

The role of MAP as a central authority should be strengthened, because implementing complex and sensitive reforms such as the new public sector salary system will require a central (public employer) function with a significantly adjusted remit. Equally important in this respect is the development of a well-coordinated “holistic” and more uniform approach to service delivery policy at the central administration level, underpinned by a sound strategy for its achievement, requiring a decision in the medium to long term on the most appropriate organisational model for public service delivery in the Dominican Republic. It is not recommended that additional responsibilities be devolved to local government in the short term, as this would risk undermining reforms which require a sustained push from the centre of government. However, tangible improvements in public services will require at some point a major effort to improve the capacity of decentralised services, which inevitably implies adequate funding and appropriately skilled staff.

It is crucial to take an incremental approach to the implementation of a fully integrated (but not too complex) organisational performance management framework, rather than trying to establish a highly sophisticated system all at once. Establishing a strong culture of performance and moving towards a performance-oriented public administration will take longer than one government term. As the Dominican Republic's performance framework is developed, the objective setting can become more advanced in the long term, and the critical links with strategic planning, budgeting and key initiatives such as HRM, quality management and institutional restructuring can be further strengthened.

Regulatory reform inside government can help release important resources for better public service delivery responses to citizens and businesses, making overly regulated and rigid rules-based public sector organisations less expensive and more efficient, productive and flexible in implementing change and innovative practices. It is highly preferable to start by first paying attention to issues leading to visible improvements and political benefits within a reasonable time frame (Pareto principle), keeping the more complex yet still needed regulatory reforms until the next, more mature phase (medium to long term). Consideration could be given as well to the effective use of sunset or revision provisions in new regulations.

Generally speaking, it is advisable to focus on innovating service delivery in selected key areas for the country's economic and social development through targeted policies and actions, rather than trying to tackle everything at once. Public service areas such as health and education, where the change process has started in the Dominican Republic, offer the government opportunities to demonstrate short-, medium- and long-term impacts and to build some kind of “business case”.

The quality and accessibility of basic public services could be improved through targeted pragmatic participatory approaches from policy design to implementation and evaluation, by working with both internal and external stakeholders in order to better understand user needs, to rebuild trust relying on systematic and open communication, to collaborate more effectively, to get feedback on public services and to involve new partners in service delivery.

A wider use of public management tools such as co-design and co-delivery schemes in public service delivery strategies could be useful for Dominican rural areas where traditional mechanisms would be too expensive or less effective, offering an interesting and useful way to think about reorganising existing public services and/or to create and then provide new ones.

Key recommendations

Strategic workforce planning and management to meet current and future public service delivery challenges in the Dominican Republic

A. Short term (1-2 years)

A whole-of-government perspective on the size, structure and allocation of the workforce is essential to align staffing with the government's priorities. Measures that would help achieve this include:

- A strategic review of public service staffing in order to support a whole-of-government approach to restructuring and rightsizing the workforce and to identify priority areas where workforce planning should be developed first.
- Using the results of a strategic staffing review to identify opportunities to reallocate positions in line with the priorities set out in the National Development Strategy (END, *Estrategia Nacional de Desarrollo*) and to achieve savings.
- Developing targeted measures to raise the overall skill and qualification level of the workforce to support improvements in public services, innovation and E-government.

Controls over staffing numbers and payroll costs should continue to be improved. Measures that would help achieve this include:

- Improving control over the employment of temporary staff to ensure that it complies with the provisions of Public Service Law 41-08.
- Ensuring that all central government institutions participate in the validation process of their workforce budgets by MAP and bringing all institutions up to the same level of capacity in this regard.

Implementation of the career system could be further strengthened. Measures that would help achieve this include:

- Allocating additional staff within MAP to supervise the procedural correctness and quality of the process of incorporating staff into the career service and accelerating the capacity building of the HRM function in ministries and other institutions. The quality of the incorporation process needs to be rigorously overseen by MAP. The implementation of the career public service could best be facilitated by a fair and well-coordinated approach. Centralisation rather than decentralisation seems to be required in the short to medium term.
- Ensuring that the career system is insulated against political interference, and holding ministers and senior managers accountable for implementation of the career system. This could be done, for example, through regular reporting to the President and Congress and/or a regular progress review at Cabinet level with a requirement for ministers to account for progress in the institutions for which they are responsible.
- Maintaining vigilance to avoid a situation where organisations seek derogations to opt out of the career system, or simply fail to put the provisions of Public Service Law 41-08 into effect in a timely manner.
- Using the results of a strategic staffing review to guide a more targeted approach to incorporation of employees into the career system and linking the incorporation process to the institutional restructuring process. This will help to avoid incorporating employees whose skills and/or functions may not be required in the future.
- Identifying areas of good practice in managing the incorporation process strategically and disseminating them to other areas of the public service. This could be supported by MAP establishing a template for management of the incorporation process in order to spread a more strategic approach to other institutions.

A broader set of HRM instruments could be used to facilitate rightsizing and reallocation of the workforce. Measures that would help achieve this include:

- Making more use of the provisions of Public Service Law 41-08 to enable the dismissal of surplus employees to facilitate organisational restructuring. This may require allocation of funding to institutions for redundancy payments to surplus staff.
- Recruitment systems that provide flexibility in hiring staff at all levels (while applying merit-based approaches and avoiding the danger of politicisation), targeting skills for specific positions and increasing diversity.

- Increasing opportunities for mobility by holding more open recruitment competitions.
- Developing redeployment provisions to assist in restructuring the workforce and assessing whether redundancy provisions may need to be expanded.

Workforce planning should be developed in order to support better management of workforce costs and strategic alignment of the workforce with the government's priorities. Measures that would help achieve this include:

- Creating awareness of the strategic importance of workforce planning and starting to build capacity among managers and HRM staff.
- As a first step in workforce planning, developing scenarios of the size and structure of the workforce needed to deliver the government's strategic objectives and analysing the cost implications of different options. Projections could also be developed for key sectors.
- Building MAP's competence in workforce planning and starting to develop simple tools and guidelines for organisations to use. A workforce planning unit should be established in MAP.

The implementation of the salary reform will need to be sequenced carefully and be well integrated with other HRM reforms. Measures that would help achieve this include:

- Developing a job classification system that supports cohesion and mobility in the career public service.
- To the extent possible, developing standard job descriptions to replace institution-specific job manuals.
- Assessing what can be done to build support for the new system. A careful identification of winners and losers and the development of transitional measures should be part of the planning of the new pay system.
- Maintaining central control of the pay system rather than decentralisation in the short to medium term in order to establish an ordered pay system and gain firm control over pay costs.

B. Medium term (3-5 years)

Innovative approaches to public employment and strategic HRM can be an important source of cost savings and can help the government of the Dominican Republic address emerging challenges such as the ageing of the workforce. Measures that would help achieve this include:

- Continuing to manage the size and structure of the workforce to avoid unplanned long-term growth in the costs of public employment. This will be crucial to the success of the government's public service reform programme.
- Developing the ability to track and analyse workforce compensation costs and production costs of government services.
- Analysing demographic trends across the public service in order to have a clear picture of the age structure of the workforce, and developing policies to deal with the ageing of the central government workforce. Current and future workforce demographic challenges may significantly impact the capacity of the central

public administration to further modernise and innovate due to an absence of fresh ways of thinking and new perspectives.

- Assessing opportunities for outsourcing of certain technical and support functions in order to facilitate restructuring of the workforce and an overall increase in skill and qualification levels.

The career public service should continue to be institutionalised. Measures that would help achieve this include:

- Making application of the provisions of Public Service Law 41-08 part of the performance contract and performance assessment of senior managers when the organisational performance management system is implemented.
- Examining how the scope of the career service might be broadened over time so as to ensure its continuing viability.
- Prioritising the creation of transversal careers and avoiding a proliferation of special careers which would inhibit mobility and increase the risk of distorting the salary structure.

HRM instruments for managing the size and allocation of the workforce should continue to be developed. Measures that would help achieve this include:

- Developing workforce planning and linking it to the strategic planning and results-based budgeting systems. Heads of ministries and other institutions should be made accountable for workforce planning by incorporating it into the organisational performance framework.
- Implementing targeted sectoral strategies, focusing on matters such as workforce planning to optimise staffing levels, closing competency gaps and building HRM capabilities.
- Integrating competency management into workforce planning.
- Developing methods to track the mobility of employees and assessing possible barriers to mobility.
- Assessing the effectiveness of redeployment provisions and continuing to improve their implementation.
- Using competencies to develop a system of job profiling, with the emphasis on generic job descriptions to the extent possible in order to support flexible career structures, mobility and management of job classification.

Ongoing implementation of the salary reform should be used to provide the government with better instruments of salary management. Measures that would help achieve this include:

- Implementing measures to reduce pay dispersion.
- Developing MAP's capability for pay analysis to support the pay-setting process.
- Analysing the impact of different methods of salary progression on the evolution of payroll costs in order to establish a method that provides reasonable flexibility for the government to manage costs while giving employees a reasonable expectation of salary progression over time.

- Reviewing allowances and benefits with a view to reducing the number of additional pay components.
- Changing the method of pay determination by introducing a broader set of criteria to guide the government’s decisions regarding pay adjustments.
- Implementing a centralised, whole-of-government approach to pay setting to prevent a situation where relativities between different groups become an issue.

C. Long term (5 years +)

Strategic workforce planning and management should continue to be strengthened. Measures that would help achieve this include:

- Implementing additional measures to encourage mobility.
- Continuing to improve workforce planning at the whole-of-government level and within institutions.
- Implementing capability reviews of institutions as a tool to support improved workforce planning and to drive improvements in the capacity of institutions.

Management of the pay system and pay setting should continue to be improved, and the public pension system should be reviewed and restructured. Measures that would help achieve this include:

- Developing benchmarking methodologies as an input into pay setting.
- Using international comparisons within the region to inform salary setting for senior public servants.
- Developing a total remuneration approach to pay management. The transparency and competitiveness of remuneration would be enhanced by developing a clearer “offer” for public servants, focusing not only on pay but also on non-financial benefits such as pensions, opportunities for learning and opportunities for career development.
- Developing a pay bargaining system – as the system of employee relations matures – enabling the government to use pay as a valuable instrument to link to productivity improvements and to the priority areas (such as education) of the National Development Strategy (END, *Estrategia Nacional de Desarrollo*), driving reform objectives such as organisational innovation and performance. This could also help avoid the emergence of a confrontational and fragmented system of industrial relations.
- Developing the compensation system as a management tool, to increase flexibility, influence employee behaviour and improve performance.
- Reviewing and restructuring the public service pension system.

Investing in the future by acquiring, building and retaining talent in the Dominican public administration

A. Short term (1-2 years)

Additional measures are needed to firmly establish merit-based recruitment across the public service and to make the recruitment system more rapid and efficient. Measures that would help achieve this include:

- Requiring ministers to ensure that merit-based recruitment is used consistently in the organisations under their responsibility in order to guarantee the ongoing, strong political backing that is essential to the success of this reform.
- Holding vice-ministers and directors-general personally accountable for applying the required recruitment and promotion procedures, and requiring them to report every six months on the number of staff hired and promoted in institutions under their responsibility, compared to the number of competitions held.
- Establishing an independent merit protection agency with powers of investigation, audit and reporting.
- Establishing a central recruitment agency to manage the recruitment process for the career public service.
- Improving the planning of recruitment and holding grouped competitions wherever possible.
- Splitting the process of central staffing control from that of planning recruitment competitions so that the recruitment competitions could be organised on a different schedule from authorisations to open positions.
- Providing organisations with the flexibility to proceed directly with a public competition or an open internal competition if they consider this necessary.
- Reviewing the mix of internal and external competitions in the context of the need to bring in new skills versus the need to promote internal mobility and to provide career opportunities for existing employees.
- Building up a picture of the skills that are in short supply, especially in high-priority areas, and making more use of pre-recruitment training in order to expand the pool of internal and external candidates.
- Exploring the possibility of establishing links with universities and institutions that provide technical and professional training as a way of developing a direct channel to potential job candidates.

Competency management is a key instrument which should be further developed. Measures that would help achieve this include:

- Developing a standard competency framework in order to create common concepts and enable the linking of competencies to key HRM areas such as workforce planning, recruitment, training and performance management.
- Making core public service values a part of the competency framework.
- Defining leadership competencies for senior public servants.

- Identifying future competencies that will be needed to achieve the government’s long-term goals.

There is an urgent need to build the capabilities of the workforce. Measures that would help achieve this include:

- Establishing a national training and development framework to set priorities and guide a focused capacity-building effort.
- Identifying high-priority capacity-building needs and establishing a three-year capability development plan to address them.
- Designing a core curriculum based on competencies, which can gradually be refined as the competency framework is developed.
- Putting the Academic Council into action as the overall co-ordinating body.
- Clarifying roles and responsibilities for training and development, with institutions and line managers having primary responsibility for their own staff and INAP focusing on its strategic role.
- Developing competency-based leadership and management programmes, starting a systematic process of leadership and management development.
- Developing guidance and tools to assist institutions in carrying out analysis of training needs, in developing their training plans and in evaluating their training and development activities.
- Introducing best-practice learning and training evaluation methods.
- Examining ways to improve the procurement of training.

B. Medium term (3-5 years)

Ensuring the consistent use of merit-based recruitment should remain a high priority. Measures that would help achieve this include:

- Once a performance contract has been established for an institution, the consistent use of merit-based recruitment and promotion procedures should be one of the performance criteria.
- Continuing to build the capacity of the independent merit protection agency and the central recruitment agency and ensuring that both are adequately resourced to carry out their functions.
- Implementing measures to increase the diversity of the recruitment pool.
- Using the provisions of Public Service Law 41-08 to include all positions below the most senior management level in the career service and make them subject to merit-based recruitment.
- Once there has been sufficient time for turnover to occur and new appointments to be made, MAP might usefully benchmark the proportion of managers who have been recruited on merit compared to other countries in the region.
- Considering how recruitment to positions that remain outside the career service could nevertheless be made more rigorous and impervious to nepotism in order to

help raise the general quality of employee qualifications and support the objectives of improving quality and results across the public service.

- Ongoing monitoring, evaluation and reporting of progress with the implementation of merit-based recruitment.

Expanding career opportunities will help to build the commitment of employees to merit and professionalism. Measures that would help achieve this include:

- Reducing the number of different job categories by creating interministerial job categories to the extent possible.
- Building on the work being done on competency-based job profiling to develop a method of organising and grouping jobs that facilitates flexibility – for example, a job family model or a common set of reference jobs.

Competency management should continue to be developed as a key strategic HRM instrument. Measures that would help achieve this include:

- Linking competencies to performance management and workforce planning.
- Integrating competencies into the selection and development of managers.

Training and development should be further strengthened and linked to other HRM processes. Measures that would help achieve this include:

- Using performance assessment to identify competency gaps and training and development needs of staff, and requiring managers to establish individual training plans.
- Using workforce planning to identify competency gaps and linking this to training plans within institutions, to training and development priorities for particular sectors, and to competency development strategies for the public service as a whole.
- Transferring responsibility for induction training to institutions within a framework set by INAP.
- Expanding e-learning using a corporate approach to develop a whole-of-government system.

C. Long term (5 years +)

Strategic impetus should be given to leadership and management development activities in the Dominican public administration, firmly placed in the context of public service reforms. Measures that would help achieve this include:

- Establishing a strategic centre for leadership learning and development, preferably by strengthening INAP's capacity (instead of creating a new body). Leadership and management development should be closely linked to the culture of quality, innovation and results that the Dominican government wants to achieve across the public service.

Enhancing performance orientation and building leadership for stronger public sector performance in the Dominican Republic

A. Short term (1-2 years)

The management of individual performance should be strengthened. Measures that could be taken to achieve this include:

- Taking an incremental approach to implementing performance management rather than trying to establish a too-complex system all at once.
- Implementing a simplified version of the planned new individual performance management system, with a strong focus on improving the quality of objective setting.
- Abandoning the current system of performance assessment, which is not working well, so that a new simplified system can be implemented rapidly, starting with central government and key autonomous agencies.
- Including managers at all levels in individual performance management so that there is leadership by example from the top down.
- Rolling out an accelerated training programme for line managers and HRM professionals in objective setting and performance assessment.
- Developing an online performance management system to reduce workload and bureaucracy.
- Taking steps to deal with the problem of inflation of performance ratings.
- Linking performance assessments to identification of the learning needed to close performance gaps.
- Implementing a system to deal with poor performance.

Public service reforms require new managerial and leadership competencies. Measures that could be taken to achieve this include:

- Clarifying the membership of management ranks and the number of managers at each level.
- Progressively giving effect to the provisions of Public Service Law 41-08, enabling the President to include management positions below the level of vice-minister in the career public service. The objective should be to create a critical mass of managers who are career public servants, further reducing the degree of politicisation. This could be linked to the process of institutional restructuring.
- Designing a leadership competency framework that will underpin the selection, development and management of managers.
- Introducing more rigorous, competency-based selection processes for managers, supported by professional advice.
- Strengthening transparency and quality assurance in senior appointments, while preserving the government's influence.
- Implementing training for managers in critical areas such as change management, performance management and leadership.

- Building support for changes in the way the senior public service is organised and managed.

B. Medium term (3-5 years)

Measures that could be taken to further strengthen performance management include:

- Integrating competencies into the individual performance management system once they have been validated and included in job profiles, while avoiding an over-complicated approach to the assessment of competencies.
- Ensuring that the achievement of objectives remains the central focus of performance assessment.
- Gradually linking individual performance to organizational performance management, fostering opportunities for learning.
- Evaluating and continuing to improve the individual performance management system.
- Using career development as an incentive, through better mobility and promotion structures and by encouraging managers to give good performers opportunities to develop new competencies and skills through workplace assignments.
- Making it part of senior managers' performance objectives to develop the capacity of their organisations.
- Developing methods of employee involvement to support performance and innovation.

Measures that could be taken to continue building management and leadership capacity include:

- Bringing the management of senior managers into line with the Latin American public service model.
- Developing systems and instruments to ensure consistently high standards of management and leadership.
- Building collective leadership and a whole-of-government perspective among senior managers.
- Establishing an independent body to advise on senior appointments.
- Establishing a structured leadership and management development process.

C. Long term (5 years +)

Measures that could be taken to help bring performance management to the next level include:

- Considering establishing a formal career assignment programme as a way of accelerating the development of good performers.
- Assessing the readiness of organisations for performance-related pay. Introducing performance-related pay should not be a priority.

Strengthening HRM reforms in the Dominican public administration for more innovative and tangible results

A. Short term (1-2 years)

It is essential to continue embedding and institutionalising core values and to promote values-based management. Measures that would help achieve this include:

- Strengthening regulation and oversight in areas such as recruitment, promotion, discipline and ethics.
- Choosing carefully what values are emphasised at different stages of the reform process. Improving quality, efficiency and performance will require first and foremost that the public service is staffed on merit and that probity and legality are strongly established. The values of public accountability and transparency are essential prerequisites for a more flexible, performance-oriented management regime.
- Reinforcing core values through a whole-of-government approach. Consolidated standards of conduct and ethics covering all public office holders would strengthen measures already in place.
- Making ministers and senior public servants explicitly responsible for promoting values.
- Funding ethics initiatives as a matter of priority, with specific funds being allocated to implement the Participatory Initiative Against Corruption (IPAC), the measures associated with the Inter-American Convention Against Corruption (IACAC), the drawing up of codes of conduct and ethics training.
- Implementing measures identified by the IPAC and the action plan associated with the IACAC.
- Strengthening the enforcement and compliance framework (including provisions for investigation and whistleblowing) and establishing an independent body to investigate and prosecute misconduct in public office.
- Making more active use of the available HRM instruments to deal with breaches of ethics and conduct by public servants.
- Developing a code of conduct for public officials, backed up by very active training and awareness measures, including online tools.
- Developing specific codes of conduct for high-risk positions.
- Assigning overall responsibility to MAP for developing the ethics framework and evaluating its implementation.
- Clarifying the respective responsibilities of INAP and institutions that may provide ethics training at central and local levels, fostering an effective co-ordination of training activities.
- Ensuring that the ethics element of the process of incorporating employees into the career public service is highly rigorous in its application and is used to full effect to root out corruption.

The capacity and authority of MAP should continue to be built up in order to enable it to lead and ensure the implementation of HRM reforms. Capacity building in institutions is also essential. Measures that would help achieve this include:

- Sustaining political support for the reform, particularly in terms of insisting on the collective commitment of government ministers and senior managers to implementing reforms.
- Building MAP’s organisational capacity rapidly in the areas driving the implementation of reforms: workforce planning, values and ethics, HRM policy design, and the creation of frameworks to support consistent application of policies, position classification, pay and industrial relations.
- Reinforcing the capacity of MAP to define the rules and ensure their application in key areas such as incorporation of staff into the career public service, merit-based recruitment and prevention of unauthorised hiring, until these HRM systems are fully established.
- Developing a competency profile for HRM professionals.
- More rapid training and recruitment of well-trained HRM professionals into MAP in order to expand both generalist and specialist HRM skills. Options for financing and organising an accelerated skills building programme both within MAP and within institutions should be examined, training HRM professionals and line managers with priority given to key areas such as recruitment, performance management and discipline.
- Dissemination of good practices in HRM, building on the positive experience of sharing good and promising practices in quality management.

Being aware of possible risks to implementation and knowing how to anticipate potential negative impacts are important parts of the reform process. Measures that would help achieve these include:

- Timely identifying risks to implementation and putting in place explicit strategies to effectively address them.
- Being alert to efforts undermining the implementation of the career public service, for example by opting out or withholding resources for initiatives.
- Avoiding reform overload by attempting too much at once.
- Reinforcing measures to build support for the reforms within institutions.

There are some key strategic tensions that will need to be addressed in taking HRM reforms forward. Measures that would help achieve this include:

- Bringing strategic tensions out into the open and involving key stakeholders in discussing how to deal with them so that there is an opportunity to engage in a managed process of problem-solving and build support for solutions, rather than allowing tensions to undermine implementation.
- MAP could take an active position in identifying strategic tensions affecting the implementation of reforms and organise a problem-solving approach.

Sequencing of reforms is very important for successful implementation. This requires a careful assessment of what measures need to be put in place first in order to provide the

basis for further HRM reforms and is likely to involve some reordering of reform priorities. Measures that would help achieve this include:

- Concentrating on a strong implementation effort in central government ministries and the most important decentralised services. A sectoral approach to implementation may be preferable in the shorter term in order to make best use of the available resources, creating a critical mass that can help sustain reforms. A focus on public service areas supporting the core functions of the state, such as revenue collection, justice and police, and on key services such as education and health could build on initiatives already taken in some of these areas.
- Giving higher priority to creating the conditions for sustainable reforms by strengthening the core values of the public service; tackling ethical failings, corruption and underperformance; and building leadership capacity.
- Taking immediate steps to ensure that institutions have adequate staffing and skills by giving more priority to workforce restructuring, workforce planning, competency management, training and updating of job descriptions.
- Piloting reforms in some areas of the public service before proceeding to full implementation. This enables problems to be identified and ironed out at an early stage.
- Avoiding an overly complex design of reforms and concentrating for the time being on elements that are essential to establishing the career public service. Additional elements can always be added later on as the capacity to implement reforms increases.

Leadership for reform needs to be strengthened. Measures that would help achieve this include:

- For the President and ministers to set clear, specific expectations for senior managers to provide leadership in driving HRM reforms in their institutions.
- Involving managers in decisions about how to implement HRM policies is generally an effective way of gaining their support and building their ownership of reforms. MAP should find ways of engaging directly with managers who are in key positions rather than relying solely on contacts through HRM units.
- Creating a consultative forum for senior managers, chaired by MAP, in order to build ownership of reforms.
- Identifying managers who could be change agents and involving them in pilot programmes for the implementation of HRM reforms.
- Systematic leadership competencies and leadership development measures, as set out in Chapter 3.

A continuing effort to gain the support of internal stakeholders is necessary. Measures that would help achieve this include:

- Identifying key stakeholder groups, assessing their interests and likely positions, and developing targeted strategies for securing their support, or in some cases neutralising opposition.

- Continuing to build staff associations as a channel for developing staff involvement in reforms and encouraging a collaborative approach to implementing change at the workplace level, involving managers and staff.

Reforms need to be sustained through evaluation and reporting. Measures that would help achieve this include:

- Regular progress reports on implementation, which should be used to highlight problem areas, identify blockages and suggest solutions.
- Making provision for a legislative review of progress with implementing Public Service Law 41-08.

B. Medium term (3-5 years)

Continue to strengthen the ethics framework. Measures that would help achieve this include:

- Adopting a multi-faceted approach to put core values into effect, in line with the OECD Principles on Ethical Conduct in the Public Service.
- Continuing initiatives to diffuse and put values into action.
- Evaluation and monitoring of the effective application of values and ethics, with annual reporting to the executive and the legislature.

The division of HRM responsibilities between MAP and institutions is likely to change as reforms are implemented, and it is necessary to plan and prepare for these changes well in advance. Measures that would help achieve this include:

- As part of MAP's strategic planning, establishing a road map for gradual delegation of certain HRM functions to ministries and other public service institutions, subject to risk analysis and conditionality.
- Identifying HRM areas where tight central control is deemed essential to the establishment of the career public service and areas where a looser regime is desirable. Some variation in arrangements from one organisation to another might be advantageous.
- Creating the conditions for strategic HRM within institutions by stabilising staffing levels, implementing the career public service and developing key tools such as workforce planning, competency management and performance management.
- Prioritising organisations and sectors where increased delegation is considered to be desirable in order to enable improved quality of public services, and identifying good practices that could serve as a template for other sectors.
- Building HRM accountabilities of senior managers into the organisational and individual performance management frameworks from the start.
- Using financial management reforms as an incentive for institutions to implement HRM reforms.
- Continuing to develop and implement online public administration and HRM tools, moving to shared services. Nevertheless, shared services do not guarantee greater efficiency in and of themselves: if not implemented correctly, they can

lead to major failures, seriously undermining the benefits expected from the transformation.

Sustainable change will require further opening of channels for involvement of staff. Measures that would help achieve this include:

- Preparing for possible demands by public servants for increased representation rights so as to avoid unplanned developments which could lead to difficulties in managing employee relations.

Monitoring and evaluation of reforms should continue to be developed. Measures that would help achieve this include:

- A requirement for MAP to report annually to the President and the Congress on the state of the public service and implementation of Public Service Law 41-08.
- Ongoing monitoring and evaluation of the integration of reforms relating to HRM, financial management and performance management.
- Development of external reform evaluation mechanisms.

C. Long term (5 years +)

Prolonged attention should be paid to the development of employee relations and to improving performance management, internal control and evaluation of public sector reforms. Measures that would help achieve this include:

- Continuing with gradual delegation of selected HRM authorities to institutions in order to provide flexibility for improving performance. This should be linked to the implementation of financial management and organisational performance management, with effective oversight and control mechanisms at the centre.
- Reinforcing internal evaluation by linking it to the results-oriented management system.
- Developing the role of the *Contraloría General* as an audit body, responsible for periodic reporting on value for money and control aspects of public service reforms.
- Continuing to develop employee relations through a partnership approach.

Complementary innovative approaches for an efficient and effective public administration leading to better service delivery in the Dominican Republic

A. Short term (1-2 years)

The structure of government is critical to the functioning of a modern public administration and a key factor underlying the institutional, organisational and performance capacity to successfully implement public sector reforms as an engine for renewal and improved citizen-centred service delivery. Similarly, it is important that progress in public sector reform helps generate more resources from civil society, breaking the vicious circle entrapping smaller Latin American and Caribbean countries. Measures that would help achieve this include:

- Ensuring some consistency, continuity and pragmatism in the reform process, embedding and strengthening what is essential before absorbing public

administration novelties. This should be complemented by the horizontal development and the vertical embedding of a lasting shared result-oriented mindset and professional culture in the Dominican public sector.

- Setting clear and targeted priorities, but not too many; developing an integrated, systematic, incremental and visible path of change by sequencing; clearly identifying the “winners” and “losers” of a reform from the very beginning (management of support and opposition); following up and maintaining some flexibility in implementation; focusing transparent communication on tangible reform outcomes, benefits and costs (management of expectations); exploiting windows of opportunity; and the importance of cherishing strong and inspirational leadership.
- Broadening the innovation scope and underlying potential for the Dominican public administration beyond its current important focus on E-government solutions. A broader and well-integrated view could produce considerable synergies and significantly increase tangible benefits within public employment/HRM, as innovation enabler for other related policy areas in the Dominican public sector and vice versa, leading in the end to better service delivery for citizens and businesses.
- Addressing institutional fragmentation, duplication and proliferation for a more coherent, accountable, transparent and cost-efficient administration delivering better services, improving the public sector image and credibility.
- An independent in-depth machinery-of-government review and evaluation of the Dominican public administration to identify feasible rationalisation and reorganisation opportunities, increasing the benefits that can be realised from improvements in key policy areas such as public employment and strategic HRM, and fostering a more efficient allocation of available human resources and better control of payroll costs.
- A specific value-for-money review of the current Dominican public service delivery model to assess its operational efficiency and effectiveness, including the institutional changes required to increase the efficiency of public services within the framework of changing demand (such as the health and education sectors). This should be supported by a solid consultation process and communication strategy.
- Change management should be developed as rapidly as possible to effectively support institutional restructuring efforts and promising quality management instruments. Such efforts should be underpinned by transparent funding arrangements, by government-wide leadership from senior management, and by rewards for managers who lead by example, who drive innovation and who provide support for staff when they encounter project success and failure.
- Using an evidence-based approach to clarify and strengthen the value-added role and the decision-making criteria for establishing existing and planned new (autonomous) entities, agencies, bodies, units and (decentralised) services.
- Making better use of MAP’s existing resources by moving to a simpler structure organised more around strategic areas rather than functions. Options for consolidating MAP’s organisation should be examined. Very small units could be merged with other (overlapping) units in order to create more capacity.

- MAP’s strategic plan could be used as the basis for a multi-year resource management plan so that there is predictability about the available organisational resources for implementing reforms.
- Strengthening the central MAP function, starting the development of a well-coordinated flexible whole-of-government approach to public service delivery, underpinned by a sound strategy for its achievement. It is not recommended that additional responsibilities be devolved to local government in the short term, as this would risk undermining reforms which require a sustained push from the centre of government. However, tangible improvements in public services will require a major effort to improve the capacity of decentralised services.
- Reinforcing the enabling environment for improved service delivery by further consolidating administrative service responsibilities, which are currently spread across MAP, line ministries and local entities. In the short term, this would mean better co-ordination to align platforms and practices, allowing for better targeting of scarce resources, reducing redundancy and enabling cost sharing in the development of administrative tools. This could also pave the way for greater co-location of administrative services.
- Building and supporting co-ordination capacity, including through stronger incentives and accountability for horizontal working, training for greater professionalisation, and supporting communities of practice and quality management.
- Taking an incremental approach to the implementation of a fully integrated (but not too complex) organisational performance management framework, rather than trying to establish a highly sophisticated system all at once. Establishing a strong culture of performance and moving towards a performance-oriented public administration will take longer than one government term.
- Implementing a (not too complex) programme budgeting system to help make the transfer of funding and performance outputs and outcomes more transparent, enabling smoother changes to government machinery.
- The public transparency that is provided through SISMAP could be reinforced by political accountability in the form of a regular report to the President and Congress, as happens in a number of OECD member countries. Another possibility to consider is a regular Cabinet review of progress, perhaps with a requirement for ministers to account for progress in the institutions for which they are responsible. As the performance management system for institutions and senior managers is developed, application of the provisions of Public Service Law 41-08 should be part of their performance assessment.
- Generally speaking it is advisable to focus on innovating service delivery in selected key areas for the country’s economic and social development through targeted policies and actions, rather than trying to tackle everything at once. Public service areas such as health and education, where the change process has started in the Dominican Republic, offer the government opportunities to demonstrate short-, medium- and long-term impacts and to build some kind of “business case”.
- Improving the quality and accessibility of basic public services through targeted strategic and pragmatic participatory approaches, by working with both internal

and external stakeholders in order to better understand user needs, to rebuild trust relying on systematic and open communication, to collaborate more effectively, to get feedback on public services and to involve new partners in service delivery for a more citizen-centred perspective.

- Using the instrument of M-government in particular – the adoption of mobile technologies to support and enhance government performance and foster a more connected society – to complement other E-government tools such as online services, improving service delivery with an integrated focus.

Regulatory reform inside government can help release important resources for better public service delivery responses to citizens and businesses, making overly regulated and rigid rules-based public sector organisations less expensive and more efficient, productive and flexible in implementing change and innovative practices. Measures that would help achieve this include:

- Adopting at the highest government level a clear, comprehensive, whole-of-government approach to regulatory reform policy and quality. It should integrate the various reform plans and efforts, spell out the principles on which it is built, and establish objectives, accountability and a framework for implementation.
- Given the context in the Dominican Republic, in which legislative reforms may take a long time to be debated and approved, it could be more pragmatic, in the first instance, to establish a regulatory policy via a presidential document.
- Considering the creation of a high-profile regulatory reform co-ordination and oversight unit (preferably within the *Presidencia*) promoting regulatory efficiency and quality across the Dominican public administration, ensuring uniform regulatory management and an effective development and implementation of targeted regulatory reform policies by individual ministries.
- Starting by first paying attention to issues leading to visible improvements and political benefits within a reasonable time frame (tangible low-hanging fruit and quick wins).
- Choosing the stock (existing regulation) as the entry point for regulatory reform efforts, setting comprehensive and clear selection criteria for a limited amount of priority existing regulations to be reviewed each year, based on economic analysis and complemented by a perceived sense of urgency.
- A “quick scan” could be the feasible option to experiment and gain some experience with the impacts on new regulation, before moving to full and more sophisticated regulatory impact assessments (RIAs).

B. Medium term (3-5 years)

The Dominican Republic would strongly benefit from a sustained targeted approach to overcome the identified key institutional, organisational, performance and regulatory barriers in its public administration. These bottlenecks can seriously hinder the implementation of public sector reforms and innovative service delivery solutions, limiting benefits that can be realised from performance improvements in priority areas such as public employment and strategic HRM. Measures that would help achieve this include:

- Continuing to reduce institutional fragmentation through implementation of the results of a machinery-of-government review.
- Providing the necessary resources to enable the *Contraloría General* to fully implement the system of internal control units in public institutions.
- Considering adding in the medium and long term some clauses in agency establishment acts providing grounds for reviewing agency functions, performance and value added to enable more regular oversight and transparent evaluation of the continued appropriateness or need for the tasks to be performed by an (independent) agency.
- Continuing to strengthen and expand MAP's role as a central authority, because implementing complex and sensitive reforms such as the new public sector salary system will require a central (public employer) function with a significantly adjusted remit.
- Embedding a more “holistic” perspective on service delivery, shifting away from a system driven by the point of view of a specific government level or interest, focusing instead on integral public sector efficiency and on effectively serving citizens and businesses. To overcome co-ordination weaknesses, stronger leadership is needed in order to bring a strategic and results-oriented perspective to administrative service activities, to identify linkages and synergies across the different administrative service areas, and to ensure capacity to deliver real benefits.
- MAP could be delegated the role and overall responsibility for uniform service delivery policy at the central administration level, which would facilitate coherent decision making and provide better public services. However, this would require that adequate funding and appropriately skilled staff be made available.
- Linking the results of a strategic staffing review to E-government and other innovation initiatives so as to encourage organisations to identify ways of delivering public services more efficiently and effectively.
- Flexibility in adapting organisational structures to changing needs could be increased in the Dominican setting by moving away from the current rigid practice of laying down *ex ante* the structure of institutions and service delivery arrangements in legislation. In the end this could help MAP and other involved actors to be more innovative when seeking ways in which to provide public services to citizens more efficiently and effectively.
- Organisational design should be a matter of managerial accountability, controlled through the performance framework, rather than a matter of *ex ante* prescription. MAP's role in overseeing and approving the needed institutional restructuring should mean that there is adequate control without the need to legislate.
- The implementation of a fully integrated organisational performance management system calls for substantial innovations in public sector management, implying a sustained co-ordinated effort by all institutional actors over the medium and long term, often transcending various periods of government office. This will facilitate creating the integration and co-operation mechanisms needed to overcome the traditional frictions and lack of planning and budget co-ordination that are all too common in Latin American and Caribbean countries. In this regard it is important

that key institutional reform actors take into account the management cycle as a whole.

- The issue of (initial) funding is an example of important condition to be met if the Dominican Republic wants to use pragmatic partnerships with citizens and civil society to move in the long term from incremental improvement to targeted service delivery transformation and innovation.
- There could be a wider use of public management tools such as co-design and co-delivery schemes in rural public service delivery strategies, partnering where feasible with organisations having a culture that facilitates the experimentation necessary to develop innovative solutions. Such an approach could be useful for Dominican rural areas where traditional service delivery mechanisms would be too expensive or less effective, offering an interesting and useful way to think about reorganising existing public services and/or to create and then provide new ones.

Regulatory reform is not achieved by a one-shot policy; it is rather the result of a continuous improvement process and a systematic evaluation of both the stock and the flow (existing and new regulation). The result of more effective and efficient regulations is higher compliance with policies. Measures that would help achieve this include:

- Raising the status of a regulatory policy to a primary law and embedding it into the legislative framework in the medium to long term.
- Focusing on identifying, reviewing and simplifying high-impact regulations (Pareto principle) in close co-operation with stakeholders, addressing through a targeted and well-coordinated programme or initiative the most substantial, disproportionate, irritating and unnecessary administrative burdens inside government and affecting public service delivery in crucial economic and social sectors.
- Keeping the less visible, more complex yet still needed regulatory reforms until the next, more mature phase (medium to long term). This applies for instance to tackling the flow of new regulations with comprehensive *ex ante* instruments (RIAs), to help prevent new unnecessary regulatory burdens from arising by capturing the full consequences (benefits and costs) of draft regulations.
- Consideration could be given as well to the effective use of sunset or revision provisions in new regulations.

C. Long term (5 years +)

Only a long-term sustainable and inclusive strategy will help identify the right key priorities and help commit to an ambitious yet realistic short- and medium-term agenda, persevering long enough to produce tangible quantitative and qualitative gains both in terms of internal public governance and external service delivery. Measures that would help achieve this include:

- Identifying areas where MAP could, over time, divest itself of responsibilities (for example, it is important that its role in developing the labour relations system does not involve MAP in dealing with individual cases or protecting the rights of civil servants).

- Making a decision in the medium to long term on the most appropriate organisational form for public service delivery in the Dominican Republic. This would require a functional review of government, with a long-term cost-benefit analysis of new forms of public service delivery. The Dominican Republic could consider an approach where all administrative service activities are consolidated into one ministry (MAP).
- Continuing to entrench and solidify the organisational performance management system.
- Linking strategic planning to results-based budgeting systems and organisational performance management systems as these are implemented. Firm linkages between strategic planning, budgeting and performance frameworks enable government spending to be tracked against the achievement of policy outcomes and force the prioritisation of objectives when faced with limited resources.
- Linking individual performance management to organisational performance management, taking a gradual approach to implementation that will allow opportunities for learning. As the Dominican Republic's performance framework is developed, the objective setting can become more advanced and the links with planning, budgeting and key initiatives such as HRM, quality management and institutional restructuring can be further strengthened.
- The successful establishment of the above-mentioned critical linkages in the Dominican Republic depends on effective co-operation among MAP, the Ministry of Finance (MH), the Ministry of Economy, Planning and Development (MEPyD), and individual ministries and agencies.
- Continuing to build capacity to implement partnerships with citizens and civil society for better service delivery. To be effective, innovative service delivery calls for flexible and adaptable local governance schemes, cultivating environments that facilitate knowledge pooling, simplify decision making and involve local communities more by integrating their views and expectations from policy design to implementation and evaluation.

Chapter 1

The economic and institutional relevance of innovation for the Dominican Republic in a broader regional perspective

This chapter assesses the economic and institutional landscape of the Dominican Republic in relation to the LAC region (Latin America and the Caribbean), in particular within the framework of the functions assumed by the state. The region faces several common public administration challenges such as the quality of the civil service, the regulatory framework, governance transparency, and greater centralisation than in OECD countries. The overarching analysis in this chapter is meant to facilitate the process of fully capturing and better understanding the nature and magnitude of the public sector reform tasks currently faced by LAC bureaucracies and the Dominican Republic in particular, as well as all their implications, in combination with citizens' expectations and perceptions, and often limited available public resources. Attention is paid to the relevance of public sector innovation and its impacts, lessons learned, and policies for a more sustainable and innovative public administration in the LAC region.

The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.

Introduction

Taking into account recommendations by the World Bank, the International Monetary Fund (IMF), the OECD and other organisations, and its own analysis of challenges and available options, the government of the Dominican Republic has embraced an ambitious, long-term reform agenda, as reflected in the National Development Strategy 2010-2030 (END, *Estrategia Nacional de Desarrollo*) of the Ministry of Economy, Planning and Development (MEPyD). This strategy was converted into the Law on National Development Strategy for the Dominican Republic 2030 (approved in January 2012) and is based on the following long-term vision:

The Dominican Republic is a prosperous country where people live in dignity, attached to ethical values and within a framework of participatory democracy that guarantees a social and democratic state of law and promotes equity, social justice and a more egalitarian society which manages and enhances its resources to develop in an innovative, sustainable and territorially integrated way, and that inserts itself with competitiveness in the global economy (MEPyD, 2010).

The END aims to substantially reduce poverty from the current 34% to 15% and to ensure education coverage for 100% of the population. The development goals of the strategy include reducing the proportion of the population in extreme poverty from 10% to 5% between 2010 and 2020, and increasing gross income per capita from USD 4 390 in 2010 to USD 7 753 by 2020.

The national strategy addresses four key targets: *i*) the realisation of a state that serves its citizens by the rule of law, transparency and efficiency; *ii*) greater social cohesion, with a substantial reduction of poverty and inequality; *iii*) developing a robust and innovative economy capable of competing in global markets; and *iv*) addressing environmental challenges and climate change. The Dominican government is therefore committed to a long-term strategy delivering better quality, more effective and more efficient services, reducing waste of public resources and establishing a result-oriented culture.

During the past 20 years, the Dominican Republic has had the fastest-growing economy in Latin America and the Caribbean (LAC) in terms of per capita gross domestic product (GDP), with an annual average growth of 4% (Hausmann et al., 2012). Several studies, however, indicate that the rate of economic growth in the Dominican Republic will decelerate, which could result in fiscal sustainability problems (Hausmann et al., 2012). Likewise, another recent study argues that the Dominican Republic faces fiscal sustainability concerns and recommends that the government take measures to reduce its primary deficit (IDB, 2013). Creating fiscal sustainability should be accompanied by progress in implementing the END.

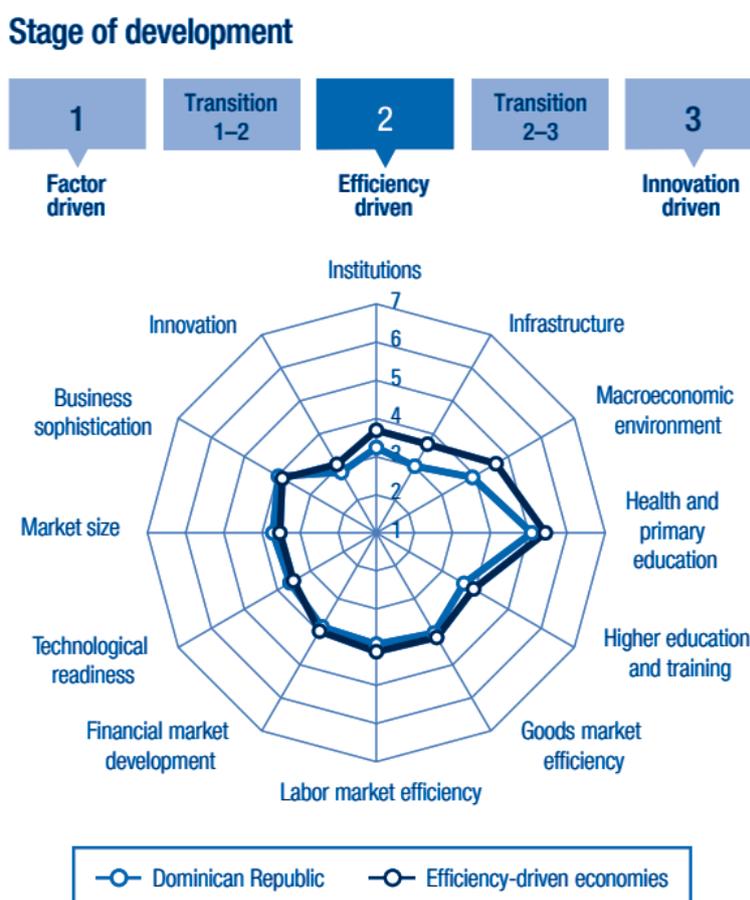
As the availability of public resources diminishes, the Dominican Republic needs to increase revenue and decrease spending. On the revenue side, the government recently approved a tax reform law (Law 253-12) that is expected to increase earnings from income and sales taxes. On the spending side, the policy focus needs to shift toward the efficiency and effectiveness of public expenditure. In its *Country Strategy for the Dominican Republic 2010-2013*, the Inter-American Development Bank argued that “inefficient spending (...) and poor service quality are compromising the ability to restore economic growth and fiscal health over the long term” (IDB, 2013b). Other studies echo this view. For example, the Country Partnership Strategy between the World Bank and

the Dominican Republic states that there is “limited capacity of public institutions to produce tangible results” (World Bank, 2009), while the *Global Competitiveness Report 2013–14* ranks the Dominican Republic 138th (out of 148 countries) on wastefulness of government spending (World Economic Forum, 2013).

This situation underlines the importance of aspects such as greater efficiency, effectiveness and transparency in government spending, and institutional involvement in allocating and assessing tax expenditures. Since Dominican citizens perceive the public sector as lacking fiscal legitimacy, spending priorities need to be set out through consensus with the different sectors of society in an open process of consultation and negotiation.

Factors such as the size of the state, corruption, volatility, citizen expectations and lack of trust are not independent, as they generate a vicious circle with particularly serious implications for smaller countries in the LAC region.

Figure 1.1. Development stage: Dominican Republic



Source: World Economic Forum (2013), *Global Competitiveness Report 2013-14*, WEF, www.weforum.org/reports/global-competitiveness-report-2013-2014.

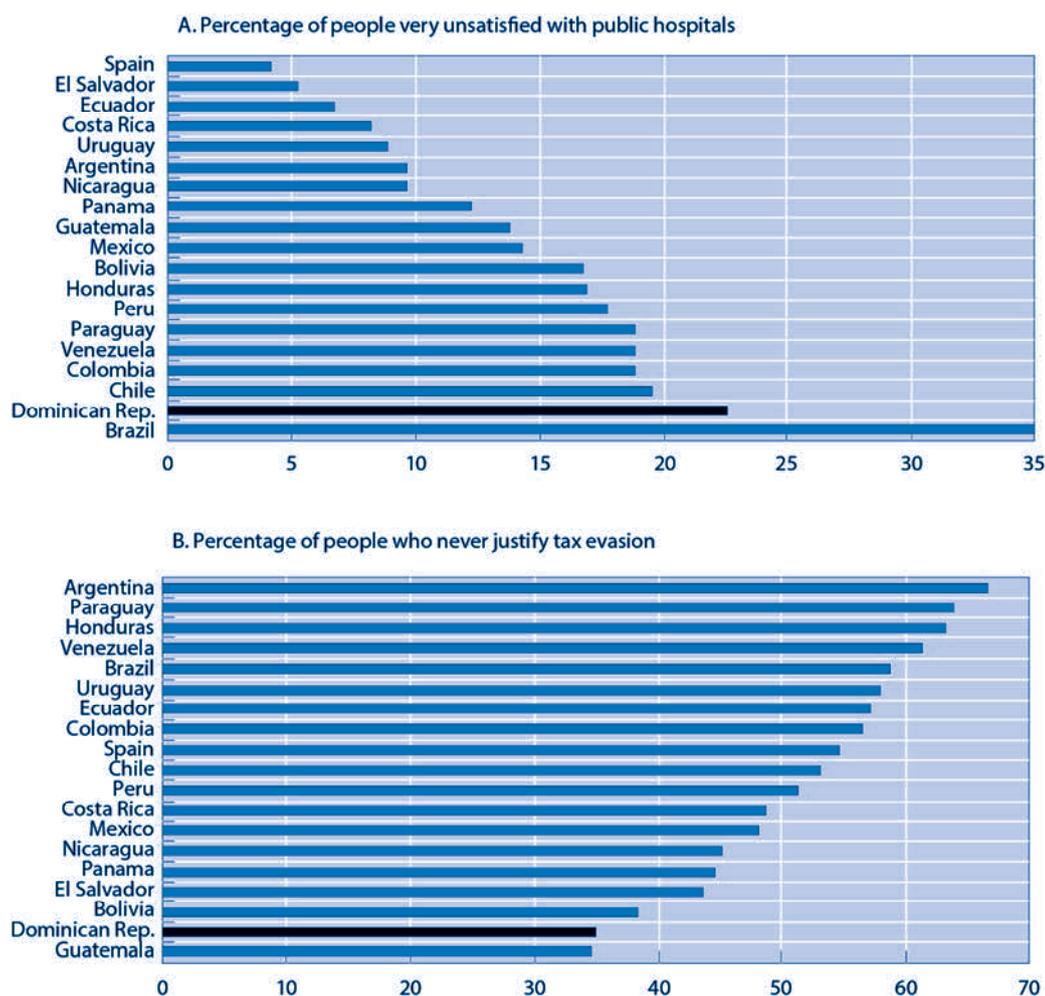
Traditionally Dominican citizens do not seem to perceive their public services as being generally of high quality.

Table 1.1. Index of satisfaction with state services, 2009-2011

	Total 2009	Total 2010	Total 2011
Argentina	4.5	5.6	5.9
Bolivia	4.7	3.9	4.1
Brazil	4.3	5.0	4.2
Chile	5.5	5.3	4.3
Colombia	5.9	5.1	5.2
Costa Rica	5.9	5.9	5.9
Dominican Republic	5.5	4.9	4.5
Ecuador	5.0	6.1	6.7
El Salvador	5.9	5.6	6.2
Guatemala	5.4	4.3	4.7
Honduras	5.3	4.0	4.3
Mexico	5.0	5.0	4.9
Nicaragua	5.1	5.4	5.5
Panama	5.2	5.1	5.6
Paraguay	4.5	4.3	4.4
Peru	3.9	3.7	3.9
Uruguay	7.3	6.4	6.4
Venezuela	4.6	4.8	4.7
Latin America	5.2	5.0	5.1

Source: Latinobarómetro (2011), www.latinobarometro.org.

For instance, almost a quarter of the population seems to be quite unsatisfied with the quality of public hospitals, compared with an average of less than a tenth among all Latin American countries (see Figure 1.2, panel A). Lack of trust in government and low satisfaction with the quality of public services generally leads to a lower willingness to pay taxes (IDB, 2009). It is therefore not surprising that the Dominican Republic has the second lowest tax morale in the region (see Figure 1.2, panel B). While the average percentage of people in LAC countries who say tax evasion is never justified is 45%, in the Dominican Republic the figure stands at less than 30%. This difference is probably due in part to other factors such as high taxes and corruption, but these factors are not prominent enough to explain this difference from other countries in the LAC region. Differences in the quality of public services therefore seem to be a prominent factor instead.

Figure 1.2. Satisfaction with public health services and tax morale

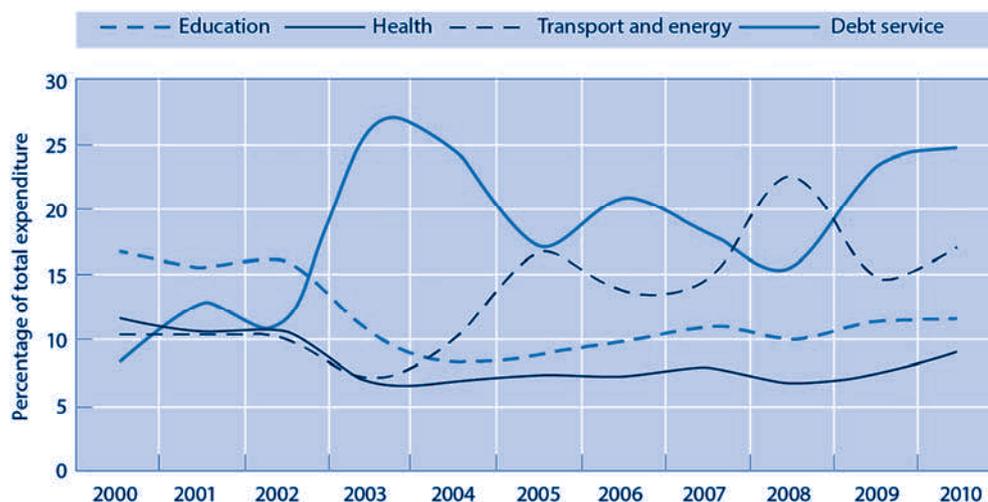
Sources: Latinobarómetro (2010), www.latinobarometro.org; OECD (2013a), *Fiscal Policy for Development in the Dominican Republic: Making Development Happen*, No. 2, OECD, Paris, www.oecd.org/countries/dominicanrepublic/Fiscal%20policy%20for%20development%20in%20the%20Dominican%20Republic.E-Book.pdf.

Lower tax morale implies an additional problem: that of setting spending priorities and deciding how to finance them. The National Development Strategy (END, *Estrategia Nacional de Desarrollo*) outlines development policies until 2030, and tax revenue needs to be increased to finance those policies. If fewer taxes are paid, a gap opens up between the revenue needed for development and the revenue collected. This fuels a vicious circle whereby development policy priorities do not match public finances in the medium and long terms.

Public spending is distributed in a way that is harmful to sectors that have the greatest potential to create economic growth, and in a way that feeds the low expectations of public spending. Generally, the distribution of public spending has somewhat neglected development policy priorities, reflected particularly in spending on education and health. The government has been forced to take care of other commitments, such as servicing its debt which requires massive fiscal resources (see Figure 1.3). Figure 1.3 shows that spending on health and education remained relatively stable – albeit low – between 2000

and 2010, while debt servicing used a substantial part of the annual budget after the crisis of 2003-04. In production infrastructure, such as energy and transport, much of the boost in spending over the past five years has come from mass transit infrastructure.

Figure 1.3. Central government expenditure in the Dominican Republic



Note: Based on data from the Dominican Ministry of Finance, 2013.

Source: OECD (2013a), *Fiscal Policy for Development in the Dominican Republic: Making Development Happen*, No. 2, OECD, Paris, www.oecd.org/countries/dominicanrepublic/Fiscal%20policy%20for%20development%20in%20the%20Dominican%20Republic.E-Book.pdf.

The Dominican Republic's budgetary policy has major rigidities that affect the government's ability to conduct an effective expenditure policy. When drawing up the budget of income and expenditure for the fiscal year, the tax authorities find that a third of their spending obligations have already been assigned. Around 20 special laws pre-allocate budgetary resources to various functions and institutions (Ministry of Finance, 2013). According to several estimates, these obligations commit almost half the national budget before it has even begun to be executed, and there is a bias towards the automatic growth of current expenditure. This situation is harmful to public investment (IDB, 2009). According to several estimates, when other quasi-rigid items are added (such as civil servant salaries, government debt servicing, and subsidies), the proportion of the budget automatically allocated rises to 60-70% (Ministry of Finance, 2013).

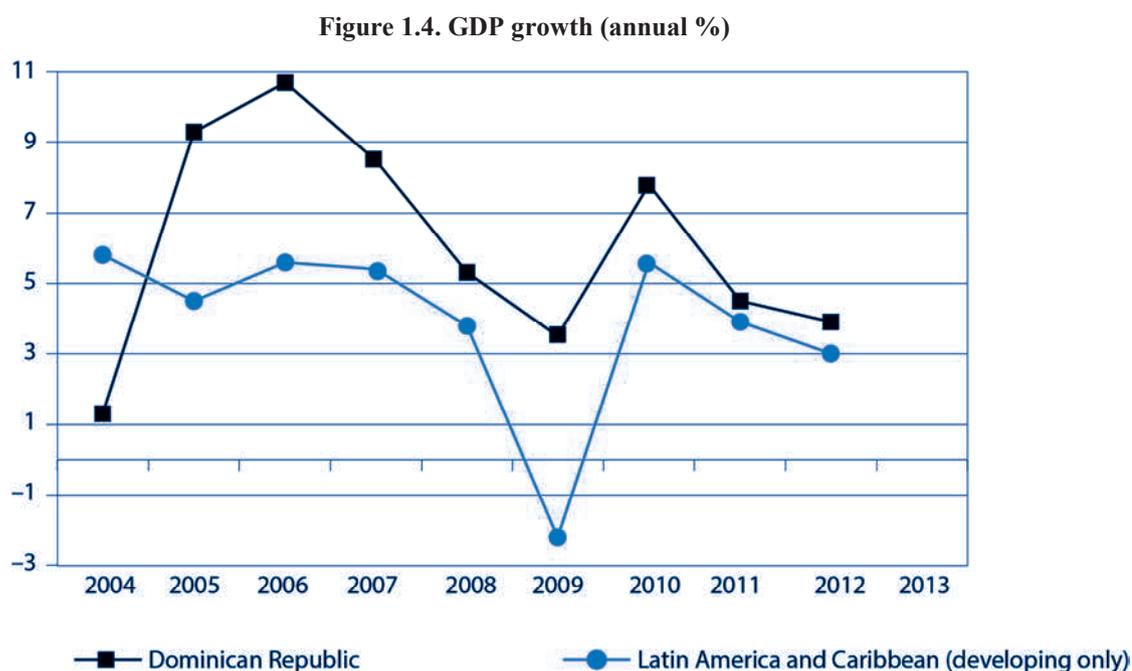
Economic context

The Dominican Republic is a middle-income country, with the largest economy of Central America and the Caribbean. In the last 20 years, the Dominican economy has undergone fundamental changes that have transformed the economy from one primarily based on agricultural exports and light industry to one based on services. After a sharp economic downturn in 1990, over the next five years the country underwent several structural reforms that substantially changed the economic fundamentals.

Economic growth in the 2000s was mainly driven by the service sector, e.g. telecommunications (IDB, 2013). In terms of their contribution to GDP, the

economy's main sectors are manufacturing (21%), telecommunications (16.2%), commerce (9%), agriculture (7.6%) and tourism (6.1%).

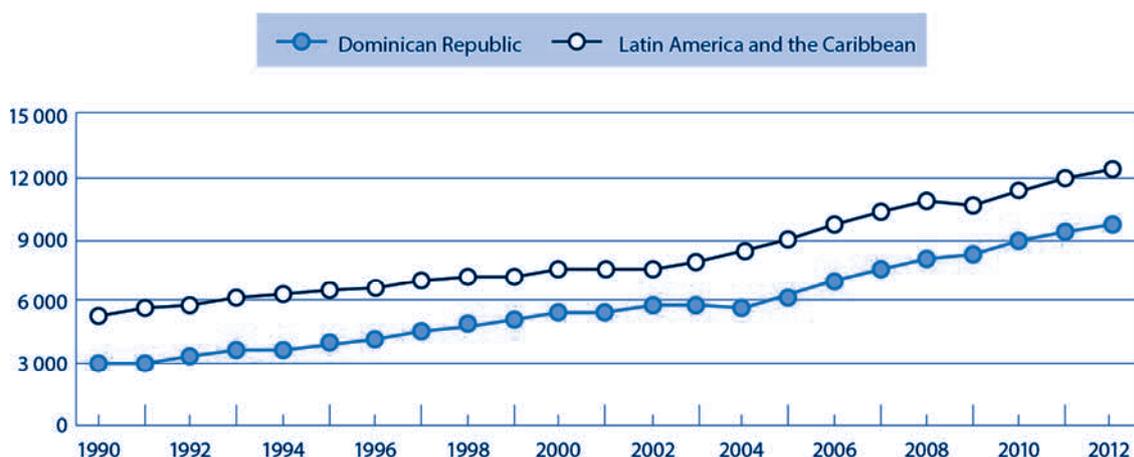
The country has weathered the global economic crisis well, and in 2010 experienced one of the highest economic growth rates in the LAC region (7.8%), averaging 6% annually between 1990 and 2010. The GDP growth in 2012 was 3.9%.



Source: OECD calculations based on World Bank data.

The Dominican Republic was also able to increase its per capita income by 50% over a 20-year period (IDB, 2013). Following the financial crisis of 2003-04, per capita GDP growth recovered and in recent years has attained higher rates than those reported by OECD countries and other countries in the region. Per capita GDP increased on average by 1.5% every year across OECD countries between 2001 and 2011 (OECD, 2013a); the highest average annual increases occurred in Estonia (5.3%) and Korea (5.0%).

From 1991 to 2012, real GDP in the Dominican Republic grew at an average annual rate of 5.6%, outpacing the region's average of 3.3%. Real GDP per capita has more than doubled over this period. In general terms, economic growth has been accompanied by a climate of political and social stability. Most countries in the LAC region struggle to keep per capita GDP growth high enough to close the gap in living standards between them and more advanced countries.

Figure 1.5. GDP (PPP) per capita (international USD), 1990-2012

Source: World Economic Forum (2013), *Global Competitiveness Report 2013–14*, WEF, www.weforum.org/reports/global-competitiveness-report-2013-2014.

The Dominican Republic has one of the most dynamic economies in Latin America and the Caribbean; nevertheless, significant economic, social and institutional challenges persist. On the macroeconomic level, the vulnerability of public finances represents a significant challenge.

Despite the rapid economic growth and trade liberalisation in the last few decades, the country's growth is too volatile to have a strong effect on the national social indicators, partly because of the country's location on an island in a region hit by natural disasters, but also because of repeated macroeconomic and financial crises. One of the consequences of this instability has been the limited trickle-down effect of economic growth. For example, between 2000 and 2010, the poverty rate rose from 28.2% to 34.4%, largely due to the 2003 banking crisis. So, while per capita GDP grew by 45% between 2000 and 2010, the poverty rate also increased during the same period (OECD, 2013a).

Table 1.2. Growth scenarios for the Dominican Republic (2010, 2030)

Indicator	Dominican Republic (2010)	Dominican Republic (2030)		
		Pessimistic scenario	Intermediate scenario	Optimistic scenario
Average growth	n.a.	3%	4%	5%
GDP per capita (constant 2010 USD)	5 232	9 449	11 463	13 881

Sources: Based on data from the Harvard Center for International Development and the Central Bank of the Dominican Republic (2013).

The Dominican Republic has made progress in implementing tax reforms, but still has one of the lightest tax burdens in the region (14.1% in 2005-2012), largely due to the number of tax incentives and exemptions (OECD, 2012a; Central Bank of the Dominican Republic, 2013).

On the social front, in the context of the 2003 financial crisis, poverty levels rose from 32% in 2000 to 48.8% in 2004.¹ In the subsequent scenario of rapid economic growth, although poverty levels dropped (40.4% in 2011), they are still above pre-crisis levels (World Bank).

While the country has made some progress in terms of access to education and health care, major challenges remain. The main problems facing education are the low secondary education coverage rates, low internal efficiency of the educational system and poor instructional quality. In terms of health, mortality levels remain high in comparison with the region, particularly in the case of maternal/infant mortality.

Rapid economic growth has also failed to translate into a significant increase in job creation. Labour force participation rates remain low and the labour market is characterised by a high degree of informality, women and young people being the most affected by unemployment and the lack of job security. The size of the informal economy (57% of the working population) also contributes to the erosion of the country's tax base. Recent measures to attract those in the informal economy to the formal sector include, in particular, the introduction of a much wider-reaching simplified tax regime than that which already existed.

The relevance of public sector innovation and its impacts

At a time when governments face the challenge of ensuring financial consolidation while fostering growth, competitiveness and employment, there is a strong justification for efficiency gains, better governance and more user involvement in the public sector. To meet these demanding challenges, governments and public sector organisations around the world search for new ways of meeting their goals. In short, they innovate.

Innovation has long been a widely used term in the private sector and is today being adapted for use in the public sector. While various definitions of public sector innovation exist, the OECD has adopted the following working definition:

A public sector innovation is a (radical or incremental) new way in which a public sector organisation operates or meets its mandate, which aims to improve at least one of the following areas: efficiency; effectiveness; service quality; user satisfaction; or democratic values. If we break this definition apart, it is about novelty, action and impact. First, an innovation is new to the organisation in which it is implemented (although it may not be new to the world, the country or the sector). Second, an innovation is an implemented change, not just an idea or a plan. And third, it is an intended improvement over the status quo.

Innovation may be considered, among other things, to serve several functions as follows:

- **Innovation as concept.** This serves as a guide to explanations, but it is also instrumental as a transition to reality, to practice and to future actions. For instance, conceptualising innovations in strategic HRM is both helpful and necessary for national development processes, as it is a building block to strategy

formulation for capacity building and enhancement in governance and public administration.

- **Innovation as response to needs or problems for progress and advancement.** The classical notion that “need and necessity lead to creativity and invention” holds true in the case of innovations. Growing national and international socio-economic and environmental pressures, complex challenges and unexpected developments dictate more than ever a need for innovations, smart solutions and self-reliance (which itself serves as a key impetus for further innovations to promote capacity enhancement in all governance, management and public sector areas).
- **Innovation as mind-set.** Treating innovation as a mind-set is like navigating in an ocean with fully alert senses and radar systems, and the capacity to always create and find new ways of breaking through storms and barriers as well as reaching clear and calm sailing realms (Farazmand, 2004). Innovation as mind-set allows, for instance, strategic HRM to guide the human dimensions of public administration in monitoring and advancing beyond routines and predictable outcomes. It enables strategic human resource managers and all public sector leaders to manage their organisations with confidence through some kind of anticipatory capacity system (cutting across the human, technological, organisational and managerial innovation areas). With a mind-set of innovative management, innovation itself will become a key strategic instrument of progress, development, high performance, and organisational and system legitimacy.

Box 1.1. The OECD Observatory of Public Sector Innovation (OPSI)

The OECD has started a data collection project to build systematic knowledge on how the public sector innovates and achieves results. The OPSI enables governments to highlight innovative practices and provides a platform for public sector innovators to inspire each other, share ideas and collaborate.

The OPSI collects practices in the following categories:

- Service innovation: an entirely new or significantly new service or product, or an existing service provided to a new group of users.
- Process innovation: a new process or approach for the design or delivery of existing services or products.
- Organisational innovation: a new way to organise or manage work within an organisation.
- Communication innovation: a new way to communicate with service users.

Source: OECD (2013b), “Observatory of Public Sector Innovation: Identifying policy levers to promote innovation”, Public Governance and Territorial Development Directorate, GOV/PGC(2013)15.

While innovation in the private sector has a long and rich history of study and theory, public sector innovation is less understood. It is clear, however, that public sector innovation differs from its private sector counterpart in the values driving it and the barriers to its success (OECD, 2011a). While private sector innovation is generally driven

by profit-seeking behaviour and market competition, innovation in the public sector is driven by goals of efficiency and effectiveness in terms of resource usage and quality of service delivery.

Nowadays many OECD and partner countries acknowledge the importance of public sector innovation to better address current budgetary constraints and (long-term) societal challenges, to achieve national and local socio-economic progress, productivity, sustainable development, sound governance and public administration. Many countries are looking for innovative answers to increasingly demanding problems and changing societal needs. Initial evidence from the OPSI database suggests that countries innovate to generate notable effects on public benefits such as improved productivity (and hence higher living standards); better, more efficient and accessible public services; and more responsive and dynamic service delivery (OECD, 2013b).

Public service delivery innovation in particular is about improving outcomes for citizens and getting the most out of the resources and capacities invested. Service delivery accounts on average for more than half of public sector spending in OECD countries. The scale of demographic, environmental and fiscal challenges confronting governments today is reflected by increased pressures on public services to deliver more (or the same) with tight resources. What is at stake is the ability of governments to adapt to these changes and create the capacity to transform risks into opportunities for new and improved methods, tools and delivery channels. Many factors come into play when choosing an approach to service innovation, including the country's own system for service delivery (e.g. rules and regulations, financial frameworks, organisational settings) and the extent of involvement of external actors in the delivery process. Different approaches can also be combined to achieve the same or better impact (e.g. the instrumental use of ICT in co-production approaches with service users).

The OPSI has begun collecting promising examples of innovation in a wide variety of public sector contexts. However, sound evidence is still needed on both impacts of outcomes and the process of innovation design, implementation and diffusion. Business cases highlighting the benefits, costs and effectiveness of innovations are needed to help decision makers make better investment decisions. Examples indicate that successful innovations depend on a thorough process of consultation and research, testing various scenarios and approaches with pilots and/or prototypes, and then adapting the innovation based on the information gathered. Citizen and/or end-user engagement – including civil society organisations, businesses and NGOs and public employees – is often used as an effective means by which governments source innovative ideas for solving policy problems or improving public services (OECD, 2011b). It can also help governments to gain support and buy-in for their decisions.

Innovation in the public sector can result from top-down policy-driven decisions. According to some studies, innovative ideas are often developed “bottom up” by middle management and front-line staff (Borins, 2001). More recent research indicates that innovation comes from both sides (European Commission, 2013). This notion is supported by various examples collected by the OPSI which suggest that a combination of senior management support and staff engagement creates more supportive conditions for successful innovation in public sector organisations. Research further suggests that the source of the idea is correlated to the type of innovation: ideas from middle management and front-line staff are more likely to generate incremental innovations, while ideas initiated by top-level management are more likely to generate larger-scale innovations.

Because the public sector operates in a political environment, successful innovation may be dependent on high-level steering and support from politically appointed decision makers, driving change by providing tangible evidence of innovation results and impacts, playing a key role in negotiating incentives for other actors, and lowering internal and external resistance to reform.

Initial OECD research indicates that the following elements may support successful public sector innovation:

- Interorganisational collaboration in service delivery might stimulate creativity and thereby support the development of more cross-cutting innovations, for example one-stop shops or new ways of organising data. This may improve both top-down and bottom-up communication of innovative ideas and may also promote seamless service provision.
- Within the individual public sector organisation, cross-disciplinary teamwork may also help to generate innovative ideas, bringing together different perspectives on problem solving. Comparative research also commonly points to the importance of “innovation champions” or public sector entrepreneurs (individuals with sufficient vision and determination to “sell” their ideas and convince decision makers of their value) as drivers of innovation within public sector organisations.
- Furthermore, some evidence suggests that good knowledge management practices – such as measuring and monitoring activities and outcomes of public services, feedback and assessment mechanisms for decision makers, and the development of an evidence-based approach – support innovation in the public sector.
- Performance measurement may also impact the ability of public sector organisations to innovate. The provision of meaningful indicators for public sector organisations might ensure that entities having produced the best results could be rewarded in terms of resource allocation or be given the possibility to reinvest actual savings on service innovation.
- High-quality public-private partnerships based on established good practices – such as affordability, value for money, risk sharing, competition and transparency – might also help strengthen public sector innovation (OECD, 2010). However, this requires sufficient capacity within the public sector to create, manage and evaluate such partnerships.
- Openness of public sector information could spur innovative solutions in the public sector. Removing unnecessary restrictions on the ways in which information can be accessed, used, re-used, combined or shared can turn public information into a resource for innovation.

Identifying and removing barriers to innovation in the public sector is equally important for public sector decision makers to maximise the innovation impact. Some studies indicate that lack of human and/or financial resources, lack of flexibility in allocating and managing such resources, redundant regulatory requirements, and deficient management support and incentives for staff are all important barriers to innovation in public administrations. Furthermore, short-term budgets and planning horizons may limit innovation, whereas multi-year budgeting can help develop a long-term innovation vision in decision-making processes and secure the necessary funding. Another potential innovation barrier in the public sector is an organisational culture that prioritises stability over change, and which is perceived to be more risk-averse. Given that the risk for failure

is an essential part of any innovation, high-quality risk management may be central to success.

Latin American and Caribbean bureaucracies

To fully capture and understand the public sector reform challenges currently faced by the Dominican Republic, all their implications and the need for pragmatic innovative solutions, it is important to first assess the institutional landscape in the LAC region, in particular within the framework of the functions assumed by the state.

The set of institutions, norms and rules that determine how public bodies, state agencies and human resources are managed plays a crucial role in the development of LAC countries. These functions do not differ much from those of OECD countries: they include the provision of public goods, the fostering of social equity, the delivery of social services, the redistribution of resources and the stabilisation of the economy.

What differentiates most LAC countries from more advanced countries is the magnitude of the needs that must be met by governments with less-developed administrative structures, in the face of citizens' expectations and perceptions and limited resources available to accomplish this task. This generates substantial and complex challenges, requiring innovative, pragmatic and sustainable solutions. The region faces several common challenges such as the quality of the civil service, excessive bureaucracy, the transparency of governance, and greater centralisation than in OECD countries. Policy makers in Latin America and the Caribbean should be particularly mindful of the nature of trade-offs between the short-term costs of addressing these challenges and the long-term benefits of public sector reform.

The experience of OECD countries shows that there are no short cuts nor is there only one path to developing an effective, efficient and transparent public sector. The road to public sector reform is long and rocky and requires prolonged cumulative efforts.

LAC countries are now well positioned to reform their public sector and build administrations that are able to meet their own development needs. The economies of the region weathered the financial crisis well thanks to prudent decisions taken in recent years. For this reason, they now have the financial strength and credibility needed to undertake long-term reforms.

There have been also significant advances and innovations in public policy in the social sector, in infrastructure and in productive development. The consolidation of democratic institutions and technological developments have created new opportunities for improving public administration. This must not, however, lead to complacency or an underestimation of the magnitude of the challenges faced by countries in the LAC region (OECD/ECLAC, 2011).

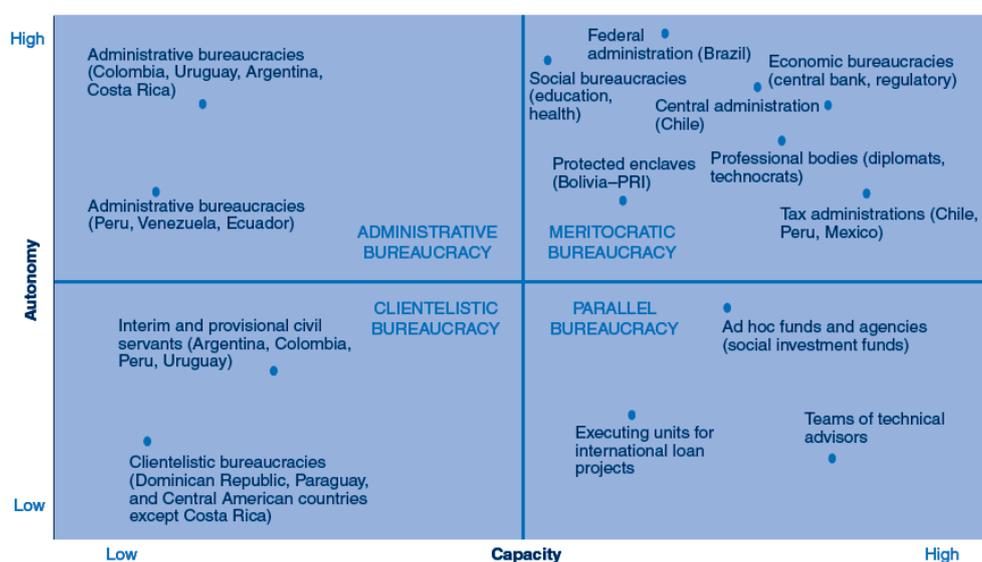
It is necessary to strengthen citizens' trust in the state by better meeting public expectations. Innovative solutions encompass a combination of instruments, both public and private, that countries can use to reduce the risk of mistrust in the state (such as declarations of interest, information-access systems and codes of ethics).

Latin American and Caribbean countries can also benefit from the engagement and inclusion of different stakeholders and actors in public policy. In order to provide public services more effectively and efficiently, governments can combine their inputs, policies and knowledge with those of other actors, including non-state actors, subnational administrations and commercial providers of public goods. Government support helps to

introduce incentives to increase efficiency, expand user options, facilitate access and find new ways to improve the quality of and proposals for public services. Partnerships with private or non-profit entities that offer risk-oriented and innovative thinking can create alternative routes to innovation in public sector organisations (see also Chapter 6).

Governments in the LAC region are not homogeneous actors. In reality, they are a set of complex and interdependent organisations that vary in terms of their autonomy and capacity. This heterogeneity may provide some keys to understanding the internal dynamics of the state apparatus and the degree to which different parts of the bureaucracy may fulfil different and even contradictory roles in the same country. Starting with this assumption, Figure 1.6 presents a basic categorisation of the different types of bureaucracy found in the LAC region. The placement of bureaucratic types (and country examples), though based on qualitative case studies of civil service systems in the region, is not precise and is performed for illustrative purposes only (IDB, 2006a). The prevalence of these types of bureaucracy varies across countries, and the types also coexist within countries. Each is shaped within historic contexts and by predominant political practices. In addition, each type of bureaucracy tends to perform certain roles in the policy-making process, although exceptions may exist.

Figure 1.6. Classification of Latin American and Caribbean bureaucracies



Source: IDB (2006a), *The Politics of Policies: Economic and Social Progress in Latin America*, David Rockefeller Center for Latin American Studies, Harvard University, United States.

Administrative bureaucracies are characterised by low capacity and a relatively high degree of autonomy. Civil servants are hired on the basis more of political than meritocratic criteria, but they have some job security. The degree of their technical competence and orientation toward good performance is low. This type of bureaucracy has a limited ability to play an active role in the different policy stages, preventing it from effectively exerting influence during the decision-making process. It may perform some role in policy implementation, although with a tendency toward formalism and control through conformity with bureaucratic procedures rather than through the effective management of services.

Clientelistic bureaucracies are characterised by low autonomy and low capacity. Ministerial rotations or changes of government are likely to affect the stock of human resources and may even result in large-scale turnover of civil servants. For a subset of these bureaucracies, control over access and permanence lies not with the party system but with trade unions. This type of bureaucracy is an extension of the political party. It has some veto power over the professional or meritocratic segments of the bureaucracy, with which it may come into conflict. Its role in designing and implementing policies is usually weak (except in relation to the more operational level), seriously hampering public service delivery and fuelling lack of trust in government and lower tax morale.

Parallel bureaucracies are characterised by low autonomy and high capacity. The employment system is usually governed by laws relating to service contracts or other legal arrangements to cover certain technical needs. These structures are usually configured either outside or within the regular agencies, encountering varying degrees of resistance from other internal bureaucratic actors. Parallel bureaucracies do not contribute to the strengthening of the intertemporal capacities of the public sector, since they remain isolated and concentrated in very limited roles in the policy-making process and do not become institutionalised in the broader public sector.

Meritocratic bureaucracies are characterised by high autonomy and high capacity, in various combinations as well. They are composed of permanent civil servants recruited on the basis of merit and incorporated into professional careers, with varying incentives favouring professional job performance. This type of bureaucracy is usually linked to a specific culture, sometimes insulated, and to a strong *esprit de corps*, which can result in corporative biases. This element can make such bureaucracies prone to participating more in the design than in the implementation of policies.

In recent years, numerous countries have sought to expand and strengthen their meritocratic bureaucracies, leading to different reform experiences. Although many countries have adopted new civil service laws, these laws have not always been implemented effectively because of a mix of political factors (related to the value that public employment continues to have as a currency of political exchange) and of fiscal factors (related to the inflationary risk associated with public employment reform). The countries that have succeeded in putting the reform on a steady trajectory have done so in situations in which the strengthening of state capacity is made a priority and when the reforms are undertaken in a manner consistent with broader fiscal policy (IDB, 2013).

Common public administration challenges in the LAC region

Many countries in the region require more fiscal resources to meet public sector needs and to contribute more effectively to national development (OECD, 2012b). In the context of public administration, better planning, co-ordination and risk assessment are needed to generate sufficient resources. Given that the structure of public policy evolves with the country's level of development, countries may be increasingly challenged to expand services and transfers. This may be implemented within increased decentralisation, but needs to be accompanied by regular monitoring of the volume and quality of services.

The increase in the provision of services and transfers has made effectiveness a key element in public administration. The capacity of public administrations to meet commitments set out in the political process, growing citizen demands and higher public expectations has become a central concern.

An important dimension of state capacity is the avoidance of co-ordination failures and the institutionalisation of mechanisms to ensure a longer time horizon. To tap unexploited opportunities for development, a truly comprehensive “whole-of-governance” approach is essential (OECD/ECLAC, 2011).

Public services must also meet high transparency standards. Governments are financed with taxpayers’ money and must act in accordance with specific restrictions and legal mandates. Modern states are accountable to their citizens for the use of public resources and for the results of their actions. The funding mechanisms of many public services often impose transparency requirements that exceed those of the private sector but that are essential to maintaining trust. Transparency is key to limiting the risk of corruption. The predictability of public interventions increases market confidence, reduces risk premiums and facilitates compliance with regulations. The increased transparency of modern states is also a by-product of information technologies, as citizens of many countries can now access services on line and compare situations between countries.

Achieving the same level of public services with fewer inputs will free up resources to address other development deficits. Improved efficiency can also help create public support for state reforms, even those that require a heavier tax burden. While citizens, as voters and users of public services, may deem public services (provided directly by the state or under its supervision) to be scarce and of low quality, as taxpayers they may not be willing to pay the cost of resolving this problem. As a result, governments are under increasing pressure to meet public expectations by doing more and better with less, making efficiency and more innovative service delivery key elements in public administration.

Table 1.3. Efficiency and transparency of the state

	Efficiency of the state		Efficiency of public sector employees		Efficiency of official procedures		Transparency of the state	
	Average	% of positive answers	Average	% of positive answers	Average	% of positive answers	Average	% of positive answers
Argentina	5.2	25	4.4	11	4.9	18	44.6	20
Bolivia	5.0	18	4.2	8	4.1	8	41.5	15
Brazil	5.4	30	5.3	29	6.2	44	47.8	25
Chile	5.2	23	4.7	14	5.0	17	57.4	35
Colombia	5.3	27	4.4	14	4.7	19	39.3	15
Costa Rica	5.5	32	5.0	22	5.1	24	44.3	17
Dominican Republic	3.9	13	3.5	10	4.2	14	37.2	15
Ecuador	6.0	42	5.3	29	5.5	33	51.0	28
El Salvador	4.3	32	4.9	23	5.2	26	48.9	23
Guatemala	4.3	13	3.9	8	4.2	11	38.1	11
Honduras	4.4	13	3.9	9	4.0	10	38.4	12
Mexico	5.7	37	4.9	23	5.2	31	45.1	26
Nicaragua	6.3	40	5.6	32	5.9	35	56.3	35
Panama	5.7	37	5.4	29	5.6	30	55.8	30
Paraguay	4.9	23	4.6	14	4.7	14	41.4	14
Peru	4.9	16	4.2	8	4.4	12	43.4	15
Uruguay	6.0	38	5.1	20	5.1	21	59.8	40
Venezuela	5.4	29	4.5	16	4.8	18	52.2	29

Source: Latinobarómetro (2011), www.latinobarometro.org.

Box 1.2. Responsibilities and resources of modern governments

Countries rely on the state for the provision of essential public goods, such as maintaining law and order, defence, protection of intellectual property rights and the awarding of contracts. Governments also fulfil the function of economic orientation by sending signals to markets, by offering incentives through the granting of business licenses and permits, and by the regulation of energy, transport, food security and innovation. Education and health are essential public services and benefits provided for the welfare of citizens. Governments also promote culture and recreation, and create systems that protect individuals from unemployment, disease, and poverty in old age. The allocation of responsibilities for these functions reflects social preferences. However, it seems that differences among governments are more a product of the heterogeneity under which they carry out these functions – through direct provision, regulation or incentives to the private sector – rather than the actual scope of government responsibilities which, surprisingly, are similar between countries.

Governments developed considerably during the 20th century, becoming major service providers. This trend over the past hundred years reflects an increase in the size of the state. During the past century, expenditures and the number of employees grew from less than a tenth of national income to slightly less than half of national income in most developed countries. In many countries, the state was transformed with the consolidation of democracy, the development of a market economy, the creation of the welfare state, and globalisation. However, these changes have not been linear, and many countries have faced a substantial redefinition of the role of the state as a result of fiscal constraints, the need for competitiveness and social change. The most notable feature of the transformation of the public sector during the last 70 years has been its massive development as a major service provider. Since this transformation, the interaction between the state and its citizens has become a daily activity.

Expectations and standards for public services are now significantly higher. Even though modern governments do more and spend more, it is worth asking if they are providing better services and meeting the expectations of citizens and the business community. Given current fiscal constraints, the answer is not necessarily “more state” but “better state”, focusing on what the state does best and on building trust and sustainable economic growth. These issues are attracting increasing interest from social scientists. Economists and policy makers are also devoting more attention to the public sector economy because of its growing share of national income and its macroeconomic impact.

Governments are complex organisations that often pursue many policy objectives simultaneously and that are faced with multiple goals and stakeholders. Public entities and organisations, instead of running their own programmes, must respond to the mandates and functions assigned to them by the political process through legislation as well as attend to the needs of citizens. This is a process that can generate demands, mandates and objectives that are sometimes vague or even contradictory. Public administration must recognise this reality and reconcile objectives with possibilities.

Public administration must integrate the diverse nature of modern governments that reflects the relationship between networks of different public bodies. The economy of public choice has helped to improve the understanding of the role and functions of bureaucracy, which is able to pursue precise sectoral objectives on behalf of the general interest.

The complexity of the public sector apparatus requires political responses that are ambitious yet pragmatic, the implementation of systems of checks and balances, the fostering of openness and transparency, and control mechanisms to reduce the risk of corruption and capture. Similarly, co-ordination is necessary so that, with the contribution of different bodies, the strategic objectives of the state can be accomplished and resources, commitments and implementation can be aligned to achieve the expected results.

The gap between the need for public intervention and available resources is considerably higher in Latin America and the Caribbean than in developed countries. Making the most of scarce public resources is therefore crucial if governments are to fulfil their contribution to development in the region. Whether it is the management of public programmes or the use of private resources for public purposes, an efficient and effective public administration is fundamental for governments to meet their objectives.

Source: Adapted from OECD/ECLAC (2011), *Latin American Economic Outlook 2012: Transforming the State for Development*, OECD Publishing, Paris, <http://dx.doi.org/10.1787/leo-2012-en>.

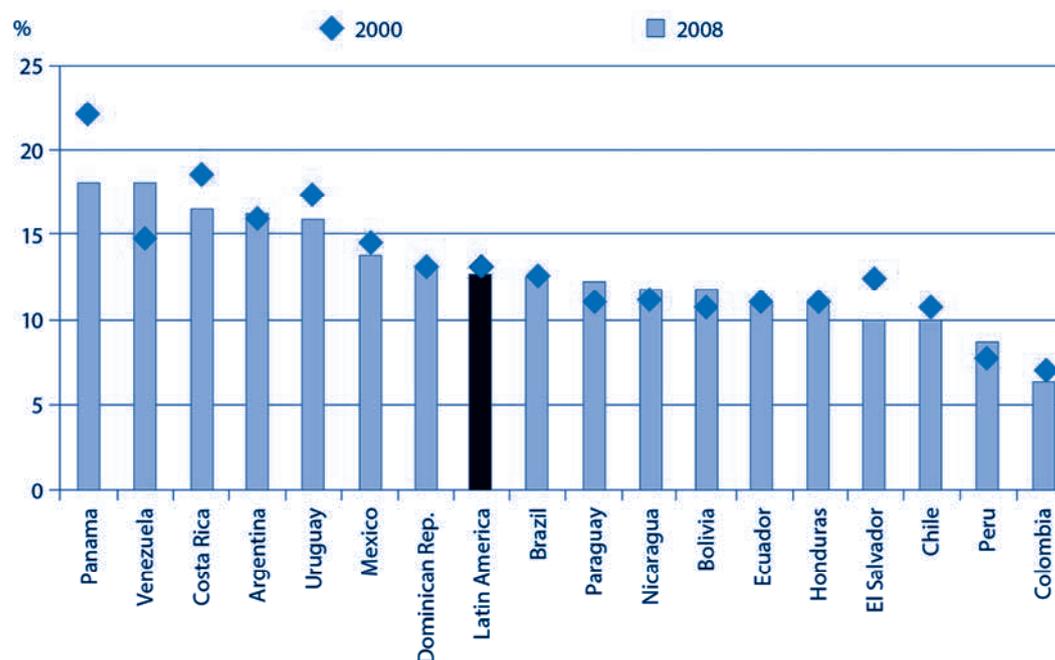
As societies become more heterogeneous, the demands on the state become more diverse. In Latin America, governments are responsible for the provision of public goods, the delivery of social services, the promotion of social equity, the redistribution of resources and the stabilisation of the economy to the same extent as in high-income countries.

In recent years, Latin American countries have begun to address needs in the areas of environmental protection, economic integration, gender equality and social and industrial development. The resources available to perform all these functions are scarce, not only compared to high-income countries but also to countries with similar development levels.

The professionalisation of the civil service

As illustrated in Figure 1.7, the size of public employment in the Dominican Republic is comparable to the LAC regional average (13.5% of total national employment in 2008).

Figure 1.7. National public employment in the LAC region (% of total national employment)



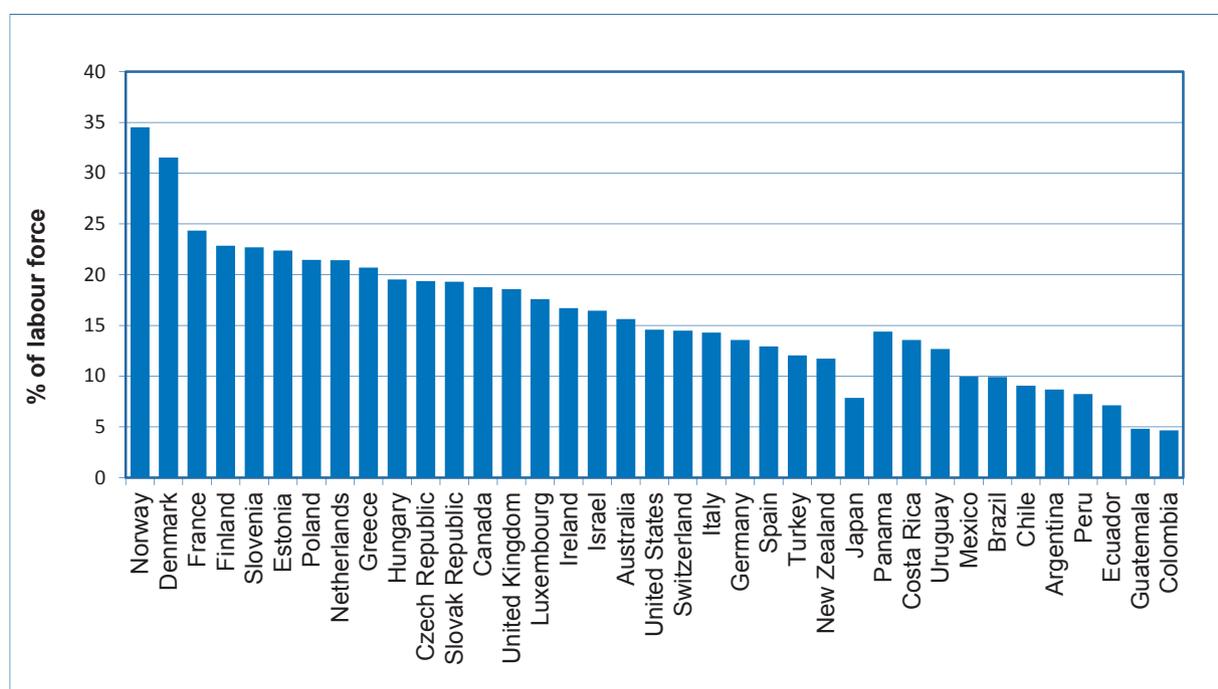
Source: Presentation given by Mario Marcel, Deputy Director of the Public Governance and Territorial Development Directorate (OECD), during an international seminar on public sector reform, Dominican Republic, Santo Domingo, May 2013.

However, as shown in Figure 1.8, LAC countries have on average far fewer public employees than OECD countries (as a percentage of the total workforce). In some countries, the percentage is slightly more than half of that found in the OECD countries with the highest levels of public employment. The biggest difference, however, is that the Latin American and Caribbean governments are normally “pre-bureaucratic” in that they are characterised by the lack of a formal, professional civil service and by a high proportion of political appointments among civil servants. Some countries seem to have developed a highly distorted bureaucracy, with low-skilled workers protected by strict contractual arrangements and managers appointed on the basis of their political affinities. This situation generates levels of job rotation and patronage of little use to the

development of public policies which require a high degree of coherence and continuity if they are to be effective. Under this regime, the flexibility that might be necessary to better meet different public needs can easily become discretionary and a source of incoming influences. In many LAC countries, the proportion of public employees with high skills and high motivation could be much greater. Some countries such as Brazil, Chile, Mexico and Peru have recently undertaken reforms to establish a highly professional civil service, though they are more the exception than the rule in the region. Reforms in these countries are quite young and still have many hurdles to overcome.

Another indicator often used to identify the size of the state – public spending as a percentage of GDP – shows that the LAC region is behind OECD countries. Public spending has increased, but the differences remain substantial and have even widened in recent years (OECD/ECLAC, 2011).

**Figure 1.8. Latin American and OECD countries: public sector employment in the labour force, 2008
(Percentage of the labour force)**



Note: Data for Finland, Israel, Mexico, Panama and Poland correspond to 2007; France, Japan, New Zealand and Uruguay to 2006; and Brazil to 2003.

Source: OECD/ECLAC (2011), *Latin American Economic Outlook 2012: Transforming the State for Development*, OECD Publishing, Paris, <http://dx.doi.org/10.1787/leo-2012-en>

Centralisation

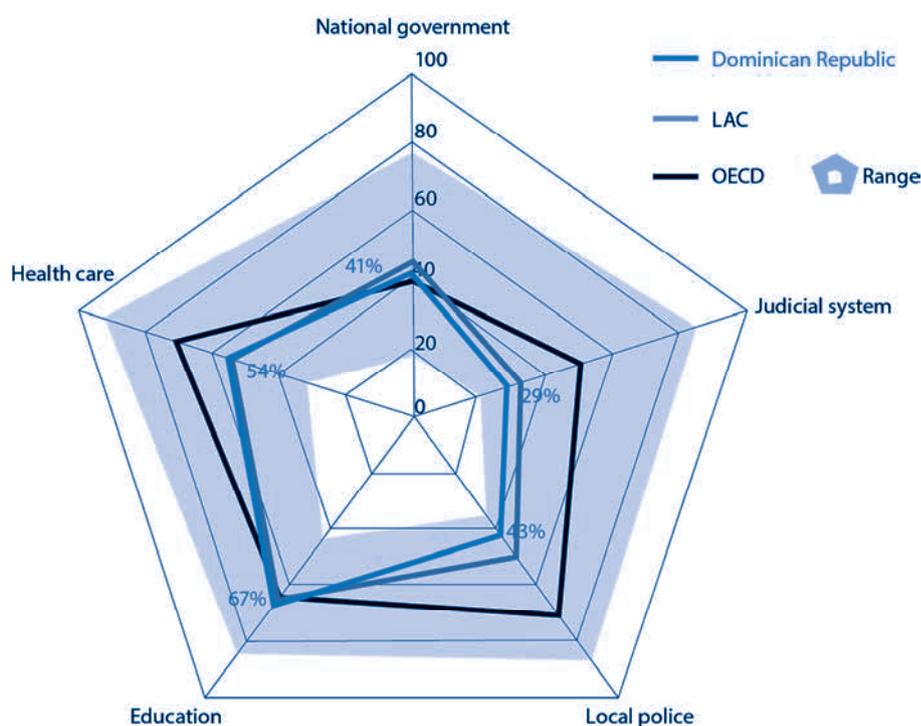
Latin American and Caribbean countries have a level of fiscal and administrative decentralisation below that of OECD countries. Municipal spending in the LAC region is less than half that of OECD countries as a percentage of GDP (9.5% and 20.6%, respectively), and their revenues constitute slightly less than one-third (OECD/ECLAC, 2011). This reflects significant vertical imbalances. Regional figures are more balanced but with great variations between large federal countries (Argentina, Brazil and Mexico) and smaller unitary states which may not even have a regional administration.

Centralisation can seriously limit the ability of citizens to participate in state affairs. If local governments provide a significant part of services required by citizens and the investments of greatest interest to communities, then their lack of resources and powers, as well as their over-reliance on central government transfers, are structural constraints on citizen participation that the government will struggle to overcome.

Lack of transparency and trust

Despite progress in some areas, high inequality, a lack of transparency and poor-quality public services undermine trust in government and in the social contract in the region. Public institutions in the LAC region often suffer from a lack of trust. Trust in democratic institutions, such as the judicial and legislative system, is very low, and the degree of satisfaction with local services almost never exceeds 50%. This can trigger a vicious circle of distrust and weakened legitimacy, which in turn limits the possibility of raising taxes and impedes the provision of more universal services.

Figure 1.9. Trust in public institutions



Source: Gallup World Poll (2012).

When people have the means of affording private services, they may come to completely abandon public services, thereby contributing to their stigmatisation. In fact, in Latin American and Caribbean countries, the private provision of basic services in education, health and even security is high compared to OECD economies (OECD/ECLAC, 2011).

Comparative international studies suggest that in a large majority of countries in the LAC region there is a significantly higher perception of corruption than in OECD countries. Whatever the causes, the recent progress made by some countries in the region

is commendable. For instance, according to Transparency International, the levels of corruption perception in Chile and Uruguay are similar to the level recorded in European countries such as Belgium, France and Slovenia, and only marginally below the levels recorded in the United States and the United Kingdom.

Regulation as a policy instrument

Many countries in the region developed their regulatory systems in the 1980s and 1990s to adapt to the privatisation process of public services and state-owned enterprises. During this process, some countries created independent bodies responsible for regulation in the energy, telecommunications and water sectors. However, this wave of reform failed to build a coherent regulatory system. The degree of implementation depended largely on the importance of the institutions responsible for regulation. A common problem for many countries in the region was the imbalance between the power of industry and the fragility of the regulators, who had limited resources and a workforce paid below market wages, as is the case of concessions in transport (OECD/ECLAC, 2011). In some of the smaller countries in the region, the ability to manage regulations and regulatory processes remains limited, affecting the rationalisation and effectiveness of regulatory frameworks. Thus, regulation as a policy instrument is used less in Latin American and Caribbean countries – and is often less effective – than in most OECD countries.

Promising developments and lessons learned in the LAC region

The last 20 years in Latin America in particular have left a legacy of experiences that constitute a good basis for learning and to continue advancing. However, to create governments able to meet development challenges, countries in the LAC region do not necessarily need to follow the same path travelled by today's more advanced countries. In fact, it is important to avoid any automatic "copy pasting", reproducing management tools without taking institutional differences into account. It is rather a matter of learning by doing, adapting and innovating.

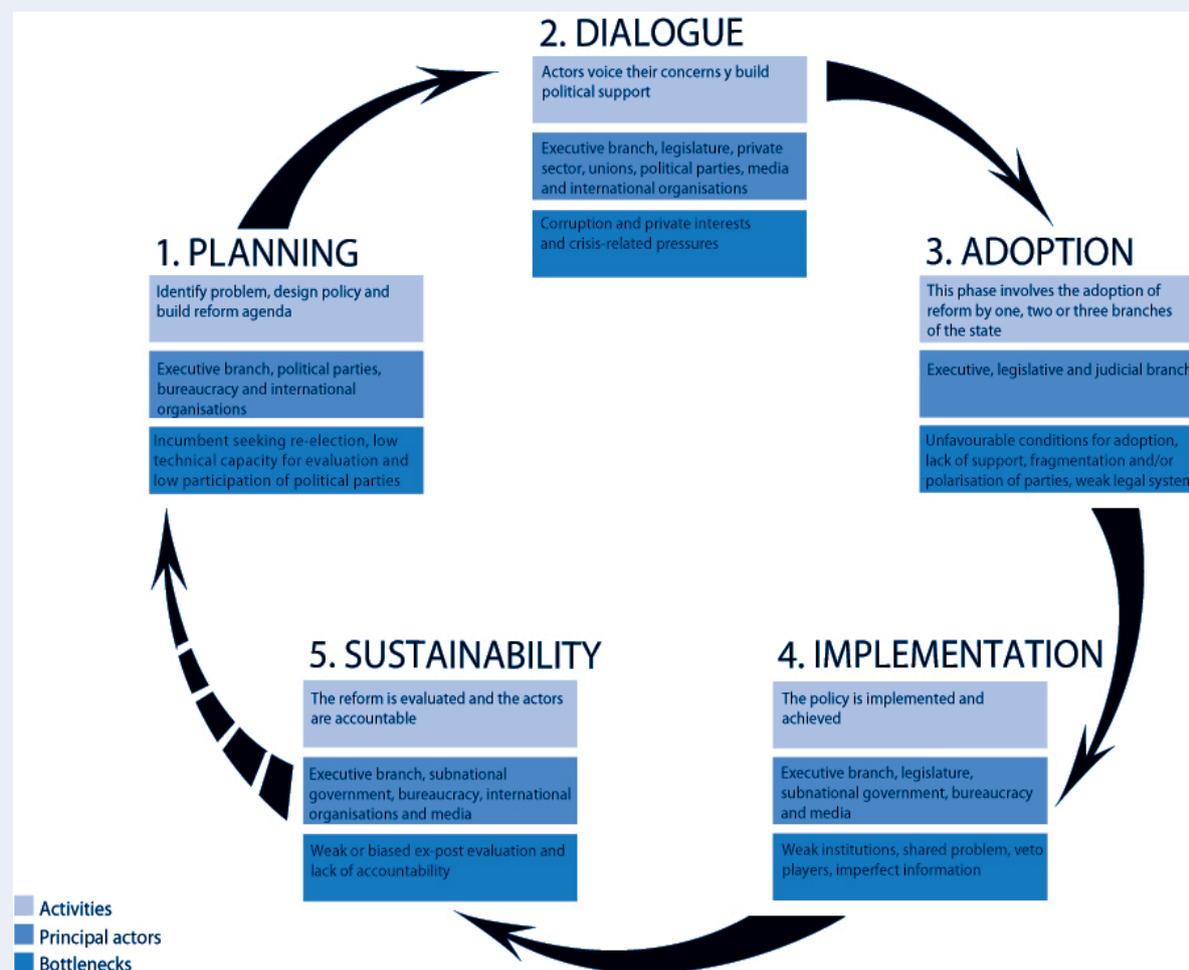
Fiscal consolidation has increased the pressure on public administration. The crisis has affected the balance between the state, markets and society, and has led governments to assume greater responsibilities. The current priority is to improve the capacity for strategic outlook, collective commitment and flexibility of resources to achieve greater coherence in policy action and recover sustained long-term development. Countries rely more than ever on a culture of performance. This makes it necessary to improve competitiveness and expand the range of options in providing services, in order to improve public sector efficiency and promote greater participation of users in the design and delivery of public services.

The spread of new technologies has opened the window to new opportunities. Technological change has provided new tools to manage information and improve communication – two basic elements in the provision of public services. This requires innovative and effective solutions in collaboration with citizens and businesses. The public sector must become more agile and improve its productivity without additional costs while relying more on E-government, telematics in government and the strategic management of human resources. New technologies also provide opportunities to transform the public sector into a "transparent entity" that facilitates citizen participation and improves the provision of services focused on users' needs.

Box 1.3. The reform process in Latin America and the Caribbean (LAC region)

It is important to study not only what practices should be adopted to foster development, but also how these reforms are to be achieved. This is the dilemma of the process of reform, which can be best understood in terms of a “reform cycle” in five phases: planning, dialogue, adoption, implementation, and sustainability. Although these phases do not always unfold in a sequential pattern, it is useful to distinguish between them to assess the relative strength of each player and reform effort and to avoid pitfalls in the future.

The stylised reform cycle: stages, main actors and bottlenecks:



In the **planning** phase, the actors identify the problem, design the policy and build the reform agenda. In Latin America, this stage tends to be a creative and disorganised process. Executives have a near monopoly in the formulation of policy proposals, and only occasionally receive input from other actors. Regarding political parties, the low levels of party institutionalisation and high party fragmentation have created clientelistic, weak and short-lived political parties. Non-programmatic parties present challenges for reform planning, as policies will lack *ex ante* planning and consistency over time. Co-ordination failures can be improved by promoting the increased participation of technical agencies, international organisations and political parties.

The technocracy of bureaucracy improves the quality of the *ex ante* evaluation and the design of reforms, while international organisations help identify the bottlenecks in the reforms and disseminate information on different country experiences.

Box 1.3. The reform process in Latin America and the Caribbean (LAC region) (cont.)

Once designed, there is generally an inclusive and comprehensive **dialogue** between the stakeholders of a reform. This provides a space for public deliberation and debate which helps build political support for the reform. In some Latin American countries, there have been recent efforts to improve party discipline. Additionally, recent administrations are taking advantage of media influence on public opinion by using “strategic communication” and “news management” techniques to increase public support for the reform. Indeed, presidents have reinforced direct communication with the public. However, excessive pressure by the media and the public opinion to reform adversely affects the quality of policies, as incumbents might prioritise high visibility in reforms.

The socio-economic context and the organisation of the reform agenda are key elements in the **adoption** phase. The reforms are adopted by the three powers of the state (executive, legislative, judicial), although the involvement of different branches depends on the reform in question. The Latin American experience confirms that the economic context affects the chances of adopting policy reforms. In general, crises beget reform – though not necessarily of a structural nature – and launching a “package” of reforms can aid in the correct adoption of policy. The end-of millennium crisis triggered fiscal responsibility and transparency frameworks (e.g. Argentina in 1999, Brazil in 2000, Colombia in 2003, Mexico in 2006, and Peru in 1999) and well-designed structural balance fiscal rules (e.g. Chile in 2001). On the financial policy-making front, some Latin American countries improved the regulation and supervision of financial systems in the aftermath of the banking crises of the past decade (e.g. Colombia in 1999, Peru in 1999, and Uruguay in 2002). Additionally, leadership and a high degree of legitimacy of the incumbent are crucial at this stage.

Once the policy is adopted, it must be executed and implemented in the **implementation** phase. On the one hand, the executive branch is responsible for implementing the approved policies, while the legislative branch monitors, reviews and investigates in detail the activities of the government. However, the power of interest groups, weak institutional structures, co-ordination failures between subnational and national governments, and soft subnational budgetary constraints have led to policy obstruction in Latin America. This distorts the overall quality of policies and increases the national deficit. Fulfilling its role as watchdog, the media exposes bad policy implementation, rendering actors accountable for their actions. Thus, the wide gulf between *de jure* reforms and *de facto* implementation serves to encourage Latin America to make significant institutional changes in the policy-making process.

Ex post evaluations of reforms must improve the **sustainability** of policies in Latin America. From a political standpoint, sustaining a policy is difficult because it challenges policy makers to maintain the policy until it has proven successful and to prevent its reversal by the following administrations. Evaluations can help to sustain reforms that bear fruit beyond the political cycle and to facilitate changes to make policies more effective by learning from the implementation process. Increasingly in Latin America, independence in *ex post* evaluations has been guaranteed by technocracy and international organisations, allowing for greater accountability and enhancing the legitimacy of the state throughout the policy-making process. In spite of this, there is still room for improvement.

Source: Adapted from OECD/ECLAC (2011), *Latin American Economic Outlook 2012: Transforming the State for Development*, OECD Publishing, Paris, <http://dx.doi.org/10.1787/leo-2012-en>.

While not all of the experiences were successful, they have left a legacy of teachings that constitute a good base for further improving public policies. The three main conclusions from these experiences are: *i*) private provision does not absolve the authorities of their responsibility in developing policy areas; *ii*) public service delivery by private providers raises a number of problems between principals and agents that should be properly solved with incentives and effective monitoring; and *iii*) public-private partnerships and other systems with external involvement should be evaluated according to the same principles as other elements of public policy (OECD/ECLAC, 2011).

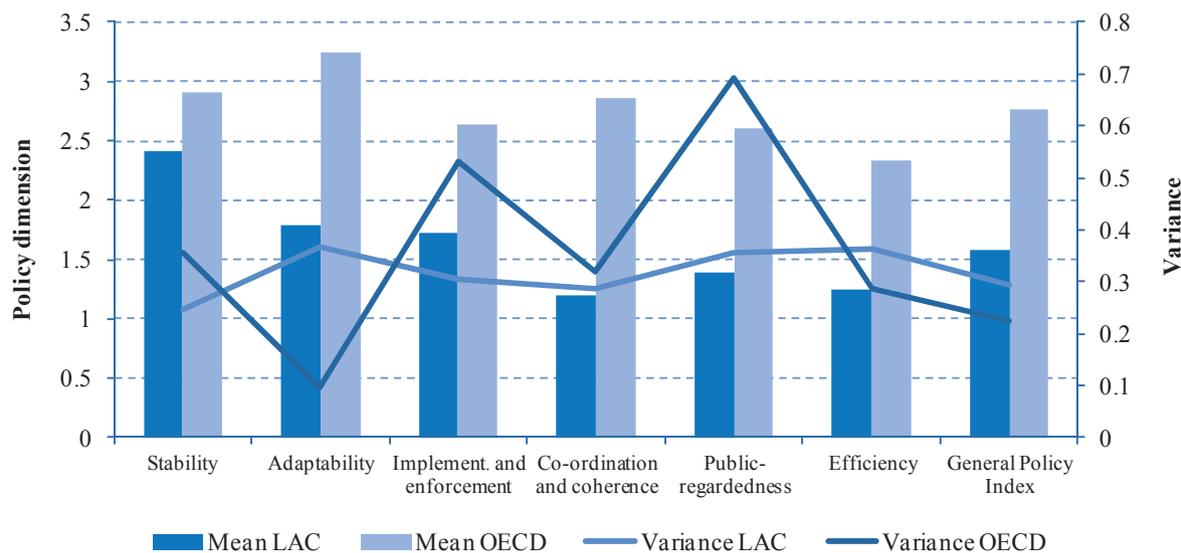
Latin American and Caribbean countries should be willing to continue on the path that has been set, aware that public sector reform will not be the product of a single government or leader but the constructive work of many political actors and stakeholders. In this process, policy makers should be aware of the many obstacles they will face, evaluating the costs and benefits in the short and long term. The centralisation of power is a good example of this. Due to the weight of presidential systems and the need for strong leadership to escape the crisis, LAC countries have tended to concentrate decision-making power in a few actors in the executive branch. This is especially true in the area of fiscal management, where the balance of power between the executive and legislative branches largely favours the former. Several risks in this respect could be mitigated by joint decision making and by holding authorities more responsible for their decisions.

Policy trade-offs will not be resolved only with legislation – no matter how well-designed it may be – but with modifications to the very functioning of public institutions. To achieve this, it is necessary to reform public administration systems, or develop others that are more appropriate. Systems need rules to function, but they are also characterised by a series of incentives and institutional structures that determine human behaviour.

Well-structured public administration systems can generate the main asset for governance: trust between the state and society. Distrust is a persistent element in the relationship between citizens and the state in Latin America and the Caribbean. Special interests are likely to influence legislation, regulation and administration, but distrust can extend to basic state institutions like the judiciary, the legislature and the police. Distrust is very harmful for public administration not only because it makes the relationship between public agencies and the state difficult, but also because it increases the transaction costs with the government. Policy trade-offs must be carefully monitored, with special attention to how institutional systems could overcome them, while at the same time increasing trust in public institutions.

Policies for a more sustainable and innovative public administration in the LAC region

The development agenda of the LAC region presents various challenges to the state. In order to confront them, the state needs the support of its citizens and a long-term vision that can guarantee a certain level of political, social and technical continuity. In Latin American and Caribbean countries, the lowest component of policy quality indices is usually the co-ordination and coherence of public policies showing non-cooperative political interactions among different agencies within the central government, between agencies in the central government and subnational authorities, and among agents operating in different stages of the policy-making process (OECD/ECLAC, 2011).

Figure 1.10. Policy quality in Latin America and the Caribbean (LAC) versus OECD countries

Note: A higher value of the policy dimension is interpreted as a better quality of the policy. The interval of policy indices is between 0 and 4. LAC includes the following 18 Latin American and Caribbean countries: Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay, and Venezuela. The 34 OECD countries are: Australia, Austria, Belgium, Canada, Chile, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Israel, Italy, Japan, Korea, Luxembourg, Mexico, Netherlands, New Zealand, Norway, Poland, Portugal, Slovak Republic, Slovenia, Spain, Sweden, Switzerland, Turkey, United Kingdom, and United States.

The different dimensions of the policy index are composed of data and survey questions extracted from the Fraser Index of Economic Freedom, the Global Competitiveness Report, *Profils Institutionnels*, the Bertelsmann Transformation Index, Columbia University's State Capacity Survey and the Economist Intelligence Unit.

Source: OECD/ECLAC (2011), *Latin American Economic Outlook 2012: Transforming the State for Development*, OECD Publishing, Paris, <http://dx.doi.org/10.1787/leo-2012-en>.

Without infringing on the role of the market, the state needs to occupy a central role in the response to development needs and should focus on various public policy areas. These include: *i)* improving the mobilisation of fiscal resources; *ii)* promoting mechanisms to make government more open and transparent; *iii)* professionalising the civil service; *iv)* engaging several actors; and *v)* making appropriate use of new technologies.

Expansion of fiscal space and better resource mobilisation

Without additional resources, many LAC governments cannot meet the expectations of society or their global commitments. The functions of the state are already very diverse and will continue to change over the coming years.

Public administration of finances plays a crucial role in this area. Both planning and multi-year programming in the public sector, based on strategic objectives, represent an opportunity and a necessary condition for the promotion of sustainable economic and social development. Efforts to control public finances and short-term budget

programming in a volatile environment are therefore a part of the process of defining development strategies and goals.

Despite the strong improvement in fiscal performance since 2000, countries in the region still have an extensive agenda of budgetary and fiscal-space improvements to increase effectiveness and efficiency in resource allocation and transparency. Budgets suffer from institutional rigidity and high volatility which undermine public spending management (OECD/ECLAC, 2011).

The limited use of evidence in budgetary decision making requires more in-depth budgetary management with result-oriented objectives, taking into account the particular challenges and institutional framework of a country. In the area of legislation, parliaments generally have no specific technical support to assess the executive body's budget proposals, which can foster clientelism. Strengthening decision making and analytical capacity in the finance ministries and in line ministries in the LAC region can help push through reforms that are centred more on the adoption of management decisions based on transparent evidence and less on detailed budgetary control. This must be part of a change in mentality to secure the effectiveness of fundamental budget reforms, such as the creation of medium-term budgetary frameworks, expanded flexibility in ministries that execute spending plans, and implementation of fiscal responsibility laws that lay the groundwork for budget and spending transparency (OECD/ECLAC, 2011).

Box 1.4. Moving towards a performance orientation in the LAC region

At its heart, a performance orientation in the public sector is a predisposition to make promises and an ability to deliver them. Some of the key ideas behind this are:

- Responsiveness: reducing the time lag between changed political priorities and corresponding public policy actions.
- Measurement: the quantification of outputs (and occasionally outcomes).
- Managerialism: the relaxation of the enforced consistency in procedures to move towards flexibility with accountability in order to improve efficiency. It is often seen purely as an import from the private sector, but in fact there have always been areas of managerialism within the public sector.

Many Latin American countries have attempted to move towards programme budgeting, in order to improve responsiveness to changing policy priorities. Chile has made the most significant progress – although Brazil, Colombia and Mexico have also made big strides. There are notable shortcomings in some of the programme classifications, as they are somewhat overly linked to existing administrative structures.

Responsiveness is less of an HRM reform objective in Latin America than in many OECD settings, as the high degree of political influence in the public service has made it distinctly responsive to political concerns.

Managerialism, in the sense of delegation to operational entities, has made somewhat less headway – although there has been a significant increase in the number of arm's-length agencies often created in order to provide some delegated financial and HRM authority. The agencies have proven to be somewhat problematic, not least because they fall, *de jure* or *de facto*, outside of hierarchical ministerial authority, often reporting to the President and leading to problems in sustainability following changes in administrations.

Measurement has in many ways been the most challenging area, as there have been very significant strides in monitoring and evaluation systems (M&E) but a continuing lack of alignment between the budgetary classifications of activities and the indicators used for M&E.

Source: World Bank (2010), *GET Brief: Improving Performance*, February, World Bank, Washington, D.C.

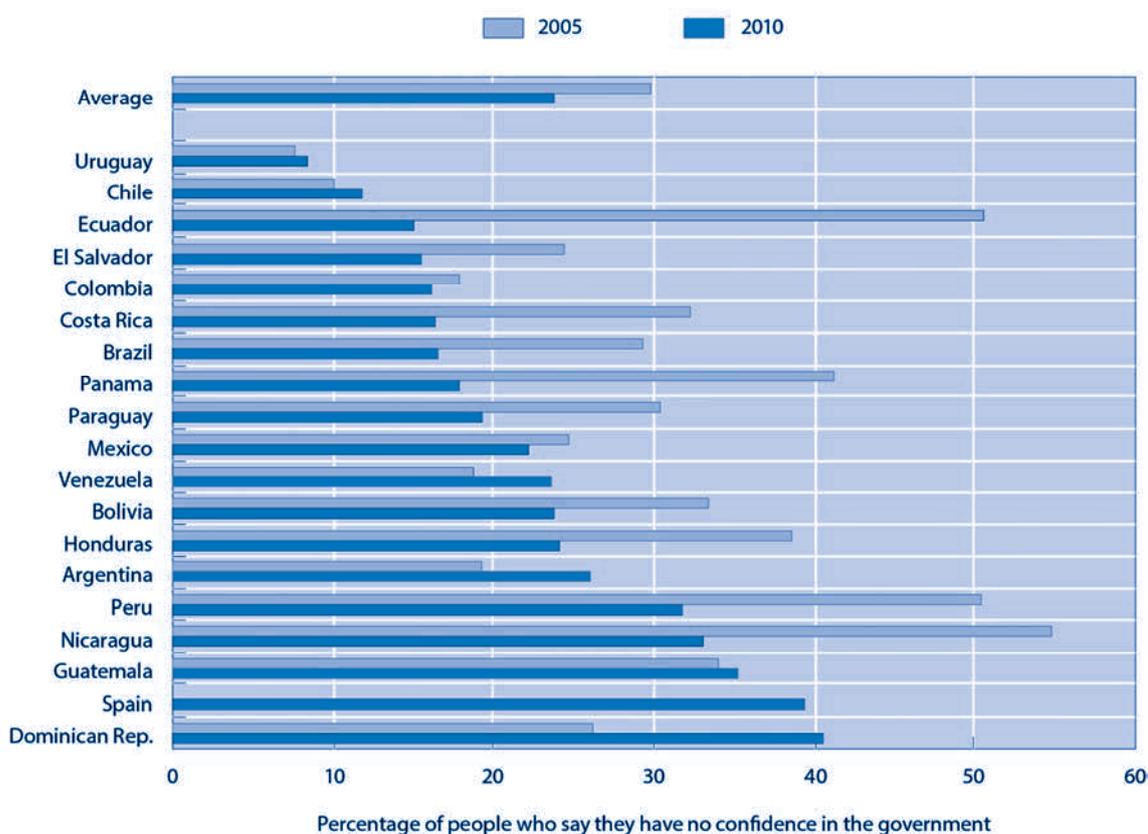
Because governments in the LAC region focus more on programmes and investments compared to OECD countries, budgetary management should strengthen ties with strategic planning, investment programmes and more intensive use of outcomes assessment. Consequently, the challenges are to move forward in developing shared, cross-cutting objectives, promoting comprehensive, strategic and institutional planning, and establishing performance and management agreements for key public bodies.

Improving trust in the public sector through an open and transparent government

Limited resources, clientelism and corruption often erode citizen trust in the LAC region. Low public trust in government and a poor perception of *public services* harm tax morale, reducing people's willingness to pay taxes.

Data from the Latinobarómetro survey of 2010 show that the Dominican Republic has the lowest rate of trust in central government in the region (also lower than in Spain). In 2010, 41% of survey respondents said they had no trust in the government, almost twice the regional average (see Figure 1.11). Significantly, the result is worse than the 2005 figure of just 26% which was actually below the regional average (30%). This change is all the more surprising when compared with the general upward trend in confidence in government in general, especially in Ecuador, Nicaragua and Peru, where the figures moved by just as much, but in the opposite direction.

Figure 1.11. Lack of trust in government



Sources: Latinobarómetro (2010), www.latinobarometro.org; OECD (2013a), *Fiscal Policy for Development in the Dominican Republic: Making Development Happen*, No. 2, OECD, Paris, www.oecd.org/countries/dominicanrepublic/Fiscal%20policy%20for%20development%20in%20the%20Dominican%20Republic.E-Book.pdf.

Trust in public institutions is essential to ensure that the social contract between citizens and the state stays intact, influencing individual behaviour in ways that could support desired policy outcomes. Trust in government represents the confidence of citizens in the actions of a “government to do what is right and perceived fair” (Easton, 1965). Citizen expectations are key to their trust in government, a trust which is influenced differently depending on whether they have a positive or negative experience with service delivery.

While trust takes time to be established, it can be lost quickly. An increasing distrust in government might lead to less willingness on the part of citizens (and businesses) to obey the law, to make sacrifices during crises or to pay taxes (as previously mentioned). This could raise costs for government – resulting in declining efficiency – or erode revenues. Declining trust in government might also make it more difficult to attract and retain talent to work for government institutions.

A high level of trust in government might increase the efficiency and effectiveness of government operations. Trust in government may help governments to implement structural reforms with long-term benefits. Many reforms involve sacrificing short-term satisfaction for longer-term gains and will require broader social and political consensus to be effective and sustainable. Trust in government could also improve compliance with rules and regulations and reduce the cost of enforcement.

However, the trust of citizens and civil society in government is not the only factor affecting policy effectiveness; the trust of government in citizens and civil society, and trust within government are equally important. An open and responsive government is an enabling environment reinforcing trust in both directions.

Trust in government is multifaceted and based on a mix of economic, social and political interactions between citizens and government. Important drivers of trust in government are culture, institutional setting, economic and social outcomes, and performance of institutions. Trust and most of its drivers are interlinked and self-fulfilling, and therefore complementary in their relationship to public governance and economic development (OECD, 2013c).

Trust in government can be analysed at three levels. At the macro level, trust relates to political institutions and the functioning of democracy. At the meso level, trust relates to policy making – the ability of governments to manage economic and social issues, and to generate positive expectations for future well-being. Finally, at the micro level, trust refers to the impact of government on people’s daily lives through service delivery. Although distinct, these three levels interact, and a significant lag in trust at one level may affect trust at other levels and influence policy outcomes (OECD, 2013c). Efforts to strengthen trust therefore need to reinforce synergies across each of these different spheres.

Trust is not just something that happens to governments but something that governments can influence through their actions and policies. When it comes to influencing trust, it is not only the “what” of public policies that matters, but also the “how”, the “for whom” and the “with whom”. Consequently, not only the final results but also the processes used to get there are important for citizens and businesses.

Information accessible to the public regarding the allocation of resources and the results of their investment is a necessary condition for transparent government action. Despite major steps forward in budgetary transparency, countries in the LAC region continue to face an important challenge in this field (OECD/ECLAC, 2011).

Access to and the use of public information is changing the way in which citizens interact with their governments. Such interaction adds value to public initiatives and contributes to decision making by communities and political authorities. Within this framework, the most pressing challenge will be how to direct the benefits of this gained openness towards the citizen in a real and concrete manner.

It will also be fundamental for countries in Latin America and the Caribbean to monitor the risk of corruption. Rather than one single remedy, there is a whole range of instruments, both public and private, that countries can use to reduce risks. This requires multidisciplinary approaches that facilitate access to information and transparency, promote the dissemination of information, and streamline internal regulations by eliminating concentrations of power and margins for discretion.

Evidence from the LAC region shows that countries are already taking steps to increase transparency and strengthen integrity, such as in the case of Brazil, Chile, and Mexico (OECD, 2012c). For example, Chile's government is proactive in disseminating information. The government encourages the publication of budgetary documents and audit reports and publishes lists of public officials and their salaries. In addition, the government makes public the names of beneficiaries of social programmes. The country uses different publishing channels, including portals and websites (OECD/ECLAC, 2011).

Box 1.5. Better understanding the public governance dimension of trust

The institutional setting of trust and its performance may be better understood when this concept is broken down into a set of interrelated (equally important) process components that encapsulate what citizens expect from government:

- **Reliability:** the ability of governments to minimise uncertainty in the economic, social and political environment of their citizens, and to act in a consistent and predictable manner.
- **Responsiveness:** the provision of accessible, efficient and citizen-oriented public services that effectively address the needs and expectations of the public.
- **Openness and inclusiveness:** a systemic, comprehensive approach to institutionalising a two-way communication with stakeholders, whereby relevant, usable information is provided and interaction is fostered as a means to improve transparency, accountability and engagement.
- **Integrity:** the alignment of government and public institutions with broader principles and standards of conduct that contribute to safeguarding the public interest while preventing corruption.
- **Fairness:** in a procedural sense, the consistent treatment of citizens (and businesses) in the policy-making and policy-implementation processes.

Source: OECD (2013c), *Government at a Glance 2013*, OECD Publishing, Paris, http://dx.doi.org/10.1787/gov_glance-2013-en.

Box 1.6. Improving integrity in public administration: the case of Brazil's federal government

During the past decade, the federal government of Brazil has adopted a series of measures to improve integrity and prevent corruption in public administration. The actions include: *i)* increased transparency and citizen participation in public policy; *ii)* the introduction of a system of internal control in the provision of services based on risk; and *iii)* the incorporation of high standards of conduct for civil servants.

Transparency and citizen participation in public policies have increased through the free distribution of up-to-date information on public spending in government programmes via the Transparency Portal. This has been complemented by the obligation for all federal government agencies to publish information about the services they provide, the ways to access them and the standards that can be expected through citizens' service charters. Moreover, citizen participation in monitoring public policies has been facilitated by an expansion in the number of ombudsman units (*Ouvidoria*).

The public administration is introducing internal control mechanisms in the provision of services based on risk. For example, the government has strengthened *ex ante* and *ex post* controls for agreements concerning the provision of public services by civil society organisations and the use of federal government credit cards to purchase off-the-shelf goods and services.

Codes of conduct and other guidance materials, such as orientation courses for public officials, have been published to promote high standards of conduct. In addition, actions have been taken to actively monitor the conduct of civil servants through forensic auditing techniques to identify potential conflicts of interest and situations of unjust enrichment. The federal government has also improved the quality, speed and impact of internal investigations of violations of integrity and of administrative misconduct.

Source: Adapted from OECD (2012c), *OECD Integrity Review of Brazil: Managing Risks for a Cleaner Public Service*, OECD Public Governance Reviews, OECD Publishing, Paris, <http://dx.doi.org/10.1787/9789264119321-en>.

Chile and Mexico have also taken steps to publish information on this activity on their main government websites. In Brazil, the federal procurement portal and the federal portal on transparency in public administration are examples of sites that provide information to the public. Brazil, like Chile, also allows for the public tracking of procurement expenditure. The next step is the obligation to disclose conflicts of interest of senior decision makers.

From public employment to the professionalisation of the civil service

As service organisations, governments depend heavily on their workforce to achieve their mission. This especially applies to public employees who represent the state in the exercise of statutory powers and whose behaviour, therefore, cannot be based solely on efficiency but also on administrative law principles, ethical requirements, transparency and fairness. In fact, a public servant's performance involves not only delivering outputs and outcomes, but also respect for the law, ethical behaviour, political accountability, political neutrality and loyalty to the elected government of the day.

Public employment reform in Latin American and Caribbean countries is a major challenge that requires a complete mind-set change in the public sector, breaking with the history of patronage and the politicisation of public administration. This challenge is not alien to many OECD countries that, over the past century, have created a civil service with similar goals. Priority should be given to the process and its institutionalisation.

Civil service professionalisation is not an objective in itself, but a means to increase capacity and to enable functioning once regulatory constraints are lifted. A good starting

point for policy makers in the framework of civil service reform is to have a clear idea of what motivates public sector employees. To help solve the problems in the public employment sector, several countries in Latin America have begun to use modern management tools such as schemes for senior public administration levels and executive agencies. However, it is important for policy makers to ensure that the use of these instruments is justified by the nature of the problem and by the reality of the countries where they will be applied.

Before designing reforms and specific instruments, policy makers should distinguish between at least four categories of public employees: professional bureaucrats, service providers, public officials and support staff. In order for these categories to function efficiently, a variety of provisions are required that should be included in the legal and contractual framework of public employees. Because realities in the LAC region show many discrepancies in this regard, a restructuring of labour agreements should play a leading role in reforming the public sector.

In order to boost the skills and capacities of civil servants and to achieve the goals of the institutions for which they work, it is essential to understand their principal incentives. Studies indicate that public sector employees are not necessarily motivated by the same factors that motivate private sector employees. Many people are attracted to the civil service because of the nature of the position or the contribution it can make to their professional development. While this cannot be used as an excuse to reduce pay, it does suggest that an incentive programme should encompass issues such as strategic planning, outcome assessment, training, feedback, recognition and professional mobility, at least to the same extent as compensation systems and performance-related pay.

The central human resource management (HRM) pillar in the public sector should be to establish a strong link between corporate objectives, responsibilities and recognition. To achieve this, there must be consistency from entry to exit (hiring, work scheduling, evaluation, compensation, promotion and departure). This needs to be supported by an ongoing study of employee motivation and market conditions.

Table 1.4 summarises the evolutionary process for building public HRM capacity in transition countries of the LAC region. The development of administrative systems in general (and public HRM systems in particular) in less advanced countries tends to evolve along a single track toward the model of increased rationality and transparency as indicators of effective government and economic development. With respect to public HRM systems, this generally involves a sequential transition from statehood to patronage, from patronage to civil service, and from civil service to a range of alternative, more mature personnel systems.

Table 1.4. Building public HRM capacity in LAC transition countries: positive and negative outcome indicators

Indicator	Negative	Positive
1. From statehood to patronage		
Political freedom (speech and media)	Low	High
Economic growth and development	Export-based	Balanced
Basis of political leadership	Charismatic	Issues and parties
Electoral process	Inadequate	Functional
2. From patronage to merit systems		
Effective and transparent government	No	Yes
Administrative formalism	High	Low
Patronage influences	High	Low
A civil service law has been passed	No	Yes
Central public personnel agency exists	No	Yes
Merit system procedures are in place	No	Yes
Unemployment or underemployment	High	Low
Public employee salaries and benefits	Inadequate	Adequate
Non-merit discrimination	High	Low
Role of the military	Intrusive	Minimal
Source of pressure for reform	International	Domestic
3. From a traditional civil service to a modern civil service		
Balanced uniformity-flexibility	No	Yes
Balanced centralisation-decentralisation	No	Yes
Balanced public-private employment	No	Yes
Balanced employee-management rights	No	Yes

Source: Adapted from Klingner and Pallavicini Campos (2002), “Building Public HRM Capacity in Latin America and the Caribbean: what works and what doesn’t”, *Public Organization Review: A Global Journal*, 2:349-364, Kluwer Academic Publishers, Netherlands.

Systems run by elites are the first stage, as the leaders of successful independence movements establish new nations. The transition to a second stage (patronage) follows as emergent nations strive to strengthen the conditions in civil society that underlie effective government (such as education, political participation, economic growth and social justice) by refining their constitutions, developing political parties, and creating public agencies. This transition is often difficult, due to arbitrary post-colonial boundaries, internal ethnic conflicts and centralised authoritarian leadership patronage (Klingner and Pallavicini Campos, 2002).

The third stage is a transition from patronage to merit systems marked by passage of a civil service law, creation of a civil service agency, and development of personnel policies and procedures. The transition happens due to internal pressures for efficiency (modernisation) and human rights (democratisation). Often, international lenders and donor governments add external pressures that emphasise government capacity, transparency and citizen participation. This transition may be difficult as well; therefore it is not always reasonable or appropriate to expect that less advanced countries – often facing complex old and modern challenges simultaneously rather than sequentially – move easily or quickly from patronage to civil service. Governments may be large or inefficient due to socialist traditions favouring public control of agencies. Pressures for a transparent, honest and efficient government may be thwarted by corruption, by use of the public sector as the employer of last resort or by a “brain drain” to the private sector. Less advanced countries that lack a strong cultural tradition of the “public interest”, the rule of law or a professional public service may also suffer from administrative formalism: laws, agencies, and practices that look fine “on paper” may not function well in reality (Klingner and Pallavicini Campos, 2002). And in countries plagued by class barriers or high underemployment, pressures for employee rights or for equal employment of

minorities are not likely to significantly impact personnel policy or practice. Unless these successive transitions to the third stage occur (civil service), it is unlikely that a country's government has adequate administrative capacity to manage the process.

If and when the transition to civil service occurs, less advanced countries then seek to balance conflicting values and personnel systems to achieve the contradictory objectives that characterise the fourth stage of public personnel management (Klingner and Pallavicini Campos, 2002). These countries must establish an optimum level of public employment, maintain administrative efficiency and protect public employee rights, achieving both uniformity and flexibility of personnel policies and procedures. It goes without saying that as difficult as these dilemmas are in more advanced countries, they are even more challenging in transition situations. Colonial traditions and political pressures tend to produce centralised political and economic systems (Klingner and Pallavicini Campos, 2002). As a result, over-rigidity and uniformity outweigh administrative flexibility and diversity. In HRM, this can impose serious limitations on organisational effectiveness and employee rights.

In the Dominican Republic and other Caribbean nations, domestic and international pressures led to a series of government modernisation reforms intended to counteract a traditional culture of authoritarianism (*caudillaje*) and corruption (Germán, 2012). Historical tendencies and the cultural legacy of colonialism are now being counterbalanced by economic pressures on the public sector, which have in turn increased the demand for greater efficiency, responsiveness and better quality in service delivery. Public HRM has also reformed because of the need to enhance managerial responsibility, increase transparency of public budgeting and remain competitive with the private sector in the face of changing workforce conditions.

The current Dominican government is committed to delivering better quality and more effective and efficient services, reducing waste of public resources and establishing a result-oriented and innovative culture. A framework for public employment and strategic HRM can both play a vital role in innovating the Dominican public sector: by making space through restructuring and reallocation and by eliminating redundancies; by identifying and developing necessary skills and building organisational capacity; by focusing performance management on desired outcomes and creating flexibility to achieve them; and by striking a balance between accountability and well-informed risk taking.

Such innovative approaches can be an important source of cost savings and tangibly improved public services, helping governments address emerging challenges such as the ageing of the workforce. Innovation in both strategic and operational HRM aspects can help ensure a professional, modern, talented, diverse, high-performing, skilled, knowledge-based and flexible human capital. Innovative public employment and HRM stand for whole-of-government frameworks and approaches, with compensation focused on capabilities and roles rather than posts and seniority, thus linking HRM strategy with overall government goals and other reform priorities (especially in the areas of budgeting and strategic organisational management).

More generally, reforms need to be built on a sound foundation of clear and consistent public service values, accepted by all. Core values should be preserved, strengthened and embedded in new public service legislation and HRM instruments, ensuring continuity without creating undue rigidity (see Chapter 5). The legislative and policy frameworks must enable a strategic and innovative management of human resources while protecting the essential merit-based principles of a professional civil

service system. These are normative and structural conditions having an impact on the successful design and implementation of public employment and HRM reforms in the public service, providing incentives for staff to generate tangible innovations in service delivery.

Achieving the most efficient and effective size and allocation of the public service workforce is an ongoing challenge for countries, exacerbated by a confluence of factors which include fiscal pressures but also new public service demands and the possibilities offered by information and communications technologies. To face these challenges, careful workforce planning and strategic HRM reforms help ensure that governments continue to deliver quality public services while responding to the need to reduce or maintain budgets.

Strategic HRM allows organisations to align people management with their strategic goals, also encouraging governments to look to the future, thinking strategically about the right mix of people, competencies and skills that will be needed to respond to changing societal needs, and remaining viable through innovation and the capacity to adapt in a dynamic world. Competency management can be an important vehicle for organisational and cultural change.

Implementing performance-oriented management is another cornerstone for modernising the public administration of OECD member and partner countries; in fact, in many countries performance assessments are used for individual staff and for work groups and at the organisational level in order to strengthen incentives to improve results.

While the idea of improving the performance of individuals, organisations and the public service as a whole is a straightforward objective shared by all democratic governments, the practice is much more complicated. Public services have to satisfy goals not only of quality, quantity, cost, results and user satisfaction; they must also satisfy other important criteria such as legality, equity, due process and trustworthiness. This makes performance a multi-faceted concept.

Providing effective leadership is crucial, and senior managers have a decisive role to play in ensuring the success of reforms and innovation in the public sector. Arrangements for managing the political-administrative interface are a key issue in relation to the senior public service.

Note

1. Poverty rates based on the national poverty line (% of the population) (World Bank, World Development Indicators).

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Chapter 2

Strategic workforce planning and management to meet current and future public service delivery challenges in the Dominican Republic

This chapter analyses the main characteristics, challenges and windows of opportunity of strategic workforce planning in the Dominican public administration, in the light of the experience and lessons learned in OECD countries. Strategic workforce planning has become a key priority and a core management practice for many public administrations. It can provide an invaluable capacity tool to efficiently manage human capital and deliver better internal and external results, especially in times of limited resources. Careful workforce planning and strategic HRM reforms help ensure quality public services while responding to the need to reduce or maintain budgets. Achieving the most efficient and effective size and allocation of the public service workforce to align staffing with government priorities is an ongoing challenge for governments, marked by a confluence of factors which include fiscal pressures and the ageing of the workforce but also public service demands and new possibilities offered by ICT technologies.

The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.

Introduction

Strategic workforce planning is gradually becoming a key priority and a core management practice in OECD member and partner countries. Effective use of workforce planning provides an invaluable tool for public administrations to efficiently manage their human capital, especially in times of limited resources.

In order to implement public policies effectively and deliver quality public services, governments are required to demonstrate workforce planning capability to meet current and future service delivery challenges and changing needs in a cost-efficient manner. Strategic workforce planning is a critical factor contributing to generating capacity in public sector organisations, ensuring that there is a suitably structured workforce of appropriate size and the right number of people with the right skills employed in the right public administration areas to effectively operationalise the government's objectives. Above all, good workforce planning requires as a necessary basis the ability to track employee numbers, costs, demographics and competencies, to plan for future needs and to avoid unplanned long-term growth in the costs of public employment.

Addressing holistically issues such as staff numbers, competencies and skills management, and ensuring diversity can impact on the capacity of an organisation to innovate. A diverse composition of the workforce provides a wider array of competencies and skills that may lead to more innovative approaches and better adaptation to an environment in constant change.

At the level of overall public service management, a whole-of-government perspective is needed on the planning and allocation of the workforce in line with the government's priorities, as well as management of the overall size, capacity and cost of the workforce. At the level of individual government organisations, strategic workforce planning and management are needed to link decisions about the workforce to organisational planning and efficiency concerns, and managers should be accountable for this.

HRM instruments providing sufficient flexibility in the management and allocation of the workforce are essential. Budgeting methods must also support a strategic approach to workforce planning. Arrangements for managing staff who are core to the mission of the public service should be designed to ensure that there is a stable, professional workforce. The employment framework, the pay system and pension arrangements enable efficient and effective management of core staff, without creating inflexibility or undue cost burdens.

Workforce size and structure: accounting for public employees and their costs is improving

The Ministry of Public Administration (MAP), first created in 2008 as SEAP (*Secretaría de Estado de Administración Pública*) by Public Service Law 41-08 (*Ley Función Pública 41-08*), is the central authority responsible for public administration, public employment and strategic HRM in the Dominican Republic. Before the creation of SEAP, public administration and HRM fell under the responsibility of the *Oficina Nacional de Administración y Personal* (National Bureau for Administration and Personnel). The elevation of the former HRM body ONAP to the status of Ministry of Public Administration in 2010 underlines the importance the Dominican government attaches to strategic HRM reforms in the context of the overall national public sector

reform programme. The appointment of a strong, active Minister of Public Administration in the Dominican Republic (Minister Ventura Camejo) signals political empowerment. MAP has achieved a lot in the short time it has been in existence; its organisation has been established and its capacity is being strengthened (see also Chapters 5 and 6).

MAP has wide-ranging responsibilities as a ministry for public administration: in addition to being in charge of the application of all the provisions contained in Public Service Law 41-08, it is responsible for institutional restructuring (Law 247-12, *Ley Orgánica de Administración Pública 247-12*), for organisational performance management, for the public administration quality initiative and change management, for E-government and innovation, for public service delivery, and for supporting municipalities in developing their HRM (among other things). MAP's structure and resources are still being built up. Limited resources mean that a gradual approach to staffing has had to be adopted, and many units are not yet functional (see Chapter 6).

The first step in managing the size, organisation and structure of the workforce and avoiding unplanned long-term growth in the costs of public employment is to have good accounting for the numbers of public employees and their costs. It is difficult to get an exact picture of the public employment structure and the number and distribution of public employees in the Dominican Republic, as different control bodies maintain different data sets for different purposes. Nor is it easy to identify the exact number and type of public institution (MEPyD, 2012). As illustrated in Chapter 1 (Figure 1.7), the size of public employment in the Dominican Republic is comparable to the LAC regional average (13.5% of total national employment in 2008).

MAP is making a major investment in developing its HRM information system in order to remedy these problems. Implementation of the *Sistema de Administración de Servidores Públicos* (SASP, Public Employment Management System) is progressing well (see Box 2.1). The advantage of having a single employee record in SASP is already clear in terms of the ability to identify duplication of functions: to date some 6 000 duplications of functions have been identified, creating opportunities for rationalisation (see Chapter 6).

Box 2.1. Dominican Public Employment Management System (SASP)

SASP (the *Sistema de Administración de Servidores Públicos*) is the central integrated HRM information system of the Dominican public administration, a very important public management tool successfully developed by MAP. It is designed to generate a more efficient, effective, flexible and transparent public employment management system, producing the necessary strategic information and practical data for better planning, decision making, monitoring and evaluation of HRM policies. Additionally, it will offer each public institution its own tailor-made HRM and administration system, automatizing daily and time-consuming operations for the several HRM units across the Dominican public administration.

Implementation path

Currently, SASP covers around 250 000 employees in 152 central government organisations – an estimated 70% of central government employment (93% excluding the military and police) – and the statistics are considered to be very reliable from 2012 onwards. The remaining ministries (Armed Forces and Tourism) are due to be included in 2014, decentralised services in 2015, and 30% of municipalities by 2016.

Benefits

- Public administration information system facilitating more proactive, efficient and effective HRM policies.
- Modern and agile HRM management.
- Quantitative and qualitative information on civil servants.
- Powerful planning, monitoring and simulation tool.
- HRM audits.
- Transparency in public appointments.
- Instrument to answer public employment questions from citizens and civil society in a more adequate way.

Components

- HRM registration and control.
- Administration and monitoring of appointments and payrolls.
- Job classification, valuation and compensation.
- Recruitment, evaluation and selection.
- Organisational structures.
- Occupational health.
- Performance evaluation.
- HRM capacity.
- Statistics.
- Etc.

Source: Ministry of Public Administration (MAP), www.map.gob.do.

Institutional fragmentation hampers efficient workforce allocation and control of payroll costs

The public sector of the Dominican Republic consists of central government ministries, organisations under the direct control of ministries, decentralised services of central government, municipalities, autonomous entities, state-owned enterprises and mixed economy societies. Until SASP is fully implemented, the most complete source of current public employment data is the information held by the Dominican Comptroller General (*Contraloría General de la República Dominicana*), according to which the government employs approximately 494 000 people at the central and decentralised levels (figure at July 2013), including central government ministries and the bodies under the direct control of ministries, education and health personnel, the military and police, decentralised services of central government, autonomous entities, municipalities, state-owned enterprises and mixed economy societies (see Table 2.1).

Employment data held by the *Contraloría General* records 587 different employing institutions (July 2013), many of which are very small. There are 130 organisations at the central government level, coming under 22 ministries, and 457 at the decentralised level, of which 304 are municipalities. Excluding municipalities and fire brigades, 42% of organisations in central and decentralised government have fewer than 100 employees (Table 2.1). Institutional fragmentation has been increased by a proliferation of entities which often have a great deal of managerial autonomy (IDB, 2009).

Table 2.1. Organisation and staffing levels in the Dominican public sector (July 2013)

Structure of the public sector	Number of institutions	Number of staff
Central government¹	130	334 287
		(67.7%)
Ministries	22	215 236
Of which: Education ²		117 806
Health ²		61 269
Bodies under the direct control of ministries	108	119 051
Of which: Police		32 906
Armed forces		51 297
Decentralised government	457	159 810
		(32.3%)
Decentralised services of central government	n.a.	n.a.
Autonomous entities	n.a.	n.a.
Municipalities and fire brigades ³	317	44 138
State-owned enterprises	n.a.	n.a.
Mixed economy societies	n.a.	n.a.
Total	587	494 097
Institutions of central and decentralised government, excluding municipalities and fire brigades, with:		
50-100 employees	28	42.2% of total institutions
Fewer than 50 employees	86	

Notes: Numbers only include active public servants registered by the *Contraloría General de la República Dominicana*.

(1) Does not include the following institutions which by law have administrative and budgetary autonomy: National Congress, Attorney General's Office, the Judiciary, the Central Elections Board, the Court of Accounts, and the General Directorates of Customs and Internal Taxes. These bodies are included in the figures on decentralised government.

(2) Teachers and health professionals employed directly by the relevant ministry.

(3) *Ayuntamiento, Distrito Municipal, Junta de Distrito*.

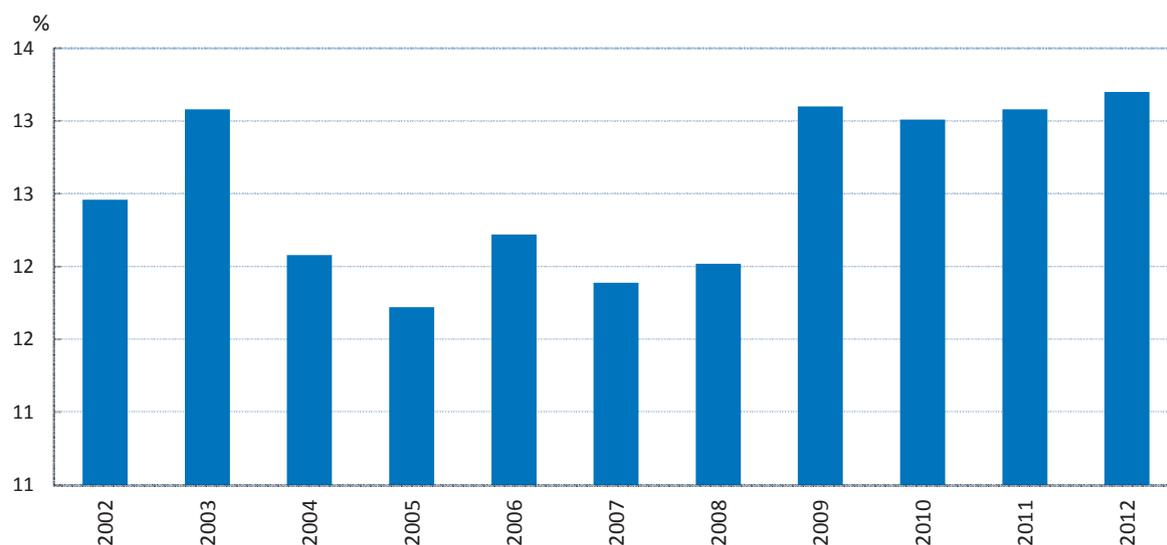
Source: Elaborated on the basis of data published on the website of the *Contraloría General de la República Dominicana*, July 2013, www.contraloria.gob.do.

From a workforce management perspective, the public service structure makes it difficult to allocate staff efficiently in line with the government’s policy objectives and weakens control over HRM, particularly as regards hiring and salaries. Institutional fragmentation hinders the implementation of HRM reforms and limits benefits that can be realised from improvements in HRM. In fact, institutional fragmentation has led to a wide variation in the employment conditions of different groups of staff, contributed to clientelism, and made it difficult to establish effective budgetary and financial control – problems that the HRM and budgetary reforms being implemented by the Dominican Republic are seeking to overcome.

The government workforce has continued to grow

Labour force survey data collected by the Central Bank of the Dominican Republic are currently the only source of time series data on public employment. These data suggest that employment in the public sector (general government and public corporations) has been relatively stable as a percentage of total employment over the past decade: in 2002 it accounted for approximately 12.5% of total employment and in 2012 it had risen slightly to 13.2%. However, this trend hides the fact that public sector employment increased in absolute numbers by 56.7% between 2000 and 2012 (see Figure 2.1), despite the government’s efforts to hold down the public sector pay bill by restricting new hiring. The number of public employees grew much faster than the population of the Dominican Republic, which increased by 10.3% between 2002 and 2010.

Figure 2.1. Public employment as % of total employment in the Dominican Republic (2002-2012)



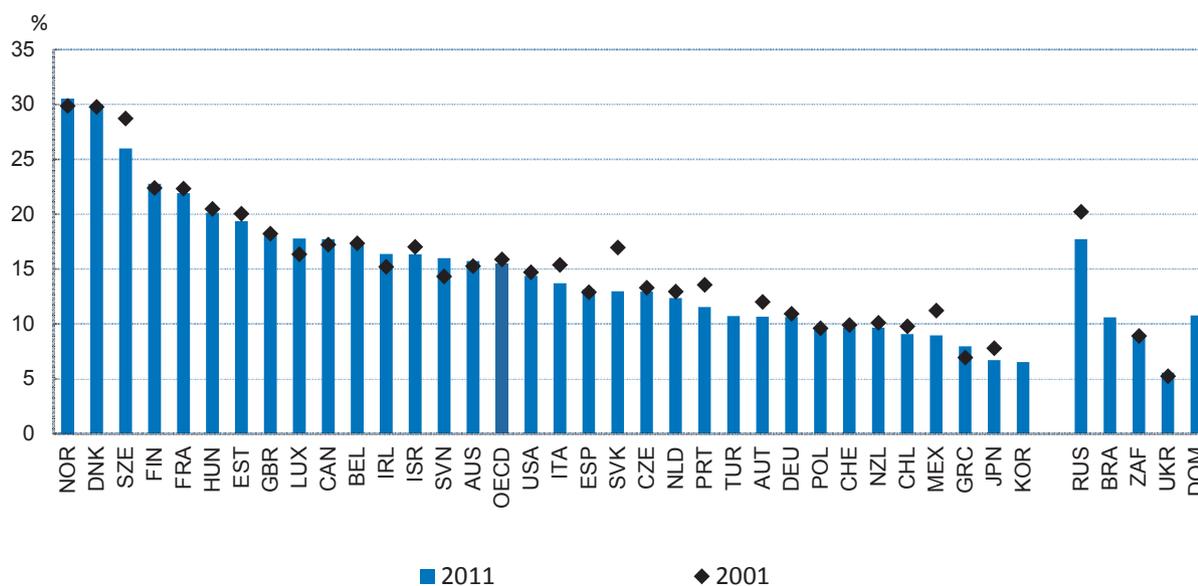
Source: Based on annual Labour Force Survey data, Central Bank of the Dominican Republic (2013).

A relatively large government workforce in comparative terms

From a comparative perspective, the share of public sector employment as a percentage of the labour force in the Dominican Republic in 2011 was slightly above the level in Brazil, Chile and Mexico and was two-thirds of the OECD average of 15.5% (see

Figure 2.2). Given that GDP per capita in the Dominican Republic is around 37% of the OECD average in the same year, this indicates that the Dominican Republic has a relatively large government workforce compared to the income level of the country. It may indicate a tendency to use the public sector as an employer of last resort, given the level of unemployment in the Dominican Republic. It may also reflect the difficulty of bringing employment numbers under control in such a fragmented public sector. Another possible explanation may be the legacy of political patronage in creating public employment, which the government is determined to overcome through the creation of the professional career public service.

Figure 2.2. Employment in general government as % of the labour force (2000 and 2011)



Notes: Data for Iceland are not available. Data for 2001 for Brazil, Dominican Republic, Korea and Turkey are not available and these countries are not included in the OECD average. Data for Australia, Chile and Dominican Republic refer to the public sector (general government and public corporations). Data for Austria, Czech Republic, Italy, Netherlands and New Zealand are expressed in full-time equivalents (FTEs). Germany, Ireland, Norway, Sweden and United Kingdom: 2010 instead of 2011. Brazil, Hungary, Japan, Mexico and Russian Federation: 2009 instead of 2011. Chile, Greece, Portugal and Switzerland: 2008 instead of 2011. France and South Africa: 2006 instead of 2011. Ukraine: 2002 instead of 2001, and 2010 instead of 2011.

Sources: International Labour Organization (ILO), *LABORSTA database*, <http://laborsta.ilo.org>; *OECD Labour Force Statistics database*. Data for Korea were provided by Korean government officials. Data for the Dominican Republic stem from the annual Labour Force Survey of the Central Bank of the Dominican Republic (2013).

Even allowing for the need to build capacity in order to improve public services, increases in public employment need to be monitored very carefully to ensure that they are affordable and well planned and deliver improvements in the quantity and/or quality of public services. SASP will facilitate better tracking and management of employment numbers in the future, and this will support workforce planning. The management of the workforce through strategic workforce planning – in particular the allocation of staff across policy sectors and priorities – is critical for controlling the overall cost of producing public goods and services.

Reinforcing internal controls will contribute to better control over staff numbers and costs. A key initiative in this regard is the creation of the *Cuenta Unica*, the single treasury account, which will eliminate the possibility for institutions to finance staff and other expenditure through off-budget funds. This reform will give the Treasury more control over the budgets of autonomous institutions in particular. Control will be further enhanced by a provision of Public Service Law 41-08 under which autonomous entities will be affiliated to the ministry related to their tasks and the minister will exercise management and supervision over them. Internal audit controls are also being strengthened. The *Contraloría General* has advanced in defining the main methodologies for the internal control system, but is hampered by under-resourcing, and the process of establishing internal control units in all public institutions is still at a preliminary stage (IDB, 2013). Sufficient resources should be allocated to the *Contraloría General* to enable the implementation timetable for establishing internal control units in all public institutions to be achieved. Another important initiative is that the *Contraloría General* is working with MAP and the *Presidencia* to put in place a better system of control over the hiring of temporary staff in career positions, to ensure that such hiring is justified and to prevent temporary hiring turning into long-term employment.

Need to track workforce costs

OECD member countries find it useful to track not only workforce numbers but also the costs. Measures typically used are the share of compensation costs of government employees as a percentage of GDP and also the overall cost of producing government services. These measures of the weight of public services in the economy can highlight issues relating to the size, cost and relative productivity of the public sector which are a valuable input to policy making.

While data that would enable an analysis of the cost of the public workforce of the Dominican Republic are not available at the present time, as the SASP system is developed it should be possible to track the compensation costs of public employees. Analysing compensation costs relative to general government output and GDP would provide the government with a measure of the relative cost of the public sector workforce and improve the information available for making policy choices regarding the management of workforce costs.

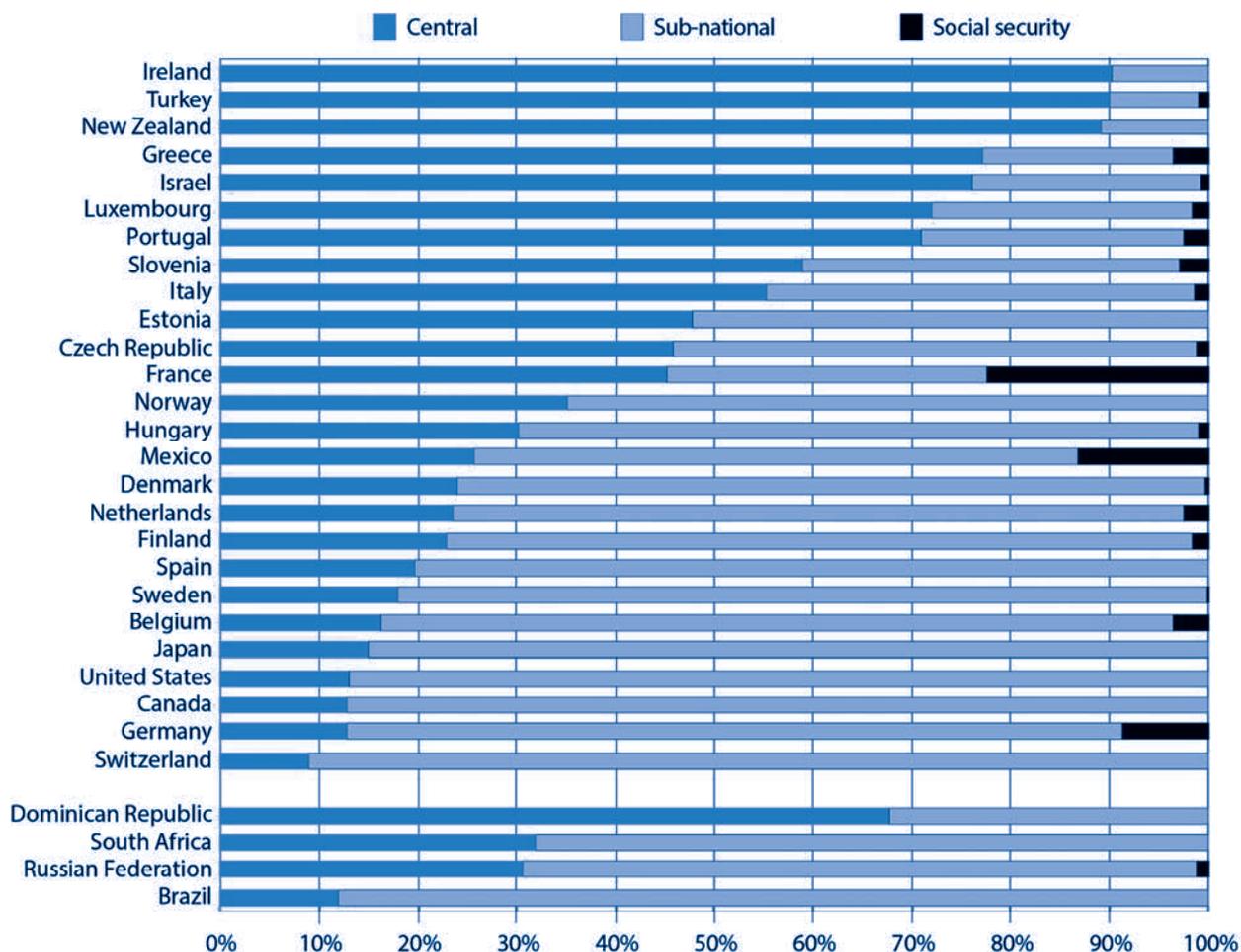
A highly centralised system of public administration

The share of government employees at the subnational level is an indicator of the degree of decentralisation of the public administration – that is, the extent to which responsibilities are delegated to regional and local governments. The majority of OECD member countries have more employees at the subnational level of government than at the central level (see Figure 2.3).

The situation in the Dominican Republic appears to be the reverse of this pattern, with close to 68% of public employees categorised by the *Contraloría General* as working in the central government. This pattern of public employment reflects a highly centralised system of government and public administration in the Dominican Republic, with the central government responsible for delivering the bulk of public services, either directly or through its decentralised services. The numbers employed by the central government are swelled by the fact that large employee groups such as teachers and health professionals are counted as central government employees. On the other hand, services which would generally be counted as part of the central administration in OECD member

countries – such as the National Congress, the Attorney General’s Office, the judiciary, the Central Elections Board, the Court of Accounts, and the General Directorates of Customs and Internal Taxes – are, due to their particular legal status, counted in the Dominican Republic as part of decentralised government. Moreover, not all of the employees categorised as part of the decentralised government sector in the Dominican Republic are employed by subnational levels of government; many are employed in decentralised services of central government.

Figure 2.3. Distribution of general government employment across levels of government (2011)



Notes: Data for Australia, Austria, Chile, Iceland, Korea, Poland, Slovak Republic and United Kingdom are not available. Data for Italy, Netherlands and New Zealand are expressed in full-time equivalents (FTEs). Social security funds are not separately identified (i.e. recorded under central and/or sub-central government) for Canada, Estonia, Ireland, Japan, New Zealand, Norway, Spain, Switzerland and United States. Germany, Ireland, Norway and Sweden: 2010. Brazil, Japan, Mexico and Russian Federation: 2009. Greece, Hungary, Portugal and Switzerland: 2008. Czech Republic: 2007. France and South Africa: 2006.

Sources: International Labour Organization (ILO), *LABORSTA* database, <http://laborsta.ilo.org>; data for the Dominican Republic are from the *Contraloría General de la República Dominicana* (July 2013).

A relatively underqualified workforce

The breakdown of employees in terms of the numbers of managers, professionals, secretarial support staff and technical support staff provides a rough indication of the level of qualification of the workforce (Table 2.2). In 2012, around 24% of central government employees in the Dominican Republic were categorised as professionals, while 50% were in technical support functions. The proportion of professionals is relatively low compared to OECD member countries, while the proportion of technical support staff is high (Figure 2.4). A general trend in OECD member countries has been that the proportion of professional staff has risen as the knowledge intensity of work in the public service has increased. The high proportion of staff in technical support grades in the Dominican Republic suggests that the workforce is relatively underqualified, as technical support staff would, at most, have secondary or technical education qualifications, and some would be semi-skilled or unskilled workers. This occupational profile may be explained in part by the fact that basic support functions (such as catering and cleaning) and technical functions (such as printing and maintenance), which tend to be outsourced to the private sector in many OECD member countries, are performed by public employees in the Dominican Republic. It may also reflect relatively high staffing ratios in technical support functions such as driving, building maintenance and other related areas.

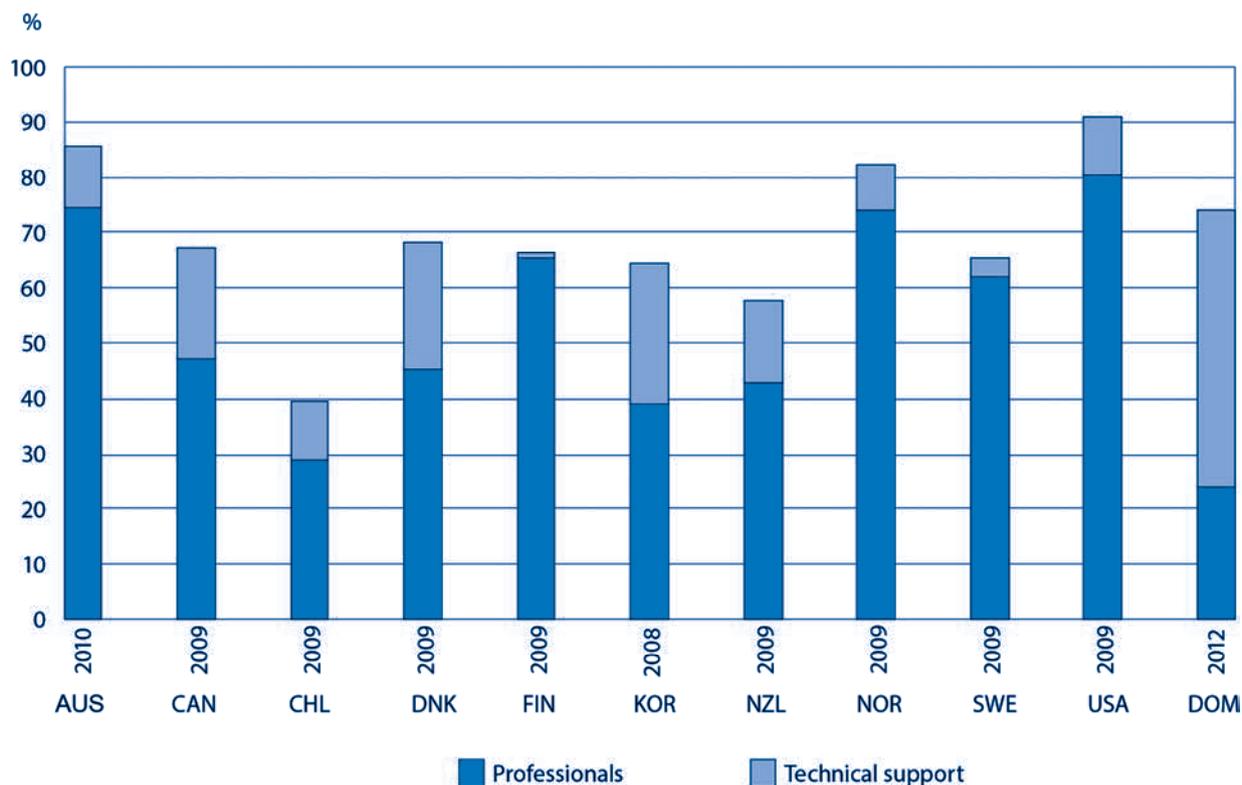
Table 2.2. Distribution of central government employees by category (2012)

Occupational group	Per cent
Managers	16
Professionals	24
Secretarial staff	10
Technical support	50

Source: Contraloría General de la República Dominicana, response to Q.4 of the OECD Survey on Strategic Human Resources Management in Central/Federal Governments (July 2013).

The government's objectives of raising the quality of public services and driving innovation and E-government call for a concerted, well-targeted effort to raise the qualification level of the workforce. The experience of OECD member countries indicates that governments can create a more flexible workforce by developing retraining programmes, thus allowing employees whose skills are obsolete or whose positions have been eliminated as a result of restructuring to remain in the workforce (OECD, 2012d). Under the terms of the workforce adjustment agreements in Canada, retraining is made available to facilitate the redeployment of employees. Portugal has designed training courses to help older employees acquire new vocational skills – particularly ICT skills – which has helped modernize the workforce without excluding older staff. The extent to which there is scope to retrain existing staff in the Dominican Republic's public service needs to be assessed, as the gap between the existing skill profile and the required profile may be too wide in some instances. If this proves to be the case, the government may be faced with the need to engage in more radical restructuring. For example, the occupational profile shown in Table 2.2 suggests that there may be scope to reduce the number of technical support positions in order to free up resources for hiring more highly qualified staff with the requisite skills. This has been a feature of workforce restructuring in many OECD member countries (OECD, 2011a).

Figure 2.4. Occupational profile of the central/federal government workforce in selected OECD member countries and the Dominican Republic



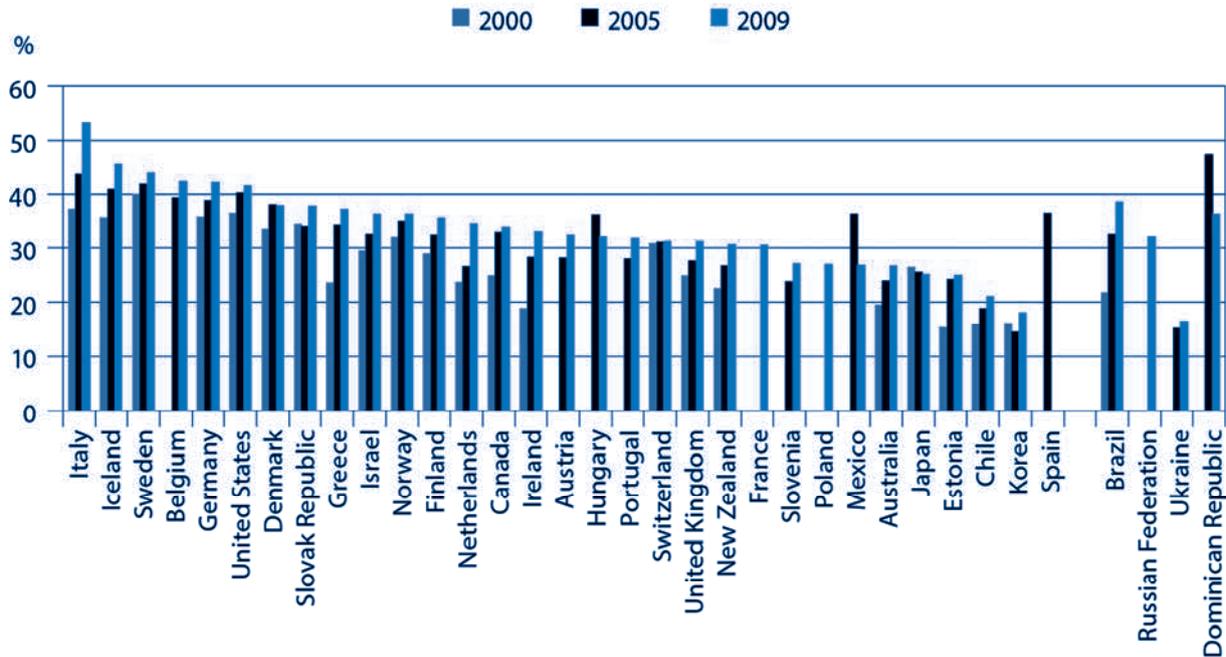
Sources: Based on data from the OECD Survey on Strategic Human Resource Management in Central/Federal Governments (July 2013). Data for OECD member countries refer to 2009, except in the case of Austria (2010) and Korea (2008). Data for the Dominican Republic (provided by MAP in July 2013 in response to the OECD survey questionnaire) refer to 2012.

Preparing for demographic challenges

Innovative approaches to public employment and strategic HRM can help the government of the Dominican Republic address emerging challenges such as the ageing of the workforce. Although the Dominican Republic has a relatively young population, the central government workforce is relatively old. Its age structure is quite similar to that of OECD member countries which face the challenge of an ageing public workforce in the context of a general ageing of their populations (see Figure 2.5). Current and future workforce demographic challenges may significantly impact the capacity of the central public administration to further modernise due to an absence of fresh ways of thinking and new perspectives.

The data held in SASP suggest that the Dominican Republic is facing a significant demographic issue, at least in the central government ministries, with 66% of the workforce over age 40 and 36% over age 50 in 2012. This is a significantly higher proportion in the older age groups than in many OECD member countries.

Figure 2.5. Percentage of central government employees aged 50 years or older



Source: OECD Survey on Strategic Human Resource Management in Central/Federal Governments (July 2013). Data for the Dominican Republic (provided by MAP in July 2013 in response to the OECD survey questionnaire) are for 2009 and 2012.

The reasons for this age structure need to be analysed as part of the Dominican Republic's workforce planning: restrictions on recruitment to the public service are likely to have contributed to an ageing workforce; however the data on the growth of the number of public employees presented in Figure 2.1 above suggest that there has been recruitment going on, and this might have been expected to lead to a younger workforce. This anomaly might be explained by the fact that the data on the demographics of the public workforce are drawn from SASP which currently covers only central government ministries, and it is in the ministries that the recruitment restrictions have been most effective. The age structure of the wider public workforce may be different. It will be important, as a component of workforce planning, to establish a clear picture of the demographics of the public workforce and to develop targeted strategies to address the different issues that may arise in different parts of the public service.

HRM policies to address an ageing public workforce in OECD member countries have focused on (OECD, 2007):

- taking advantage of retirements to reduce the size of the workforce or reallocate staff according to changing sectoral or programme priorities;
- containing the costs of public service pension systems (reducing benefits, keeping older workers at work longer, and moving from defined benefits to funded defined contribution schemes);
- maintaining the capacity of the workforce through proactive workforce planning;
- retaining older employees in service;
- addressing age-related discrimination.

The Dominican Republic will have to plan for the retirement of a large number of experienced staff in the relatively near future, at least in central government, ensuring that vital institutional memory and experience are not lost. On the financial side, the government will have to plan for increased pension costs in the context of a public service pension system that is already struggling to cope. However, the demographics mean that the government will have a major strategic opportunity in the coming years to restructure the workforce.

Staff turnover through retirements should be used to reinforce the professional career service by attracting well-educated graduates and skilled professionals and by offering them an attractive career perspective. This is likely to mean trade-offs in terms of identifying areas where staffing can be reduced in order to make way for new hiring in priority areas. Workforce planning will be essential to enable the government to take advantage of opportunities to restructure the workforce.

In developing its policies to deal with an ageing public sector workforce, the government of the Dominican Republic may find some useful guidance in a checklist which was developed for OECD member countries (Box 2.2).

Box 2.2. Checklist for developing a sustainable ageing strategy for the public sector

1. Assess the degree to which the public service at all levels of government is ageing and the sectors that will be affected by increased demand for services. Assess the numbers of planned departures from the public service, their timing, and the future skills needed, taking into account changes in the demand for public services and how services are produced.
2. Decide on the most appropriate ways of increasing productivity in the delivery of public services and of decreasing overall costs, while taking advantage of the unique opportunity provided by the increased numbers of public servants retiring:
 - Review all cost-saving possibilities, especially regarding staff costs (downsizing, pay reform in the context of an older public service) and pensions.
 - Decide on the most appropriate organisational form for service delivery – delivery by core departments, government agencies, arm’s-length bodies, contracted-out organisations, public-private partnerships – especially in sectors that will be the most affected by increased demand. This will require a functional review of government, with a cost-benefit long-term analysis of the new forms of public service delivery.
 - Promote all initiatives that aim at increasing productivity, and in particular E-government.
 - Take advantage of large-scale departures from the public service to promote management changes in public organisations.
 - Put innovation at the core of public management modernisation policies, especially in sectors that are the most affected by ageing.
 - Promote the use of management tools that will help plan resource distribution across the years, such as multi-year budgeting and accrual accounting.
3. Focus on maintaining capacity in some sectors and increasing capacity in other sectors:
 - Plan medium- and long-term reallocation of staff numbers across sectors.

Box 2.2. Checklist for developing a sustainable ageing strategy for the public sector (cont.)

- Capacity maintenance strategy should focus on:
 - planning new hiring by sector and improving the attractiveness of the public employer;
 - entry training and mentoring for the public servants who will be hired;
 - favouring mobility in careers as a crucial career enhancement and promotion device;
 - fast-track promotions, training and skills development for promising middle management;
 - retaining older workers (as long as their payroll costs are not higher than pension savings).

4. Promote institutional changes that aim to adapt multi-level governance to the ageing challenge:

- Review the institutional changes required to increase the efficiency of services, in particular in the health and education sectors.
- Develop a strategy that aims at the improved co-ordination of the delivery of those services across levels of government.
- Make the necessary institutional changes required to deliver services efficiently within the framework of changing demand.
- Reallocate financial and staff resources in favour of the levels of government that will receive the most pressure from new demands.

Source: OECD (2007), *Ageing and the Public Service: Human Resource Challenges*, OECD Publishing, Paris, <http://dx.doi.org/10.1787/9789264029712-en>.

Size and scope of the career public service

By mid-2013, approximately 60 000 employees in the central administration had been integrated into the career system, up from 24 600 in 2010. When the implementation of the career system is completed in 2016, it is anticipated that there will be 180 000 career public servants: 160 000 in the executive government (central administration, decentralised services and autonomous entities) and 20 000 in local government.¹ It appears that most of these positions will be filled by incorporating existing staff rather than by new recruitment. This figure excludes managers as well as many technical support staff who are employed under the simplified statute. According to MAP, only current employees who joined the civil service before 2010 will be integrated into the career system through internal evaluation. The remaining employees (hired in 2011-2014) will be linked to recruitment competitions.

Comparing the target figure of 180 000 to the total number of positions recorded by the *Contraloría General* in July 2013 (see Table 2.1), it appears that the career system, when fully implemented in 2016, will cover approximately 36% of employees in the central and local administrations. Reaching this target would be a major achievement compared to the current situation. However, it will still leave a significant proportion of public servants outside the career system, thereby rendering it vulnerable. If only a minority of positions are reserved for career public servants, there is always the risk of the career service being eroded, as only a minority of employees will have an interest in its continuation. Moreover, even with provision for career public servants to take up freely appointed posts and later return to their career status, career opportunities are bound to be limited in a small career service. It is unclear how the figure of

180 000 career public servants was fixed and whether it includes the estimated number of employees in special careers. If special careers are not included in this figure, then the size of the career public service is underestimated.

The Dominican Republic has chosen not to include most middle and senior management positions in the career system up to now. Although Public Service Law 41-08 provides that the President of the Republic can designate positions below the level of vice-minister as part of the career service, this provision has not been widely applied. In 2012, only 3% of the career public servants recorded in SASP were in supervisory and management positions (SEAP, 2010). Although the proportion of management positions subject to free appointment and dismissal varies considerably in OECD member countries, all countries find it indispensable to maintain continuity by having a “cadre” of professional, career managers, and there is an increasing emphasis on building the collective leadership role of career managers in carrying forward and sustaining reforms, as discussed in Chapter 5. For the Dominican Republic, having a group of professional, tenured managers who provide continuity and excellence will be essential to the achievement of the government’s goal of improving the performance and quality of public services. A positive move in this regard is that MAP is at an early stage of designing a career structure for the general administrative career, and it appears that this will include management positions up to the level of area director (see Chapter 3).

As far as HRM reforms are concerned, MAP is prioritising the implementation of the career public service in priority areas such as health and education, among others. Building on this, targeted sectoral strategies are needed to accompany the overall reform programme, focusing on critical matters such as workforce planning to optimise staffing levels and to close competency gaps, strengthening leadership and management capabilities, and making managers accountable. The targeted efforts that are under way in the health sector in particular in relation to some of these matters can be an example for other areas, although each sector will require its own tailored strategy.

Professionalising the public service

A professional career public service provides the stability, continuity and freedom from political patronage and nepotism that is essential to an efficient and effective public administration. Expanding the career public service and placing it on a sound footing is at the centre of the Dominican Republic’s public service reforms. The first framework for a career service in the Dominican Republic was established by Law 14-91 which covered the central administration. However, progress in institutionalising the career system in the following years was slow, and it was recognised that a more comprehensive legal framework based on modern HRM principles was required. Public Service Law 41-08 therefore established in 2008 a new legal framework for a permanent, career public service recruited on merit (see Box 2.3). Public Service Law 41-08 has a much broader coverage than the 1991 law in that it extends the career public service to decentralised entities, autonomous entities and municipalities. The law provides for a generalist administrative career as well as special careers in areas such as diplomacy, health, education and public finance, among others (MAP, 2012).

Box 2.3. Dominican Public Service Law 41-08 (*Ley Función Pública 41-08*)

In 2008, Public Service Law 41-08 established the basic values and principles for a professional public service. It led to the creation of the Ministry of Public Administration (MAP) in 2010 as the lead national authority for public administration, public employment and strategic HRM, making the National Institute of Public Administration (INAP) responsible for staff development and training. The law regulates labour relations, working conditions and employees' rights and duties. The framework for strategic HRM is set by provisions relating to recruitment, careers, termination of employment, performance management and remuneration.

Before the creation of MAP in 2010, public employment and HRM fell under the responsibility of MAP's predecessor SEAP (*Secretaría de Estado de Administración Pública*) from 2008 to 2010 and ONAP (*Oficina Nacional de Administración y Personal*) from 1965 to 2008.

The basic principles of public employment set out in Public Service Law 41-08 are:

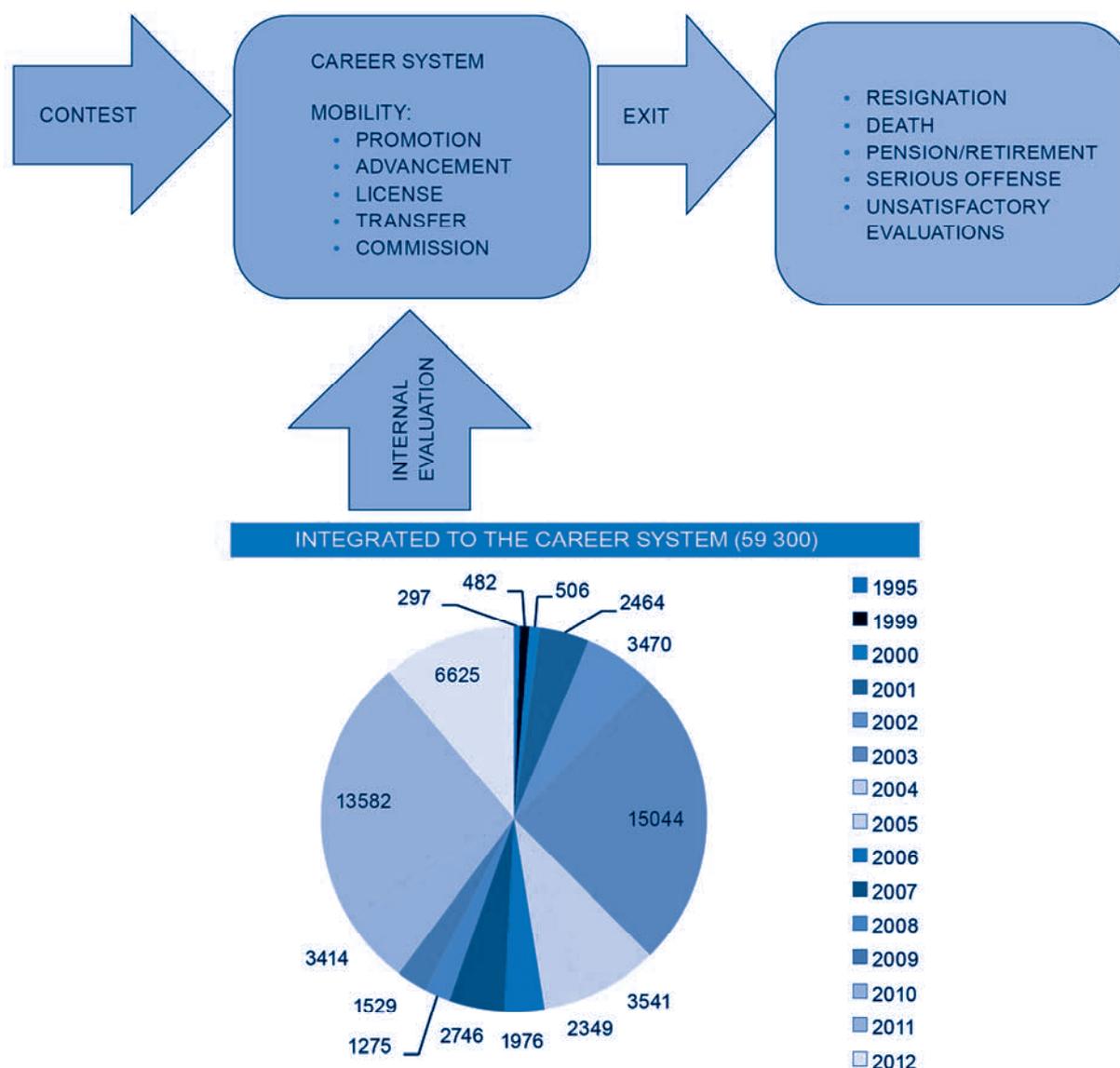
- Personal merit demonstrated in internal and external competitions, performance evaluation and other HRM instruments.
- Equal access to the public service based on personal merit and without reference to gender, disability or otherwise.
- Stability in career positions. Permanence of career public servants is guaranteed by the state, provided they meet performance, efficiency, ethical and disciplinary requirements.
- Equity in compensation based on the universal principle of equal pay for equal work.
- Organisational flexibility for the employer to vary working conditions in the interest of the institution.
- Waiver. The rights and privileges of public servants under this law are inalienable.
- Judicial protection. Public servants have the right to appeal to the administrative court seeking protection as part of enshrined rights provided by this law.

Public Service Law 41-08 provides for four categories of staff:

- Career civil servants recruited on merit, subject to merit-based promotion and performance management and having tenure.
- Freely appointed personnel, mainly senior executive and advisory positions.
- Staff employed under a simplified statute – mainly in non-skilled and operational jobs.
- Temporary employees who can be hired to fill career positions for a maximum of six months.

Source: Ministry of Public Administration (MAP), 2013.

Public Service Law 41-08 established the foundation for an integrated career system based on competitive, merit-based entry and promotion, management of careers linked to performance evaluation, and modalities for exiting the career service (see Figure 2.6).

Figure 2.6. Overview of the career system in the Dominican Republic

Source: Presentation by the Ministry of Public Administration (MAP) during the OECD fact-finding mission (July 2013).

Pending the full implementation of Public Service Law 41-08, employment in the public service is still structured in two systems: the old general civil service system which regulates labour relations and ethics between the administration and employees; and the new career system, which is still being implemented. The first system allows people to be hired as *empleados*, without an open, merit-based selection process. *Empleados* do not have the same employment rights as career public servants.

Political will to consolidate and expand the career public service

There is strong political will to consolidate and expand the career public service, and the project has the personal backing of the President. An implementation strategy is an

integral part of the initiative, and progress is monitored and reported on regularly by MAP. The objective is to build the legitimacy of the system by ensuring that it translates into an improvement in public services. To this end, MAP is prioritising the implementation of the administrative career in a number of key areas, including health, water, education and agriculture. The *Sistema de Monitoreo de la Administración Pública* (SISMAP, Public Administration Monitoring System) monitors the compliance of institutions with Public Service Law 41-08, including the implementation of the career system, in a transparent, public manner (see Box 2.4). The public can consult SISMAP on line to see the ranking of institutions on a range of indicators and the situation in each case (see also Chapters 5 and 6). Institutions are incentivised to participate in SISMAP as this is a requirement for participation in the system of national quality awards (*Premio Nacional a la Calidad y Reconocimiento a las Prácticas Promisorias*).

Box 2.4. Dominican Public Administration Monitoring System (SISMAP)

Another key public administration tool in the Dominican Republic is SISMAP (the *Sistema de Monitoreo de la Administración Pública*), also successfully designed and introduced by MAP. Thanks to SISMAP, the Ministry of Public Administration can monitor and evaluate on an ongoing basis the application of Public Service Law 41-08 in public institutions. SISMAP uses criteria and indicators from the *Barometer on Public Service in Central America and the Dominican Republic* (developed by the Inter-American Development Bank). Institutions are assessed on a quarterly basis in a transparent, public manner on each indicator, and their level of compliance is signalled by a dashboard system of green, orange and red. The situation across all participating institutions as well as the situation in individual institutions is published on line, along with supporting evidence of implementation.

SISMAP enables citizens to access 34 indicators of public administration, including matters such as quality, legality, merit-based recruitment and performance management, among other things. SISMAP now covers all central and decentralised government. A new version will be launched in the near future including new indicators and covering all municipalities and municipal districts.

SISMAP includes indicators relating to the following areas:

- human resources planning;
- work organisation;
- management of staffing;
- performance management;
- compensation management;
- development of the career system;
- management of employee relations;
- organisation of the HRM function;
- quality management.

Source: Ministry of Public Administration (MAP), www.map.gob.do.

The implementation of the career public service is supported by training the HRM staff within institutions (MAP, 2012). This could best be facilitated by a fair and well-coordinated approach. Centralisation rather than decentralisation seems to be required in the short to medium term.

Institutions are encouraged to participate through the above-mentioned system of quality awards, for which implementation of the career system is one of the criteria. As a transitional measure, existing staff can be incorporated into the career public service without a recruitment competition. The incorporation process, which is designed and supervised by MAP, is based on an evaluation which takes account of the employee's record of good conduct, performance evaluations and technical capacity. After 2016, when the incorporation of existing staff is due to be completed, the only way to enter the career public service will be through merit-based competition. The incorporation system has been strengthened by the inclusion of members of the public, staff associations, academics and others in the *ad hoc* commissions which oversee the process within institutions.

Public Service Law 41-08 provides a framework for common norms applying to special careers with respect to matters such as recruitment, mobility, staff development and other HRM matters. However, bringing special careers within the new career framework is proving complex, as they have their own legislation predating Public Service Law 41-08. There is an ongoing process of analysis and negotiation with special career groups. Nevertheless, a growing number of career clusters can be observed. One of the success areas has been education: the teachers' career, which dates from the 1970s, has been brought under the new career system, and merit-based recruitment has been implemented, including for school principals. This provides a sound basis for raising professional standards in education.

Public Service Law 41-08 establishes the basis for the organisation, functioning and development of the professional career system by providing for HRM subsystems relating to performance evaluation, pay and classification, recruitment, development and training, and individual and collective rights. The law establishes MAP as the central HRM body, responsible for issuing regulations and instructions to give effect to the law. The law also establishes the National Institute of Public Administration (INAP), with responsibility for the implementation, co-ordination, monitoring and evaluation of the processes of induction, education and training.

Implementation of the career system could be further strengthened

In establishing and sustaining the professional career public service, it will be essential to achieve the targeted broad coverage and to ensure that the rules on incorporation and merit-based recruitment are applied consistently. It does not appear that these processes are uniformly established as yet, particularly in decentralised and autonomous organisations, judging by the small number of recruitment competitions being held (see Chapter 3). Experience with establishing career systems in other countries suggests that vigilance is needed to avoid a situation where organizations seek derogations to opt out of the public service law, or simply fail to put the provisions into effect in a timely manner (Grindle, 2010).

It is understandable that the government would not wish to include certain parts of the public service in the career system: the simplified statute serves its purpose; public enterprises and mixed economy societies are generally not part of the career civil service in OECD member countries; it is not unusual for governments to reserve the right of appointment to very senior positions. Leaving aside these groups, it would be advisable for the Dominican Republic to examine how the scope of the career service might be broadened over time so as to ensure its continuing viability after 2016.

While special careers have their place, a proliferation of special careers should be avoided as this inhibits mobility and risks distorting the salary structure. The experience in OECD member countries such as France and Spain has been that special career groups can set up barriers to entry and demand preferential employment conditions. Prioritising the possibility of having transversal careers to the extent possible is a preferable approach, especially in a country with a relatively small labour market.

MAP should continue with its change management strategy of persuading public servants and institutions of the advantages of being part of the career system. However, ongoing attention to compliance with Public Service Law 41-08 is also needed. MAP's ability to supervise the incorporation process should be strengthened by allocating additional staff to this function, while capacity building of the HRM function in line agencies should be accelerated. Strengthening and properly resourcing the merit-based recruitment system are vital to the sustainability of the career public service and should be addressed as a matter of high priority (see Chapter 3).

Given the political impact of this reform, it is essential to insulate the career system against political interference. Mechanisms to hold ministers and senior managers accountable would strengthen the implementation process (see Chapter 4). The public transparency that is provided through SISMAP could be reinforced by political accountability in the form of a regular report to the President and Congress, as happens in a number of OECD member countries (see Box 2.5). Another possibility to consider is a regular Cabinet review of progress, perhaps with a requirement for ministers to account for progress in the institutions for which they are responsible. As the performance management system for institutions and senior managers is developed, application of the provisions of Public Service Law 41-08 should be part of their performance assessment.

Box 2.5. Examples of reporting to the executive and legislature on the state of the public service

Australia: The Public Service Act 1999 provides that the Public Service Commissioner must prepare a report each year to the minister for presentation to the Parliament, which includes a report on the state of the Australian Public Service (APS) during the year. The “State of the Service” report draws on a range of information sources including a survey sent to all APS agencies employing 20 or more staff under the Public Service Act and the results of the APS employee survey. The “State of the Service” report provides data and information on changing workforce trends and workforce capability. It also details the activities and HRM practices of APS agencies.

Canada: For the past two decades, the Clerk of the Privy Council (the most senior non-political civil servant) has presented an annual report on the public service to the Prime Minister, who then presents it in both houses of Parliament. The report covers major issues affecting the public service and gives an account of progress with key initiatives.

United States: There are extensive reporting requirements relating to the federal public administration. For example, the Office of Personnel Management (OPM) is required to provide an annual performance report to Congress setting out, among other things, progress on priority goals. In its annual *Congressional Budget Justification*, OPM shows how it uses – and plans to use – the resources allocated by Congress to achieve its mission. This report is prepared for Congress and is also made available to the public. The Government Accountability Office (GAO), which is headed by the Comptroller General of the United States, provides regular reports to Congress on a variety of strategic HRM issues.

Sources: Australian Public Service Commission, www.apsc.gov.au; Canadian Privy Council Office, www.pco-bcp.gc.ca; United States Office of Personnel Management, www.opm.gov; United States Government Accountability Office, www.gao.gov/about/index.html.

The incorporation process must be managed carefully

While the assessment process for incorporating existing staff into the career service is a pragmatic solution for dealing with the situation of existing staff, care must be taken to avoid creating rigidities that could cause problems later on by incorporating employees who do not have the right skills and whose jobs may not be needed in the future. Also, given the large number of autonomous entities, it is important to avoid incorporating into the career civil service staff in entities that may not be core to the mission of the public service, as this would set up barriers to the rationalisation of structures. Using a machinery-of-government review to guide a more targeted approach and linking the incorporation process to institutional restructuring would help to reduce these risks (see also Chapter 6). This may mean that a more gradual implementation timetable is required in order to leave sufficient time for analysis of workforce needs. It is also important that decisions about the incorporation of existing staff into the career system are linked to an assessment of the capabilities required by institutions to deliver priority outcomes and the numbers and competencies of staff required in the coming years. Over the medium term, workforce planning will be needed to provide this information. In the shorter term, a strategic staffing review of the type suggested in the next section could be used to guide decision making. The professional career public service will be on a sounder footing if care is taken in the formative stages to avoid the risk of ending up with an out-of-date skills structure or a workforce whose size and allocation are suboptimal.

The quality and rigour of the incorporation process depend on the willingness and capacity of managers and HRM staff in organisations to apply it well. In addition to the measures already in place to oversee the incorporation process within institutions, quality assurance by MAP is vital if the objective of improving public services through the implementation of the career system is to be achieved. It is unclear, for example, to what extent the competencies of existing staff are being sufficiently assessed to ensure that all those incorporated have the right skill sets, while the acknowledged shortcomings in regard to performance evaluations raise questions about the validity of this element of the incorporation process. There are pockets of excellence that could be held up as an example of how to manage the incorporation process. For example, the Dominican Internal Revenue Service is taking a strategic approach to the implementation of the career service in the context of restructuring and redesign of its services. This could provide the basis for MAP to establish a template for management of the incorporation process in order to spread a more strategic approach to other institutions.

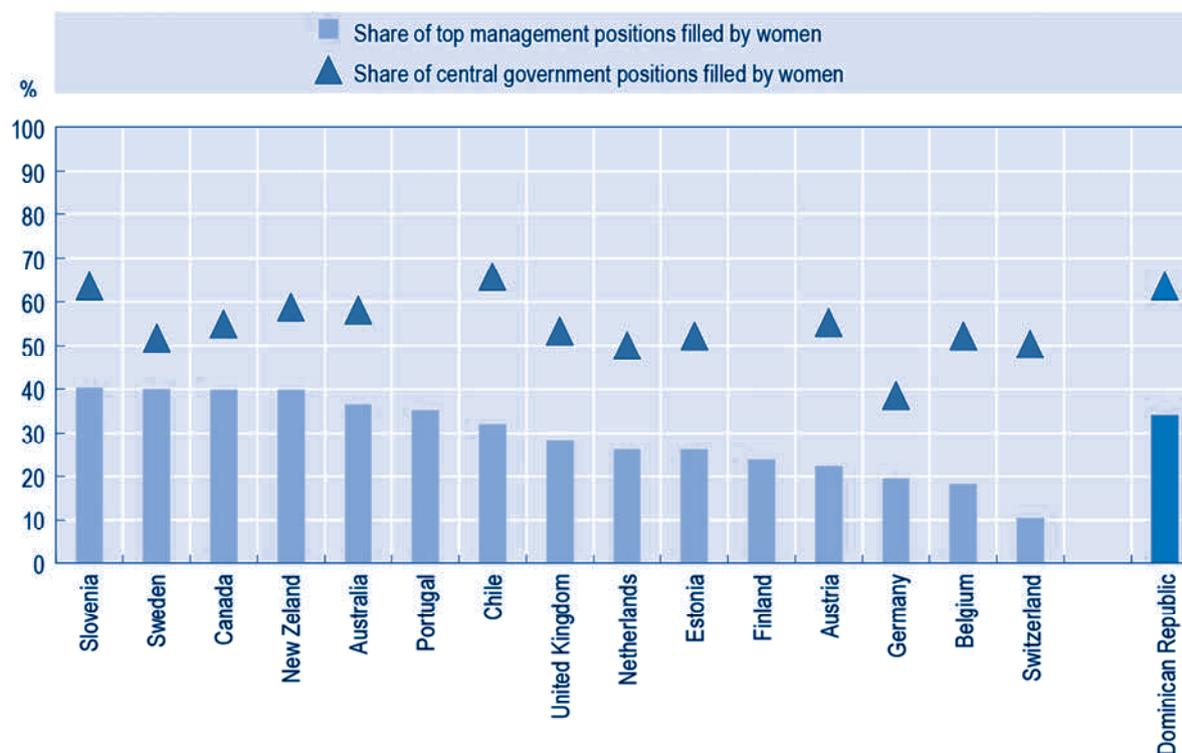
There is opportunity to build on the record of gender equality

The principle of equal access to employment in the career public service is enshrined in Public Service Law 41-08 of the Dominican Republic. As regards gender equality, women are well represented in the central government administration and in top management positions in central government. The proportion of women compares very favourably with the situation in OECD member countries that have an excellent track record of promoting diversity, such as Australia, Canada, New Zealand and Sweden (see Figure 2.7). Women hold 34% of top management positions and almost 54% of top and middle management positions, while representing around 60% of total central government employment.

The experience of OECD member countries has been that equal access legislation is most effective when backed up by active diversity policies. In future years, the government of the Dominican Republic can build on its good record of gender equality

by developing policies and instruments targeted at increasing employment in the career service of other groups, such as persons with different social, cultural or ethnic backgrounds and disabled persons.

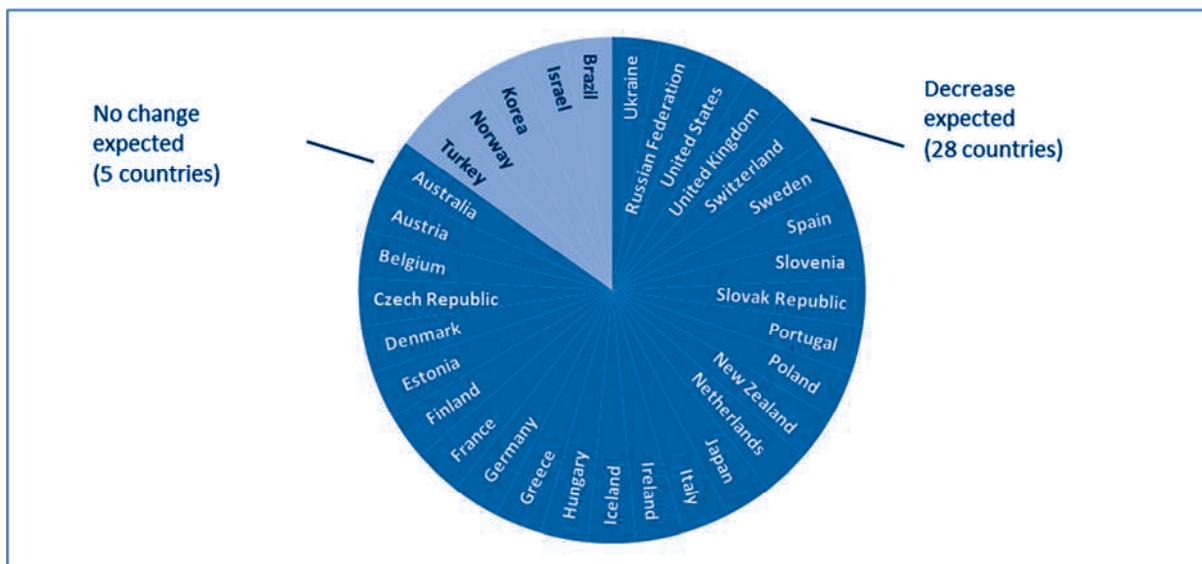
Figure 2.7. Share of central government positions and top management positions filled by women in selected OECD member countries and the Dominican Republic



Source: OECD Survey on Strategic Human Resource Management in Central/Federal Governments (July 2013) (updated in 2013 on the basis of 2012 data). Data for the Dominican Republic provided by MAP in response to the OECD survey questionnaire (July 2013).

Avoiding unplanned long-term growth of public employment costs

Constant pressure on governments to demonstrate efficiency gains and value for money have contributed to a growing trend among OECD countries toward a leaner and more strategic public service. Over three-quarters of OECD countries responding to the “OECD Fiscal Consolidation Survey 2012” indicated that they plan to cut wages or reduce staff numbers as part of a reform agenda. Of these countries, 59% are introducing wage cuts or freezes and 28% are undertaking staff reductions (OECD, 2012a). Over three-quarters of OECD countries are engaged in, or are planning, reforms that will decrease the current size of their public service workforce in more than half of the agencies and ministries within central government (see Figure 2.8).

Figure 2.8. Anticipated changes in employment levels in more than 50% of agencies and ministries

Source: OECD Survey on Strategic Human Resource Management in Central/Federal Governments (July 2013) (updated in 2013 on the basis of 2012 data). Data are not applicable for Canada. Data are not available for Chile, Luxembourg and Mexico.

If rightsizing is not managed carefully, it can have long-term consequences on the capacity of the public workforce to meet citizens' expectations. For example, hiring freezes not only have an immediate impact on the capacity of the public sector to deliver public services but they also affect the capacity and agility of organisations over the long term by limiting the ability to restructure and reskill. In this context, strategic workforce planning is gradually becoming a key priority and a core management practice in OECD member countries. In times of limited resources, governments are required to demonstrate workforce planning capability to meet current and future service delivery challenges and to produce efficiency gains (OECD, 2013a).

Challenge of improving public services while controlling workforce costs

The Dominican Republic faces the challenge, common to many OECD member countries, of trying to improve public services while controlling workforce costs. Having sufficient numbers of qualified staff in the right areas to deliver the government's programmes is a major challenge. Understaffing and competency gaps emerged as key issues in discussions with central government ministries. At the same time, the organisational fragmentation of the public service, unplanned growth in employment and the probability that there are significant imbalances in staffing between institutions offer opportunities to manage staffing needs in a more strategic and cost-effective manner through rationalising the organisational structure of the public service and reallocating positions. To take advantage of these opportunities, strategic HRM tools such as improved workforce data, more flexibility in allocating the workforce and strategic workforce planning are needed.

The main instrument at the disposal of the government to control the size and cost of the workforce up to now has been to restrict the creation of new positions in the budget, thereby limiting recruitment. This measure appears to have met with reasonable success in central government ministries but at the cost of institutional flexibility, as ministries

have little scope to plan and manage their staffing in line with their operational requirements. The fact that the numbers of public employees recorded by labour force surveys have continued to increase suggests that the control of numbers is not very effective in the wider public service. As a significant proportion of public expenditure is accounted for by institutions which have autonomous status, it is likely that such institutions account for a lot of unplanned growth in the numbers on the public payroll.

The other key initiative currently under way is the programme of institutional restructuring that is being managed by MAP. The objective of this programme is to rationalise the organisational structure of the public service both at the level of individual organisations and at the macro level across the public service in order to eliminate duplication and overlapping competencies. At present, the review is progressing on an institution-by-institution basis and structures have to be approved by MAP. To support this, MAP has developed an organisational review methodology. MAP is also working on defining standard organisational structures for common areas that exist in all organisations such as HRM, IT, planning and legal services. Staff reduction is not an objective of the programme of institutional restructuring at the present time. The focus is on improving the capabilities of the staff through training and possibly relocating staff to make better use of their skills rather than suppressing personnel.

While participation in the institutional restructuring programme is voluntary, there is an incentive for organisations to participate as they must have an approved structure in order to run a recruitment competition. This is closely linked to the government's programme of modernising the delivery of public services through E-government and the quality management initiative. Restructuring is supported by a programme to foster change management capacity within public organisations, although this is still at an early stage of development (see Chapter 6).

Need for a strategic, whole-of-government approach to restructuring and rightsizing the workforce

A whole-of-government perspective on the size, structure and allocation of the workforce is needed to better align staffing with the government's policy priorities. As SASP is further implemented, decision makers will have at their disposal the data to enable them to look at how the structure and allocation of the workforce lines up with government priorities and to take a longer-term perspective on reshaping the workforce in line with changing needs. This should enable a more strategic approach to managing the workforce and a more rapid adjustment in staffing costs. Progress in this area should enable the government, over time, to reduce its reliance on restricting recruitment, which is a relatively blunt instrument for managing staffing levels and hampers the ability to bring in new skills as and when needed.

The most promising approach for the Dominican Republic in the shorter term would be to undertake a strategic review of public service staffing in order to provide a baseline for decisions about the allocation of the staffing budget. The aims should be to identify opportunities for reallocating positions to priority areas in line with the government's National Development Plan Strategy (END, *Estrategia Nacional de Desarrollo*) and to make savings in staffing costs by eliminating duplication and overlap. An overall restructuring of the workforce would provide more scope for essential recruitment in future years to bring in new skills. The occupational structure of the central government workforce suggests that there may also be significant scope to rationalise technical support functions, and this would provide more scope to bring in additional professional

skills. The government could use the results of a strategic review to gain improved control over the long-term evolution of employment costs by setting a multi-year target for the number of public employees. Targets have been used successfully in a number of OECD member countries to rightsize the public service (OECD, 2011b). This type of approach would require well-integrated working arrangements between the *Presidencia*, MAP, the Ministry of Finance, and the Ministry of Economy, Planning and Development.

An example of a strategic staffing review is the review of public service numbers and expenditure programmes undertaken by the Irish government in 2009. This was led by a group of external experts supported by senior civil servants, and its findings and recommendations, which were an input into the government's public service transformation programme, were published (see Box 2.6).

Box 2.6. Review of public service numbers and expenditure programmes in the Irish civil service

The special group on public service numbers and expenditure completed its work over six months in 2009. It was mandated to analyse and make recommendations on reducing the numbers employed in each area of the public service having regard to:

- the need to identify and prioritise particular output targets and areas;
- the achievement of greater efficiency and economy in the delivery of all services;
- the scope for rationalising and streamlining delivery of public services in the consumers' interest.

The group was asked to make recommendations on reallocation of staffing or expenditure resources between public service organisations to deliver the objectives set out in the "Programme for Government". The group was also asked to examine and make recommendations for further rationalisation of state agencies.

The review identified scope for significant efficiencies in staffing and organisation as well as opportunities for improving the delivery of public services.

Source: Government of Ireland (2009), *Report of the Special Group on Public Service Numbers and Expenditure Programmes*, Government Publications Office, Dublin, www.finance.gov.ie/viewdoc.asp?DocID=5861.

A strategic staffing review could usefully be linked to the government's objective of driving E-government and innovation in public service delivery in terms of encouraging organisations to identify ways of delivering better services within budgetary constraints. The experience of Austria in reforming its finance administration is an example of such an approach: 80 offices were merged into 41, the number of hierarchical levels was halved, processes were simplified, work reorganised around teams and E-government projects implemented (OECD, 2011a).

A broader set of HRM instruments to facilitate rightsizing and reallocation of the workforce

Should the Dominican government decide a strategic staffing review, the experience of OECD member countries suggests this approach is most effective if accompanied by HRM instruments to facilitate rightsizing and reallocation of the workforce (see Box 2.7).

Box 2.7. HRM policies and tools in the context of strategic reviews

The experience of OECD member countries with strategic reviews suggests that the following HRM aspects and instruments are important in managing workforce adjustment as well as the medium- to longer-term impacts on the performance and capacity of the public service.

- Strategic reviews are likely to lead to significant reallocation of staff and/or changes in the size of the workforce (usually reductions). HRM aspects should therefore be treated as an integral part of such reviews from the outset.
- Workforce planning should be integrated with the strategic review and the medium-term budget framework.
- Strategic reviews should consider the capacity of the public service, including matters such as leadership, skills and flexibility of the workforce, and likely needs to renew the workforce in the medium term through recruitment and staff development.
- Specific measures should be in place to support mobility and reallocation of staff if these do not already exist, and assessment should be made of the success in reallocating staff.
- Reviews should seek to assess the impact of performance management arrangements on productivity and to identify opportunities to improve these arrangements.
- Attention should be paid to the impact of reviews on the morale of the public service and on retention of key staff, and to change management aspects.

Source: OECD (2011a), *Public Servants as Partners for Growth: Toward a Stronger, Leaner and More Equitable Workforce*, OECD Publishing, Paris, <http://dx.doi.org/10.1787/9789264166707-en>.

Using a combination of HRM instruments helps to avoid the disadvantages associated with an over-reliance on any one instrument (OECD, 2011a). HRM strategies and tools that contribute to flexibility in managing the size and allocation of the workforce include:

- strategic workforce planning, which prompts organisations to consider the mix of people and skills they will need in the future in order to plan their recruitment and training needs;
- recruitment systems that provide flexibility in hiring staff at all levels (while applying merit-based approaches and avoiding the danger of politicisation), targeting skills for specific positions and increasing diversity;
- competency management, which helps organisations to plan their workforce needs by defining what competencies are required, assessing competency gaps in their current workforce and taking steps to fill gaps through training and/or recruitment;
- mobility, which can help to promote a whole-of-government outlook among staff, enhance individual competencies and encourage collaboration across organisational boundaries;
- flexible employment arrangements that enable the redeployment of staff and the use of temporary/casual workers and part-time staff in appropriate circumstances;
- dismissal policies that enable restructuring and reductions in staff numbers;
- retraining to enable redeployment of staff.

Several of these instruments are already being developed in the Dominican Republic, while there is scope to make more use of others.

The employment framework created by Public Service Law 41-08 provides flexibility to hire, separate and reallocate employees. How well this translates into practice depends on the legislative provisions being backed up by HRM policies and tools, as well as the managerial culture. For example, while it is possible in theory to dismiss employees for misconduct or poor performance, it would appear that this rarely happens, as in many OECD member countries.² In fact, it is one of the most difficult tasks to define poor performance and the underlying causes for it. Moreover, using poor performance as a reason for dismissal can be “abused” for political reasons, among other things.

The law provides for separation of surplus employees in situations of organisational restructuring and for mobility through reassignment of employees, although it is unclear to what extent these provisions are actually used. There may be a need to make budgetary provision for redundancy measures to enable institutions to put them into effect.

Another form of workforce flexibility under Public Service Law 41-08 is a simplified employment statute for staff in general service functions such as maintenance, security and production of goods and services that are not core to the public administration. These staff do not enjoy the same job security as career public servants. The sort of work done by employees on the simplified statute is often outsourced in OECD member countries. It is unclear how much scope there may be for outsourcing some of these functions in the Dominican Republic; however, this is something that could be explored in view of the need to control payroll costs. Many OECD countries have increased outsourcing in their search for more efficient ways of delivering public services. Experience shows that this requires the development within government of skills to manage and monitor outsourcing contracts and that the cost-benefit equation of outsourcing must be carefully analysed.

As regards the use of casual staff as a form of workforce flexibility, the employment framework provides sufficient scope to employ short-term staff to fill skill gaps or to replace career public servants for short periods of time. The challenges for the Dominican Republic are to decrease rather than increase the use of casual staff and to ensure that such hiring is not used as a way of circumventing the requirement for merit-based recruitment. The proportion of casual staff has tended to remain fairly stable in OECD member countries, and in most cases would not exceed 10% of total central government employment (OECD, 2008a). The use of short-term and temporary staff in the Dominican Republic should be strictly controlled to avoid unplanned increases in costs and to ensure that there is no undermining of the general public service employment framework.

Scope to increase mobility

The recruitment system for the career public service potentially favours mobility through the provision to hold open internal recruitment competitions. This mobility instrument is probably not being exploited sufficiently at present, as the preferred approach seems to be to hold closed recruitment competitions within organisations as a first option and only to proceed to an open internal competition if the closed competition does not produce a suitable candidate. An approach which would favour more mobility would be to prioritise open internal competitions over closed internal competitions, or to reserve a certain proportion of recruitments for open internal competitions. Another approach would be to make all competitions open to both internal and external candidates, as is the norm in position-based employment systems in many OECD member countries.

The experience in OECD countries has been that fragmented pay and grading systems can set up administrative barriers to mobility, and this is also an issue in the Dominican Republic. Job descriptions seem to be specific to each organisation, and there is no common job classification and grading system. Moreover, pay is variable from one organisation to another, even for similar types of jobs, although this will be addressed by the implementation of the pay reform that was passed into law in 2013. Removing barriers to mobility will require streamlining job categories and job profiles as much as possible. Cultural barriers to mobility can also be an issue, meaning that even where there are no barriers, staff are not keen to move between organisations. Some OECD member countries have addressed this problem by setting up formal job rotation programmes and/or making mobility one of the requirements for promotion.

A first step in increasing mobility would be to track how much mobility is taking place at present between institutions. As more detailed and comprehensive data are included in SASP, MAP will be able to assess whether there are barriers to mobility that need to be removed. Currently, Public Service Law 41-08 contains a relatively narrow definition of mobility as secondment of career public servants for service requirements. Table 2.3 shows that EU member countries tend to take a rather broader approach to mobility.

Table 2.3. Survey of mobility in EU member countries carried out for the European Public Administration Network (EUPAN), 2011

Type of mobility	Number of countries		
	Yes, it is present (not exceptional)	Exceptionally	No, it is impossible
Horizontal mobility within an organisation among various units (e.g. a ministry's divisions)	25	5	0
Horizontal mobility in public administration (e.g. moving employees between various ministries)	21	9	0
Vertical mobility (e.g. from lower level units to higher ones)	22	5	1
Between public administration and other organisations in the public sphere (e.g. schools, public companies, etc.)	7	19	3
Between national and international organisations	16	13	1
Temporary assignments in another unit or department of the organisation (e.g. when composing task forces or project groups)	19	8	3

Source: Gajdusek and Linder (2011), *Report on the Survey on 'Mobility between the Public and Private Sectors with Special Regards to the Impact of the Financial Crisis'*, study commissioned by the Hungarian Presidency of the Council of the European Union, presented at the 56th meeting of the Directors-General of the Public Services of Member States of the European Union – a joint session with the representatives of TUNED, Hungary, Gödöllő, 24 June.

Over the longer term, once the target for incorporation of staff into the career public service has been achieved, the Dominican Republic should consider introducing additional instruments to facilitate mobility. This would increase flexibility and can also help to create a more collective identity across the public service. Several OECD member countries have taken steps to support increased mobility that may be of interest to the Dominican Republic (see Box 2.8).

Box 2.8. Measures to encourage mobility in selected EU member countries

In **Austria**, there exists the Career Database, a tool to facilitate horizontal mobility between various ministries. Civil servants who would like to engage in new tasks and responsibilities may use this “talent pool”. They can send their career profiles to the Database, denoting the type or kind of job they would like to apply for. The application is completely anonymous. Name, date of birth, current post and employer, and other data that would give identifiable information on the civil servant are not indicated. The whole procedure runs under a code number. The data of civil servants are stored for three months. After that time, the candidate is periodically contacted by e-mail by the Federal Job Exchange if he/she would like the data storage to be prolonged. All employers’ HRM departments can recruit new employees from this anonymous database using their access code given by the Federal Chancellery. If they would like to contact registered federal public employees, they can do it through the job exchange.

In **France**, the law of 2009 confers new mobility rights on civil servants and at the same time makes it easier for public organisations to restructure their human resources according to their needs and anticipated future evolution, in order to ensure quality and continuity in public services. Geographical and occupational mobility are promoted through possibilities of secondment, outplacement and integration of staff into jobs unrelated to their previous position. A mobility charter has been developed to strengthen mobility through new measures, such as financial incentives, regional mobility platforms and mobility careers counselling. The mobility charter establishes three basic principles regarding mobility:

- Mobility is not an end in itself – it corresponds to the needs of employees and the needs of the public service.
- Mobility is an opportunity for professional enrichment and progression for the employee, and should be an opportunity to create win-win outcomes.
- The employee and the employer are jointly responsible for mobility:
 - employees are responsible for their own professional development;
 - the employer proposes career development opportunities;
 - managers encourage and facilitate mobility for their staff;
 - HRM professionals support mobility projects.

In **Germany**, it is assumed that the administration of the future will face a faster change of public tasks. This will require mobility of employees in order to be able to fulfil changing needs. The regulation allows mobility initiated either by the service or by civil servants. German civil servants are entitled to be *i)* moved in the same administration for a transition period or in another post for a longer period; *ii)* delegated to another administration for a transition period belonging to the same or other employer (e.g. from the federal government to a *Land*); or *iii)* transferred for a longer period to an administration belonging to another employer.

In **Spain**, the new public service law introduced new regulations on mobility issues. According to the legislation, there are different types of mobility: horizontal and vertical mobility; voluntary and obligatory mobility; and gender-based mobility. These movements are carried out through: *concurssos*, as free designation; voluntary mobility into sectors that have deficits in human resources; transfers arising from the interest of the service or functions to another post than the original; or transitional appointments.

Sources: Gajdusek and Linder (2011), *Report on the Survey on ‘Mobility between the Public and Private Sectors with Special Regards to the Impact of the Financial Crisis’*, study commissioned by the Hungarian Presidency of the Council of the European Union, presented at the 56th meeting of the Directors-General of the Public Services of Member States of the European Union – a joint session with the representatives of TUNED, Hungary, Gödöllő, 24 June; Ministère du Budget, des Comptes Publics, de la Fonction Publique et de la Réforme de l’Etat (2010), *Charte de la mobilité dans la fonction publique de l’Etat*, Bureau de la communication et de la documentation, DGAFP, décembre, www.fonction-publique.gouv.fr.

Redundancy and redeployment measures facilitate restructuring of the workforce

While redundancy provisions such as those contained in Public Service Law 41-08 are a necessary tool for handling situations of excess staffing, OECD member countries also find it useful to use voluntary redundancy programmes from time to time to facilitate restructuring of the public service (see Table 2.4). Such measures need to be used with care to ensure that they are well targeted and cost effective and do not lead to the loss of talented staff that managers would prefer to retain (OECD, 2011b).

Table 2.4. Restructuring plans and leaving conditions

	Possibility to dismiss employees with open-term contracts when a ministry/agency seeks to restructure or decrease the number of its employees		Existence of regular plans to encourage voluntary departures in order to implement workforce allocation changes	
	Yes, and the employee receives an allowance	Yes, but the government is required to propose reallocation possibilities beforehand	Yes, with attractive leave allowances	Yes, with attractive early retirement packages
Australia	●	○	○	○
Austria	●	●	○	○
Belgium	○	○	○	○
Canada	●	●	○	○
Chile	n.a.	n.a.	●	○
Czech Republic	●	●	○	○
Denmark	●	○	○	○
Estonia	●	●	○	○
Finland	●	●	○	○
France	○	●	●	○
Germany	○	○	○	●
Greece	○	●	○	○
Hungary	●	○	○	●
Iceland	●	●	○	○
Ireland	○	○	●	●
Israel	○	●	●	●
Italy	○	●	○	○
Japan	○	●	○	○
Korea	○	●	●	○
Mexico	●	○	●	○
Netherlands	○	●	○	○
New Zealand	●	○	○	○
Norway	●	●	●	●
Poland	●	○	○	○
Portugal	●	○	○	○
Slovak Republic	●	●	○	○
Slovenia	○	●	○	○
Spain	○	○	○	○
Sweden	●	○	n.a.	n.a.
Switzerland	●	●	○	●
Turkey	○	○	n.a.	n.a.

Table 2.4. Restructuring plans and leaving conditions (cont.)

United Kingdom	●	●	●	●
United States	●	●	●	●
Non-member countries:				
Brazil	○	○	○	○
Dominican Republic	□	□	□	□
Russian Federation	○	●	○	○
Ukraine	○	●	n.a.	n.a.
Total OECD	20	22	9	8

●	Yes
○	No
n.a.	Not available

Notes: Data not available for **Luxembourg**. **Czech Republic:** the administration is required to propose another position within the same central administration body. **Iceland:** there are no formal or centralised programmes for the number of personnel. **Israel:** the statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law. Information on data for Israel: <http://dx.doi.org/10.1787/888932315602>. **Mexico:** only unionised staff and members of the professional career service are entitled to the allowance in case of dismissal; members of the professional career service (SPC) are entitled to be reallocated based on the dispositions of Art. 40 of the Law of the SPC. **Portugal:** for staff hired after January 2009, dismissal due to restructuring is now possible, and an unemployment allowance may be granted to them within the social protection scheme. **United States:** the dismissal of employees with open-term contracts when restructuring or reducing numbers of employees means that employees receive an allowance and/or the government is required to propose reallocation possibilities beforehand; the latter is less common. **Dominican Republic:** MAP will prioritise the development of a policy for voluntary departures in the near future.

Sources: OECD Survey on Strategic Human Resource Management in Central/Federal Governments, updated in 2013 on the basis of 2012 data (information obtained from responses provided by countries for questions number 101 and 103). Data for the Dominican Republic provided by MAP in response to the OECD survey questionnaire (July 2013).

Many OECD member countries use redeployment provisions to help manage rightsizing and reallocation of the workforce. Well-managed redeployment can be a way of retaining useful skills, managing change and avoiding the costs of redundancies. The Dominican Republic should consider developing redeployment arrangements to support restructuring of the workforce and may look to the types of programmes used in some OECD member countries (Box 2.9).

Box 2.9. Examples of redeployment provisions in the public service in selected OECD member countries

Australia: Excess employees are given two options: *i*) termination of employment with benefits; *ii*) retention in employment for up to 7 or 13 months, depending on age and length of service, while seeking redeployment. In 2008, a Career Transition and Support Centre was established for two years within the central HRM body to provide career guidance to staff affected by restructuring operations, and a central register of staff seeking redeployment was set up in 2011.

Canada: Laid-off employees have a right to priority placement in the public service for one year, subject to having the required qualifications. Surplus staff are provided with services such as career counselling and job search assistance.

Finland: Redundant civil servants have a right to priority placement within their own agency only. However, employees may transfer to another agency for a fixed term in order to improve their skills. Redundant staff may take part in development and training courses arranged by their agency.

France: Since 2009, geographical and occupational mobility are promoted in the civil service by consolidating possibilities of secondment, outplacement and integration of staff into jobs unrelated to their previous position. Employees whose position is abolished or transformed must engage in occupational guidance, training and validation of their work experience. Their department must propose redeployment solutions in line with their grade and personal career situation, and opportunities for part-time working for civil servants have been expanded.

Japan: A personnel reduction programme launched in 2006 was accompanied by a redeployment initiative. A high-level office for redeployment of national civil servants was established. Its main functions include providing information to staff affected by redeployment, matching staff with new employment opportunities within the national civil service and regional government, and training redeployed staff and HRM managers.

Netherlands: An action plan for displaced staff is a mandatory part of reorganisations. The basic principle is to attempt to place staff within the central government sector within 18 months, and displaced staff are obliged to accept an appropriate job when it is offered. Candidates for redeployment post their details on a civil service mobility database.

New Zealand: The emphasis is on retaining skills, experience, institutional knowledge and specialised competencies and minimising the cost of redundancies. A redeployment pool of redundant public servants has been established to retain and redistribute talent both within the core public administration and the wider public service.

Portugal: Since 2006, a mobility regime covers civil servants as well as contract staff. Those affected by organisational restructuring may be offered mobility within their employing service or be placed in a special mobility situation. Staff in a special mobility situation go through a requalification process to strengthen their skills, following which they may be reassigned to another service or sent to a central pool awaiting recruitment to a new position.

Source: OECD (2011a), *Public Servants as Partners for Growth: Toward a Stronger, Leaner and More Equitable Workforce*, OECD Publishing, Paris, <http://dx.doi.org/10.1787/9789264166707-en>.

Developing strategic workforce planning

The majority of OECD member countries engage in workforce planning (OECD, 2013b). At the level of individual organisations, this enables the linking of HRM to strategic management of the organisation and increases managerial accountability for HRM. At the whole-of-government level, frameworks for workforce planning enable an analysis of overall workforce and HRM issues and the establishment of government-wide

targets in terms of workforce size, competences and allocation across sectors. Key elements of workforce planning are outlined in Box 2.10.

Box 2.10. Workforce planning: key elements

Tracking staff numbers in itself does not constitute workforce planning, rather it is only one facet of workforce planning. Workforce planning requires an accurate understanding of the composition of the public administration's workforce, including skills, competences and staffing numbers in the immediate, medium and longer term and how to cost-effectively utilise staff to achieve government objectives. Generally, workforce planning models are comprised of similar elements, including:

- defining the organisation's strategic direction;
- scanning the internal and external environments;
- understanding the current workforce;
- assessing future workforce needs;
- identifying gaps in the required numbers and capability;
- developing and implementing strategies to close the gaps; and
- monitoring the effectiveness of strategies and revising them as required (Anderson, 2004; Australian National Audit Office, 2002; Bechet and Maki, 1987; Cotten, 2007; Standards Australia, 2008, in Colley and Price, 2010).

The time horizon for planning activities should cover the short term (i.e. 0 to 2 years), the medium term (i.e. 3 to 5 years) and the long term (6 to 15 years). However, in terms of workforce planning, long-term sector-based planning (e.g. the health sector workforce) should ideally extend to 30-year projections (Hall, 2000, in O'Brien-Pallas, L. et al, 2001).

The efficiency and effectiveness of the public administration and of public service provision is greatly dependent on the effective use and deployment of its human resources. Workforce planning can elevate HRM activities into a more strategic domain and ensure their relevance by providing greater awareness and control over staff numbers and costs, and better understanding of the required skills mix to ensure effectively targeted HRM strategies (Marchington and Wilkinson, 2002, in Colley and Price, 2010).

Sources: Colley and Price (2010), "Where have all the workers gone? Exploring public sector workforce planning", *Australian Journal of Public Administration*, 69(2):202-213; O'Brien-Pallas et al. (2001), *Integrating Workforce Planning, Human Resources and Service Planning*, Workshop on Global Health Workforce Strategy, Annecy, France, 9-12 December 2000, World Health Organization, Geneva.

A range of issues point to the important need to develop strategic workforce planning in the Dominican Republic:

- It is essential that the evolution of the public workforce in terms of staff numbers, allocation of staff and competencies is managed in accordance with the priorities of the National Development Strategy (END, *Estrategia Nacional de Desarrollo*).
- Budgetary pressures make it essential to make the best use of the existing workforce and to seize any available opportunities for restructuring the workforce to achieve economies.
- The ageing profile of the central government workforce suggests an urgent need to analyse workforce demographics, to plan for retirements and pension costs, and to anticipate the impact on skills and institutional memory.

- The occupational profile of the workforce suggests that the proportion of staff with professional skills needs to be increased. This calls for identification of competency gaps and well-targeted investment to up-skill the workforce in key areas.
- The government's emphasis on innovation and leveraging ICT to improve the quality and efficiency of public services doubtless calls for new skill sets that will have to be developed internally and/or recruited externally, and this requires skills analysis and planning. The experience of OECD countries shows that innovation in the organisation and delivery of public services can have wide-ranging implications in terms of composition and allocation of the required workforce.
- The government's organisational restructuring initiative discussed in Chapter 6 will undoubtedly need to be accompanied by workforce planning.

Workforce planning should not become an overly complex, bureaucratic process. Given the many reform initiatives that are under way in the Dominican Republic, actions should be prioritised rather than trying to do everything at once. The type of strategic staffing review discussed earlier would provide valuable information for a focus on the most urgent issues. Other ways of prioritising would be to start with a few high-priority sectors and/or to encourage organisations to focus on workforce aspects that relate directly to the achievement of their strategic outputs.

An awareness of the strategic importance of workforce planning needs to be created among politicians and senior managers, and the capacity to carry out workforce planning will need to be built up within MAP and within institutions. Ways in which OECD member countries have done this include: organising forums, seminars and other events for sharing experiences and better practice; developing practical tools and templates; training; and benchmarking their own practices (OECD, 2013a). Senior and middle managers as well as HRM staff will need to develop their skills for workforce planning. MAP should build its own competence in this area and develop tools and guidelines for government organisations to carry out workforce planning. There should be a unit within MAP responsible for workforce planning. Monitoring and evaluating the progress of workforce plans and their contribution to the programmatic goals of institutions and the government should be conducted systematically, and MAP should develop methodologies for this.

Link workforce planning to strategic planning, budgeting and performance management

The effectiveness of workforce planning in OECD countries has been reinforced by *i)* linking it to the strategic planning of organisations, including business forecasting and planning, budgeting, accountability and reporting mechanisms for managers, and strategic HRM, and *ii)* making it an integral part of the performance management framework of organisations.

The Dominican Republic has started to establish strategic planning, organisational performance frameworks and results-based management systems in the public service, although this is in its infancy. As there has not previously been a culture of strategic planning, ministries have little experience in this sphere. The first planning cycle started in 2012, and there is a lot of capacity building to be done. It is planned to move to multi-year budgeting in 2014 to align with the 36-month strategic planning cycle. This

planning, budgeting and performance framework will doubtless highlight the need for institutions to have a longer-term, more strategic view of how their workforce is evolving.

While planning is mainly focused on individual ministries, efforts are being made to shift to a sector-based approach which would align with the government's National Development Plan Strategy objectives (END, *Estrategia Nacional de Desarrollo*). The Ministry of Economy, Planning and Development, with the support of the World Bank, is working with ministries of high importance such as health and education to develop multi-year performance indicators on a sectoral basis.

The strategic planning system that is taking shape does not yet include workforce planning, although there are pockets of promising practice that can be built upon. A start with workforce planning has been made in the Ministry of Education, which has developed projections of the number of teachers required and is using this to plan recruitment. The Ministry of Health has developed its first strategic HRM plan and is working with MAP to define its structure before embarking on workforce planning. The Ministry of Health is also working with international consultants to train its HRM managers in workforce data collection as a necessary step in building the capacity for workforce planning.

As the Dominican Republic's strategic planning and performance management frameworks are developed, workforce planning should be linked to these processes in order to achieve better prioritisation of workforce allocation in line with government priorities and avoid the need for short-term, *ad hoc* workforce adjustment measures. To send consistent messages about financial and human capital resources required to achieve government's programmatic goals, workforce planning should also be aligned with the budget process. Successful establishment of these critical linkages depends on effective co-operation between the Ministry of Finance, MAP, the Ministry of Economy, Planning and Development, and line managers in individual ministries and agencies. An important step in this direction has been for MAP to assume responsibility for validating the workforce budgets of public institutions. This positions MAP to play a more strategic role in the future. MAP works with institutions to establish a picture of anticipated staff movements and staffing needs over the coming year. The immediate challenges are to ensure that all central government institutions participate in this process and to bring all institutions up to the same level of capacity. Once this process is firmly established, it will provide improved information on new staffing needs and enable better planning of recruitment competitions. As workforce data improve through the implementation of SASP, both the central management bodies and employing organisations will be in a better position to analyse and plan. Other important steps that are under way are to establish an interface between SASP and the IT system of the Ministry of Finance so that data can be exchanged more easily and to establish closer co-ordination between MAP and the Directorate General of the Budget.

The planned implementation of multi-year, output-based budgeting in the Dominican Republic should enable a move away from the system of annual, position-based staff budgeting on an institution-by-institution basis, towards a system that allocates the staffing budget in line with medium- to long-term government priorities, particularly if a programme-based approach to budgeting is adopted. The objective should be to link workforce planning to output-based budgeting in order to provide a more coherent framework for the strategic management of the workforce. An example of such an approach is the French system of Employment, Workforce and Competency Planning (*Gestion Prévisionnelle des Effectifs, des Emplois et des Compétences*, GPEEC) which

was implemented at the same time as performance-based budgeting. The GPEEC provides a common workforce planning methodology across the public service, enabling improved analysis and planning at the level of organisations as a whole-of-government perspective (Box 2.11). It is noteworthy that implementation of the GPEEC system has been a gradual process, starting with central government ministries and extending gradually to other organisations. Essential accompaniments to the GPEEC have been a common competency framework and improved mobility arrangements.

**Box 2.11. Employment, Workforce and Competency Planning
(*Gestion Prévisionnelle des Effectifs, des Emplois et des Compétences, GPEEC*)
in the French public service**

Gestion Prévisionnelle des Effectifs, des Emplois et des Compétences (GPEEC, Employment, Workforce and Competency Planning) is a government-wide workforce planning system which aims to align staffing with the missions of government organisations and hold managers accountable for strategic HRM. GPEEC analyses the current staffing picture of the public service by categories of staff and for specific organisations, and forecasts how the workforce will need to be adapted in order to improve the efficiency of the public service. In projecting future workforce requirements, factors such as the competency gaps, the demographic profile, available resources, recruitment opportunities and mobility are taken into account. GPEEC has become a key tool for improving strategic HRM.

GPEEC has been strengthened by the development of an interministerial catalogue of competencies and an annual conference on workforce planning which facilitates dialogue between the central HRM body and individual organisations. Discussions focus on long-term workforce planning strategies and management priorities for the year. These are used to establish a road map setting mutual commitments on workforce planning. There is also a strong emphasis on sharing good practices.

Source: OECD (2012c), *OECD Public Governance Reviews: France: An international perspective on the General Review of Public Policies*, OECD Publishing, Paris, <http://dx.doi.org/10.1787/9789264167612-en>.

Restructuring of the workforce will provide more scope for workforce planning

The ability to put the results of workforce planning into action depends, to an extent, on how much room for manoeuvre a government has to hire new employees, decrease the workforce and reallocate it across sectors and how much flexibility line managers have in regard to HRM in their organisations. At present, the room for manoeuvre in the Dominican Republic appears to be very limited, and the emphasis is on maintaining tight control over the workforce budget rather than planning for the future. Organisations are subject to a very strict workforce framework consisting of a fixed number of positions at each grade, which is determined primarily by budgetary constraints rather than workforce planning. Every new position that needs to be filled must have specific budget authorisation, although the continued growth in employee numbers suggests that there are ways of circumventing these controls. There does not appear to be a system of prioritising the allocation of human resources according to strategic programme priorities, and most organisations do not plan beyond the annual budget cycle.

The type of strategic staffing review discussed earlier would provide a baseline view of the current situation in the Dominican Republic and a basis for restructuring the workforce in line with the government's priorities. This, in turn, would provide more stability in staffing in key areas and increase the scope for organisations to begin taking a more strategic, longer-range view of their workforce needs. At the whole-of-government

level, a first step in workforce planning could be to develop several different scenarios of the size and structure of the workforce needed to deliver the government's strategic objectives and to analyse the cost implications of different options. Projections could also be developed for key sectors. This is a way of highlighting the key problem areas and identifying possible trade-offs that may help to achieve the best solution within the financial constraints. Such an approach could, in time, be integrated into the Dominican Republic's strategic planning framework. The SASP database will provide the government with good quality data for this type of analysis and decision making.

Use workforce planning to identify and fill competency gaps

Effective workforce planning requires going beyond a focus on numbers and costs to the use of competency management and strategies to address competency gaps. As competency management is developed in the Dominican Republic, it will be an important input into workforce planning. Competency management should be used within institutions to identify and fill gaps in the competencies of the workforce through recruitment and training. It should also be used at a whole-of-government level to identify and address skill shortages that would inhibit the ability of the government to implement its policies (see Chapter 3).

Given the priority attached to E-government and innovation in the public service of the Dominican Republic, a specific area where workforce planning should be developed is in relation to information and communication technology (ICT) skills. ICT is recognised as a major factor contributing to innovation and increased productivity. As there is significant demand for ICT skills across the world, it will be essential for the Dominican Republic to build up its own capacity in this area so that the ability to reach E-government and innovation objectives is not hampered by skill shortages. This is also an issue for OECD member countries and the Dominican Republic could look to the experience of Australia which is developing a whole-of-government strategic ICT workforce plan (see Box 2.12). The plan is underpinned by an ICT capability framework which is built upon an internationally recognised ICT capability model – the Skills Framework for the Information Age (SFIA) (APSC, 2010).

Box 2.12. Whole-of-government strategic ICT workforce planning in the Australian Public Service (APS)

The ICT workforce planning process follows the central elements commonly found in most workforce planning methodologies:

1. Identifying future business direction and workforce needs in respect of the broader context: Extensive research and consultation was undertaken with a range of industry stakeholders and government agency representatives, and this will continue throughout the life of the initiative.

2. Knowing the current workforce – through data collection and analysis:

- an environmental scan of the ICT workforce in Australia and issues affecting its supply;
- an analysis of the ICT labour supply within the APS;
- a survey of APS ICT employees to determine the factors that motivate them to join, remain in or leave APS employment;
- APS ICT workforce capacity and capability demand forecasting (using an agency survey based on the whole-of-government ICT capability framework);
- identification of gaps in the ICT workforce.

3. Bridging the gap – identifying and addressing workforce issues through the development and prioritisation of appropriate strategies: This was a consultative process involving ICT employees and HRM representatives from 50 agencies. Strategies have been grouped into three themes: right time, right place, and right skills.

4. Providing a sound basis for effective implementation – through resource planning and clarifying roles and responsibilities: The workforce plan applies to all APS agencies. Agencies are individually responsible for implementing the workforce strategies and are required to report on their progress annually.

5. Monitoring and evaluation: Implementation will be monitored by a board comprising secretaries and chief executives from the Department of the Prime Minister and Cabinet, the Department of Finance and Deregulation, the Department of Human Services, the Australian Customs and Border Protection Service, Geoscience Australia, and the Australian Taxation Office. A primary measure of success will be a reduction in the number of ICT contractors across the APS and an increase in the number of skilled APS ICT staff. Other key measures will be:

- an ICT workforce with the capability and capacity required to deliver government priorities confirmed through agency business outcomes;
- an ICT workforce which is better positioned to quickly respond to change at both the agency and whole-of-government level;
- a better understanding of what motivates career decisions of ICT professionals that will lead to improved recruitment and retention of ICT employees;
- improved mobility opportunities for ICT employees and increased recognition and transfer of ICT skills across the APS.

In parallel with the ICT workforce plan, new ways of sharing scarce ICT resources across agencies are being examined, such as creating cross-agency hubs in locations where there is a supply of qualified ICT labour.

Source: APSC (Australian Public Service Commission) (2010), *Whole-of-government ICT strategic workforce plan 2010-2013*, Commonwealth of Australia, www.apsc.gov.au/publications-and-media/current-publications/ict-workforce.

Over the longer term, an approach which the Dominican Republic may find valuable for reinforcing the quality and strategic alignment of workforce planning is the type of capability review undertaken in some OECD member countries, such as Australia and the United Kingdom. The capability reviews which were launched in the Australian Public Service following a pilot study in three departments highlight, among other things, capabilities that are particularly important to government, such as innovation and client service (see Box 2.13).

Heads of ministries and other government organisations should be accountable for workforce planning

In order to embed a culture of workforce planning, the heads of ministries and other government organisations should be made accountable for matters such as analysing workforce trends, planning recruitment and filling competency gaps in line with their strategic plans and output targets. The corollary of this, of course, is that managers must have sufficient scope to recruit, to restructure the workforce, to train staff, and so on. The organisational performance framework that is being elaborated by MAP provides the basis for making managers more accountable as it includes strategic HRM and organisational restructuring as performance criteria. MAP is well placed, therefore, to integrate workforce planning into the organisational performance framework.

With strategic planning currently being developed in the public service of the Dominican Republic, this is an ideal time to integrate workforce planning into the strategic planning documents of ministries and other government organisations. The planning and budgetary cycle would be strengthened by making it necessary for organisations to assess the staffing requirements needed to deliver their outputs, not only in terms of staff numbers but also in terms of the structure and competencies of their workforce. This would enable the government to better assess the implementation capacity of the public service and make strategic trade-offs in terms of the allocation of the workforce.

Workforce planning in Korea and the United States illustrates how organisations can approach this integration (see Box 2.14). In Korea, there is a five-year workforce planning cycle which is focused on developing strategies to close gaps between current and anticipated future workforce requirements. The system in the United States is a good example of the alignment of workforce planning with the strategic management of organisations, within an accountability framework.

Box 2.13. Capability reviews in the Australian Public Service

All departments and three large portfolio agencies (Australian Taxation Office, Australian Customs and Border Protection Service, and Australian Bureau of Statistics) are subject to a review. Capability reviews focus on the areas of leadership, strategy and delivery. The model is designed to reflect the areas of capability that are relevant to public sector organisations. It also highlights capabilities that are particularly important to government, for example innovation and client service. Ratings are assigned to each of the model's 10 elements as part of the final report for each review.



Capability reviews are undertaken in consultation with agencies and conducted by three senior reviewers engaged specifically to provide independent, fresh insight into the issues which are most critical to the Australian Public Service (APS), based on the knowledge and experience of the reviewers in senior roles of high-performing organisations. Two senior reviewers are external to the APS and one is a deputy secretary (SES Band 3) seconded from another department. This reviewer provides impartial, expert opinion particularly in respect to APS challenges, culture and trends.

Reviews range from 11 to 16 weeks depending on the size and complexity of the agency. The review produces a series of findings on the agency's strengths and areas for further development. The agency head is engaged early, kept informed of emerging findings throughout the review, and provided with the opportunity to formally respond to findings. The response is incorporated into the review report when published.

Following a capability review, the agency formalises a plan detailing how the findings – in terms of areas for further development – will be addressed, including what outcomes are expected and how success will be measured. Priorities are agreed between the agency head and the Public Service Commissioner. Progress against priorities is reported quarterly to the Commission. A health-check review is undertaken by the Commission 12 to 18 months after the initial review to capture progress in addressing capability gaps. Findings from the health-check review will be taken into account in the subsequent performance assessment.

Source: APSC (Australian Public Service Commission) (n.d.), *Capability Review Program*, <http://www.apsc.gov.au/projects/capability-reviews>.

Box 2.14. Strategic workforce planning in Korea and the United States

Korea: In the Korean government, a workforce plan is established by each central ministry and agency every five years. The process begins by organisations analysing the current workforce: its size, disposition, structure and composition, as well as recent changes, personnel management practices, and current competency level. The second step is to project what will be necessary for the next five years: workforce size, composition and competencies required to achieve mid- to long-term vision and strategies. The third step is to estimate the gap between the current level and future demand. If a significant gap is identified, likely problems are analysed and possible alternatives for closing the gap are reviewed. The final step is to develop strategies for reducing the gap so that, by the end of the five-year period, the objectives of the workforce plan – workforce size and competency levels – will have been achieved. A workforce plan includes recruitment (selection, promotion and transfer), development (education, outside training and mentoring) and disposition (career development and job posting).

United States: Senior managers are responsible for implementing workforce planning as part of the human capital strategy of their organisation. Human capital management strategies are integrated into strategic plans, performance plans and budgets and are linked to indicators that identify how well the organisation is performing. Activities and outcomes of the system are assessed through documented evidence of a “Strategic Human Capital Plan” which includes human capital goals, objectives and strategies, a workforce plan, and performance measures and milestones. Organisations are required to annually submit their “Strategic Human Capital Plan” to the Office of Personnel Management.

The workforce plan links directly to the organisation’s strategic and annual performance plans and is used to make decisions about structuring and deploying the workforce. Mission-critical occupations and competencies are identified and documented, providing a baseline of information for the organisation to develop strategies to recruit, develop and retain the talent it needs to deliver its programme. A business forecasting process identifies probable workforce changes which require action. Analysis of functions, customer needs and workload distribution is carried out to ensure that the organisation has the right mix and distribution of the workforce to support its mission.

Sources: For Korea: OECD (2009), “OECD Survey on Competency Management in Government”, unpublished. For the United States: Office of Personnel Management, www.opm.gov; presentation given by Jonathan Foley, US delegate to the Public Employment and Management (PEM) network annual meeting, OECD, 9-10 December 2010.

Reforming the pay system

Bringing order and control into the pay system is a key part of the Dominican Republic’s public service reforms. Public Service Law 41-08 provides for job classification, job evaluation, and a remuneration system for the public service. Following on from this, a new General Public Salaries Law (*Ley General de Salarios para el Sector Público 105-13*) passed in August 2013 entered into effect in January 2014. The law covers the whole public service, with the exception of financial and commercial state bodies. The law establishes a number of basic principles for public service pay, including:

- equity;
- effectiveness and efficiency subject to requirements of equality, merit and impartiality;
- connection to the strategic objectives of organisations and the priorities of the National Development Strategy (END, *Estrategia Nacional de Desarrollo*);
- consistency with the macroeconomic context and HRM planning;

- wage hierarchy – no public servant can earn a salary greater than that established for the heads of the three branches of government;
- rationality;
- balance aimed at guaranteeing competence, motivation and commitment.

The new pay system is based on the structure of positions, each of which must correspond to a set level of remuneration. MAP is responsible for designing the new pay system, including a job classification system and a reference salary scale. MAP is currently revising the job description manuals, of which there are a large number, as each institution has its own job descriptions. Regulations have been issued on organisational structures, salaries and the criteria for job design and position classification, and MAP has done excellent work in developing a standard job description template which includes competencies.

Important provisions of the new salary law relate to conflicts of interest and ethics: for example, there is a prohibition on public servants receiving more than one salary, having interests in companies that have agreements or contracts of any kind with the public sector, using their position to obtain advantages, benefits or privileges, and promoting nepotism, among other things.

The pay reform is designed to address a number of well-recognised problems with the current pay system. The decentralised system of management which applied prior to Public Service Law 41-08, combined with the absence of a reference pay scale and job classification system, has resulted in a highly fragmented pay structure. Pay for the same job can vary significantly from one organisation to another, particularly within the decentralised sector. Some institutions have established their own compensation systems, and bonuses and fringe benefits can make up a large proportion of the salary. The variation is less in central government ministries, where MAP is working to standardise salary scales. This situation leads not only to opacity and inequity in the pay system, but is bound to have an impact on employment costs as, prior to the new salary law, there were no apparent ways of controlling what institutions paid their employees. The quality management system includes a requirement for participating institutions to have their salary scales certified by MAP, and this is gradually introducing more consistency. Under the new salary law, MAP is required to co-ordinate with the Directorate General of the Budget and the *Contraloría General* to guarantee control of organisational structures, positions and the payroll. MAP will establish a hierarchical salary scale, with a uniform pay level for the same job across the public service. MAP will also develop a job classification system.

Sequence implementation and build support for the salary reform

The current economic crisis is leading many OECD member countries to review their public sector pay systems. Pay reforms are often highly political, requiring careful assessment of what to emphasise and what to avoid in order to minimise the potential for problems and build support for the new system. OECD studies point to four key considerations for effective compensation systems (see Box 2.15).

These considerations underline the need for careful sequencing and integration of the salary reform in the Dominican Republic in relation to other HRM reforms and the broader public management reforms. For example, the planned implementation of results-based budgeting and organisational performance management may suggest that institutions should have scope to use compensation as a management tool. However, the

more urgent problem is to instil order in the pay system and gain firm control over pay costs, so centralisation rather than decentralisation seems to be required in the short to medium term. Decentralised pay management in a number of OECD member countries has occurred in a context of strong management accountability mechanisms, well-established value systems and centralised control over the pay budget. Until these conditions are established, it would be inadvisable for the Dominican Republic to decentralise pay.

Box 2.15. Key elements of effective compensation systems

- **The compensation system as a management tool.** Some countries, such as Australia, Denmark, New Zealand and Sweden, have delegated responsibility for pay management from a central office to individual agencies, making managers more accountable for the performance of their units and enabling them to use the compensation system as a strategic tool for achieving agency objectives.
- **Flexibility.** Public employers are reorganising and restructuring work. Traditional compensation systems, which often base salaries on posts rather than skills and increase all salaries at the same time, can make these changes difficult. More flexible systems, such as those in Australia, New Zealand and the United Kingdom, can help governments to recruit and retain employees with high-demand skills.
- **Influencing behaviour.** One purpose of compensation is to influence employee behaviour. Countries such as Chile, Finland, Germany and Norway seek to use compensation policies and practices to encourage employees to accept a job offer, work diligently and, for the better performers, to commit to careers in the public service.
- **Improving performance.** Shifting to a new compensation system can allow governments to focus on performance as a priority. Although a performance-related pay system may not achieve significant results by itself, it is a potentially useful complement to other elements of performance-oriented management, as in Denmark, Finland, Korea and the United Kingdom.

Source: OECD (2012d), *Public Sector Compensation in Times of Austerity*, OECD Publishing, Paris, <http://dx.doi.org/10.1787/9789264177758-en>.

Managing pay reforms usually requires a careful identification of winners and losers. This should be part of the planning of the new pay system. Strategies are needed to build support for the pay reform, and transitional measures are usually needed to manage any adverse impacts on particular groups of employees. Given the wide pay dispersion in the Dominican Republic, one way of building support for the pay reform could be to reduce the disparities between the highest and lowest paid. In any case, the issue of dispersion should be addressed. For example, in the context of planned pay reforms in the United Kingdom civil service, the *Hutton Review of Fair Pay in the Public Sector* was commissioned in 2010 by the Prime Minister and the Chancellor of the Exchequer with the objective of ensuring fairness in public sector pay in the context of current economic circumstances. The terms of reference of the review were to analyse the scale of the existing disparities between the highest and the lowest paid in public sector organisations and to provide recommendations on how to introduce a pay multiple that ensures that no public sector manager earns more than 20 times the lowest paid person in his/her organisation.

In 2011, the OECD undertook a specific assessment of Slovenia’s public sector salary system law, as part of a broader Public Governance Review (OECD, 2012e). The key message from the assessment is that the new salary system in Slovenia provides a foundation on which to further modernise through incremental reform. The Dominican Republic could take into consideration for its new General Public Salaries Law some relevant OECD recommendations made to help avoid a suboptimal implementation of the Slovenian salary law reform, as outlined in Annex A.

Foster a cohesive career service and mobility through job classification

The most urgent task for MAP is to develop a common pay structure and decide on a method of placing jobs within it, as required by the new salary law. A key organising principle should be to fit jobs into a standard system for grading and pay purposes. Different OECD member countries use a variety of approaches. A relatively common approach is job classification, which structures jobs into occupational groups organised within levels and grades. This is a relatively straightforward approach which is normally supported by a set of job classification standards, avoiding the need for complex job evaluation systems. Examples of this approach can be found in Australia and the United States (see Box 2.16). In both countries, a single classification structure is used across government and this supports a unified and cohesive career service, as well as facilitating mobility.

An important role that the central HRM body plays in many OECD member countries is to oversee the classification standards, keeping them up to date and ensuring that they are correctly applied across the public service in order to avoid the phenomenon known as “grade creep” which happens when the grading of jobs is not well controlled and jobs move up in the classification structure over time.

MAP’s work on revising job descriptions is an essential first step, as up-to-date descriptions are needed for job classification purposes in order to avoid reproducing distortions in the grading system. MAP has worked with institutions to update job description manuals in the context of the institutional restructuring initiative, and manuals have been developed in institutions where they did not previously exist.

The aim should be, to the extent possible, to develop a set of standard job descriptions in place of the current institution-specific job description manuals. This will support consistency in pay and grading as well as facilitate mobility. MAP has made progress in this area with the design of the *Manual de Cargos Civiles Clasificados* – the manual of civil service jobs – which includes profiles of all the positions that are common or transversal to the public service. An instruction manual has also been developed to guide institutions in creating, modifying and suppressing positions, and the process is supervised by MAP and the *Contraloría General*.

The objective is to replace job descriptions based on seniority, experience, knowledge and qualifications with descriptions that include competencies. MAP has developed a competency manual and a standard position profile template which includes generic competencies linked to the government’s priorities (service orientation, results orientation and quality orientation), as well as technical and behavioural competencies needed for the job (see Box 2.17). This provides an excellent basis for developing standard job profiles across the public service. To the extent possible, generic job profiles should be developed to describe similar types of jobs across the public service, as this supports the management of the job classification system and enables more flexible career structures and mobility. Job profiling also supports an integrated approach to HRM, as job profiles

can be used to link together HRM subsystems such as recruitment, performance management, training and remuneration (OECD, 2008b).

Box 2.16. Job classification systems in the Australian Public Service and the United States federal government

Australia: The classification system which applies to the whole Australian Public Service (APS) is designed to be flexible to accommodate a wide variety of APS jobs in a diverse range of agencies. A single APS classification structure creates the sense of a unified and cohesive career-based public service that can help support whole-of-government approaches. In addition, it provides a mechanism for maintaining the concept of a cohesive APS while still providing employees with the opportunity to have a wide range of work experiences, and supports a range of HRM activities.

Jobs are classified into 11 groups and two training classifications. There may be a number of specialist classifications within each group. In some agencies, specialist classifications attract different salary rates. Jobs are classified on the basis of the work to be performed using the concept of Work Value and Work Level Standards which:

- describe the work requirements/expectations critical for each classification level and the duties to be performed;
- distinguish between different work-level requirements in classification increments;
- ensure equitable treatment of all APS employees;
- provide a comprehensive statement of the broad job requirements, key duties and responsibilities, required skills and attributes, operating context and performance characteristics that embody effective performance at a particular work level.

United States: The General Schedule (GS) classification and pay system covers the majority of civilian white-collar federal employees (about 1.5 million worldwide) in professional, technical, administrative, and clerical positions. GS classification standards, qualifications, pay structure, and related human resources policies (e.g. general staffing and pay administration policies) are administered by the Office of Personnel Management (OPM) on a government-wide basis. Each agency classifies its GS positions and appoints and pays its GS employees, filling those positions following statutory and OPM guidelines.

The General Schedule has 15 grades: GS-1 (lowest) to GS-15 (highest). Agencies establish (classify) the grade of each job based on the level of difficulty, responsibility, and qualifications required. Individuals with a high school diploma and no additional experience typically qualify for GS-2 positions; those with a Bachelor's degree for GS-5 positions; and those with a Master's degree for GS-9 positions.

Each grade has ten step rates (steps 1-10) that are each worth approximately 3% of the employee's salary. Within-grade step increases are based on an acceptable level of performance and longevity (waiting periods of one year at steps 1-3, two years at steps 4-6, and three years at steps 7-9). It normally takes 18 years to advance from step 1 to step 10 within a single GS grade if an employee remains in that single grade. However, employees with outstanding (or equivalent) performance ratings may be considered for additional, quality step increases (maximum of one per year).

Sources: Australian Public Service Commission, www.apsc.gov.au; United States Office of Personnel Management (n.d), *General Schedule Classification and Pay*, www.opm.gov/policy-data-oversight/pay-leave/pay-systems/general-schedule.

Box 2.17. Example of a competency-based position profile used in MAP

MINISTRY OF PUBLIC ADMINISTRATION (MAP) POSITION'S INTEGRAL PROFILE					
Position title: Risks Prevention Analyst		Occupational group: Professionals (IV)		Category: General Administrative Career	
POSITION'S GENERAL PURPOSE To carry out tasks related to the analysis, elaboration, follow-up and execution of prevention plans, programmes and projects, reduction of the adverse effects of dangerous phenomena on the population, city council's property and services, under the norms established by the competent bodies.					
KEY ACTIVITIES 1. Carrying out studies and diagnosis of the projects to be implemented by the municipality, relating the existent risks and their prevention. 2. Identifying the types of risks to which the community is exposed and suggesting actions oriented to their mitigation. 3. Participating in the elaboration of documents on risks and disasters oriented to the education and training of the citizens in co-ordination with the competent bodies. 4. Managing the implementation of the subsystem of health and labour risks (SISTDP) of the Ministry of Public Administration (MAP) (this task is focused on what labour risk is).					
POSITION'S REQUIREMENTS					
Formal education: Graduate degree in one of the social or natural sciences careers		Experience: Two (2) years in similar tasks		Testing period: Three (3) months	
CROSS-CUTTING COMPETENCIES: Quality orientation (1) Service orientation (1) Results orientation (1)					
COMPETENCIES PER ACTIVITY/PRODUCTS					
Activity number	Products	Technical competencies	Skills and abilities	Behavioural competencies	Required degree
1.	Elaborated studies and diagnosis of projects on risks and prevention	Laws, provisions, rules, and norms to be implemented	Writing technical report Establishing effective working relationships	Service orientation	(5)
				Results orientation	(5)
2.	Identified risks and elaborated mitigation proposals			Quality orientation	(5)
				Work control organisation	(5)
3.	Educational guides and documents for the prevention of elaborated risks			Problem solving	(5)
				Analytical capacity	(5)
4.	SISTDP implemented by the analyst's management			Sense of urgency	(5)
(1) Required for entry. (2) Required for entry with supplementary development in the organisation. (3) Developed inside the institution.					
<i>Source:</i> Ministry of Public Administration (MAP), 2013.					

Managing pay progression

Job content, educational qualifications and experience are the most important factors in determining base salaries in OECD member countries. Progression up the salary scale or range is determined by seniority – generally measured by number of years’ experience – in a majority of OECD member countries, although salary reforms have reduced the importance of seniority-based salary increments in many countries. Salary structures for senior public servants are often different to those applying to the rest of the public service, often with a larger performance-pay component, and the senior salary system is usually managed centrally, even in systems where the rest of pay management is decentralised.

In deciding on a method of salary progression, it will be important for the Dominican Republic to analyse the impact on payroll costs of different methods of salary progression. For example, while fixed salary scales with incremental progression based on experience provide control and predictability, this approach builds in automatic pay increases and can, if there is low turnover of staff, significantly push up payroll costs over time. Also, unless there is a good career structure with opportunities for mobility and promotion, employees can end up stuck at the top of their pay scale, a situation which tends to produce discontent and demotivation. Most OECD member countries have replaced “seniority and automatic pay progression” with “experience and pay progression”, linking it to overall periodic salary reviews. In fact, automatic pay progression is currently regarded as violating the principle of anti-(age-)discrimination in most OECD countries.

Increase transparency and improve control of payroll costs

A priority for the Dominican Republic should be to introduce more transparency into the structure of remuneration and more control over payroll costs by reducing the number of variable pay elements. The various allowances and benefits should be reviewed to assess how appropriate they are to the new compensation system. Some OECD member countries have found it useful for controlling overall payroll costs to adopt a total compensation concept, whereby all elements of the compensation package are included in the costing of the public sector payroll. Typical components counted in total remuneration include:

- wages and salaries;
- allowances;
- bonuses and incentives;
- overtime;
- retirement income benefits;
- disability benefits;
- death benefits;
- paid time off;
- fringe benefits.

As a first step, MAP could usefully attempt to establish the total compensation of different groups of employees in order to get a complete and coherent picture of the

current situation. This would help to analyse how the payroll budget is distributed at present, how well this reflects the government’s priorities, and where there may be scope for changes. This type of analysis can be helpful in dealing with stakeholders in the reform process, as well as for comparing total compensation within the public service and with the private sector.

Over the longer term, the transparency and competitiveness of remuneration can be enhanced by developing a clearer “offer” for public servants that focuses not only on pay but stresses other non-financial benefits such as pensions, opportunities for learning and opportunities for career development. The Strategic Rewards Framework developed by the United States Office of Personnel Management (see Table 2.5) shows how, over time, a new approach to remuneration and rewards can be developed.

Table 2.5. Strategic Rewards Framework: United States Office of Personnel Management

Compensation	Benefits
Base salary	Health care
Variable pay	Retirement
Other payments	Savings
Paid time off	Other insurance
Support processes	Support processes
Learning and development	Work environment
Training	Work/life balance
Learning experiences	Leadership
Career paths	Performance culture
Support processes	Organisational climate
	Support processes

Source: United States Office of Personnel Management (2002), *A White Paper. A Fresh Start for Federal Pay: The Case for Modernization*, April, OPM, Washington, D.C., www.opm.gov/strategiccomp/whtpaper.pdf.

The pay-setting process in the Dominican Republic is centralised in the *Presidencia* which determines salary increases every two years. Under the new salary law, there is provision for a revision of scales every two years based on the inflation index. Salaries are not generally negotiated, as the law does not recognise unions in the public service and there is no provision for collective bargaining. Special arrangements apply in the health and education sectors, where the existence of professional associations and unions has led to the negotiation of salaries.

The pay-setting process is driven primarily by budgetary considerations. However, salary surveys have been used in the past (1997) to provide information for salary adjustments for some groups, including senior managers, health and social assistance employees, professionals in the Ministry of Agriculture, and teachers. A salary database is being established in SASP and is already completed in a few areas, including the health sector. This enables salary scenarios to be developed as a basis for pay setting. National labour force statistics also provide comparative data on salaries of major occupational groups in the public and private sectors.

The Dominican Republic should, over time, modify its pay-setting process to enable the government to adopt a more strategic approach and improve control of payroll costs. Most OECD member countries undertake annual pay reviews for the purposes of salary

adjustment, although some countries, such as Germany, Ireland and Sweden, use a system of multi-annual reviews. Criteria for granting pay increases have generally become more flexible as governments have sought more room for manoeuvre. Criteria in different countries include factors such as: the overall weight of pay in the budget, with some countries setting an overall envelope to hold pay increases within a set limit; affordability; fairness; periodic comparability reviews to assess whether pay is sufficiently competitive with the private sector; and delivery of productivity improvements. Indexation of salaries to inflation is not used in most OECD member countries as a method of salary adjustment. Where pay comparisons are used, it is important to take all elements of compensation into account, and there is usually a discount on public sector salaries to reflect advantages such as greater security of employment and more generous pension and sick pay provisions.

MAP should develop its capability for pay analysis to support the pay-setting process. This could enable the government to set an envelope for the overall pay increase across the public service. The budgeted amount does not necessarily have to be allocated evenly across the public service; pay analysis may point to the need for differential increases in different sectors to support HRM strategies.

In terms of being able to attract and retain staff, public service salaries are considered to be sufficiently attractive, with the possible exception of ICT professionals. However, periodic salary benchmarking with the private sector would be a useful input to the pay-setting process. While the National Labour Force Survey includes data on public and private sector pay presented by broad occupational category, care has to be taken in interpreting such data and it is likely that more detailed comparisons will have to be developed if they are to be used as an input to pay setting. It is important to include all pay elements, as well as non-pay elements such as pensions, tenure in employment and other advantages (such as adjustment for working time) which generally tend to be more generous in the public sector.

The Dominican Republic should avoid a situation where pay is determined on a career-by-career basis or where pay relativities between different groups become a factor in pay setting. Such situations have led to fragmented pay setting and industrial-relations conflicts in other countries and have driven up pay costs. A centralised, whole-of-government approach to pay setting is preferable.

Pay is negotiated in most OECD member countries, the most common approach being centralised collective bargaining. In Greece and Japan, pay adjustments are based on the recommendation of an independent examining body, and in Korea, Poland and the United States they are decided by the President/Prime Minister. Collective bargaining in OECD member countries enables governments to put public service reforms on the table and make trade-offs between pay and reform. For example, bargaining parameters in New Zealand include developing organisational capability to achieve outcomes and providing incentives for employees to improve their skills and performance. In Ireland, collective agreements have been used to negotiate a wide range of public service reforms and changes in working practices.

Over the longer term, as the system of employee relations matures, developing a pay bargaining system would provide a valuable additional instrument for the Dominican Republic to link pay to productivity improvements and drive reform objectives such as better organisational performance. A link could also be made via improvements in pay and conditions in priority areas of the National Development Plan Strategy (END, *Estrategia Nacional de Desarrollo*) – for example, by making careers in education more

attractive in terms of pay and conditions. Given that the system of employee relations is in its infancy, there is an opportunity for the government to take the initiative in guiding the evolution towards a more mature system of pay bargaining and thereby reducing the risk that a confrontational and fragmented system of industrial relations could emerge.

Salaries of senior public servants are set by presidential decree. Salaries of vice-ministers are fixed as a percentage of the salary of the minister. For directors, the salary is fixed by the ministry based on criteria linked to the job characteristics. There are no set scales and it appears that salaries of senior managers can vary significantly from one organisation to another, particularly in the autonomous entities. The compensation of senior managers includes a range of fringe benefits. Salary dispersion – that is, the difference between the highest and lowest salary – is extremely high compared to other Central American and Latin American countries (IDB, 2009). This suggests that salaries of senior public servants are generally high compared to those of other employees. Salaries of senior officials will be regulated by the new salary law passed in August 2013, and MAP is charged with developing salary scales based on the complexity and risk exposure of positions.

While it is important to set the compensation of senior managers at a level that will attract and retain talented people and reflect their level of responsibility, compensation in these positions can be a sensitive public issue, particularly in times of financial crisis. In preparation for implementing the new salary regime, it would be useful for the Dominican Republic to benefit from the OECD publication *Government at a Glance for Latin America and the Caribbean (LAC)* (OECD/IDB, 2014), and also compare the total compensation of senior managers in a selection of countries in the region.

Importance of reviewing and restructuring the public service pension system

While this review of the Dominican Republic did not cover the public service pension system, a few short comments seem in order. The age structure of the central government workforce suggests that there will be a relatively large number of retirements over the coming decade, and this is bound to put pressure on pension schemes. It also appears that pensions are paid out of the salary budget of institutions, at least in some areas of the public service, and that this is problematic as institutions may not be able to afford their pension costs and may have to keep pensioners on the payroll as employees, thereby preventing new hiring into positions.

Pensions are a necessary part of the framework for the career public service, although they are mentioned only briefly in Public Service Law 41-08. It is likely that the Dominican Republic will find it necessary to review and restructure the public service pension system. Issues that are likely to arise in this context are the affordability and financing of the pension system, the level of benefits, and the retirement age. In considering how to approach pension reforms, the Dominican Republic may find it helpful to consider methods that have been used in OECD member countries (see Box 2.18).

Box 2.18. Methods used to reform public service pension schemes in OECD member countries

Revision of the formulae for calculating old age pensions. Contribution periods have been extended to 40 years in a large majority of OECD countries. Reforms are generally implemented gradually, with a preference for long transition periods. Extensions of contribution periods have often been accompanied by cuts in pension benefits, and the calculation formulae have been changed to align them with rules applying in the private sector. As a result, “final salary” is increasingly being replaced in the calculations by “average salary”, or even by “average lifetime earnings”, so as to encourage people to remain in formal employment.

Raising the retirement age. Changes to how pensions are calculated have in many cases been accompanied by changes to the rules for eligibility. The age at which pensions may be drawn has been raised in most OECD member countries.

Reduced compensatory entitlements. Women are in many cases entitled to particular benefits to compensate for their low labour-market participation and modest earnings compared to those of men. The purpose is to ensure that older women have an adequate standard of living. However, a number of countries are cutting those benefits, arguing that women’s participation in the labour market has increased.

Limiting early retirement. Some countries have taken steps to restrict eligibility and to limit access to benefits such as disability or sickness in pension schemes due to increases in the number of beneficiaries. Workers are also discouraged from retiring early in some countries by reducing their pensions by a percentage proportional to the missing years of service.

Encouraging deferred retirement. In response to the challenges posed by an ageing population and civil service, many OECD countries now seek to retain older workers through financial measures, such as bonuses. The generosity of the bonuses varies, and they do not always enable a maximum replacement rate.

Development of funded schemes and contributions by civil servants to their pension schemes. In a number of countries, the state seems to be partially withdrawing from participation in mandatory schemes through the development of occupational schemes or supplemental pension plans as a way to limit government funding of pensions and benefit-related expenses but also to compensate for the declining level of worker pensions, in the public sector in particular. In some OECD countries, the high replacement rates that public employees obtain from their basic pension do not justify the institution of supplemental schemes.

Source: OECD (2010), *OECD Reviews of Human Resource Management in Government: Brazil 2010*, OECD Publishing, Paris, <http://dx.doi.org/10.1787/9789264082229-en>.

Key recommendations

A. Short term (1-2 years)

A whole-of-government perspective on the size, structure and allocation of the workforce is essential to align staffing with the government’s priorities. Measures that would help achieve this include:

- A strategic review of public service staffing in order to support a whole-of-government approach to restructuring and rightsizing the workforce and to identify priority areas where workforce planning should be developed first.
- Using the results of a strategic staffing review to identify opportunities to reallocate positions in line with the priorities set out in the National Development Plan Strategy (END, *Estrategia Nacional de Desarrollo*) and to achieve savings.
- Developing targeted measures to raise the overall skill and qualification level of the workforce to support improvements in public services, innovation and E-government.

Controls over staffing numbers and payroll costs should continue to be improved. Measures that would help achieve this include:

- Improving control over the employment of temporary staff to ensure that complies with the provisions of Public Service Law 41-08.
- Ensuring that all central government institutions participate in the validation process of their workforce budgets by MAP and bringing all institutions up to the same level of capacity in this regard.

Implementation of the career system could be further strengthened. Measures that would help achieve this include:

- Allocating additional staff within MAP to supervise the procedural correctness and quality of the process of incorporating staff into the career service and accelerating the capacity building of the HRM function in ministries and other institutions. The quality of the incorporation process needs to be rigorously overseen by MAP. The implementation of the career public service could best be facilitated by a fair and well-coordinated approach. Centralisation rather than decentralisation seems to be required in the short to medium term.
- Ensuring that the career system is insulated against political interference and holding ministers and senior managers accountable for implementation of the career system. This could be done, for example, through regular reporting to the President and Congress and/or a regular progress review at Cabinet level with a requirement for ministers to account for progress in the institutions for which they are responsible.
- Maintaining vigilance to avoid a situation where organisations seek derogations to opt out of the career system, or simply fail to put the provisions of Public Service Law 41-08 into effect in a timely manner.
- Using the results of a strategic staffing review to guide a more targeted approach to incorporation of employees into the career system and linking the incorporation process to the institutional restructuring process. This will help to avoid incorporating employees whose skills and/or functions may not be required in the future.
- Identifying areas of good practice in managing the incorporation process strategically and disseminating them to other areas of the public service. This could be supported by MAP establishing a template for management of the incorporation process in order to spread a more strategic approach to other institutions.

A broader set of HRM instruments could be used to facilitate rightsizing and reallocation of the workforce. Measures that would help achieve this include:

- Making more use of the provisions of Public Service Law 41-08 to enable the dismissal of surplus employees to facilitate organisational restructuring. This may require allocation of funding to institutions for redundancy payments to surplus staff.
- Recruitment systems that provide flexibility in hiring staff at all levels (while applying merit-based approaches and avoiding the danger of politicisation), targeting skills for specific positions and increasing diversity.

- Increasing opportunities for mobility by holding more open recruitment competitions.
- Developing redeployment provisions to assist in restructuring the workforce and assessing whether redundancy provisions may need to be expanded.

Workforce planning should be developed in order to support better management of workforce costs and strategic alignment of the workforce with the government's priorities. Measures that would help achieve this include:

- Creating awareness of the strategic importance of workforce planning and starting to build capacity among managers and HRM staff.
- As a first step in workforce planning, developing scenarios of the size and structure of the workforce needed to deliver the government's strategic objectives and analysing the cost implications of different options. Projections could also be developed for key sectors.
- Building MAP's competence in workforce planning and starting to develop simple tools and guidelines for organisations to use. A workforce planning unit should be established in MAP.

The implementation of the salary reform will need to be sequenced carefully and be well integrated with other HRM reforms. Measures that would help achieve this include:

- Developing a job classification system that supports cohesion and mobility in the career public service.
- To the extent possible, developing standard job descriptions to replace institution-specific job manuals.
- Assessing what can be done to build support for the new system. A careful identification of winners and losers and the development of transitional measures should be part of the planning of the new pay system.
- Maintaining central control of the pay system rather than decentralisation in the short to medium term in order to establish an ordered pay system and gain firm control over pay costs.

B. Medium term (3-5 years)

Innovative approaches to public employment and strategic HRM can be an important source of cost savings and help the government of the Dominican Republic address emerging challenges such as ageing of the workforce. Measures that would help achieve this include:

- Continuing to manage the size and structure of the workforce to avoid unplanned long-term growth in the costs of public employment. This will be crucial to the success of the government's public service reform programme.
- Developing the ability to track and analyse workforce compensation costs and production costs of government services.
- Analysing demographic trends across the public service in order to have a clear picture of the age structure of the workforce, and developing policies to deal with the ageing of the central government workforce. Current and future workforce demographic challenges may significantly impact the capacity of the central

public administration to further modernise and innovate due to an absence of fresh ways of thinking and new perspectives.

- Assessing opportunities for outsourcing of certain technical and support functions in order to facilitate restructuring of the workforce and an overall increase in skill and qualification levels.

The career public service should continue to be institutionalised. Measures that would help achieve this include:

- Making application of the provisions of Public Service Law 41-08 part of the performance contract and performance assessment of senior managers when the organisational performance management system is implemented.
- Examining how the scope of the career service might be broadened over time so as to ensure its continuing viability.
- Prioritising the creation of transversal careers and avoiding a proliferation of special careers which would inhibit mobility and increase the risk of distorting the salary structure.

HRM instruments for managing the size and allocation of the workforce should continue to be developed. Measures that would help achieve this include:

- Developing workforce planning and linking it to the strategic planning and results-based budgeting systems. Heads of ministries and other institutions should be made accountable for workforce planning by incorporating it into the organisational performance framework.
- Implementing targeted sectoral strategies, focusing on matters such as workforce planning to optimise staffing levels, closing competency gaps and building HRM capabilities.
- Integrating competency management into workforce planning.
- Developing methods to track the mobility of employees and assessing possible barriers to mobility.
- Assessing the effectiveness of redeployment provisions and continuing to improve their implementation.
- Using competencies to develop a system of job profiling, with the emphasis on generic job descriptions to the extent possible in order to support flexible career structures, mobility and management of job classification.

Ongoing implementation of the salary reform should be used to provide the government with better instruments of salary management. Measures that would help achieve this include:

- Implementing measures to reduce pay dispersion.
- Developing MAP's capability for pay analysis to support the pay-setting process.
- Analysing the impact of different methods of salary progression on the evolution of payroll costs in order to establish a method that provides reasonable flexibility for the government to manage costs while giving employees a reasonable expectation of salary progression over time.

- Reviewing allowances and benefits with a view to reducing the number of additional pay components.
- Changing the method of pay determination by introducing a broader set of criteria to guide the government’s decisions regarding pay adjustments.
- Implementing a centralised, whole-of-government approach to pay setting to prevent a situation where relativities between different groups become an issue.

C. Long term (5 years +)

Strategic workforce planning and management should continue to be strengthened. Measures that would help achieve this include:

- Implementing additional measures to encourage mobility.
- Continuing to improve workforce planning at the whole-of-government level and within institutions.
- Implementing capability reviews of institutions as a tool to support improved workforce planning and to drive improvements in the capacity of institutions.

Management of the pay system and pay setting should continue to be improved, and the public pension system should be reviewed and restructured. Measures that would help achieve this include:

- Developing benchmarking methodologies as an input into pay setting.
- Using international comparisons within the region to inform salary setting for senior public servants.
- Developing a total remuneration approach to pay management. The transparency and competitiveness of remuneration would be enhanced by developing a clearer “offer” for public servants, focusing not only on pay but also on non-financial benefits such as pensions, opportunities for learning and opportunities for career development.
- Developing a pay bargaining system – as the system of employee relations matures – enabling the government to use pay as a valuable instrument to link to productivity improvements and to the priority areas (such as education) of the National Development Plan Strategy (END, *Estrategia Nacional de Desarrollo*), driving reform objectives such as organisational innovation and performance. This could also help avoid the emergence of a confrontational and fragmented system of industrial relations.
- Developing the compensation system as a management tool, to increase flexibility, influence employee behaviour and improve performance.
- Reviewing and restructuring the public service pension system.

Notes

1. Presentation by the Vice-Minister for Public Administration (MAP) to the OECD review team, July 2013.
2. Data on separation of employees are provided in *Estadísticas de la República Dominicana, Presidencia de la República Dominicana, Secretaría de Estado de Administración Pública-SEAP, documento presentado en el XV Foro organizado por el Instituto Centroamericano de Administración Pública (ICAP) y la Dirección General de Servicio Civil (DGSC) de Costa Rica*, 14-16 April 2010.

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Chapter 3

Investing in the future by acquiring, building and retaining talent in the Dominican public administration

This chapter reviews the Dominican workforce capacity and capability. In many OECD countries, competency management has become a key strategic HRM instrument and a vehicle for organisational and cultural change. Having employees with the right capabilities is essential for organisations to get work done to the required quality level and to improve their results, remaining viable through innovation and the capacity to adapt in a changing world. The recruitment process is a highly visible symbol of public service values. Firmly established merit-based recruitment and selection practices based on fairness, objectivity and transparency enable governments to inject new skills into the public administration and contribute to workforce agility, ensuring that the civil service is staffed by competent and efficient employees. Centrally managed training and development programmes aimed at current and potential future leaders are also receiving a great deal of attention in OECD countries and are increasingly linked to other HRM processes.

The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.

Introduction

Acquiring and retaining talented employees and building workforce competencies are major concerns for employers everywhere. Having employees with the right capabilities is essential for organisations to get work done to the required quality level and improve their results, remaining viable through innovation and the capacity to adapt in a changing world. This is why employers in both the public and private sector invest a lot of effort in recruitment and selection, training and development of staff, and retention of talented employees.

Recruitment and selection practices should enable governments to inject new skills into the public service and contribute to agility in the public workforce. Public sector employers have to satisfy an additional concern, which is to ensure that public employees are selected on fair and objective grounds, preventing all forms of patronage, personal as well as political. This serves a dual purpose: recruitment on the basis of merit ensures that the public service is staffed by competent, efficient employees; and it prevents inappropriate influence over the public administration and misuse of the public payroll through putting one's family, friends or associates into jobs. The recruitment process is a highly visible symbol of public service values and a key element of trust in the government and public administration. All democratic countries have rules in their constitutions and/or primary legislation which are intended to protect the principle of merit-based recruitment to the public service. These provisions are backed up by recruitment and selection arrangements which ensure merit, fairness, objectivity and transparency.

Competency management has become an important instrument for building the capacity of the workforce. It enables the systematic identification of skill gaps and the integration of strategies for recruitment, workforce planning and training. Competencies are also used to underpin career development systems, with an increasing emphasis on the need for employees to invest in their own development and manage their careers. In many OECD member countries, competency management has been introduced as a strategic part of a broader public service reform process aimed at creating a more flexible, adaptable and effective workforce. As such, it can be a vehicle for organisational and cultural change.

Recruitment, promotion and careers: importance of flexibility and diversity

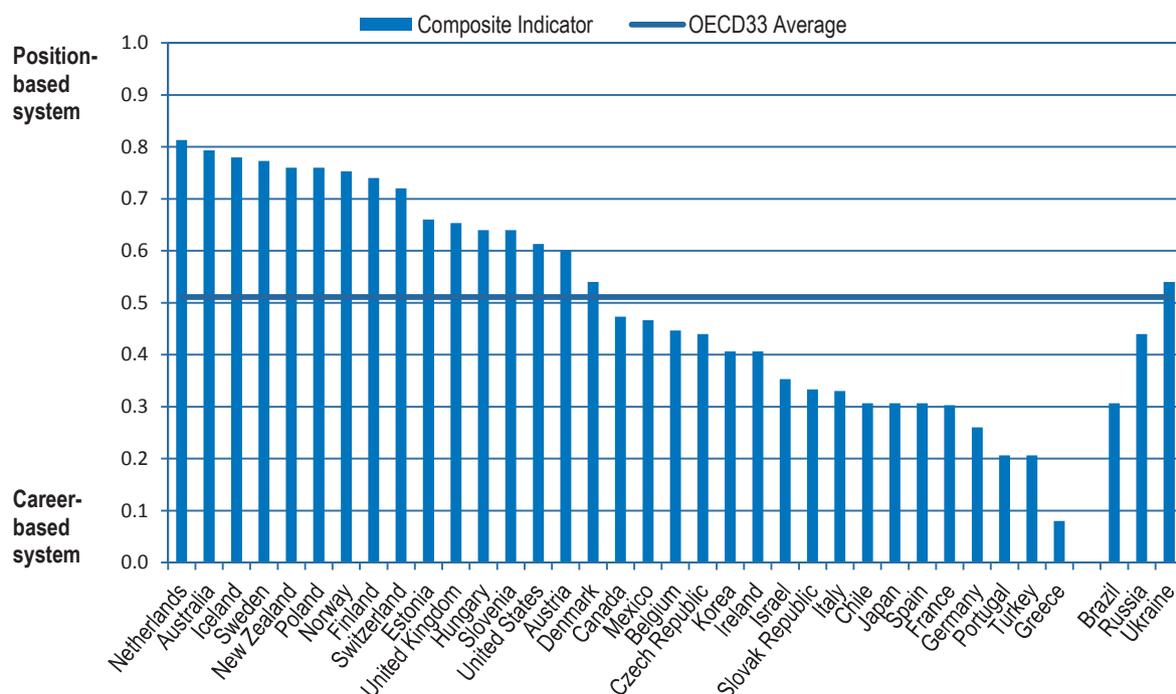
In theory there are traditionally two basic models for recruiting staff into the public service in OECD member countries: one based on careers and one based on positions. In career-based systems, public servants are hired at the start of their career at the lowest hierarchical level corresponding to their education, and higher-level posts are filled by internal promotion within a defined promotion structure. This type of system is characterised by a strong emphasis on career development. Examples include France, Germany, Japan and Spain. In position-based systems, candidates apply directly to a specific post, most posts at all levels of the hierarchy are open to both internal and external applicants and, while there are grades for pay purposes, there is usually not a structured career progression system. Examples include Australia, Finland, the Netherlands, New Zealand and Sweden. Both system types are evolving, as public services seek to achieve more flexibility to bring in new competencies and more internal mobility (see also Table 3.1).

Table 3.1. Main characteristics of career-based and position-based systems: a changing landscape

	Career-based system		Position-based system	
	Advantage	Disadvantage	Advantage	Disadvantage
Entry to civil service	Equity and justice secured by skills exams/diplomas. Government's collective value secured by similar induction courses for different public servant categories.	Weak hierarchical values: different values and culture that depend on the hierarchical level of the groups. Weak evaluation at entry level in the candidates' results approach. Weak cultural and collective values.	Equity and justice secured by the competitive and open process for each position. More collective values among staff regardless of hierarchical level.	Possible subjectivity at entry point when there is no transparent recruitment process. Weak common values in entry positions.
Promotion	Limited possibilities of an unfair staff management by separation of rank (acquired with time spent in civil service) and the specific position.	Lack of transparency in the assignment to different positions due to a weak evaluation of staff.	Equity and justice secured by a strong individual performance evaluation.	When processes are not transparent, there are possibilities of clientelism. More problems for interdepartmental assignments.

Source: Presentation by the OECD review team during the official launch of this study (April 2013).

In practice there is no such thing as a “pure system”: in fact, many OECD countries reflect *de facto* a mix of these two models (hybrid system) as can be seen in Figure 3.1 which shows the openness level of recruitment systems, including their openness to applicants from outside the public service (see also Chapter 5). Nowadays several countries with a career-based system (such as Germany) allow for recruitment at mid-career level, although to different degrees.

Figure 3.1. Type of recruitment system used in central government

Source: OECD Survey on Strategic HRM in Central/Federal Governments (updated in 2013 on the basis of 2012 data), unpublished. The Dominican Republic is not included in this figure because of the ongoing transition phase to a public recruitment system incorporating career-based elements.

Governments in OECD member countries are increasingly concerned to promote flexibility, innovation and the capacity to respond rapidly to change – what is termed strategic agility – in the public service, and the recruitment system is one of the key HRM instruments for this (OECD, 2012). Each type of recruitment system can contribute to agility in the public workforce in different ways (see also Figure 5.5 in Chapter 5 on the correlation between the recruitment system and HRM delegation in central government). Countries with career-based systems may have more flexibility to reallocate employees in line with changing priorities and may be able to facilitate mobility more easily. In position-based systems, governments can hire targeted skills for specific positions more easily at all levels, resulting in a better match between the candidates and the needs of the position. Position-based systems are also more likely to have staff with a diversity of experience and thinking at all levels, which can facilitate agility. In general, recruitment systems that are open to external candidates at any point in their careers provide managers with the possibility to adjust their workforce more quickly in response to changing conditions. Countries with more position-based recruitment systems also appear to grant line ministries more authority to make HRM decisions, leading to greater flexibility (OECD, 2012). Over the years, some OECD countries have moved towards more position-based systems. For example, both Italy and Poland have recently done so in order to increase flexibility, while Ireland has introduced open recruitment for management posts in its career-based system.

As governments seek to inject new skills and staff into the public service, a widespread trend has been to focus the selection criteria on needed competencies, while ensuring that merit remains the basis of the recruitment process. There has been a move away from defining merit purely or even primarily in terms of formal educational attainments; competencies and relevant work experience are now commonly used in public service recruitment. This change has come about in order to ensure that the recruitment system is delivering people with the right capabilities and also to ensure that it is not unintentionally narrowing the field of potential candidates. Reflecting the impact of this development, public employers now tend to use a variety of selection methods: while educational qualifications still count and formal examinations remain widely used in the initial stages of large-scale, base-grade recruitment exercises, best-practice methods such as competency-based testing, interviewing, assessment centres and other such methods are now relatively commonplace.

Diversity has become an important issue in recruitment (OECD, 2011a). Initially, the emphasis was on equal employment opportunities and ensuring that there was no discrimination on grounds such as gender, age, ethnicity or other characteristics. The focus has now shifted to a broader concern about diversity as a resource for employers. Some studies have shown that diversity correlates positively with innovation and organisational performance by bringing different capabilities, mindsets and perspectives into the workforce (European Commission, 2013; Von Bergen et al., 2005). Diversity is also about improving the representation of different social groups in the public workforce. This is not only a matter of access and fairness; diversity contributes to effective policy making and delivery by including a wider range of social perspectives.

A renewed effort to establish merit-based recruitment

The creation of a professional career public service, recruited on merit, is recognised by the government of the Dominican Republic to be essential to its strategy for improving the quality of public services and is one of the government's main priorities within the overall programme of modernising human resource management (HRM) in the public

service. This gives merit-based recruitment a strong political impetus, which has resulted in significantly more progress over the past several years than was achieved with earlier initiatives.

Merit-based recruitment was first legislated in Law 14-91. However, implementation proved difficult. The career public service only began to be established in 1999, and the initial experience was not encouraging in terms of limiting political influence over the hiring, promotion and firing of civil servants. The hiring of staff under the general civil service system, without a requirement for merit-based competitions, continued to be the most common approach. The hiring of *nominales* also continued; these are public employees hired by institutions without the approval of the President and who are not registered by the *Contraloría General* (IDB, 2006). Moreover, some 3 000 employees incorporated into the new career civil service lost their jobs in 2004 as a result of a change of government (IDB, 2006). Despite these setbacks, pockets of merit-based recruitment began to be established, especially in ministries which required staff with good technical expertise: for example, the ministries of Labour, Environment and Planning, as well as the *Contraloría General* and the Internal Revenue Service, began to introduce qualifications to do the job as the basis for hiring and to use HRM professionals to carry out their recruitment (IDB, 2006). Merit-based hiring of directors, assistant directors and teachers in the education system was a significant achievement, which will undoubtedly contribute to improving the quality of the school system (IDB, 2009).

There has been a renewed effort to firmly establish merit-based recruitment since 2008. Under the provisions of Public Service Law 41-08, merit-based recruitment is steadily being consolidated and expanded. The law covers all public institutions in the central government, decentralised services, autonomous entities and local government, whereas Law 14-91 was confined to central government. Standardised recruitment and selection procedures were published in 2010 and the first recruitment competitions under the new procedures were held in 2011. MAP is responsible for monitoring and controlling each recruitment exercise. In order to speed up this process, MAP issues an opinion at each stage of the process rather than auditing the completed process.

A significant gap in merit-based recruitment remains to be closed

MAP's strategic plan includes specific goals for increasing the number of institutions applying merit-based recruitment, and progress is tracked and published through SISMAP. The most recent data available on SISMAP (September 2013) show that while there is steady progress, there remains a significant gap to be closed: 19 out of 296 organisations included in SISMAP scored 90-100% on the employment management indicator which includes, among other things, holding recruitment competitions and attending training on recruitment and selection; 26 organisations scored 80-89%; 30 scored 50-67%; and 221 scored less than 50%, of which 158 scored zero. It would seem, therefore, that the majority of organisations are not yet using merit-based recruitment procedures and that renewed efforts are necessary to close the gap.

The number of positions being filled through recruitment competitions is still small, and most recruitment competitions are closed internal competitions within an institution rather than being open to public servants from other institutions or external candidates (see Table 3.2).

Table 3.2. Number of recruitment competitions held in 2011-2013

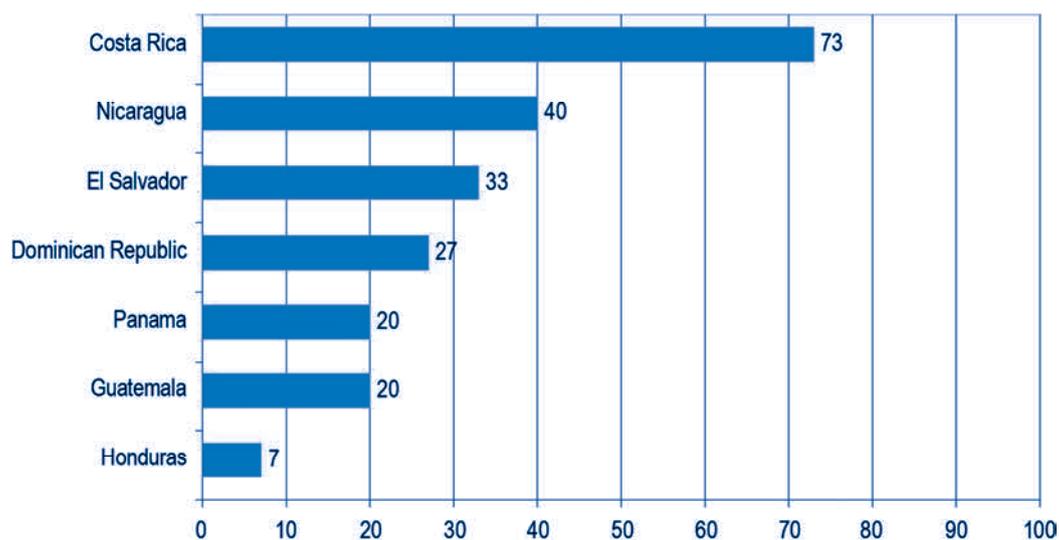
	Number of recruitment competitions held (and places filled)				Total
	Closed internal	Open internal	External	Once-off external (<i>Curso Concurso</i>)	
2011	13 (23)	12 (22)	9 (19)	1 (100)	35 (164)
2012	25 (25)	16 (14)	16 (20)	1 (10)	58 (69)
2013	18 (25)	13 (14)	11 (20)	n.a.	42 (62)

Source: Ministry of Public Administration of the Dominican Republic (MAP), 2013. Data for 2013 cover only the period January to July.

There appear to be several reasons for the small number of recruitment competitions. Convincing institutions to use competitive hiring is the biggest challenge according to MAP. It may also be that government organisations are concentrating on incorporating existing staff rather than new hiring. The large majority of additions to the career public service up to now have been through incorporation of existing employees rather than via recruitment competitions (SEAP, 2010). This may be partly due to budgetary restrictions on the creation of new positions and partly to a lack of workforce planning and identification of new competency requirements, which might drive organisations to engage in new hiring. However, the number of internal closed recruitment competitions is also very small. This suggests that organisations may be circumventing the competitive procedure and carrying out their own hiring outside the new framework without involving MAP. Another reason for the small number of recruitment competitions is that while competitions are organised by the recruiting organisation, competitions have to be approved and opened by MAP and this leads to delays, as MAP does not have sufficient staff to deal with recruitment. It may also be that organisations are bringing in staff on temporary contracts and simply letting their engagements continue past the statutory six months.

International benchmarking undertaken by MAP is valuable in showing where the Dominican Republic stands in comparison to other countries in the region and where the main problems lie in establishing merit-based recruitment. The Dominican Republic reached a score of 27 out of a possible 100 on the merit criterion of the *Central American Barometer on Public Service Professionalisation* in 2012 and was the fourth country out of seven included in the Barometer (Figure 3.2). This criterion reflects the guarantee of professionalism in the functioning of the public service, the degree of effective protection from arbitrariness, and the degree of politicisation and rent-seeking behaviour. As the data for the Barometer were gathered for the years 2009-2011, when the new recruitment procedures were just being launched, it is likely that the situation of the Dominican Republic has continued to improve since then.

Figure 3.2. Second Barometer on Public Service Professionalisation in Central America and the Dominican Republic: Merit



Source: ESADE (2012), *Segundo Barómetro de la profesionalización del empleo público en Centroamérica y República Dominicana*, presentation of preliminary results, Francisco Longo, Instituto de Gobernanza y Dirección Pública, Santo Domingo.

Benchmarking analysis shows that three types of problem have been encountered in establishing merit-based recruitment in the Dominican Republic: technical problems due to lack of qualified personnel to organise recruitment; regulatory problems due to procedures being slow and bureaucratic; and political problems, due to reluctance by politicians to lose direct control of personnel hiring. On the Latin American criteria of public administration, the recruitment system scores well in terms of five of the eight criteria: publication and dissemination of vacancies; existence of a system of open competition; transparency of the process; technical management of the procedures; and trustworthiness and quality of the instruments used to assess candidates' competencies. Areas where there is a question mark over the system include the guarantee of impartiality of the recruitment process and the selection of the best candidate based on principles of merit and capacity. The recruitment process was considered to not yet meet the necessary level of efficiency and effectiveness (FIIAPP, 2012).

Further effort is needed to embed and protect merit-based recruitment

While significant progress has been made in designing and launching the recruitment system, these findings underline the need for additional measures to firmly establish merit-based recruitment and ensure that the process is applied uniformly and properly throughout the public service. Currently, ministries and other organisations are being encouraged to apply merit-based recruitment in several ways:

- A key strategy is the inclusion of merit-based recruitment as one of the criteria for organisations participating in the National Quality Award (*Premio Nacional a la Calidad y Reconocimiento a las Prácticas Promisorias*). The quality system is considered to be a crucial instrument for convincing users of public services and public sector organisations to accept the need for merit-based recruitment.
- The importance of capacity building is another priority. MAP has launched a programme of training HRM staff in ministries and other organisations in merit-

based recruitment and selection techniques, although data held in SISMAP indicate that the number of organisations taking advantage of this is still small.

- The engagement of civil society and public scrutiny are encouraged and facilitated as part of the government's change management strategy. Through SISMAP, the public can see which institutions are recruiting through merit-based competitions, while a member of civil society sits on each recruitment panel to ensure adherence to the law.
- MAP has worked with the *Contraloría General* to set up a process to close off the possibility of recruiting outside the system of merit-based competitions for career positions, other than in the strict circumstances prescribed by law, whereby temporary staff on fixed-term contracts can be recruited to fill a career vacancy for a maximum period of six months.

Experience in Latin American countries and elsewhere shows that efforts to implement merit-based recruitment and promotion need strong, sustained political backing and reinforcement. The President's commitment to this key reform should be used to stimulate all ministers to ensure that merit-based competitions are used consistently in the organisations for which they are responsible. This could be backed up by a requirement for vice-ministers and directors-general to report every six months on the number of staff hired and promoted compared to the number of competitions held, thus making them personally accountable for applying the required procedures. The establishment of a merit protection agency, as discussed below, would enable accountability mechanisms to be put on a permanent institutional footing.

Once the system of organisational performance management is fully functioning in an institution and a management contract has been signed, the consistent use of the recruitment and promotion procedures laid down in Public Service Law 41-08 should be one of the performance criteria. Internal control mechanisms also need to be reinforced. Until such time as the organisational performance management system is in place, effective control by the *Contraloría General* will continue to be an essential safeguard for the merit system, even though this is a work-intensive process.

To strengthen merit assurance, the Dominican Republic should consider establishing an independent merit protection agency with powers of investigation, audit and reporting. Such bodies have proved very effective in a number of OECD member countries. This would send a strong political signal about the commitment of the government to the merit principle and increase confidence in the recruitment and promotion system. There are several models the Dominican Republic could consider (see Box 3.1): in Canada, the Public Service Commission is an independent agency, accountable to Parliament for safeguarding the integrity of appointments and overseeing the political impartiality of the federal public service. The Merit Systems Protection Board in the United States is an independent, quasi-judicial agency in the executive branch of the United States government that serves as the guardian of federal merit systems, while another independent executive agency, the Office of Special Counsel, has powers of investigation, enforcement and prosecution. The common feature of these systems is their independence. They are above politics, are staffed with respected individuals who are appointed in a transparent manner, are mandated to investigate, and are well-equipped to carry out their functions. Experience shows that it is critical that such bodies have an independent statutory basis, are well-resourced, and are headed by highly respected senior figures.

Box 3.1. Merit protection agencies in Canada and the United States

Canada: The Public Service Commission of Canada (PSC) is an independent agency responsible for safeguarding the values of a professional public service: competence, non-partisanship and representativeness. The PSC safeguards the integrity of staffing in the public service and the political impartiality of public servants. The PSC can investigate:

- external appointments;
- internal appointments, if not delegated to an organisation;
- any appointment process involving possible political influence or suspected fraud.

All external and internal appointments are made by the PSC, although authority to make appointments can be delegated to the most senior civil servants (deputy ministers). Deputy ministers must respect PSC appointment policies in exercising their delegated authority and they are held accountable to the PSC for the appointment decisions they make, through mechanisms such as monitoring, reporting, studies, audits, investigations and corrective actions. The PSC may limit or remove delegated authority from a deputy minister. In turn, the PSC is accountable to Parliament on the integrity of the public service appointment system.

United States: The Merit Systems Protection Board (MSPB) is an independent, quasi-judicial agency in the executive branch that serves as the guardian of federal merit systems. MSPB is empowered to hear and decide complaints for corrective or disciplinary action when an agency is alleged to have committed a prohibited personnel practice. MSPB carries out its statutory responsibilities and authorities primarily by adjudicating individual employee appeals and by conducting merit systems studies. In addition, MSPB reviews the significant actions of the Office of Personnel Management (OPM) to assess the degree to which those actions may affect merit. The Office of Special Counsel (OSC) is an independent executive agency which investigates allegations of prohibited personnel practices, prosecutes violators of civil service rules and regulations, and enforces the relevant legislation.

Sources: Public Service Commission of Canada, www.psc-cfp.gc.ca/index-eng.htm; United States Merit Systems Protection Board, www.mspb.gov/index.htm.

Most appointments to management positions are currently outside the system of merit-based recruitment. However, the scope provided by Public Service Law 41-08 to designate positions below the most senior management level as career positions is a promising step, as is the experience with merit-based appointment of managers in the education sector. The government should take advantage of this to create a core group of well-trained senior and middle managers, who are selected on merit, to help build and sustain leadership for its reforms. In future, once there has been sufficient time for turnover to occur and new appointments to be made, MAP might usefully benchmark the proportion of managers who have been recruited on merit compared to other countries in the region.

In addition to these initiatives, the government could consider how recruitment to positions that remain outside the career service could nevertheless be made more rigorous and impervious to nepotism. This would help to raise the general quality of employee qualifications and support the objectives of improving quality and results across the public service.

Ongoing monitoring, evaluation and reporting of progress with the implementation of merit-based recruitment are essential. In this context, reporting to the President and Congress would reinforce the public scrutiny and transparency mechanisms that are

already in place. The Dominican Republic should also continue to benefit from international benchmarking as a way of improving the recruitment system.

The recruitment process is well designed but needs to be made more rapid and efficient

The Dominican Republic looked to international good practices in designing the recruitment system. International contacts included Brazil, Chile, Costa Rica, Korea and the United States. A major achievement is the ongoing implementation of competency-based recruitment. The standard recruitment procedure includes a weighted evaluation of the following: academic qualifications (15%); for internal candidates, performance evaluation (30%); for external candidates, work experience and a personality test or other form of psychometric testing (30%); testing of technical competence and knowledge (35%); interview (20%). In internal competitions, there is also a requirement that candidates must not have had any disciplinary sanction within the last year, excluding minor infringements.

Recruitment to the career service is decentralised to the hiring institution, with MAP exercising oversight and control over recruitment to the administrative career. MAP sets the recruitment guidelines, trains HRM staff in the ministries and other institutions to run the process, and supervises the application of the guidelines. Once an authorisation to hire is given, the hiring institution requests the opening of a competition and MAP reviews the advertisement. Vacancies are published in the press and on the MAP website. An official from MAP is assigned to sit on the selection jury and to document that the selection process has adhered to all the requirements. There is also a representative of civil society whose role is to validate that the process has adhered to the law. MAP approves the composition of the selection jury and provides technical assistance to the hiring institution if required.

Three types of merit-based recruitment competition are permitted: *i*) a closed internal competition, open to career public servants within the hiring institution; *ii*) an open internal competition, open to all career public servants; and *iii*) a public competition open to all public service employees (both career and non-career) and external candidates. Between 2011 and 2013, about 27% of competitions were public, 31% were open internal competitions and 42% were closed internal competitions (see Table 3.2 above). For all three types of competition, the law requires advertising through traditional and electronic media, whether internal or external, in order to promote equality of opportunity and reach as many potential applicants as possible.

The three-stage selection mechanism is explicitly designed to provide career opportunities for existing staff within the career system. To fill a vacancy, a closed internal competition must first be held within an institution; if the job is not filled, an open internal competition must then be held; an external competition is only held when it has not been possible to find a suitable candidate through an internal competition. This approach contributes to making the recruitment cycle very long, taking 69 days on average to complete. Recruitment is probably also expensive; as a separate competition is held for each vacancy, there are no economies of scale. Organising grouped competitions for similar types of jobs would help to reduce the length of the recruitment cycle, but this will require better planning by the hiring institutions and common job profiles. There are plans to develop an e-recruitment system (electronic recruitment system), which would certainly help in streamlining the process (Portal CONCURSA).

There is a probationary period of up to six months for those appointed to a new job within the career service, which appears to be reasonably rigorous in its application.

The recruitment process needs to be made more efficient in order to encourage organisations to implement it. Unless this happens, there is a risk of the entire system being undermined, as critics will claim that it is too slow and is not delivering the right skill sets for organisations. The solution adopted in a number of OECD member countries has been to set up a central agency to organise and manage the recruitment process. This approach would have the advantage of freeing MAP from the need to be involved in detailed procedural work relating to recruitment, insulating the recruitment process from the risk of improper influence within government organisations, and ensuring consistency and quality across the public service. While organisations that have been accustomed to managing their own recruitment may have reservations about such an approach, the use of a central recruitment agency should offer benefits to them by shortening the time for recruitment and providing economies of scale.

The federal selection office in Belgium (SELOR) and the Public Appointments Service in Ireland might serve as models (see Box 3.2). Such a body could be formally mandated to manage all recruitment for the career public service. Once merit-based recruitment is firmly established, limited delegation could be reintroduced if wished. In Ireland, organisations can be licensed to carry out their own recruitment, provided they have the necessary capacity and a proven record of merit-based appointments. Merit is protected in Ireland by a separate independent body, the Commission for Public Service Appointments, which sets standards for recruitment and selection that are published as codes of practice, and safeguards these standards through regular monitoring and auditing of recruitment and selection activities. Combining the establishment of a central agency with the introduction of an e-recruitment system should significantly reduce the work-intensiveness and bureaucracy involved in recruitment, while helping to ensure compliance with the required procedures.

There are two key steps that could be taken to reduce the recruitment time cycle. First, the requirement for a central authorisation to open a position, which is used as a tool for controlling staff numbers, has serious drawbacks. It makes it more difficult for organisations to handle their own workforce planning and adds to the length of the recruitment cycle. This problem could be overcome by splitting the process of central staffing control from that of planning recruitment competitions, so that recruitment could be organised on a different schedule from authorisations to open positions. In addition, MAP should review how recruitment can be made more continuous, for example through better planning of recruitment and more grouping of competitions.

Second, the procedure of holding three different types of recruitment competition sequentially (internal closed, internal open, and public) seems unnecessarily cumbersome and makes for a lengthy process. While it is understandable that there would be a wish to provide career opportunities for existing members of the career service, particularly in the early years of the career system, this has to be weighed against the length of time required to complete a recruitment process, which may discourage organisations from implementing merit-based recruitment. The use of competencies in recruitment should make it possible for organisations to assess whether the necessary competencies are available internally or whether an external recruitment competition is needed, thereby shortening the process. It would be preferable for organisations to have the flexibility to proceed directly with a public competition or an open internal competition, where this is considered necessary, or to run internal and external competitions in parallel.

Box 3.2. Recruiting organisation and processes in Belgium and Ireland

In **Belgium**, recruitment criteria are agreed between SELOR (the federal selection office) and the recruiting organisation, and specify the skills and types of employees that the organisation wants to recruit. SELOR advertises the selection, receives applications, vets the applicants for formal requirements, conducts the different tests and examinations, and draws up a ranked list of applicants that have passed the selection and that are thus eligible for tenured public service.

SELOR's main advantages are its professionalism and its independence from the recruiting organisations. It is a modern recruitment agency using state-of-the-art methods. It has developed expertise in competency and methodology certification; has invested in modern facilities and equipment; and uses e-recruitment processes. It is funded by the federal budget and has been able to expand its activities without increased funding.

In **Ireland**, recruitment of tenured civil servants in the government administration is managed by the Public Appointments Service (PAS). Candidate testing includes job simulation types of tests, strategic exercises, competency tests and, to a lesser extent, the examination of achievements. The process generates a ranked list of approved candidates. These are then offered employment as vacancies become available, with limited possibilities for the employers to choose whom to pick or for applicants to choose where to go.

PAS also carries out competitive examinations for senior levels in the local government sector, the health sector (including specialist doctors, managers, nurses and clerks), the police, and other agencies of the state. It also carries out executive searches, with tailored recruitment.

Both countries have a framework for decentralisation. In Ireland, departments and government bodies can handle their own recruitment under licence from the merit protection agency, the Commission for Public Service Appointments. A licence may be granted, provided that an organisation is considered to be sufficiently competent and subject to the government's code of practice for recruitment. PAS provides recruitment consultancy and training to client organisations and public bodies. In Belgium, thanks to a similar system of licensing, departments and government bodies can organise their own recruitment, but for contract-based staff only.

Sources: OECD (2007), *OECD Reviews of Human Resource Management in Government: Belgium 2007: Brussels-Capital Region, Federal Government, Flemish Government, French Community, Walloon Region*, OECD Publishing, Paris, <http://dx.doi.org/10.1787/9789264038202-en>; OECD (2008), *OECD Public Management Reviews: Ireland 2008: Towards an Integrated Public Service*, OECD Publishing, Paris, <http://dx.doi.org/10.1787/9789264043268-en>; Government of Ireland (n.d), www.taoiseach.gov.ie/eng/Work_of_The_Department/Jobs; Government of Ireland (n.d), www.publicjobs.ie.

Scope to expand career opportunities

To an extent, the mix of different types of competition is aimed to strike a balance between providing career opportunities for existing staff and bringing in new competencies. Increasing the proportion of public competitions is a way of bringing in new skills, while more open internal competitions would favour more mobility between different government organisations. One solution might be for MAP to decide on a proportion of competitions to be reserved in the first instance for internal candidates and a proportion to be subject to open, public competition without the need to hold internal competitions first. Another approach might be to fill middle management positions from within to the extent possible in order to create career opportunities, while placing more emphasis on external recruitment to bring in new technical and professional skills. Any planned changes should be evaluated in a strategic workforce planning context to ensure that they support the government's overall objectives for improving public services.

A key way of expanding career opportunities is through merit-based promotion. OECD member countries ensure merit and transparency in the promotion system by

having transparent, government-wide listing of openings which are filled through competitive competition, and other forms of merit assurance. The most important factors for being promoted are qualifications and performance, although years of experience remain a factor in a number of countries (see Table 3.3).

Table 3.3. Which of these factors are important for being promoted to a different grade or to a different hierarchical level?

	Top management	Middle management	Professional	Secretarial staff	Technical support
AUSTRALIA	- - - ◆	- - - ◆	- - - -	- - - ◆	- - - -
AUSTRIA	● ■ ▲ -	● ■ ▲ -	● - ▲ -	- - ▲ -	- - ▲ -
BELGIUM	- - - ◆	● ■ ▲ -	● ■ ▲ -	● ■ ▲ -	● ■ ▲ -
CANADA	- - ▲ ◆	- - ▲ ◆	- - ▲ ◆	- - ▲ ◆	- - ▲ ◆
CHILE	- - - -	● ■ ▲ -	● ■ ▲ -	● ■ ▲ -	● ■ ▲ -
CZECH REPUBLIC	- ■ ▲ -	- ■ ▲ -	● ■ ▲ -	● ■ - -	● ■ - -
DENMARK	● ■ ▲ -	● ■ ▲ -	- - ▲ -	- - ▲ -	- - ▲ -
ESTONIA	● ■ ▲ -	● ■ ▲ ◆	- ■ ▲ ◆	- ■ ▲ ◆	- - ▲ -
FINLAND	- ■ ▲ -	- ■ ▲ -	- ■ ▲ -	- ■ ▲ -	- ■ ▲ -
FRANCE	● ■ ▲ -	● ■ ▲ -	● ■ ▲ -	● - - -	● - - -
GERMANY	- ■ ▲ ◆	- ■ ▲ ◆	- ■ ▲ ◆	- ■ ▲ ◆	- ■ ▲ ◆
GREECE	● ■ ▲ ◆	● ■ ▲ -	● ■ - -	● ■ - -	● ■ - -
HUNGARY	- - - -	● ■ ▲ -	● ■ ▲ -	● ■ ▲ -	- - - -
ICELAND	● - ▲ -	● - ▲ -	● - ▲ -	● - ▲ -	● - ▲ -
IRELAND	● ■ ▲ ◆	● ■ ▲ ◆	● ■ ▲ ◆	● ■ - ◆	● ■ ▲ ◆
ISRAEL	● ■ ▲ -	● ■ ▲ -	● ■ ▲ -	● ■ ▲ -	● ■ ▲ -
ITALY	- ■ ▲ -	- ■ ▲ -	- ■ - -	- ■ - -	- - ▲ -
KOREA	- ■ ▲ -	● ■ ▲ -	● ■ ▲ -	● ■ ▲ -	● ■ ▲ -
MEXICO	● ■ ▲ -	● ■ ▲ -	● ■ ▲ -	● ■ ▲ -	● ■ ▲ ◆
NETHERLANDS	- ■ ▲ ◆	- ■ ▲ -	- ■ ▲ -	- ■ ▲ -	- ■ ▲ -
NEW ZEALAND	- - - ◆	- - - -	- - - -	- - - -	- - - -
NORWAY	- ■ ▲ -	- ■ ▲ -	● ■ ▲ -	● ■ - -	- ■ - -
POLAND	● ■ ▲ -	- ■ ▲ -	- ■ ▲ -	- ■ ▲ -	- - ▲ -
PORTUGAL	● - ▲ ◆	● ■ ▲ -	- ■ ▲ -	- ■ ▲ -	- ■ ▲ -
SLOVAK REPUBLIC	● - ▲ -	● - ▲ -	- - ▲ -	- - ▲ -	- - - -
SLOVENIA	- - - -	● ■ - -	● ■ - -	● ■ - -	- ■ - -
SPAIN	● - ▲ -	● - ▲ -	● - ▲ -	● - ▲ -	● - ▲ -
SWEDEN	- - - ◆	- ■ - -	- ■ ▲ -	- ■ ▲ -	- ■ ▲ -
SWITZERLAND	- - ▲ ◆	- - ▲ ◆	- - ▲ ◆	- - ▲ -	- - ▲ -
TURKEY	● ■ ▲ -	● ■ ▲ ◆	● ■ ▲ -	● ■ ▲ -	● ■ ▲ -
UNITED KINGDOM	- ■ - -	- ■ - -	- ■ - -	- ■ - -	- ■ - -
UNITED STATES	- - ▲ -	- - ▲ -	- - ▲ -	- - ▲ -	- - ▲ -
RUSSIAN FEDERATION	● - ▲ -	● - ▲ -	● - ▲ -	● - ▲ -	● - ▲ -
UKRAINE	- - - ◆	- - - ◆	- - - -	- - - -	- - - -
DOMINICAN REPUBLIC	- - - -	● ■ ▲ -	● ■ ▲ -	● ■ ▲ -	● ■ ▲ -
● Years of experience	15	20	18	17	14
■ Performance appraisals	19	25	23	22	18
▲ Qualifications (relevance of education)	26	29	28	24	23
◆ Other	12	8	5	5	4

Table 3.3. Which of these factors are important for being promoted to a different grade or to a different hierarchical level? (cont.)

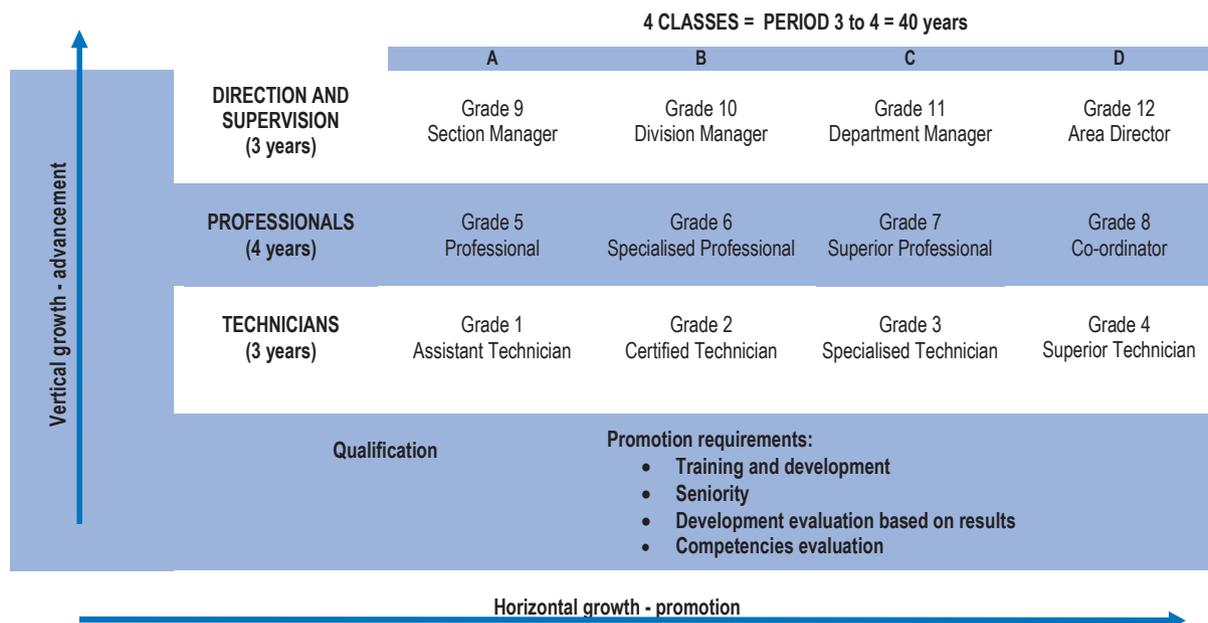
Note: No information available for Brazil and Japan. **Australia:** Vacancies are advertised and candidates apply in writing and are assessed on the basis of relative merit. Promotion is based on an assessment of the relevant merit of the candidates and the factors to be considered are not defined by legislation. **Belgium:** Top managers do not evolve to a higher level and if the function becomes more demanding or strategic, this function is weighted again and declared open to competition. **Canada:** All employees promoted to a higher level must meet the merit criteria established for the position to be filled. Merit criteria may include experience, educational qualification, completion of training programmes, occupational certifications, etc. Assessment of the merit criteria may include using performance appraisals and reference checks. **Estonia:** Agencies have the discretion to determine additional factors. **Ireland:** The majority of promotions are by competitive process. Success at competition and interview are the fundamental, basic factors in the majority of cases. **New Zealand:** Factors are dependent upon employment contracts and individual agency policy. **Portugal:** Starting in 2012, top management positions were expected to be filled through a competitive procedure conducted by a special committee known as the “Recruitment and Selection Committee for the Public Administration”, so top management positions will no longer be based upon political considerations. **Sweden:** Top managers are on temporary contract and are appointed by the government. **Ukraine:** There are no strict rules. **Dominican Republic:** Promotion includes both vertical and horizontal moves.

Sources: OECD Survey on Strategic Human Resources Management in Central/Federal Governments (information obtained from responses provided by countries for question number 73), updated in 2013 on the basis of 2012 data. Data for the Dominican Republic provided by MAP in response to the OECD survey questionnaire (July 2013).

In the Dominican Republic, factors that play a part in promotion to a job at a higher grade include training and development, seniority (time in post), performance, and competencies (see Table 3.3 and Figure 3.3). The internal recruitment system with closed internal and open internal competitions is used for promotion purposes within the career public service. Employees must go through a competition to enter a position at a higher grade. Promotions to management positions are an exception, as these positions are filled by discretionary appointment.

As recognised by the Dominican Republic, improving career opportunities within the career public service will help to build the commitment of employees to merit and professionalism. This can be done in ways that link to the emphasis on competency management and performance, thereby contributing to building the capability of the workforce. The initiatives to introduce competencies, design new job profiles and develop a job classification system should be used to create as much fluidity as possible in careers. Rather than each institution having its own job description manual and its own job profiles, the aim should be to reduce the number of job categories by creating interministerial job categories, as is already being done for some of the common transversal functions such as HRM and ICT. This would enable interministerial careers. Mobility of well-trained public administrators around the public service has the potential to spread new values and competencies, thereby contributing to the cultural change that is wanted.

For the general administrative career, MAP is developing an integrated career system based on merit covering the technical, professional and managerial categories (see Figure 3.3). The plan is that there will be opportunities to move up within a general occupational category through merit-based promotion and to move from one occupational category to another. The inclusion of managerial positions within this schema signals an intention to open up opportunities for merit-based promotion to certain management levels, although a time frame has not been established for the implementation of this system.

Figure 3.3. Promotion ladder, Dominican administrative career

Source: Ministry of Public Administration (MAP), 2013.

The way jobs are grouped and organised has considerable potential to create opportunities for mobility and career development. It may be helpful for the Dominican Republic to look at the experience of Australia, Canada, France and Spain in this regard. In Australia, all jobs in the public service are grouped within a single classification structure which provides the basis for mobility and merit-based promotion, as well as being a key instrument for integrated workforce planning. The Australian public service has recently developed a job family model which is complementary to the classification structure to help with workforce planning (see Box 3.3). Job families can be a valuable way of organising a more fluid career system, as groups of jobs requiring similar competencies can be more easily identified and possible horizontal and vertical career pathways highlighted. In the Canadian public service, jobs are organised in an occupational group structure. The number of separate job groups was reduced from 78 to 29 in 1999 and this has, among other things, improved opportunities for career mobility and professional development of employees.

These types of models can provide an integrating structure for widely different types of jobs and avoid the risk of fragmentation that can result from having totally separate career groups. This approach could be relevant to the system of general and special careers in the Dominican Republic's public service. Different careers can function well in such a system, within an overall common framework. For example, the Canadian occupational group structure accommodates such diverse groups as teachers, diplomats, finance specialists and air traffic controllers, among many others. In both Australia and Canada, the central HRM body acts as the "owner" and guardian of the occupational structure.

Box 3.3. Job family model in the Australian Public Service (APS)

The APS Job Family Model groups functionally similar positions that have related skills, tasks and knowledge requirements. The model is not a job classification system and is separate from the work value model used for job classification. The model has four tiers:

1) Job family is the highest tier in a hierarchy of job segmentation within a workforce. The purpose is to split the workforce into logical and practical segments to allow deeper workforce analysis to occur. A job family is a grouping of similar jobs at the highest level that usually consists of several job functions. For example, a possible job family might be “Administration, facilities and property”.

2) Job function is a subgroup of jobs within a job family that require similar skills, capabilities, knowledge and training. For example, one job function within the job family of “Administration, facilities and property” might be “Executive assistants, secretaries and receptionists”.

3) Job role is a subgroup of jobs within a job function that allows for further refining and grouping of required skills, capabilities, knowledge and training. For example, a job role within the job function of “Executive assistants, secretaries and receptionists” (in the “Administration, facilities and property” job family) might be “Personal/Executive assistants”.

4) Job title is the name given to a job that provides a meaningful description of the role. Job titles are generally agency-specific and may indicate the classification level of the position. For example, a job title within the “Personal/Executive assistants” job role might be “Executive Assistant to General Manager Corporate”.

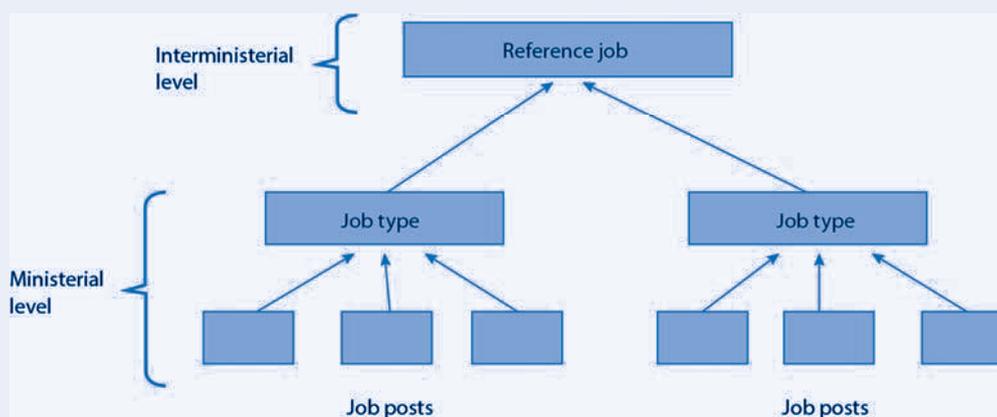
Source: Australian Public Service Commission (2011), *Job Family Model*, www.apsc.gov.au/_data/assets/pdf_file/0013/7231/Job-Family-Models.pdf

The systems used in France and Spain show how existing systems that did not provide much scope for active management of careers and mobility have evolved to provide more scope for strategic HRM and increased career flexibility for employees. The Spanish public administration has moved from an employment system based on a relatively closed set of job groups (corps) to a system combining positions and corps. The position is now the key HRM element, and inventories of positions have been developed in order to provide a common framework for internal recruitment and mobility.

In France, the notion of occupation (*métier*) has been introduced as the basis for managing the principal elements of the career so as to provide for more fluidity (see Box 3.4). There is a common, interministerial index of jobs using a common nomenclature and a common set of definitions. This system provides an integrated framework for several strategic HRM activities (including job classification, workforce planning, career development, mobility and training), underlining the usefulness of a competency framework for promoting career development and mobility. Another interesting feature of the French approach is the interministerial job fairs, which are online databases of available positions using the common job nomenclature. These are a novel and relatively simple way of using online technology to support career development.

Box 3.4. France: *Répertoire interministériel des métiers de l'Etat (RIME)* (interministerial index of jobs in the state administration)

Launched in 2006, the RIME aims to: *i*) name and quantify as precisely as possible the necessary jobs within a service; *ii*) ensure the best possible definition of the job profile; *iii*) supply a reference table of competencies to accompany training and mobility; *iv*) prepare training guides; *v*) guide the revision of the content of recruitment competitions, and organise common competitions among several ministries; and *vi*) facilitate the recognition of acquired professional experience. The RIME identifies 23 common functions within the public administration, divided into strategic, operational and support. Attached to these functions are 261 *métiers* or reference jobs. This provides a common language for developing the HRM capacities of ministries and is considered a key element for ensuring ministerial and interministerial coherence in relation to HRM.



The key tools of the RIME are: *i*) an interministerial dictionary of competencies, including 21 social skills (*savoir-être*), 102 know-how skills (*savoir-faire*), and a database of competencies and their equivalents; *ii*) interministerial job fairs, which are online databases of available positions using RIME nomenclature; and *iii*) a mobility kit.

Source: Schuffenecker, D. (2011), *Emploi Public et Gestion Prévisionnelle des Ressources Humaines de l'Etat en France: Enjeux et Perspectives*, presentation to the OECD Public Employment and Management Network (PEM), Paris, 7 November.

Improving the candidate pool and fostering diversity

As the economy of the Dominican Republic continues to grow and develop, the public service will be competing with the private sector for well-qualified job candidates. Already, it is proving difficult to recruit in some areas such as ICT, air traffic control and HRM. MAP has adopted an innovative solution to the shortage of suitable candidates by organising pre-recruitment training to prepare potential candidates for recruitment competitions. This is perhaps an initiative that could be used more widely in the public service to deal with specific skill shortages. As a first step, it would be useful for MAP to work with ministries and other organisations to build up a picture of what skills are in short supply. This would help to target recruitment and to develop workforce planning. A joint initiative could be launched between MAP, INAP and selected public service organisations to identify potential candidates and bring their skills up to a level where they are able to compete in recruitment competitions. Such an initiative could be targeted at existing staff, as a career development opportunity, and at the external labour market.

Another approach that could be considered is to establish links with universities and institutions that provide technical and professional training so as to develop a direct channel to potential candidates.

These types of initiatives can have a valuable diversity element. The value of diversity for improving the quality and effectiveness of public services should be recognised, highlighted and made part of the government's workforce planning strategy. However, the experience of OECD member countries is that increasing the representation of disadvantaged or socially excluded groups in the workforce requires special measures. For example, France and New Zealand use a range of measures including funding for minority groups to train for recruitment competitions, scholarships and promotion of different competencies in recruitment (e.g. special knowledge of an area or an issue, life experience). France created the PACTE (path to the civil service career at national and regional levels and in the health sector) for young people aged 16-25 who leave the education system without a qualification; they get on-the-job training to prepare them for possible recruitment to a permanent post in the civil service. In Belgium, the recruitment agency, SELOR, has worked to ensure that recruitment and selection procedures are completely neutral and free of biases that could reduce the chances of certain groups of candidates.

Towards strategic competency management

Governments in many OECD member countries use competencies to define the specific knowledge, skills and behaviours needed for a given job and to support a range of HRM processes. Increasingly, the use of competencies has evolved into strategic competency management, which is used to link together key HRM activities and to focus HRM policies and practices around an organisation's values and goals (OECD, 2011b).

In many OECD member countries, competency management has been introduced as part of a broader public service reform process aimed at creating a more flexible, adaptable and effective workforce (OECD, 2011b). Specific objectives include:

- increasing the flexibility and adaptability of the workforce (Australia, Belgium, Netherlands);
- increasing efficiency and effectiveness of people management (Australia, Canada);
- providing clarity about employees' development priorities (Denmark);
- overcoming the classic bureaucratic model (France);
- strengthening government competitiveness (Korea);
- being a vehicle for organisational and cultural change (Belgium, United Kingdom);
- strategic alignment between the individual and the organisation (United States).

Most OECD country public services use a centrally developed competency model that enables them to work more systematically and in a more goal-oriented way on workforce planning and developing the capacity of the workforce. In some countries, a general model has been developed for the whole public service; in others there is a separate competency model for senior public servants, who tend to be a special target group for competency management in many public services (see Table 3.4).

Table 3.4. Competency models: country overview

	Competency model	Target group
Australia	APS Values Framework	All Australian public servants
	Human Resource Capability Model	HR staff
	Senior Executive Leadership Capability Model	Senior executive service
	Integrated Leadership System	All Australian public servants
Austria	Competency Model	Senior civil servants
Belgium	Federal Competency Model	All Belgian federal public servants
Canada	Key Leadership Competencies	All Canadian public servants
	Canada also has several other (government-wide) competency profiles that are managed centrally and target functional groups across its public service.	
Denmark	Code of Public Governance Excellence	Top executives
Japan	Standard Capability to Accomplish Duties (SCAD)	Standard government positions according to the hierarchy of the organisations
Korea	Government Standard Competency Dictionary	All Korean civil servants
	Junior Management Competency Model	Junio managers
	SCS Competency Model	Senior civil service
Netherlands	<i>Algemene Bestuursdienst</i> (ABD) Competency Model	Senior management
United Kingdom	SCS Competency Framework	Senior civil service
	Professional Skills for Government	All British civil servants
United States	General competencies for the federal workforce	All US civil servants
	Executive Core Qualifications	Senior management

Source: OECD (2011a), *Public Servants as Partners for Growth: Toward a Stronger, Leaner and More Equitable Workforce*, OECD Publishing, Paris, <http://dx.doi.org/10.1787/9789264166707-en>.

Experience shows that competency management can run into a number of problems: competency frameworks can become too static and backward-looking, rather than being oriented to future needs and organisational change; in using competencies for purposes of performance management, there is a risk of focusing too much on inputs rather than results; implementation can be difficult unless senior and middle managers, as well as employees, are involved and committed; and competency frameworks can become overly complex and bureaucratic (OECD, 2011a). The experience of public services that have been using competencies the longest is that frameworks need to be reviewed regularly to ensure that they remain up to date and effective.

Competency management is being developed as a central element of strategic HRM in the Dominican Republic

The Dominican Republic has adopted competency management as one of the levers of change for the public service. From the outset, a strategic approach is evident, with competencies considered to be one of the foundations for HRM. MAP has established the foundation of a competency framework and has a plan for implementing competencies across a range of areas of HRM. The aim is to use competencies in recruitment and selection, promotion and careers, job profiling, performance management, and training.

Considerable priority has been attached to developing competency management. MAP has designed a competency model and is developing a competency manual covering jobs from the administrative support level up to the level of director. Emphasis is placed on cross-cutting core competencies required to achieve the government's objectives of service, quality and achievement of results, as well as on specific competencies to support recruitment and selection processes, performance management, and staff development. Management competencies have also been defined under four headings: self-management, interpersonal, people management, and resource management.

Competencies are being used to gradually revise the job description manuals of government organisations in the context of the organisational restructuring initiative. Job requirements based on seniority, experience, knowledge and qualifications are being replaced with a competency-based job profile model. A start has been made on developing generic, competency-based job profiles for jobs which are common to many institutions, starting with common functions such as HRM and ICT.

The value of competency management is already evident in improved recruitment and selection methods. In time, competencies should support better definition of training and development needs, making investment in this area more cost-effective. Competencies should facilitate staff mobility by profiling positions and identifying common competencies. This should give staff a clearer view of the requirements for mobility and promotion, thus encouraging them to develop their own competencies. Management competencies will be important for developing the management and leadership capabilities needed to carry through the government's reforms. The linking of competencies to performance management will support the development of the skills and behaviours needed to improve on-the-job performance.

Once organisations have revised their job manuals using competencies, this will assist them in identifying competency gaps and should encourage strategic workforce planning to establish clear links between their planned outputs and their competency needs. At the central level, competency management will support MAP in developing an overview of competency needs across the public service as a basis for strategic workforce planning.

MAP is well placed to develop competency management as a tool for workforce planning, and this should be a priority as it can serve as an integrating mechanism and a lever for change in other areas of HRM. Competencies can help to build skills and change behaviours, achieve a better fit between recruitment and the needs of government organisations, better target training, and contribute to inculcating a culture of management and performance. MAP's current focus on integrating competencies into job descriptions and recruitment should be accompanied by the development of competency-based training by the National Institute of Public Administration (INAP) and by linking competencies to performance management.

Need for a standard competency framework

Competency management is most effective when organised around a standard competency framework which creates common concepts and consistency. Having a standard competency framework and a dictionary of competencies for public service jobs would enable MAP and government organisations to work more systematically on workforce planning and to better plan recruitment, training and other HRM aspects. The aim should be to keep the competency framework as simple as possible. An approach which OECD member countries have found valuable for supporting cultural change in the

public service is to define a set of core competencies applying to the whole public service. Public service values are generally part of such generic frameworks, and MAP has already established this element in its own competency framework. Generic competencies can be supplemented by behavioural and technical competencies specific to particular types of work, although a proliferation of competencies should be avoided as such frameworks can easily become over-complex and cumbersome to use.

Belgium's experience with developing competency management as a central element of public service reforms is a useful example, as it is used to integrate different HRM processes such as workforce planning, recruitment, performance management, remuneration, training, and career development. Competencies were phased in, starting with recruitment and training, but with an overall strategic plan for competency management (Box 3.5).

Box 3.5. Competency management in the Belgian federal government

In the Belgian public services – both federal and regional – competencies are at the core of every HRM process, be it recruiting and selecting, career management, performance appraisal and 360-degree feedback, knowledge management, or the identification of critical functions. The greatest advantages of this approach are that competencies are linked to organisational needs – tactical or strategic – and that they provide a common language for all parties across the different services.

Competency management has been a central element since the launch of the Copernic Plan in 2000, focusing on a more integrated and strategic approach to HRM. It fundamentally changed recruitment and selection procedures, training and development, introducing workforce planning linked to organisational objectives.

The competency framework consists of:

- five key competencies that reflect the values of the federal government: service delivery orientation, team co-operation, loyalty, result-orientation and self-development;
- five groups of generic competencies considered necessary for all functions: information management; task management; management of employees; management of relationships; and personal management;
- a large group of technical competencies which are specific to a type of work and supporting the profession itself.

A competency dictionary is available as a tool for HRM services, managers, chefs and employees. There are 22 standard competency profiles built around three roles: support, management, and project management adapted to the employee level.

Implementing competency management resulted in some major changes to the recruitment system. The emphasis in entrance examinations shifted from testing knowledge to testing competencies. New procedures were put in place using a professional recruitment agency. Line managers and local HRM services are responsible for providing a job description and a competency profile for every recruitee (online standard profiles: www.federalecartografie.be/web/p1.php?z=z&lg=fr).

Providing a comprehensive and clear-cut framework for managers is an ongoing priority in which the appropriate competencies are key as they determine the profile and remuneration of a manager. The framework depends on 12 generic competencies to which competencies specific to the position can be added. The competencies are:

- thinking (analysis; flexibility and innovation; vision and capacity for integration);
human resource management (coaching, motivation and development of personnel; team management);

Box 3.5. Competency management in the Belgian federal government (*cont.*)

- interaction with the environment (collaboration and development of networks; orientation to citizens, internal clients and society);
- objectives (sense of responsibility; achievement of objectives; persuasion and negotiation);
- loyalty and integrity.

There is a strong link between competency management and performance appraisal, as the annual evaluation scheme includes a discussion on the required competencies leading to (individual and team) development plans and training. Knowledge management is built around competencies, especially the technical competencies forming the heart of each function.

Source: OECD (2007), *OECD Reviews of Human Resource Management in Government: Belgium 2007: Brussels-Capital Region, Federal Government, Flemish Government, French Community, Walloon Region*, OECD Publishing, Paris, <http://dx.doi.org/10.1787/9789264038202-en>.

Use competencies to reinforce core values

One area where the competency model could be reinforced to support the government's objectives is by adding other values to the core competencies of service orientation, quality orientation, and results orientation. This would highlight the importance of values, and help to drive the behaviours that the government is trying to inculcate throughout the public service. Values are included in the core competencies of a number of OECD member countries, as shown in Table 3.5.

Table 3.5. Public service values as part of core competencies in selected OECD member countries

	Competencies
Australia	Public service professionalism and probity
Belgium	Service, loyalty
Canada	Serving with integrity and respect
Denmark	Safeguard the public sector's legitimacy and democratic values
Korea	Ethics for an official, organisational commitment
Netherlands	Affinity of public managers with public sector management (dedication, integrity, political awareness)
United States	Political savvy, public service motivation, innovation and creativity

Source: OECD (2011a), *Public Servants as Partners for Growth: Toward a Stronger, Leaner and More Equitable Workforce*, OECD Publishing, Paris, <http://dx.doi.org/10.1787/9789264166707-en>. Importance of leadership competencies.

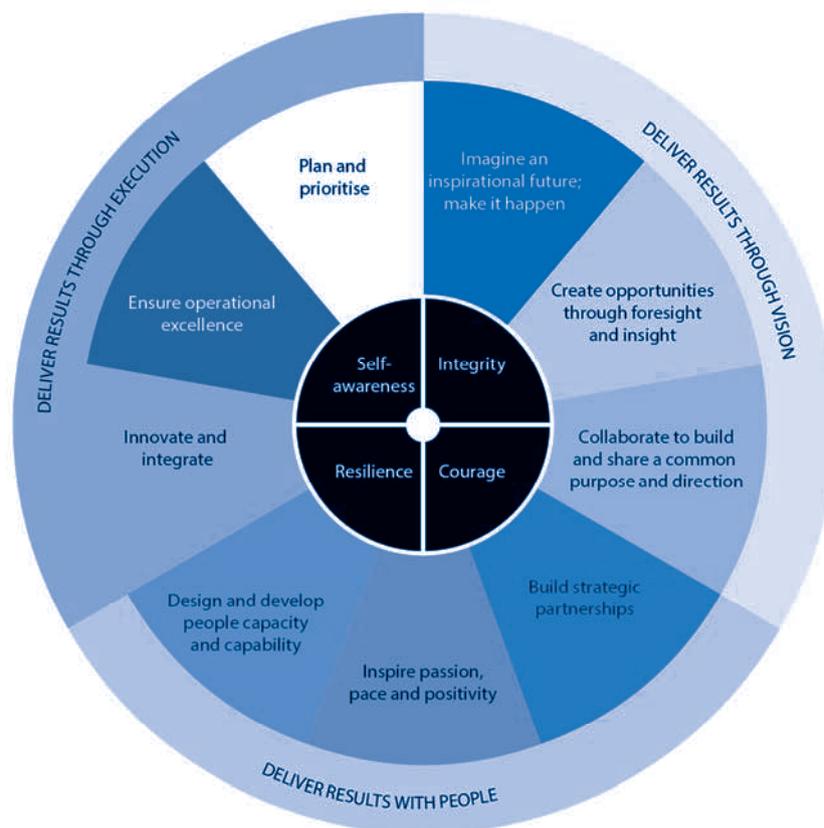
Public service managers in the Dominican Republic need to have the right competencies to lead and manage change. Adding leadership competencies to the management competencies that have already been defined by MAP would help to emphasise the leadership role of managers in taking forward the government's reform programme and to create a cohesive leadership culture. While managers at all levels should be involved in leading change, senior managers are a particularly important group in this regard. The most senior levels are a key group in providing strategic leadership for the government's public service transformation programme.

Competency frameworks for senior civil servants are used in many OECD member countries, such as Australia, Belgium, Canada, Korea, New Zealand, Switzerland, the United Kingdom and the United States. Typically, they have a strong developmental aspect and are used to help identify leadership potential and frame leadership development programmes. While the frameworks vary, elements that figure in all of them in one way or another include:

- integrity;
- delivering results;
- engagement with others;
- creativity and innovation;
- vision and strategic thinking.

The Leadership Success Profile used in the New Zealand public service shows how a leadership competency framework can be used to drive the sorts of behaviours that the Dominican Republic is emphasising for its public servants (Figure 3.4). The profile has a sharp focus on delivering results, creating an innovative culture in the public service, engaging staff and stakeholders, and operating with integrity. It is used to identify and develop leaders to ensure that the public service has the depth of leadership required now and into the future.

Figure 3.4. Leadership Success Profile for the New Zealand public service



Source: New Zealand State Services Commission (2013), "Leadership Success Profile", April, www.ssc.govt.nz/sites/all/files/leadership-success-profile-april2013.pdf.

The Korean model may also be of interest to the Dominican Republic as it illustrates the different competencies required of senior civil servants compared to those at the level of division director (see Box 3.6).

Box 3.6. Korea: Assessing competencies for senior civil servants

In 2006, the Korean government introduced a competency evaluation framework for the senior civil service. This framework has been used to appoint senior officials. Based on the successful operation among senior officials, the competency evaluation framework was expanded to officials at the level of division director in the second half of 2010. Competency evaluation has improved the reliability and fairness of HRM. In addition, with the results of the competency assessment reflected in training, overall government competitiveness has been upgraded.

Competencies subject to assessment for high-ranking government officials include strategic decision making and commitment to change, while the emphasis for divisional directors is on effective organisation management and efficient policy execution. Competencies are organised around three main areas, as shown below:

Competency model for the senior civil service

Competency group	Competency name	Definition
Thinking	Problem recognition	Detect problems in a timely manner through information analysis, and find root causes by analysing diverse factors related to problems
	Strategic thinking	Set long-term vision and objectives, and decide how to achieve them by prioritising several options to work on them
Working	Performance orientation	Seek various ways to maximise performance of given work, and pursue effectiveness and efficiency in the process of achieving targets
	Change management	Understand the direction and trends of environmental changes, and make sure that individuals and organisations adjust and respond to them appropriately
Building relations	Communication	Capture exact meaning by listening to others' opinions, and deliver one's opinions in a clear and effective manner
	Customer satisfaction	Consider job-related counterparts as customers, and make efforts to understand their needs and meet them
	Adjustment consolidation	Identify conflicting interests and tensions among stakeholders, and come up with reasonable and balanced solutions

Competency model for officials at the level of division director

Competency group	Competency name	Definition
Thinking	Policy planning	Identify current issues through multi-faceted analysis, review the feasibility of policies to be developed, and propose optimal alternatives
Working	Performance management	Set performance targets in line with the organisation's mission and strategy, and review/manage work procedures to achieve the targets
	Organisation management	Make action plans to achieve targets, secure necessary resources, and allocate/systematise work, in consideration of the entire organisation and relations among departments
Building relations	Communication	Capture exact meaning by listening to others' opinions, and deliver one's opinions in a clear and effective manner
	Co-ordination/integration	Address conflicts among various stakeholders and establish/maintain co-operative work relations to achieve common objectives
	Motivation	Encourage and support subordinates to carry out duties voluntarily and actively as members of the same organisation

Source: Ministry of Public Administration and Security (MOPAS) of Korea (n.d.), *Competency evaluation selects top talents to lead the country into a bright future* (brochure).

It is essential to create a sense of ownership of competencies among senior public servants. The process of developing a leadership competency framework is therefore extremely important and, if done well, is itself a key step in building the leadership culture. Involving managers themselves, as well as other stakeholders, in defining what is expected of leaders is an effective way of creating ownership. In the Canadian public service, for example, consultations were held with a wide range of stakeholders, including managers, staff and users of public services, when key leadership competencies were being defined.

Competencies for the future

In a rapidly changing policy environment, competencies cannot be static. Competency management will help to ensure that the public service workforce of the Dominican Republic has the range of skills needed to achieve the government's long-term goals. The emphasis on innovation and change makes it essential to maintain a focus on the future competencies that will be needed by public servants and to ensure the continuing relevance of the competency model. OECD member countries identify a range of future competencies needed for an agile, innovative public service. Based on Table 3.6, eight competencies, clustered into four meta-competencies, appear to be considered especially important:

- creative thinking (creativity and innovation);
- strategic thinking (vision and future orientation);
- flexibility (flexibility and change management);
- co-operation (working collaboratively across boundaries and relationship building).

Table 3.6. Future competencies for governments

Australia	Act early and decisively	Honesty
	Agility	Impartiality
	Anticipating	Innovation
	Commercial skills	Intellectually agile
	Considering the big picture	Multi-skilled
	Creativity	Participatory approach
	Development of relationships	Project management
	Early problem diagnosis	Public service excellence
	Effective and efficient	Purpose and direction
	Embrace change	Qualitative leadership
	Entrepreneurship	Renewing
	Establish and maintain productive working relationships across and beyond government agencies	Risk management
	Establishing and managing partnerships	Strategic and creative thinking
	Facilitating	Strategic leadership
	Fairness	Vision
	Flexibility	Work across boundaries
	Forward-looking	Work swiftly
	Belgium	Continuing reflection of the solutions offered
Culture of ownership and loyalty		Leading based on results
Customer orientation		Quality orientation
Effective		Responsible
Ethno-communication and networking		Results orientation
Flexibility		Self-development
Innovative and creative capacity		Service orientation
Knowledge management and knowledge sharing		Transparency
	Vision	

Table 3.6. Future competencies for governments (cont.)

Korea	Change management Problem recognition and understanding	Strategic thinking Vision
Netherlands	Ability to imagine and develop connections across borders Create space for initiative and creativity, including space for experiments with new ideas Development of employees Diversity management Facilitate dialogue with society Future orientation	Make connections in a broader context Make the best use of the talents of employees and citizens Network collaboration Professional substantive knowledge Sensitivity for societal and political developments Sustainability
United Kingdom	Asking Building trust and genuine engagement Campaigning skills Change management Collaborative mind-set Communication and technological skills Emotional intelligence Entrepreneurship Flexibility Imagination Innovation Learning Listening	Marketing skills People management Project management Relationship management Seek alternative viewpoints Social and interpersonal skills Sociological and psychological skills Spotting and nurturing talent Staff engagement System and process design skills Teamwork Transformational leadership Understanding the end user
United States	Results orientation	Work collaboratively across boundaries

Source: OECD (2011a), *Public Servants as Partners for Growth: Toward a Stronger, Leaner and More Equitable Workforce*, OECD Publishing, Paris, <http://dx.doi.org/10.1787/9789264166707-en>.

Strategic workforce planning is one of the main ways of securing an effective workforce with the competencies that will be needed to achieve the government's current and future objectives. As workforce planning is implemented in the Dominican Republic, linking it to the competency framework will help to focus on critical gaps and emerging competency needs.

Necessity of investing in training and development

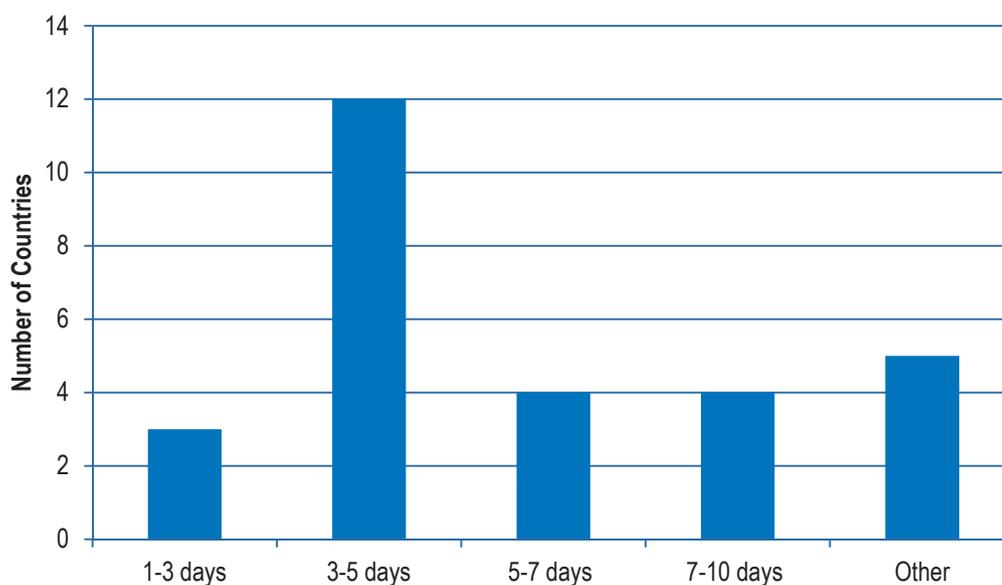
There is a renewed emphasis on training and development of public employees in OECD member countries. Two major reasons are the need to ensure the ability to adapt to change and the increasing knowledge content of work. Ongoing development of competencies is an essential part of the flexibility, problem-solving capacity and innovation that are indispensable for governments to anticipate change and to deal with increasingly complex issues. In Sweden, for example, training and development have become an integral part of the strategy for improving operational agility and capacity building. To support strategic HRM and a long-term skills supply policy, Swedish government agencies regularly undertake evaluations to assess whether their staff have the competencies needed not only to deliver today's outputs, but also to adapt flexibly to changing needs.¹

The ageing of the government workforce in OECD member countries is another factor that necessitates investment in training and development. For example, in Belgium, where large numbers of staff will retire from the federal administration in the coming years, a project has been launched to assist organisations to implement a strategy and process for optimal talent management, including, among other things, knowledge management and competence management.²

The development of employees is viewed as a strategic issue for government organisations that needs to be linked to other key HRM instruments, including workforce planning, competencies, performance management, talent management, and change management. Training and development are increasingly approached as part of a human capital strategy, with an emphasis on whole-of-government needs as well as the needs of individual organisations. In the federal government of the United States, continuous learning and development are part of the strategic human capital management approach that was adopted in 2004 to increase the flexibility of the workforce and ensure its alignment with the missions and goals of government agencies.

In line with these developments, many OECD member countries now emphasise the need for ongoing learning in addition to the initial training that is provided in most countries.³ In most OECD member countries, employees receive between three and five days of training per year (see Figure 3.5). In Korea, a workplace learning programme aims to make government agencies learning organisations, and a “smart learning” initiative aims to support innovation in government by training in areas such as creative problem solving, imagination and convergence.⁴ More self-directed learning by employees is encouraged in many OECD member countries, supported by competency frameworks and a link to performance management and career progression. Taught courses are being complemented by a variety of other methods of learning, such as on-the-job training, coaching, mentoring, developmental work assignments, and team-based learning. Advances in e-learning facilitate such multi-faceted approaches. In Denmark, a common learning management system has been implemented to supply e-learning for state employees. In Korea an e-learning service is used by about 400 000 public servants annually.⁵

Figure 3.5. Average length of training per year per employee in OECD member countries



Source: OECD Survey on Strategic Human Resources Management in Central/Federal Governments (updated in 2013 on the basis of 2012 data).

Need for capacity building in the Dominican public service

Public Service Law 41-08 places responsibility on MAP to identify the capacity-building needs of the public service and to formulate training strategies and policies. The National Institute of Public Administration (INAP), established in 1994, is a decentralised institution of MAP and is responsible for: identifying training needs of public organisations; designing and proposing policies, plans and strategies for education and training; and implementing, co-ordinating, monitoring and evaluating the processes of induction, education and training. INAP's activities are directed to integrating with and supporting the process of public service reform and modernisation (see Box 3.7).

Box 3.7. National Institute of Public Administration (INAP): strategic priorities

All training offered by INAP is intended to support the process of public service reform and modernisation. INAP currently gives priority to training plans that generate a direct impact on the following aspects of the Dominican government's reforms:

- democratisation of institutions;
- transparency in management;
- efficiency and effectiveness;
- quality of public services;
- public ethics;
- administrative leadership;
- equity.

INAP's strategic work areas include the following:

- training of senior executives and managers of public administration;
- production of manuals and material for use in the training of public servants;
- encouraging research and analysis on the state of the public administration and the necessary processes of reform and modernisation.

Source: Instituto Nacional de Administración Pública (INAP), www.inap.gov.do.

Public Service Law 41-08 mandates education and training as a foundation for the professional development and promotion of public servants, and in order to increase management capacity in the public service. Induction training is obligatory for new employees. It is provided by INAP and lasts one to two weeks. In practice, however, many organisations do not comply with this requirement.⁶ Performance evaluation of existing employees is supposed to determine training needs. The average length of training per year per employee is seven to ten days, which is significantly above the OECD average of three to five days.⁷ However, it is unclear to what extent the training provided is relevant to the competency requirements of public service organisations.

Most training is decentralised to individual ministries, to be provided directly by them or through public or private academic institutions. INAP provides some training directly in its headquarters and through nine provincial offices, although under-resourcing hinders the effectiveness of the provincial network. INAP offered 42 courses in 2011, with an

emphasis on induction training, public administration and various diploma courses. In parallel with INAP, there are training institutions in different sectors of public administration such as Health, Education, Agriculture, the Attorney-General and Finance, as well as training units in various ministries and institutions. There is no co-ordination mechanism among these different training organisations, although an Academic Council was recently established for this purpose.

INAP has begun to develop virtual and distance learning. A Distance Learning Centre (EDC) has been established and a virtual school on transparency has been launched in association with MAP and the Attorney General's Office as part of the Dominican Republic's "Open Government" initiative. Virtual courses are offered in a broad range of topics related to ethics and transparency in the public service, and a key aim is to promote ethical conduct by public servants through training.

INAP can enter into technical co-operation agreements with national, foreign and international bodies, public or private, and there is a particular emphasis on establishing co-operation programmes with government agencies and training institutions of other countries.

INAP's policy is to give priority to training plans that link directly to the government's public service reforms: democratisation of institutions; transparency in management; efficiency and effectiveness; quality of public services; public ethics; administrative leadership; and equity. However, INAP's resources are inadequate to respond to the scale of these challenges and its ability to put its priorities into action is therefore severely limited, although it continues to strengthen its infrastructure and capacity to the extent possible.

For the present, INAP concentrates primarily on induction training and improving the skill base of existing employees in key areas, including training HRM managers in institutions, developing ICT skills and project management. Most training is concentrated on employees in the secretarial support and professional occupational groups. Management training remains very underdeveloped, and a major challenge for INAP is to encourage more managers to participate in training and development activities.

Between 2004 and 2011, a total of 80 000 public servants received training directly from INAP while the Distance Learning Centre (EDC) has provided training for more than 6 000 public servants.⁸ Statistics on the numbers trained by their own institutions are unavailable; however, the plan is to develop an online registration system for institutions to register their staff, and this should provide better visibility of how much and what type of training is going on.

Strengthen competency-based training

Competency-based training is at an early stage. INAP uses the job profiles developed by MAP as they become available to identify the relevant competencies, and training recommendations are being developed based on job profiles. An analysis of training needs is just beginning to take shape, with INAP receiving information from training units in ministries and other organisations regarding their capacity-building needs. A link has not yet been established between training and performance management in terms of needs analysis for performance improvement and remedial training in cases of insufficient performance.

The Dominican Republic's plan to use competencies to drive training and development and to focus on training measures to support the government's public

service transformation effort is going in the right direction. However, the strategic importance of training and development calls for an increased effort in this area. Better public services require well-trained staff with the right competencies. Training and development are an essential support for bringing about culture change and for helping to develop leaders and managers who can implement and sustain the necessary steps. While the tools to quantify competency gaps and training needs are not yet available in the Dominican Republic, there can be little doubt that significant up-skilling of the workforce is required.

The competency model being developed by MAP will provide the foundation for integrating training and development with other areas of HRM. A national training and development framework should be designed to set priorities and establish a core curriculum structured around competencies. The framework should aim to establish training and development of staff as a continuous activity to support quality, results, innovation and other priorities.

A strong link with performance management can be established through a requirement for line managers to use the results of the performance assessment to identify competency gaps that need to be filled or competencies that need to be strengthened. Every staff member should have an annual personal development plan on this basis.

Once workforce planning becomes established, it should be used by government organisations to identify competency gaps that need to be filled by training and development and should feed into a medium-term organisational training and development plan. Such plans could usefully be organised on the same three-year cycle as the planned multi-year budgeting system. At the level of the public service as a whole, workforce planning should feed into a national plan setting out competency development priorities.

Training in application of core values is essential

Ethics training for public officials is one of the instruments for building integrity in state institutions and ensuring good quality public governance (OECD, 2013). Almost all OECD countries provide training on ethical issues, with a growing emphasis on developing skills to handle ethical dilemmas. In further reinforcing its ethics training programmes, the Dominican Republic could usefully draw on the extensive good practice guidance contained in the recent OECD study, *Ethics Training for Public Officials* (OECD, 2013). It would be advisable to focus training resources in the first instance on developing targeted programmes for public servants in areas that are likely to be particularly exposed to ethical risks. Priority should be given to training for senior public servants to equip them to provide the necessary leadership in values and to give them specific guidance on how to put the ethics laws into action. The ethics training initiative launched in Austria could be of interest to the Dominican Republic in this regard (Box 3.8).

Box 3.8. Austria: Training course on corruption prevention, compliance, integrity

The Austrian code of conduct for the prevention of corruption (2008) incorporates an explicit responsibility for all participating organisations to provide training to their staff in the field of integrity and prevention of corruption.

The Federal Administrative Academy in the Federal Chancellery established a special training course called “Corruption prevention – Compliance – Integrity” with the aim of strengthening the integrity of the performance of duties in the entire Austrian public administration and enabling participants to set up the necessary measures to prevent misconduct and corruption.

A three-day seminar is held twice a year. It includes lectures by specialists from the Federal Chancellery, the Federal Ministry of Finance, the Federal Bureau of Anti-Corruption, and the Federal Court of Audit. The main target group of the seminar includes managers, their deputies, and staff in charge of integrity management but, depending on availability, the seminar is open to all interested staff. As the Austrian code of conduct follows a holistic approach, the seminar is open to staff from all levels of public administration (federal, regional and local level). The maximum number of participants is limited to 20 persons per seminar.

The costs of the seminar, including seminar venue and lecturers’ fees, are borne by the Federal Administrative Academy; participating organisations are only required to cover the expenses for travel and accommodation of their delegates.

In order to ensure maximum transferability of the seminar contents, participants are asked to provide in advance current case studies or (legal) problems from their professional environment for use in the seminar. If necessary, the case material can be anonymous.

The training is designed to provide participants with the necessary information and facts to enable them to recognise unethical behaviour, corruption and organisational and individual vulnerabilities in this field as well as to correctly deal with problematic situations (especially within their capacity as senior officials). The seminar therefore focuses on the following content:

- administrative ethics, values and principles with focus on the aims and content of the Austrian code of conduct for the prevention of corruption;
- civil service law (rules on conflict of interest, post-public employment, general and specific duties and obligations of civil service staff including topics such as transparency and access to information);
- criminal law (corruption offences punishable under the penal code);
- corruption and corruption prevention;
- risk assessment and risk management;
- recognising corruption – indicators for corruption and misconduct;
- side notes and future prospects (e.g. technical whistle-blower systems, regulation on lobbying, administrative sponsorship).

The effectiveness of the training is evaluated.

Source: OECD (2013), *Ethics Training for Public Officials*, OECD, Paris, www.oecd.org/corruption/acn/library/EthicsTrainingforPublicOfficialsBrochureEN.pdf.

Develop leaders and managers

Leadership development is receiving a great deal of attention in OECD member countries. The identification of potential leaders is seen as important for ensuring that there is a talent pool for the future. More countries are implementing centrally managed training and development programmes structured around leadership competencies, aimed at current and potential future leaders. Such programmes have been in place for a number of years in countries with formal senior public service systems, such as Australia, Canada, the Netherlands, the United Kingdom and the United States. More recently, other countries such as Belgium, Korea and Switzerland, among others, have introduced competency-based training for managers and senior leaders.

Managers at all levels of the Dominican Republic's public service need to have the right competencies to lead and manage change and to deliver the results the government wants. OECD member countries invest heavily in developing managers. Even the most senior managers are expected to participate in ongoing learning, usually with personally tailored programmes. The emphasis is not so much on formal training for senior managers as ensuring that their competencies remain up to date through active learning methods and that there are no gaps in their leadership and management capabilities. A central body – generally the central HRM body – is usually responsible for identifying priorities, setting the overall strategy of leadership development, and designing the development framework. Individual government organisations and managers themselves are expected to play an active role in developing management and leadership capabilities.

A consistent approach to developing leaders and managers in the Dominican Republic would be facilitated by implementing the provision of Public Service Law 41-08 which makes possible the inclusion of managers lower than the level of undersecretary of state into a managerial career. This would provide the opportunity to set up a process for selecting managers to enter the career system based on values and competencies, and to link progression within the career to a structured management and leadership development programme.

Leadership and management development activities are most likely to be effective when they are defined as a high priority by the government of the Dominican Republic, firmly placed in the context of public service reforms and closely linked to the culture of quality, change, innovation and results that the Dominican government wants to establish across the public service. Mandating INAP to establish competency-based leadership and management development programmes for this purpose would give a strategic impetus to leadership and management learning and would highlight the importance of managers participating. Programmes could be implemented gradually, allowing time to gain the support of managers. One way of gaining support is to make such programmes selective and to choose the best, most talented managers as the first participants. This can transform managers into ambassadors for the programme, sending a signal that participating managers are highly regarded. The Dominican Republic could look to the approach taken by the Belgian government, where targeted leadership development programmes are being implemented gradually with an emphasis on involvement and participation by managers. Separate programmes are being developed for strategic middle managers and top managers (see Box 3.9).

Box 3.9. Belgium: Vitruvius and In Vivo leadership development programmes

The Vitruvius and In Vivo leadership development programmes in Belgium aim to develop the leadership skills of managers and future managers throughout the federal government. The objective is to improve the capacity of public organisations by developing strategic key managers who will contribute to establishing the desired culture of result-oriented leadership. Each organisation nominates people who are considered key managers for each programme.

An inductive learning approach is an integral part of these programmes. Each participant is supported by a methodological portfolio, self-reflection and “peer coaching” to facilitate the transfer of learning in everyday life. The manager’s development is supported by recognising the positive points. This recognition reinforces the motivation and learning effectiveness. In this way, the programme is largely designed by the participants themselves.

The programmes are being implemented gradually, starting with the Vitruvius programme:

- Vitruvius is a leadership development programme for middle managers in federal government agencies. Each year, 60 strategic middle managers are accepted into the programme.
- In Vivo is an individual leadership programme for 100 top managers yearly.
- Customised support is provided for three organisations each year to help them with leadership culture transformation.

Source: Presentation by the Belgian delegate to the OECD Public Employment and Management (PEM) Network meeting, OECD, Paris, October 2012.

Over time, such development programmes can become part of a structured system for building the necessary leadership and management capacity across the public service of the Dominican Republic. With limited resources, these programmes need to be well targeted on the highest priority areas. One of the elements that could be considered is the establishment of a strategic centre for leadership learning and development. This has been done in the Australian public service which recently completed a review of its leadership development needs and priorities and expanded its focus to include the identification of core skills gaps and opportunities. A number of priorities have been identified based on three criteria: *i*) the potential impact (consistently identified gap across the service, or potential for cultural impact); *ii*) urgency (cross-service skills required for future success); and *iii*) importance (capabilities that need to be maintained or enhanced across the service). Building leadership skills is central to the Australian government’s ongoing public service reforms (see Box 3.10).

Box 3.10. Strategic leadership skills development in the Australian public service

The Strategic Centre for Leadership, Learning and Development for the Australian Public Service was set up in July 2010 to address leadership and core skills needs. One of the key deliverables is an annual leadership and core skills development strategy.

In 2012, the Australian Public Service Commission validated and refreshed the leadership development needs and priorities, and expanded its focus to include the identification of core skills gaps and opportunities. This work has resulted in the *APS Leadership and Core Skills Strategy 2012*. Four related development areas have been identified:

- 1) Foundation skills.** These are essential workplace skills that are relevant to employees at all levels. These skills underpin leadership capability, core skills and management skills, and they are essential for effective operation in an organisation. Unlike core and management skills, foundation skills are not specific to the public sector, although they are applied differently in different public sector contexts (policy development, delivery, regulation).
- 2) Core public service skills.** These are public sector-specific knowledge and skills that are essential to the public service institution and of relevance to all public servants.
- 3) Management skills.** These skills build on the core public service skills and provide the skills that are needed as public servants move into positions of authority. The framework identifies the public sector-specific management skills that support sound decision making and enable public sector managers to navigate APS systems and processes.
- 4) Leadership.** These are the leadership capabilities that allow public servants to influence others and set the culture of Australian workplaces. Leadership capability is “the other side of the coin” that complements core and management skills. As acknowledged in the framework, leadership is a practice rather than a position, and leaders need to be developed at all levels, although the initial focus is on the senior executive service.

Source: Australian Public Service Commission (APSC) (n.d.), *APS Leadership and core skills strategy 2012-13*, www.apsc.gov.au/learn/leadership-and-core-skills.

The United Kingdom has also recently reviewed its management and leadership competency requirements. One of the identified gaps was skills in managing major projects. It was found that a high proportion of projects were, as a result, being outsourced to the private sector. Given the requirement to implement large projects as part of the Dominican Republic’s National Development Strategy (END, *Estrategia Nacional de Desarrollo*), the United Kingdom’s response to this problem may be of interest: a Major Projects Leadership Academy (MPLA) was established in 2012 under the Civil Service Reform Plan, and all government departments have agreed that by the end of 2014 senior managers appointed to lead major projects must have passed through the MPLA, which is run in conjunction with Oxford University’s Saïd Business School (see Box 3.11).

Box 3.11. Civil service in the United Kingdom: Major Projects Leadership Academy (MPLA)

The Major Projects Leadership Academy in the United Kingdom allows over 100 major project leaders per year to develop their competence and capabilities, which means that the UK government is building sufficient capability to successfully lead the portfolio of major projects across government.

Participants in the Academy convene for three, five-day residential modules delivered over a 12-month period, interspersed with a demanding schedule of preparation and assignments. At the beginning of the programme, before the first module, participants complete a psychometric evaluation and undergo a 360-degree feedback process. This feedback helps each participant understand his/her individual strengths and weaknesses, allowing participants to establish a development plan and understand how they might sustain their own levels of intensity over the project life cycle.

Each of the three modules that follow provides rigorous academic input and insights from Oxford faculty and experienced practitioners to blend theory with practice in a way that allows participants to reflect upon and develop their own ways of working. Outside of the classroom, key ideas from the Academy are taken further during master classes and through conducting a major project review. This review is not only useful to the major project under consideration but allows the participant to reflect upon the role of assurance and to transfer this learning to his/her own work. Through continuing to work on their major project full time while in the Academy, participants are able to apply their learning directly to the workplace and bring the challenges they face into the programme. Sharing these challenges with other senior civil servants in this way provides useful bonding as well as learning experiences, and this aspect is developed further through the programme's "action-learning sets" to build a network of people with common experiences and skills across departments.

Upon the conclusion of the programme, all participants are rigorously assessed. A panel made up of the Academy director, the chief executive of the MPLA and a permanent secretary from the civil service considers participants' assignments and evidence of their improved skills, capability, and ongoing professional development.

Source: University of Oxford, Saïd Business School, www.sbs.ox.ac.uk/programmes/execed/custom/our-clients/major-projects-leadership-academy.

Roles and responsibilities should be clarified, and INAP should focus on its strategic role

It is likely that there is a lot of training going on across the Dominican public service in individual institutions and that significant resources are being allocated to training within public service organisations. The challenges are to ensure that resources are being used efficiently, that the level of investment is optimal, and that training and development are well focused in line with defined priorities. Some realignment of roles and responsibilities would help achieve this.

INAP should focus on its strategic role, by creating regulations, policy and a national training and development framework to implement the legislative framework that already exists. The policy could include such things as minimum in-service training requirements for public servants, obligatory training in matters such as ethics, parameters on what proportion of the staff budget of organisations should be spent on training, responsibility of line managers for developing their staff, and reporting requirements for institutions.

While most training and development should be done by the employing organisation, INAP should be directly responsible for ensuring the development of leaders and managers as this is a strategic priority.

Further strategic roles for INAP would be to monitor whole-of government trends, identify emerging needs, and establish training and development strategies to address cross-cutting competency issues affecting the government workforce. The Dominican Republic may find the approach taken in the United Kingdom civil service of interest in this regard. A high-level, five-year capabilities plan for the civil service was launched in April 2013 to address cross-cutting skill requirements. The plan identifies gaps in skills and capabilities and sets out how they will be filled (Box. 3.12). Of particular interest to the Dominican Republic may be the plan's focus on building competencies to lead and manage change and to expand E-government. A new core curriculum for all staff has been designed, based on the civil service competency framework. The plan is being implemented through a combination of actions by leaders and line managers, central agencies responsible for civil service management and learning, individual departments (ministries), and staff themselves.

INAP should develop guidance and tools to assist organisations in carrying out analysis of training needs, developing their training plans and evaluating training and development activities. INAP should not be involved in detailed oversight, but should assess the progress of organisations with implementing the framework and provide support in dealing with problems encountered.

Induction training should be carried out by the employing organisation, within the framework set by INAP, rather than being provided directly by INAP. Organisations should also organise competency-based in-service training for existing employees. As there is clearly a compliance issue with induction training, this needs to be monitored. An onerous monitoring process could be avoided by developing an online system for public employees to record their training activities. This could be used by INAP not only to monitor compliance with obligatory training in areas such as induction and ethics, but also to produce an annual report on training activities. Such a system could, in time, be developed as a tool for employees to keep an online learning portfolio and for managers to track the competency development of their staff.

Box 3.12. Capabilities plan for the civil service in the United Kingdom

Launched in April 2013, the capabilities plan is called “Meeting the Challenge of Change”. It is a key part of the United Kingdom’s civil service reform programme. The plan is based on a shared diagnosis between ministers, permanent secretaries (the most senior civil servants) and heads of profession of the capabilities that need to be built. The plan identifies four priority areas where capabilities need to be improved:

- leading and managing change;
- commercial skills and behaviours;
- delivering successful projects and programmes;
- redesigning services and delivering them digitally.

The plan sets out a set of co-ordinated actions. At the whole-of-civil-service corporate level, central agencies provide the tools, training and management processes that will be used by all departments. Leadership for the initiative is provided by the head of the civil service, senior civil servants and line managers. Departments use shared tools, such as the competency framework, and focus attention on the four priority areas. Staff are expected to take responsibility for their own development and career progression and to work with their line managers to develop their skills and improve their performance.



Source: United Kingdom Cabinet Office (2013), *Meeting the Challenge of Change: A Capabilities Plan for the Civil Service*, April, <http://engage.cabinetoffice.gov.uk/capabilities-plan>.

Managers should be made accountable for developing their staff

Heads of ministries and organisations and line managers should have well-defined responsibilities in relation to training and development of their staff. These responsibilities should form part of managers' performance objectives. Staff should be responsible for their own ongoing learning and development, provided they are supported in this by their managers and the overall training and development framework. Training and development carried out by institutions should be guided by government-wide strategic HRM objectives as well as the institution's own business needs. Institutions should be required to account for expenditure on training and development and to provide an evaluation of the return on their expenditure.

The Dominican Republic may find it useful to refer to the model used by the Swiss Federal Personnel Office which sets out a triangular set of responsibilities between human resource managers, line managers and staff (see Box 3.13). In the context of Switzerland's public service reforms, the prime responsibility has been transferred from HRM specialists to line managers, who are best placed to know the development needs of their staff, and the identification of training needs has been linked strongly to the performance management process.

Better co-ordination and use of e-learning can lead to more efficient and effective use of resources

While a decentralised approach to organising training provides government organisations with a lot of flexibility, there is always the risk of waste and duplication. Different options for organising how training is provided could be considered so as to ensure quality and value for money. One approach would be for INAP to organise a periodic tendering process for training providers and to licence approved providers. This would contribute to cost effectiveness and quality control. Another option would be to have a central training procurement agency, under INAP, which would buy training; organisations could retain their own training budgets but would be obliged to procure their training from the central agency. The United Kingdom recently adopted this model by setting up Civil Service Learning as the central agency through which departments must procure their training.

The Dominican Republic should ensure that best-practice methods of adult learning are put into practice. INAP's experience in using virtual learning and e-learning provides a basis for further developing online methods as a way of expanding access to training and complementing other forms of learning. In addition to formal training, workplace-based activities such as on-the-job training and development assignments should be supported. The Danish CAMPUS project shows how a corporate, government-wide approach to learning can be combined with extensive use of e-learning linked to competencies. This approach makes it possible to have an overview of training activities and spending and facilitates the measurement of results, while providing a lot of flexibility for organisations and staff. The project has produced cost savings as well as an improvement in the quality and quantity of learning activities, and provides some useful pointers to implementing e-learning (see Box 3.14).

Box 3.13. Allocation of responsibilities for development of staff in the Swiss federal administration

The approach to staff development in the Swiss federal administration has changed significantly in order to support the government's public service transformation programme. The strategic objectives of staff training and development are:

- Support a focus on future objectives and challenges facing the federal administration. Training and development should align with the HRM strategy of the federal government and the business needs of institutions, should promote cultural change, and should contribute to meeting current and future skill needs.
- Increase competitiveness in the labour market and the flexibility and mobility of staff by developing competencies and encourage self-development so that staff can come up with innovative solutions and take on new tasks and functions.
- Improve staff satisfaction and the attractiveness of the administration as an employer by using the capacities and potential of staff, encouraging continuous learning, and supporting diversity and equal opportunity.

The main responsibility for staff development lies with line managers and staff themselves, with HRM playing a support role. At the heart of this process are the performance evaluation interviews and the definition of objectives that take place between line managers and their staff.



Source: Federal Personnel Office of the Swiss Confederation (2003), *Développement du personnel dans l'administration fédérale*, www.epa.admin.ch/themen/ausbildung/00268/index.html?lang=fr.

Box 3.14. Denmark: The CAMPUS project

In 2007, the Danish government adopted a corporate approach to learning through the CAMPUS project. All public organisations are treated as part of one corporation for procurement, development and distribution of competency development and learning activities. A staged approach was taken to implementation, starting with central government employees and gradually expanding the project to cover other parts of the public sector. The Ministry of Finance is in charge of managing the CAMPUS project which is divided into two organisational units:

- the Learning Management System Unit focused on establishing a digital infrastructure for learning (located in the Agency for Governmental Management); and
- the Learning Unit focused on learning products, mainly e-learning (located in the State Employer's Authority).

The CAMPUS project allows central management agencies to have an overview of activities and spending on training across government, as well as the ability to measure results and to plan for the future. Line managers and the HRM function are able to use CAMPUS as a tool for supporting strategic competence and appraisal interviews. For public employees, the project provides access to learning offerings and learning plans.

The CAMPUS project has produced administrative cost savings (procurement, common development, travel expense, etc.), as well as an improvement in the quality and quantity of learning. E-learning in many cases saves time (travel time, time spent in the classroom, etc.) and this potential has been increased by the introduction of virtual classrooms for teaching and meetings in 2011. CAMPUS also allows for the optimisation of working processes, best practice sharing, and the adoption of common methodologies. Full digitalization (workflow, self-service, notifications, etc.) is expected to save the Danish government an estimated 33% cost saving on time.

CAMPUS has represented at least four major shifts. First, the project represents a move from single training courses to learning plans. This is because e-learning needs to be blended and situated locally. It is not necessarily a replacement for existing courses, but an effective way of using resources in a more efficient manner. Second, CAMPUS is changing HRM roles from administrator to planner. E-learning requires considering and rethinking existing courses and learning programmes; increasing collaboration with teachers and consultants – both internal and external; and sharing best practices, competencies and experience. Third, e-learning has placed new demands on traditional courses, as it requires changing both content and didactical forms of traditional courses. It is necessary to specify learning points (expected results of the learner), training points (expected skills of the learner), and organisational goals (how can the learner contribute to the organisation's aims). Fourth, e-learning has placed new demands on employees such as responsibility for being qualified on the job (just-in-time learning), updated (important-to-know learning) and maintaining qualifications as in repetition (just-in-case learning). On the other hand, employers need to ensure accessibility to e-learning and satisfy individual learning processes and needs.

Some lessons learned from the CAMPUS project:

- Pick a user-friendly learning management system (LMS): The LMS should be easy and intuitive to use, especially for employees but also for line managers, human resource managers and others with a more advanced use of the system. The LMS must manage courses, but it should also be able to support knowledge sharing, just-in-time learning, knowledge centres, virtual classrooms and social networking. And most crucial, it should have a cross-sectional search function, so that any search will present all relevant options, including courses, posted debate issues, videos or job aids.
- First impressions last: It might be difficult to get employees to adopt e-learning. So it is crucial that the first experience is positive and adds value beyond expectation. The real success criterion is not the first e-learning course, but returning for a second one.

Box 3.14. Denmark: The CAMPUS project (*cont.*)

- E-learning as courses or as just-in-time learning: Decide for each subject matter whether a full-length training course is necessary or just small, five to ten-minute information segments grouped by subject matter (e.g. videos or training for specific use in job aids). The first is a more traditional development of competences while the second is just-in-time learning, making the employee competent in a short time period (e.g. in preparation for a meeting).
- One step at a time: Implementing e-learning demands a huge change in learning culture, workflows and values, and can take significant time. Use the power of best practice – or just any practice – because every single experience can give inspiration across ministries.

Source: “Digitalizing HRM and Competency Development”, presentation given by Sine Martinussen, project leader CAMPUS Learning Unit, to the OECD Network on Public Employment and Management (PEM), OECD, Paris, December 2008.

It is essential to evaluate the results of training. INAP should design an evaluation approach for use by government organisations, based on best-practice, multi-level evaluation techniques.

Key recommendations

A. Short term (1-2 years)

Additional measures are needed to firmly establish merit-based recruitment across the public service and to make the recruitment system more rapid and efficient. Measures that would help achieve this include:

- Requiring ministers to ensure that merit-based recruitment is used consistently in the organisations under their responsibility in order to guarantee the ongoing, strong political backing that is essential to the success of this reform.
- Holding vice-ministers and directors-general personally accountable for applying the required recruitment and promotion procedures, and requiring them to report every six months on the number of staff hired and promoted in institutions under their responsibility, compared to the number of competitions held.
- Establishing an independent merit protection agency with powers of investigation, audit and reporting.
- Establishing a central recruitment agency to manage the recruitment process for the career public service.
- Improving the planning of recruitment and holding grouped competitions wherever possible.
- Splitting the process of central staffing control from that of planning recruitment competitions so that the recruitment competitions could be organised on a different schedule from authorisations to open positions.
- Providing organisations with the flexibility to proceed directly with a public competition or an open internal competition if they consider this necessary.

- Reviewing the mix of internal and external competitions in the context of the need to bring in new skills versus the need to promote internal mobility and to provide career opportunities for existing employees.
- Building up a picture of the skills that are in short supply, especially in high-priority areas, and making more use of pre-recruitment training in order to expand the pool of internal and external candidates.
- Exploring the possibility of establishing links with universities and institutions that provide technical and professional training as a way of developing a direct channel to potential job candidates.

Competency management is a key instrument which should be further developed. Measures that would help achieve this include:

- Developing a standard competency framework in order to create common concepts and enable the linking of competencies to key HRM areas such as workforce planning, recruitment, training and performance management.
- Making core public service values a part of the competency framework.
- Defining leadership competencies for senior public servants.
- Identifying future competencies that will be needed to achieve the government's long-term goals.

There is an urgent need to build the capabilities of the workforce. Measures that would help achieve this include:

- Establishing a national training and development framework to set priorities and guide a focused capacity-building effort.
- Identifying high-priority capacity-building needs and establishing a three-year capability development plan to address them.
- Designing a core curriculum based on competencies, which can gradually be refined as the competency framework is developed.
- Putting the Academic Council into action as the overall co-ordinating body.
- Clarifying roles and responsibilities for training and development, with institutions and line managers having primary responsibility for their own staff and INAP focusing on its strategic role.
- Developing competency-based leadership and management programmes, starting a systematic process of leadership and management development.
- Developing guidance and tools to assist institutions in carrying out analysis of training needs, in developing their training plans and in evaluating their training and development activities.
- Introducing best-practice learning and training evaluation methods.
- Examining ways to improve the procurement of training.

B. Medium term (3-5 years)

Ensuring the consistent use of merit-based recruitment should remain a high priority. Measures that would help achieve this include:

- Once a performance contract has been established for an institution, the consistent use of merit-based recruitment and promotion procedures should be one of the performance criteria.
- Continuing to build the capacity of the independent merit protection agency and the central recruitment agency and ensuring both are adequately resourced to carry out their functions.
- Implementing measures to increase the diversity of the recruitment pool.
- Using the provisions of Public Service Law 41-08 to include all positions below the most senior management level in the career service and make them subject to merit-based recruitment.
- Once there has been sufficient time for turnover to occur and new appointments to be made, MAP might usefully benchmark the proportion of managers who have been recruited on merit compared to other countries in the region.
- Considering how recruitment to positions that remain outside the career service could nevertheless be made more rigorous and impervious to nepotism in order to help raise the general quality of employee qualifications and support the objectives of improving quality and results across the public service.
- Ongoing monitoring, evaluation and reporting of progress with the implementation of merit-based recruitment.

Expanding career opportunities will help to build the commitment of employees to merit and professionalism. Measures that would help achieve this include:

- Reducing the number of different job categories by creating interministerial job categories to the extent possible.
- Building on the work being done on competency-based job profiling to develop a method of organising and grouping jobs that facilitates flexibility – for example, a job family model or a common set of reference jobs.

Competency management should continue to be developed as a key strategic HRM instrument. Measures that would help achieve this include:

- Linking competencies to performance management and workforce planning.
- Integrating competencies into the selection and development of managers.

Training and development should be further strengthened and linked to other HRM processes. Measures that would help achieve this include:

- Using performance assessment to identify competency gaps and training and development needs of staff, and requiring managers to establish individual training plans.
- Using workforce planning to identify competency gaps and linking this to training plans within institutions, to training and development priorities for particular sectors, and to competency development strategies for the public service as a whole.
- Transferring responsibility for induction training to institutions within a framework set by INAP.

- Expanding e-learning using a corporate approach to develop a whole-of-government system.

C. Long term (5 years +)

Strategic impetus should be given to leadership and management development activities in the Dominican public administration, firmly placed in the context of public service reforms. Measures that would help achieve this include:

- Establishing a strategic centre for leadership learning and development, preferably by strengthening INAP's capacity (instead of creating a new body). Leadership and management development should be closely linked to the culture of quality, innovation and results that the Dominican government wants to achieve across the public service.

Notes

1. Presentation by the Swedish Agency for Government Employers to the OECD Public Employment and Management (PEM) Network, Paris, October 2012.
2. Presentation by Belgian delegates to the OECD Public Employment and Management (PEM) Network, Paris, October 2012.
3. Eight countries (Belgium, Czech Republic, Germany, Greece, Ireland, Mexico, Slovak Republic and Turkey) have standard initial training for all entrants into the public service, while such training is mandatory for only some new entrants in 18 countries. In three countries (Brazil, Spain and Ukraine), most employees are admitted into a specific training school after being recruited.
4. Presentation by the Korean delegate to the OECD Public Employment and Management (PEM) Network, Paris, October 2012.
5. Presentation by the Korean delegate to the OECD Public Employment and Management (PEM) Network, Paris, October 2012.
6. Information provided during the OECD fact-finding mission to the Dominican Republic (July 2013).
7. Information provided by the Dominican Republic in response to the OECD Survey on Strategic HRM (July 2013).
8. Analysis carried out on behalf of MAP by FIIAPP, *Propuesta de Gestión de Recursos Humanos del Servicio Civil de la República Dominicana*, July 2012.

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Chapter 4

Enhancing performance orientation and building leadership for stronger public sector performance in the Dominican Republic

Taking into consideration the experience of OECD countries, this chapter analyses the set of public sector performance drivers in the Dominican setting. The chapter focuses on performance management strategies and arrangements to modernise the Dominican public administration, looking at how they can ensure ethical behaviour and drive efficiency, performance orientation and achievement of results in a balanced way.

While the idea of improving the performance of individuals, organisations and the public service as a whole is a straightforward objective shared by all democratic governments, the implementation practice is much more complicated. This makes performance a multi-faceted concept.

The management of senior managers is a critical element for reinforcing the performance orientation of public governance. Providing effective leadership plays a decisive role in ensuring the success of reforms and innovation in the public sector. Arrangements for managing the political-administrative interface are a key issue in relation to the senior public service.

The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.

Introduction

Enhancing public service performance is a central pillar of the Dominican Republic's National Development Strategy (END, *Estrategia Nacional de Desarrollo*). The government is committed to delivering better quality and more effective and efficient services, reducing waste of public resources, and establishing a result-oriented and innovative culture.

While the idea of improving the performance of individuals, organisations and the public service as a whole is a straightforward objective shared by all democratic governments, the practice is much more complicated. Public services must satisfy goals not only of quality, quantity, cost, results and user satisfaction; they must also satisfy other important criteria such as legality, equity, due process and trustworthiness. A public servant's performance involves not only delivering outputs and outcomes, but also respect for the law, ethical behaviour, public accountability, political neutrality and loyalty to the elected government of the day. This makes performance a multi-faceted concept.

Performance management arrangements in government have to satisfy two fundamental tests: first, there must be appropriate arrangements to ensure correct behaviour and prevent corruption; second, the arrangements must drive efficiency, performance orientation and achievement of results. Traditionally, in OECD member countries, the emphasis was on controls over inputs, compliance with rules and procedures, and hierarchical structures of authority. Over time, efforts to enhance efficiency and performance have led to more delegation of authority to managers within performance management frameworks and to the strengthening of accountability mechanisms. OECD member countries have moved to this model at different rates, and many are still endeavouring to find the right balance between delegation and centralised controls and oversight.

The Dominican Republic is faced with a similar issue of finding the right balance to suit its own particular circumstances. Strong, effective mechanisms are needed to eliminate waste and corruption, ensuring ethical behaviour. At the same time, mechanisms are needed to drive performance and results.

HRM policies across all elements of the employment cycle have an impact on performance: recruitment and promotion arrangements, pay and other compensation incentives, training, performance planning and appraisal, arrangements for discipline and termination of employment. Achieving a good fit between HRM and financial management arrangements is essential for incentivising performance at the organisational level.

As performance, innovation and efficiency have become critical issues in public governance, there is an increasing focus on the management of senior managers and their role and capabilities. Building leadership and management capacity and putting in place rigorous accountability and performance mechanisms for senior managers have been central to the increased managerial delegation that has occurred. Senior managers in OECD member countries are expected to lead the reforms designed to enhance the performance of public services.

Arrangements for managing the political-administrative interface are a key issue in relation to the senior public service. In OECD member countries, there are varying degrees of political involvement in appointments of senior public servants and in other

senior staffing matters. However, political influence is generally moderated by other checks and balances in the system to ensure rigorous processes for staffing senior positions with highly competent people.

Enhancing performance orientation

Establishing performance frameworks that emphasise accountability for outputs and results, while providing managers with more flexibility to manage financial and human resources, has been one of the major thrusts of public sector reforms in OECD member countries over the past two decades. This has been a long-term, gradual process in most countries, as implementing sophisticated performance management frameworks is a complex matter. Performance management frameworks continue to be refined as governments learn from their own experience and that of other countries (Halligan, 2007). Countries have had to: develop their capacity for strategic planning; establish results-based budgeting systems; set up financial management frameworks to support increased delegation to institutions; design organisational performance management frameworks; and develop measurement, evaluation and auditing systems. With the onset of the economic crisis, government organisations in OECD countries are more than ever subject to budgeting and performance improvement tools such as productivity dividends and value-for-money measures.

Performance management provides the fundamental link between the outcomes that are set in strategic planning and budgeting and the translation of those outcomes into objectives for public sector staff. When linked with strategic, workforce and budget planning, performance management supports the effective implementation of the government's agenda by aligning incentives with strategic objectives, providing a tool for the prioritisation of activities, and communicating a common vision and goals to help steer staff actions. Performance management provides the tool through which to hold public sector staff accountable for their work on behalf of the government. The success of a fully integrated performance management system is dependent on three components: *i)* the linkage of the overall performance management system to strategic planning and budget allocation at the whole-of-government and organisational levels; *ii)* goals and strategies that are clearly defined and communicated to employees; and *iii)* managers who can objectively assess and measure performance and use this information appropriately (see Box 4.1).

Box 4.1. What is performance management?

Performance management addresses the efficiency and effectiveness of operations, but also the accountability of actions. Performance management is made up of four levels:

- At the **highest** level, performance management is rooted in the organisation’s long-term vision and business strategy, and is focused on impact, resource utilisation and public service improvement.
- At the **strategic** level, performance management is focused on outcomes, such as volume and value of service take-up, upward trends for inclusion, and staff and user satisfaction.
- At the **programme** level, performance management is focused on the desired output of programmes, and on what has been accomplished.
- At the **operational** service level, performance management is concerned with process quality, service delivery and outputs, but also with the individuals or teams of individuals who are expected to deliver these results.

Source: OECD (2008), *The State of the Public Service*, OECD Publishing, Paris, <http://dx.doi.org/10.1787/9789264047990-en>.

Inculcating a results orientation is one of the primary objectives of the public sector reforms being implemented in the Dominican Republic. There is a well-defined system for improving performance across the public service through a management framework called “Managing for Development Results, MfDR” (*Gestión para Resultados en el Desarrollo*, GpRD) and the use of the CAF quality and innovation model (see Chapter 6). Although implementation of these instruments is still at an early stage, there is a clear view of how HRM should sit within and link to the overall performance management framework. The challenge now is to spread the use of performance-related instruments across the public service to establish a strong culture of performance.

Performance management processes are core to MfDR. Public Service Law 41-08 establishes the principles of organisational and individual performance management, placing responsibility with MAP to develop the performance management framework (see Chapter 6). Results-based contracts will be the basis of performance management: organisational contracts are to be agreed between the four players: the manager of a public organisation, MAP, the Ministry of Finance, and the Ministry of Economy, Planning and Development. This system of contracting is designed to link the strategic planning, budgeting and performance management processes. Once the system of organisational contracts is functioning, individual performance contracts flowing from the organisational contract are to be signed between the manager and staff within the organisation. Managers’ objectives will be the same as those of the institution; for other employees, specific objectives will be set each year, flowing from the objectives of the organisation.

The overall HRM framework should contribute to a performance orientation

Performance-oriented HRM policies and practices fall within the overall framework of organisational performance management. OECD member countries have redesigned

HRM policies and practices to integrate with and support the overall performance management framework in a number of key ways:

- To varying extents in different OECD member countries, more responsibility and accountability for HRM has been delegated to organisations and line managers in order to provide them with greater flexibility to adapt the management of their employees to achieve results; this has generally been done only when frameworks for delegated financial management and strong accountability mechanisms are in place at the organisational level. Delegation, in turn, has highlighted the need to develop managers' competencies.
- The use of strategic HRM has increased, and HRM strategies have become more closely linked to organisational performance management frameworks. In almost two-thirds of OECD member countries, there is a general accountability framework for managers which defines the main managerial standards and targets for which they are held accountable. In 17 out of 37 member countries, HRM is fully linked to the performance planning and reporting requirements of government organisations, although the degree of precision of strategic objectives for HRM is variable.¹
- Within these general accountability frameworks, planning and reporting in regard to HRM continue to be developed and improved. In an increasing number of OECD member countries, top and middle managers are required to plan and report on various aspects of HRM. The most common requirements are to plan and report on compliance with general HRM rules and targets in terms of staff numbers, compensation costs and general people management. However, in an increasing number of countries, top and middle managers are accountable for matters such as the HRM capacity of their organisation, strategic workforce planning, workforce strategies to close competency gaps, and participation in whole-of-government initiatives. In 15 OECD member countries, HRM targets feed directly into the performance assessments of top and middle managers.²
- Workforce planning and competency management are increasingly used to ensure that government organisations have a workforce of the right size, with the right competencies to achieve the required levels of performance and results.
- The use of performance assessments for individual staff and work groups and at the organisational level has become generalised in order to strengthen incentives to improve performance. Such practices function to clarify organisational goals for staff so that they gain a better understanding of their role within the organisation and therefore how to best implement change and contribute towards strategic organisational objectives.
- There is increased emphasis on rewarding good performance and dealing effectively with poor performance. Most OECD member countries reward performance by linking it to pay in some way, and performance assessments affect career advancement in many countries. Managers are expected to address unsatisfactory performance and are provided with HRM tools to do so.
- Because creating a performance culture requires new managerial competencies, OECD member countries place a lot of emphasis on defining the required competencies, on recruitment and selection of managers, and on management development and training.

The Dominican Republic's HRM framework for the career public service is designed to be a core driver of individual and organisational performance. The creation of the career public service – both the general career and special careers – provides the framework for the merit-based recruitment and promotion processes that are essential to building a performance culture. Developing competency management is central to the HRM strategy as this will underpin recruitment and selection, promotion, performance management and training, and is already bringing benefits as it is gradually implemented. The new job profiles that have been designed by MAP and that will gradually be rolled out across the public service emphasise outputs as well as the behavioural and technical competencies required to achieve them.

Once established, linkages will need to be made between the accountabilities set out in job profiles, the key performance indicators for individual employees and the performance assessment. It will also be critical to link training to the competencies set out in job profiles and to use training more effectively as an instrument for performance improvement.

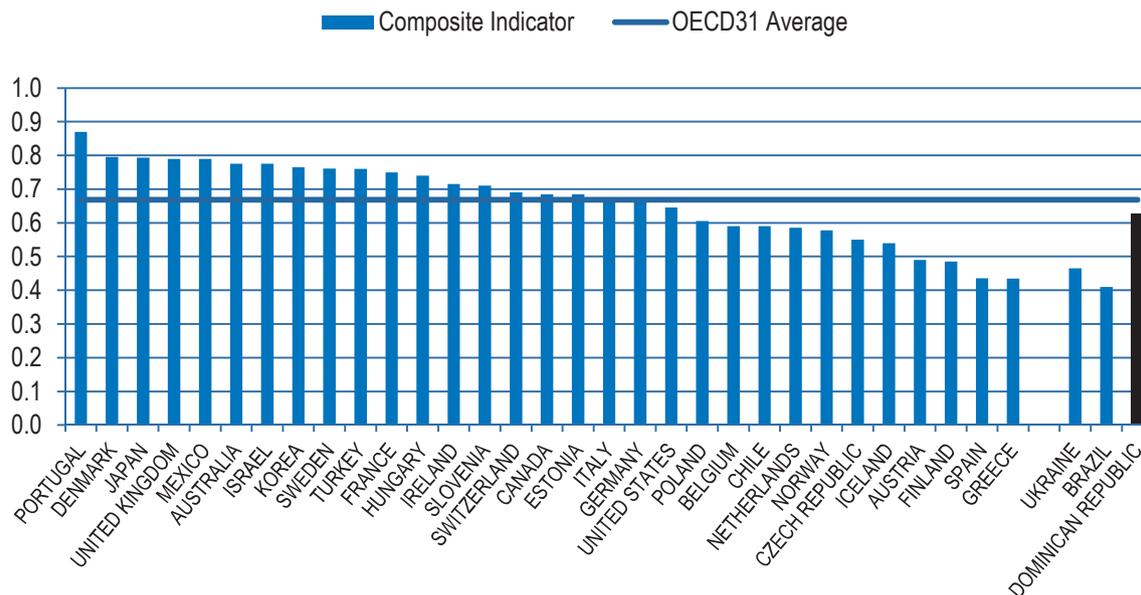
The design and implementation of a new job classification system following the 2013 salary reform presents important opportunities to develop additional levers for performance management. How jobs are defined, classified and grouped influences career and promotion structures as well as opportunities for on-the-job learning. These are elements that have a strong impact on the motivation and performance of employees and on the retention of talented people. A job classification system that allows for both horizontal and vertical mobility and flexible organisation of work has the potential to make a significant contribution to the Dominican Republic's efforts to strengthen performance and innovation.

A key driver of organisational performance that remains to be developed, as discussed in Chapter 2, is workforce planning.

The management of individual performance should be strengthened

Research indicates that employee motivation and performance are affected by a variety of factors: the quality of leadership and management; consistent organisational values that are reflected in the attitudes and behaviours of managers and staff; having interesting and challenging work; clarity about employees' role and how their work contributes to the objectives and success of the organisation; being well trained and having the competencies required for the job; and being recognised and rewarded for good performance (Miller, 2011; Holbeche, 2001).

Performance assessment, therefore, is simply one instrument among many HRM elements influencing performance. It is nevertheless a key instrument given its widespread use for HRM decisions in OECD member countries. The index in Figure 4.1 reflects: the existence of a formalised performance assessment; the use of performance assessment tools such as meetings with supervisors, frequency of meetings and written feedback; the performance assessment criteria used; and the importance of good performance assessments for career advancement, remuneration, contract renewal on the same job/remaining in the same job, and employment contract renewal.

Figure 4.1. Extent of the use of performance assessments in HRM decisions in central/federal government

Sources: OECD Survey on Strategic Human Resources Management in Central/Federal Governments (updated in 2013 on the basis of 2012 data). Data for the Dominican Republic provided by MAP in response to the OECD survey questionnaire (July 2013).

Performance assessment is one of the more decentralised HRM instruments. A majority of OECD member countries delegate to organisations and a few to the unit or team level.

In most OECD member countries, employees have a formal performance assessment meeting with the supervisor each year to review results and plan performance objectives for the following year. In some countries, an interim meeting is held halfway through the year. Research on behalf the European Union indicates that across the public service, a variety of different forms of appraisal are used, depending on the organisation. These include traditional performance appraisals, target agreements, performance-oriented contracts, self-assessments, 360-degree feedback, balanced scorecards, team evaluations and citizen polls. However, the most popular instruments are target agreements and the traditional performance appraisal (EIPA, 2007).

Instruments such as 360-degree feedback are not widely used in the central government in OECD member countries.³ However, in Belgium, Denmark and the Netherlands, 360-degree feedback and evaluations by colleagues, customers and citizens are conducted. In the United Kingdom, 360-degree feedback is used to assess the performance of senior civil servants along with other instruments for many of the most senior staff, such as results of staff surveys and departmental feedback (EIPA, 2007).

In the Dominican Republic, performance assessment for public servants has been gradually extended in the central government, since 2005. Public Service Law 41-08 provides for performance assessment for all public institutions that come within the scope of the law. MAP has developed the regulations to give effect to these provisions, a guide to performance assessment was issued in 2012, and managers are being trained to carry

out assessments. MAP maintains good statistics on the numbers of organisations using performance assessments and the numbers of staff for whom assessments are done (see Table 4.1). These data show that while progress with implementation was slow and uneven up to 2008, the number of staff subject to performance assessment almost doubled between 2010 and 2011. The number of organisations carrying out performance assessments has fluctuated.

Table 4.1. Number of Dominican organisations using performance assessments and number of public servants assessed (2005-2013)

	Number of organisations	Number of public servants
2005	86	30 235
2006	60	23 749
2007	55	24 177
2008	61	30 440
2009	72	41 263
2010	80	33 631
2011	108	64 781
2012	95	64 791
2013	115	85 177

Source: Ministry of Public Administration of the Dominican Republic (MAP), 2013.

Implementation of the performance assessment system has been hindered by the fact that it is rather complex. Employees have to be assessed on ten different dimensions which are differentiated according to occupational groups, using a scoring system that goes from 1 to 100. Managers have found the system cumbersome to use and this has led to resistance to implementing it. Experience in OECD member countries indicates that attempts to introduce highly formalised and detailed rating systems in public organisations have not been successful, as it is very difficult to distinguish the average performance of the majority of employees who are working satisfactorily, no matter how complex and formal the criteria might be. As a result, there has been a move to less-detailed rating systems (OECD, 2005a). OECD surveys indicate that public employers now focus on the same issues as in well-managed companies, a combination of individual performance goals and the competencies associated with good performance. That effectively balances a look back at how well the employee performed with a future focus on personal development and career progress (OECD, 2012).

The criteria used for assessing performance in OECD member countries are multi-faceted and fall into four main categories (Table 4.2):

- The use of performance targets has become widespread, focusing on both quantity and quality of outputs. Performance assessments include a range of elements such as activities undertaken, timeliness of undertaken activities, timeliness of outputs/achievements, quality of outputs and, less frequently, cost-effectiveness in producing outputs.
- Competencies have become increasingly important in performance assessments as a way of encouraging managers and staff to focus on the key competencies required for effective performance and competencies that need to be improved.
- Values, discipline and inputs are widely used as performance indicators, even where there is also a focus on outputs. This reflects the requirement to balance a results orientation with a focus on how results are produced and the importance of core values, ethics and probity.

- Interpersonal skills have taken on more importance with the spread of more flexible, team-based working practices and the need for public employees to be more responsive to the requirements of citizens and users of services. This factor also reflects the importance of interpersonal skills for leadership and management.

Table 4.2. Current performance criteria explicitly used in most organisations in central/federal government

Performance criteria	Number of countries using
Activities undertaken	30
Timeliness of activities undertaken	25
Outputs/achievements of objectives	33
Timeliness of outputs/achievements	25
Cost-effectiveness of outputs production	11
Quality of outputs	28
Improvement of competencies	29
Values, discipline and inputs	26
Interpersonal/management skills	29

Source: OECD Survey on Strategic Human Resources Management in Central/Federal Governments (updated in 2013 on the basis of 2012 data).

The Dominican Republic appears to be moving towards a simpler set of performance criteria that are similar to those used in OECD member countries. The new performance assessment system that is being implemented as part of the system of management-by-results within the MfDR framework will measure performance based on three types of criteria: *i*) achievement of results in relation to the performance objectives agreed at the beginning of the year, which are linked to the organisation's objectives; *ii*) competencies, which are linked to each position and will be measured through standardised tests; and *iii*) ethics and conduct. While methodologies are in place for assessing performance in relation to achievement of results and ethics and conduct, the methodology for assessing competencies has not yet been finalised. This element requires the definition of the required competencies for each position and the development of methods of testing competencies. Employees will sign a performance contract (agreement) with their manager at the beginning of the annual performance assessment cycle, and the results will be discussed at the end of the cycle. The intention is that decisions regarding training needs, performance improvement mechanisms, incentives and sanctions will flow from the performance assessment. The system is designed to address poor performance by making it compulsory for an employee whose performance is assessed as insufficient to undergo training and be re-evaluated. Where the performance does not improve, there is provision to remove the employee from the career system.

The new performance assessment system has been piloted in seven organisations, including MAP. However, most organisations have struggled to put results-based evaluation into practice as their strategic and operational plans were not yet finalised. Nevertheless, MAP has established performance agreements with its own staff based on the objectives and goals of its operational plan, while the Institute of Civil Aviation has carried out a first evaluation based on results.

As has been the experience in OECD member countries, there are additional challenges in implementing performance management for staff in specialist areas. The Ministry of Health is working with MAP on a performance management instrument for medical personnel.

Avoid implementing a complete performance management system all at once

The experience of OECD member countries is that creating a strong performance culture takes time and requires ongoing, well-synchronised efforts in a number of fields including leadership, management competencies, accountability, performance assessment and staff motivation. Political support is necessary to achieve a whole-of-government approach, while accountability for performance needs to be matched with appropriate managerial flexibility in the management of staff and financial resources. Most OECD member countries have taken the path of incremental reforms rather than trying to implement a complete organisational and individual performance management system at once. As with any major reform, one of the most difficult aspects has been to bring about a change in the culture of the public service and build line managers' ownership of performance management.

The adequacy of the planning, budgeting and management systems has a major bearing on the scope to enhance performance through improved HRM. The Dominican Republic has a clear road map for developing the MfDR framework and good analysis of what needs to be done to push ahead with implementation. This should remain a high priority. However, getting this framework fully functioning will take time. The early pilot testing of organisational performance contracts suggests that organisations will struggle to implement such a sophisticated system all at once, that the linkages to planning and budgeting need to be established, and that a lot of capacity building will be needed to develop the management skills required to put the system into practice.

While cascading individual objectives down through the organisation based on the organisation's goals and plans is the ideal, this takes a lot of managerial skill and well-defined organisational goals. With strategic and operational planning still in its infancy in most organisations, managers cannot be expected to do this. However, putting a new individual performance management system into place should not be delayed until the system of organisational contracts is fully functioning, as it is essential to generalise effective performance assessments across the public service as soon as possible. This could be done relatively quickly by implementing a simplified version of the new individual performance management system, starting with the central government and subsequently in the decentralised services of central government and key autonomous agencies such as the tax and customs agencies.

Initially, the performance management process could focus on setting individual performance objectives and assessing employees' performance based on the results achieved in relation to the objectives. For the present, even where organisations have not yet implemented strategic planning, managers could be required to set individual objectives for their staff in a simplified way, for example using the "SMART" technique (specific, measurable, achievable, relevant, time-bound) and linking objectives to key responsibilities set out in the employee's job description. Objectives could include the demonstration of ethical standards, as it is important that this remains part of the performance assessment. The objective-setting process could be supported by senior managers in organisations communicating to their staff the main objectives of the organisation and emphasising the need to focus objectives on results related to the quality, service and ethics aspects that are central to the government's reform efforts. Such context setting is a key leadership responsibility that helps staff to understand where their job fits into the overall purpose of the organisation. This simplified approach would generate learning by managers and staff about objective setting, establish acceptance of performance planning and assessment, and encourage the performance dialogue between

managers and staff that is an essential part of effective performance management. Organisations that already have strategic or operational plans in place could follow MAP's example of setting individual objectives based on allocation of the objectives and goals in the operational plan.

To enable the rapid diffusion of this approach, MAP should abandon the current system of factor-based performance assessment, as this is not in any case working well. Instead, the effort should shift to training line managers and HRM professionals rapidly in a simplified version of objective setting and assessment with the aim of getting it rolled out within two years. This would be a major advance on the current system. Embedding even a simple system takes time, so not too much emphasis should be placed on complex measurement of performance at this stage. The experience in OECD member countries is that a simpler performance rating scale is preferable and that it is more important to focus on setting objectives, ongoing monitoring across the year, good communication between managers and staff, effective feedback and support to improve performance.

Evaluating performance assessment systems is essential in order to find out whether the systems are well implemented and producing the desired results in terms of employee motivation and performance. An important part of evaluation is to investigate the competence of managers in setting performance objectives and assessing their employees. Creating a performance culture takes time and requires new managerial competencies. Managers need to be given sufficient scope and effective tools to manage people and performance and to be properly trained.

Focus on setting performance objectives

Performance planning is a critical part of the performance management process. Setting performance targets enables managers and staff to jointly plan objectives. Employees are more likely to support a process in which they participate in setting their own work objectives and can see how their individual objectives fit into the overall organisational strategy (EIPA, 2007). Research indicates that the use of performance goals and encouraging performance discussions between managers and staff, along with feedback on individual strengths and weaknesses which is then linked to developmental planning, are among the most important parts of the performance management process (OECD, 2012).

The Dominican Republic could take account of the experience in other countries to help avoid some commonly encountered problems with setting performance objectives (see Box 4.2). Performance objectives are more likely to be accepted by staff and to motivate them if they are jointly agreed with the manager and well understood. Managers also need to support their staff in achieving performance objectives by ensuring that they have the necessary resources and work systems at their disposal, by training, and by resolving problems that staff bring to them. It takes time for managers to learn how to determine targets and how to negotiate them with their staff, and ongoing support and training is essential. For example, an evaluation of the civil service in the United Kingdom – which has long experience of performance management – found that too many managers were setting poor quality objectives or not setting objectives early enough in the year, while an evaluation in Ireland found that managers were not providing sufficient performance feedback to staff (EIPA, 2007). There needs to be some flexibility in the objective-setting system to take account of changing priorities over time and to prevent the system from being too rigid. This is often built in through provision for a half-yearly review.

Box 4.2. Challenges encountered with setting performance objectives in selected EU member countries

The main challenges encountered include, in order of importance:

1. Tasks and obligations changing rapidly.
2. Workload is too high.
3. No experience in setting objectives.
4. Culture is based on the principle of hierarchy.
5. Continuous political influence on work.
6. No motivation on both sides.
7. No training in the setting of objectives.
8. Lack of trust between superiors/employees.

Source: EIPA (2007), Performance Assessment in the Public Services of the EU Member States, study prepared for the 48th meeting of the Directors-General of the Public Service of the Member States of the European Union, European Institute of Public Administration, Maastricht, Netherlands.

While it is essential that managers and staff invest time and effort in performance planning and assessment, the system should not be bureaucratic or generate an undue workload. The aim is to have a tool that line managers will use because it helps them to manage their staff effectively and get results. The Dominican Republic's experience in developing online and web-based HRM tools places it in a good position to develop an online performance assessment system. Hungary has a positive experience with using web-based systems (see Box 4.3).

Box 4.3. Hungary: Decreasing workload and bureaucracy in performance evaluation

A web-based performance evaluation system was introduced in the Hungarian public service so as to make the system more transparent and easy to use, saving the superior's time and benefiting from a faster process without paperwork. Target setting and annual and mid-year evaluations take about an hour-and-a-half per subordinate annually. Preparation for the evaluations (gathering performance information, measuring numerical targets) takes an estimated extra hour per person.

Source: EIPA (2007), Performance Assessment in the Public Services of the EU Member States, study prepared for the 48th meeting of the Directors-General of the Public Service of the Member States of the European Union, European Institute of Public Administration, Maastricht, Netherlands.

An online system also has the advantage of making it easy to collate data on the rate of completion of performance assessments and the distribution of performance ratings in order to highlight issues such as ratings inflation. In time, the system could be used to hold common performance targets that the government may want all organisations to

include in assessments, and to track things like the establishment of a training plan arising out of the performance assessment and performance improvement plans.

Assessment of competencies should not be overly complex

The approach to integrating competencies into the Dominican Republic's individual performance management system is a good example of gradual implementation. MAP is starting by trialling competencies in its own performance assessments so that it can then assist other organisations. Pilot testing is also going on in the Ministry of Industry and Trade, the Ministry of Economy, Planning and Development (MEPyD), the Institute of Civil Aviation, the Fund for the Development of Land Transport, the National Office of Industrial Property, and the National Bureau of Statistics.

Once the Dominican Republic's competency dictionary for the career public service is fully developed and new position profiles are finalised by organisations, competencies can be added to the performance management system. In order to use competencies to encourage the required behaviours and acquisition of the relevant skills, it is critical that their validity has been well tested before competencies are used in performance management. The experience of OECD member countries is that competencies need to be reviewed regularly to ensure their continuing relevance. While adding competencies to performance assessment will drive a necessary focus on skills and behaviours, care will be needed to ensure that the achievement of results remains a central focus of performance assessments. The experience in Belgium when competencies were initially included in performance assessments was that insufficient attention was paid to results (OECD, 2007), a problem that has been tackled more recently by introducing a new evaluation system by a Royal Decree on 24 September 2013.

There is a risk that in attempting to use competencies for performance assessment purposes, a lot of time and effort could be put into developing complicated ways of measuring competencies that managers would find cumbersome to use. At the same time, it is important to make judgments as objective as possible. A commonly used approach is simply to define effective and ineffective behaviours. Usually, these definitions are differentiated for staff at different levels. This approach is used in the civil service of the United Kingdom, where the competency framework contains ten competencies grouped into three strategic clusters. The required behaviours for each competency are differentiated across six levels, ranging from support staff to the most senior managers. Staff are usually assessed on approximately six competencies that are identified with their manager as being essential to their role. As shown in the example in Box 4.4, straightforward descriptors of effective and ineffective behaviours are set out in a competency guide that managers and staff can use. While the descriptors are short, they are highly specific and based on observable behaviours and actions.

In defining competency standards, it is vital to involve managers and staff in order to ensure validity and to establish acceptance among employees. This can be done, for example, through techniques such as focus groups, critical incident review and behavioural event interviews.

Box 4.4. United Kingdom: Example of competency descriptors used in performance management and other HRM processes in the civil service

Each set of competency descriptors is accompanied by a general statement of what effectiveness looks like. The example here is for the competency entitled Managing a Quality Service and includes only two out of the six levels for which competencies are defined.

Managing a Quality Service

Effectiveness in this area is about being organised to deliver service objectives and striving to improve the quality of service, taking account of diverse customer needs and requirements. People who are effective plan, organise and manage their time and activities to deliver a high-quality and efficient service, applying programme and project management approaches to support service delivery. At senior levels, it is about creating an environment to deliver operational excellence and creating the most appropriate and cost-effective delivery models for public services.

Level 6 (director-general and director)

Effective behaviour	Ineffective behaviour
People who are effective are likely to:	People who are less effective are likely to:
Ensure that an in-depth and evolving understanding of the broad range of customer requirements is embedded in the department	Allow the department to operate with only superficial understanding of the customer/end user requirements
Determine and drive customer service outcomes at a broad strategic level and work across government to deliver best quality service to customers	Give little attention to defining the customer requirement in setting strategic priorities
Ensure that all parts of the delivery chain fully understand the required outcomes for the customer and articulate the impact of poor service on the department's reputation to all involved	Give insufficient clarity around customer needs to the delivery partners and lose sight of which partner is responsible for delivery
Create a culture of working with and through delivery partners to achieve outcomes, establish and negotiate service levels and deliverables	Not give sufficient attention to managing customer expectations and outcomes at the highest levels
Define and integrate clear structures, systems and resources required across the department to promote efficient service delivery	Establish unrealistic or confusing priorities and strategies at the highest level, leading to inefficiencies in service delivery

Level 2 (executive officer or equivalent)

Effective behaviour	Ineffective behaviour
People who are effective are likely to:	People who are less effective are likely to:
Explain clearly to customers what can be done	Give customers and delivery partners an unrealistic picture of what is possible or focus on what cannot be done
Work with the team to set priorities, create clear plans and manage all work to meet the needs of the customer and the business	Always rely on others to focus and plan their work
Ensure that levels of service are maintained – flag up risks or concerns in order to meet customer requirements	Focus on immediate service delivery problems and neglect overall quality or customer/end user needs
Keep internal teams, customers and delivery partners fully informed of plans and possibilities	Provide infrequent, unclear, insufficient updates to others in need of the information
Promote adherence to relevant policies, procedures, regulations and legislation, including equality and diversity and health and safety	Pay little attention to highlighting and explaining the reasons for compliance
Identify common problems or weaknesses in policy or procedures that affect service and escalate these	Show a lack of desire to improve the quality of service

Source: United Kingdom, *Civil Service Competency Framework 2012-2017*, www.vmd.defra.gov.uk/pdf/vacancies/CompetenceFramework.pdf.

For technical competencies, standard qualifications are often used to assess whether employees meet the required standards. For example, in the civil service of the United Kingdom, the “Professional Skills for Government” framework sets the standards for job-specific technical competencies and professional requirements. The framework defines both entry-level requirements and professional development requirements in order to meet the necessary competency standards. The framework links into a common curriculum and learning resources to support staff in developing their competencies to the necessary standard, and there is an annual requirement to complete specific ongoing learning. Such approaches avoid the need for complicated measurement of competencies by focusing on completion of the necessary learning and acquisition of the relevant qualifications. They have the advantage of linking competencies and learning closely together through the performance appraisal system and strengthening the focus on competency development.

Dealing with inflation of performance ratings

Monitoring and measuring performance – especially the conduct of staff performance appraisals – is a difficult process. A persistent problem in performance management is inflation of performance ratings. This is also an issue for the Dominican Republic. Again, MAP keeps good statistics on this, showing that most staff are rated as excellent or very good.

It is hoped that the planned new system of performance evaluation based on results will reduce this problem. The experience in OECD member countries shows that there are several steps the Dominican Republic could consider to reduce the problem of ratings inflation by ensuring that employees know what performance is expected of them and building trust that performance will be rated fairly (see Box 4.5).

Box 4.5. Steps to deal with the problem of inflation of performance ratings

- Provide adequate training in the use of the performance management system for managers, supervisors and employees. Everyone should have the same understanding of the process. Experience shows it is advantageous to require occasional refresher sessions.
- Focus on performance criteria that are job-specific, verifiable and suited to reaching agreement on the performance rating. The use of performance goals generally satisfies this requirement.
- Include competencies that are specific to an occupation and job or career level to facilitate supervisor-employee discussions.
- Avoid performance rating systems that are complex and hard for employees to understand. Avoid three-level scales that tend to encourage managers to choose the mid-level.
- Involve managers and employees in a meaningful way in identifying and defining the performance criteria. This may not make the ratings more defensible but experience confirms it will contribute to a shared belief in the fairness of the ratings process.
- An annual audit of experience provides a basis for identifying and addressing problems, particularly evidence of bias or discrimination. The audit can also serve to confirm that employees were informed of performance expectations at the beginning of the performance period.
- Requiring managers to justify ratings in front of a calibration committee or peer review raises the level of honesty and the consistency of ratings across the organisation. Such discussions also help managers understand the norm for performance expectations.

Source: OECD (2012), “Rewarding Performance in the Public Sector: Performance-related Pay in OECD Countries”, Public Governance and Territorial Development Directorate, Network on Public Employment and Management, GOV/PGC/PEM(2012)3.

Link performance assessment to consequences

For performance management to be meaningful, it should have consequences, although the process of setting objectives is in itself a spur to improved performance. The Dominican Republic's planned performance system foresees consequences in terms of incentives and sanctions for organisations as well as individuals, although these elements are still at the design stage. As far as the results of individual performance assessments are concerned, the consequences will be established through linkages to other HRM subsystems. Some of these linkages already exist; performance assessments are used in the process to incorporate staff into the career public service and in internal recruitment and promotion. Other linkages can be established gradually.

A key linkage that should be established in the shorter term is the link to learning. The performance assessment system can contribute to improved performance by feeding into targeted learning to close performance gaps. This could be done on an individual basis and for groups of employees where common gaps are identified. When the competency framework is implemented and linked to performance assessment, this will provide a more structured way of identifying gaps and learning needs. In the interim, however, line managers should use the performance management process to work with their staff to identify obvious gaps that are preventing staff from being fully effective and should set learning objectives to be completed during the subsequent performance cycle.

Performance assessments should continue to be used as an input to promotion. However, performance in the current job is not a reliable guide to performance in a more complex, higher-level role. Account needs to be taken of the different competencies that may be required at a more senior level, particularly in case of a promotion from a professional role to a managerial role.

Career development is a powerful performance incentive that can be expanded. The implementation of competency-based position profiles and the design of a job classification system should be used to gain as much flexibility as possible in job design and the grouping of jobs in order to facilitate career development through horizontal mobility and promotion. Opening up management positions to internal promotion is another important way of creating incentives, although it is necessary to balance this with requirements to bring in talent from outside the public service.

Career development does not have to be limited to mobility and promotion. Employees who perform well can be rewarded in other ways that provide them with opportunities to expand their experience and develop new competencies. This can be done informally by encouraging managers to give good performers challenging assignments or to support them in developing new competencies through training. More formal career assignment programmes could be considered in the longer term as the new performance management system becomes established, particularly as a way of accelerating the development of good performers who demonstrate the potential to progress to more senior management roles.

An effective system is needed to deal with poor performance

An effective system for managing underperformance is an integral part of any performance management system. Line managers need to have access to instruments for identifying the specific causes of poor performance and for attempting to improve performance. Managers also need to know that in a case of persistent poor performance,

action can be taken to sanction employees; otherwise there is little incentive for managers to attempt to deal with poor performers.

As part of its performance management strategy, the Dominican Republic should develop a formal system for managing poor performance. As this is an issue in all performance management systems, there is ample experience to draw on in OECD member countries. There are generally three key steps in managing poor performance: *i)* identifying the causes; *ii)* putting in place a performance improvement plan with specific measures designed to address the causes; and *iii)* taking disciplinary action if performance does not improve. Line managers are expected to take the lead in this process, while HRM staff provide support to them. This requires training managers and HRM specialists in techniques for dealing with poor performance.

Poor performance may result from any of a variety of factors. Employees may not have the competencies to do their job properly or may be in a job that does not suit their capabilities. There may be inappropriate behaviour, resistance to change, lack of motivation or simply laziness. Other causes can include poor management, personal or family problems, health problems, and so on. The actions taken to improve performance have to address the specific causes. The system used in the Irish civil service illustrates key elements of a system for managing underperformance (Box 4.6).

Box 4.6. Managing underperformance in the Irish civil service

Central guidelines are provided on managing underperformance, which is defined as ongoing failure to meet specified, realistic objectives. There are five basic steps in the system. All steps are fully documented.

- Identify underperformance via the performance management and development system, using the employee's role profile.
- Identify the reasons for/causes of underperformance via the performance review meeting.
- Decide and agree on the action required at the performance review meeting using the Performance Improvement Action Plan.
- Resource the action.
- Monitor and provide feedback.

Where the employee refuses to acknowledge the underperformance or refuses to engage with the system, this is documented and immediate action is taken by HRM.

The Performance Improvement Action Plan specifies in writing:

- the areas (i.e. relevant key tasks in the role profile) where there has been unsatisfactory progress;
- the progress which is required to be achieved over the period of the action plan;
- the time frames which will apply to the achievement of progress;
- the support measures which will be put in place, when, and by whom (including development measures such as coaching, self-learning, formal training and, in cases of personal/domestic difficulties, any other support measures to be provided, with time frames);
- the intervals at which progress will be reviewed during the lifetime of the action plan;
- the date when overall progress achieved in the action plan will be reviewed and evaluated;
- a statement that, in the event that satisfactory progress is not achieved in the time frame specified, consideration will be given to invoking the disciplinary code.

Box 4.6. Managing underperformance in the Irish civil service (cont.)

The Performance Improvement Action Plan is signed and dated by the manager carrying out the meeting and the jobholder.

Where a manager has made concerted efforts to address underperformance and the jobholder has failed to improve his or her performance to a satisfactory standard, the manager can legitimately start disciplinary action, using the civil service disciplinary code.

Source: Department of Public Expenditure and Reform (2011), *Guidelines for Managing Underperformance in the Civil Service*, May, www.per.gov.ie.

Senior managers play a key role in building a performance orientation

Senior managers play a vital role in creating a culture of excellence and high performance in the public service. Reflecting this, 22 OECD member countries indicate that they place more emphasis on the management of senior officials' performance.⁴ The performance of senior officials depends on much more than the performance assessment system. Three main instruments are used to enable performance (Ketelaar, Manning and Turkisch, 2007):

- Selecting the right managers in the first place is an absolute precondition for subsequent performance. This does not rule out any political involvement in appointment, but it does require that the appointment process is well designed and well managed to ensure that highly competent people are appointed to senior management positions.
- Retaining good managers through adequate compensation, terms and conditions is a significant driver of performance. Many OECD member countries organise distinctive terms and conditions of employment for senior managers by having separate management arrangements for the group of senior officials. Promotion and recognition from their peers and the public can be as important as, or more influential than, financial rewards in retaining talented people. Promotion opportunities and a career perspective can be particularly important in retaining talented middle managers who can move on to fill senior positions in the future.
- Many OECD member countries have different, more demanding performance management arrangements for senior officials. A number of countries such as Belgium, Denmark, Finland and New Zealand, among others, use various types of performance contracts for senior public servants. Given the complexity of the linkages between individual and wider organisational performance targets, it is important that senior civil servants can clearly see the linkages between their targets and the higher-level performance targets. Experience in OECD member countries suggests that for individual senior civil servants, clarity in performance expectations and regular opportunity for dialogue with the minister or secretary general about obstacles or progress are an essential ingredient in enabling performance.

The Dominican Republic's system for selecting and managing senior managers provides the government with a lot of flexibility in filling senior positions and influencing the performance and conduct of individual managers. However, there is no structured system for managing senior managers as a group or developing a culture of shared

corporate responsibility for leading performance. Competencies do not figure in the recruitment or promotion of senior managers, there is no systematic management training, and most senior managers are not yet subject to performance assessments. Nevertheless, the system of organisational and individual performance contracts that is currently in the early pilot stages signals a fundamental change in the performance culture.

It is essential to send a clear signal to employees that there is a genuine commitment from the top down to creating a culture of accountability and performance. Unless senior managers are seen to be focusing on improving performance, other employees are unlikely to commit to it. Although senior managers are not part of the career system, they should be subject to performance management. Once the planned performance contracting system is implemented, senior managers will presumably sign a performance contract/agreement and undergo performance assessments. In the meantime, senior managers should be included in a simplified performance assessment system. Setting performance objectives for senior managers would provide leadership for the rest of the organisation and focus managers' attention on outputs, thereby helping to establish the organisational planning system.

Objectives at the senior management level have to take account of the medium-term nature of many performance goals, although annual milestones are useful. As the Dominican Republic's performance management system becomes operational, the objective setting can become more sophisticated and the links with planning, budgeting and key initiatives such as quality management, HRM and institutional restructuring can be further developed. A concern for OECD member countries that is highly relevant to the situation of the Dominican Republic is to get senior public servants to focus not only on policy advice to ministers, but also on improving the capacity and performance of their organisations so that implementation of public policies becomes more effective (Kettl, Pollitt and Svava, 2004). For example, the Canadian government puts implementation at the core of the top manager's responsibilities; Denmark has developed a code for chief executive excellence; and the United Kingdom is placing a renewed emphasis on implementation. An interesting feature of the Danish approach has been the involvement of top managers in defining managerial excellence (see Box 4.7).

Box 4.7. Code for Chief Executive Excellence in the Danish central, regional and local authorities

Between 2003 and 2005, approximately 450 chief executives in the Danish central, regional and local authorities actively participated in a debate on the most important conditions, strategies and skills for chief executives in a modern public sector. This resulted in the “Code for Chief Executive Excellence” in Denmark, which:

- defines the most significant tasks of a chief executive;
- comprises a shared frame of reference for chief executives across all levels of the public sector;
- sharpens the focus of individual chief executives on their own roles, management style and conduct;
- gives individual chief executives an opportunity to periodically reflect on their own management practices in relation to the organisation’s results;
- provides material for dialogue at the top of the individual public sector organisation.

The Code for Chief Executive Excellence consists of nine recommendations regarding the chief executive’s role, behaviour and strategies:

- Clarify your managerial space with the political leader.
- Take responsibility for ensuring that the political goals are implemented throughout the organisation.
- Create an organisation which is responsive and capable of influencing the surrounding world.
- Create an organisation which acts as part of an integrated public sector.
- Require the organisation to focus on results and effects.
- Possess vision and work strategically to improve the way that your organisation accomplishes its assignments.
- Exercise your right and duty to lead the organisation.
- Display personal and professional integrity.
- Safeguard the public sector’s legitimacy and democratic values.

A self-evaluation method has been developed to assist individual chief executives to reflect on their own management practices in light of the recommendations of the code.

Source: Forum for Top Executive Management (2005), *Public Governance – Code for Chief Executive Excellence*, May, Copenhagen, www.publicgovernance.dk/resources/File/FFOT_pjece_UK.pdf.

In New Zealand, achieving results and building the capacity of the organisation are a key part of the performance assessment for chief executives of government agencies. The New Zealand system demonstrates how a range of instruments can be used to measure performance and link it to other key management improvement initiatives (see Box 4.8).

Box 4.8. New Zealand: Assessing the performance of chief executives of government agencies for better service delivery

The New Zealand State Services Commissioner (SSC) reviews the performance of each chief executive (CE) in terms of achievement of results and investment in the capability of his/her organisation. There is also an orientation on future direction in addressing government priorities and the development of the CE's organisation. A CE's overall performance is discussed with the responsible minister.

The SSC holds chief executives to account to provide evidence of the results they are achieving for New Zealanders. The Commissioner uses a number of tools to measure and understand how well agencies are performing. These include the [Benchmarking Administrative and Support Services](#) programme, the [Performance Improvement Framework](#), which is a review of an agency's fitness-for-purpose today and for the future, and the [BPS results](#), which consists of ten results the government has set for the public service to achieve within five years. Making an assessment of performance helps the SSC deliver advice on how to make improvements to areas like cost-effectiveness and service delivery.

Source: New Zealand State Services Commission, www.ssc.govt.nz/performance.

Develop employee involvement to support performance and innovation

There is increasing interest in the impact of employee involvement in the workplace on performance and innovation. Research shows that employee involvement can support employers' objectives to raise levels of work performance and can also enhance the quality of employees' lives at work; greater involvement has been associated with stronger employee motivation in terms of commitment to the work task and to the wider organisation (Eurofound, 2013).

In recent years, workplaces in both the public and private sector in many countries have adopted practices of employee involvement and participation, for example: employee voice and suggestion schemes; problem-solving groups; continuous improvement programmes; informal partnership arrangements in which employees and their representatives work with management to improve the organisation's performance; and more formalised partnership arrangements based on agreement between employees, unions and management (National Centre for Partnership and Performance, 2005). Key findings from research into such practices are that (NCP, 2005):

- Employee involvement is associated with more extensive and more successful adoption of new work practices.
- The greater the number of forms of employee involvement in an organisation, the greater the number of new work practices adopted.
- One of the most important benefits of employee involvement and participation is to help create a climate of trust in the workplace by enabling closer contact between management and employees.

Higher levels of workplace involvement by managers and employees also appear to make innovation in the public sector more likely. A recent pilot research project by the European Commission into innovation in the public sector found that involvement of managers and employees fosters process innovations in the public sector (European Commission, 2013). The presence of internal barriers to innovation – e.g. lack of management support, staff resistance, or risk-averse culture – not only has a negative

effect on innovation but also on the public sector's effectiveness in general. Ideas from staff, management and clients are the major sources of information used in developing innovations (European Commission, 2013). The link to innovation appears to operate in part through a strong association between the level of employee involvement and the opportunities for informal and formal learning at work; high-involvement organisations are more likely to provide learning opportunities for their employees (Eurofound, 2013).

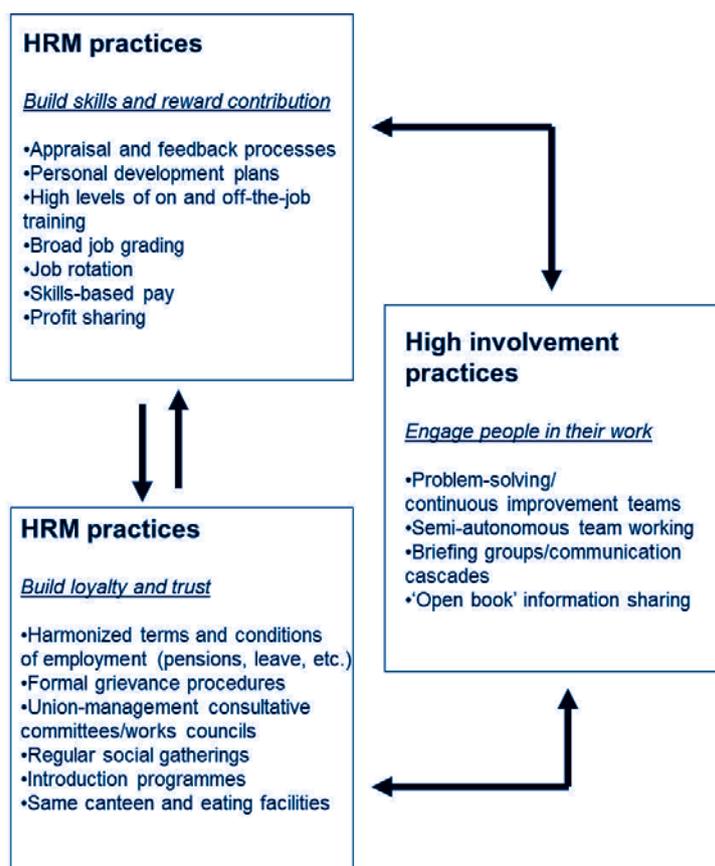
Developing methods of employee participation and involvement in the workplace has the potential to make a significant contribution to employee motivation, to the promotion of quality and innovation and to the overall management of change in the Dominican Republic's public service. There is scope to build on the progress made to date in establishing the system of employee relations to develop other methods of employee engagement. There are three broad ways in which higher levels of employee involvement can be achieved (NCP, 2005):

- Communication in the workplace: providing employees with information about a broad range of issues, consulting them about change and giving them an opportunity to contribute their ideas.
- Employee participation in the way work is organised and carried out: in work teams, problem-solving groups, project groups, quality circles, continuous improvement programmes and the like, and through the use of HRM practices such as performance management and development reviews.
- Partnership-style arrangements, informal or formal, in which employees and their representatives work with management to bring about change and improve the organisation's performance.

Such involvement practices appear to be most successful when they are implemented in a systemic way that links them to HRM practices building skills, rewarding contribution and strengthening loyalty and trust, as illustrated in Figure 4.2.

Research carried out in EU countries shows that employee involvement practices are most developed in the Nordic countries (Denmark, Finland and Sweden) and in Estonia, Latvia and Lithuania. Organisations with a strong HRM capacity and an organisational culture concerned with employee development are particularly conducive to greater employee involvement. The provision of institutionalised dialogue channels between employers and employees through consultative procedures and relations with trade unions has also been found to be an important support for effective employee involvement (Eurofound, 2013).

Figure 4.2. Co-ordinated employee involvement and HRM practices



Source: Thompson, M. (2004), “Building wealth through relationships: The role of internal and external relationships in the knowledge-intensive firm”, presentation to the Forum on the Workplace of the Future, Dublin, April [published in NCPP (2005), *Working to our Advantage, A National Workplace Strategy*, National Centre for Partnership and Performance, Dublin].

The introduction of performance-related pay should not be a priority

Whether performance-related pay (PRP) will have a positive impact on staff motivation and performance is strongly dependent on the quality of performance objectives and how well the performance assessment process is carried out. Certain conditions – such as transparency, clear merit-based promotion mechanisms and trust of top and middle management – are essential before introducing PRP (OECD, 2005a). Performance-related pay policies are counterproductive in an inadequate management framework, and may in such situations increase problems linked to trust and even lead to corruption and patronage. PRP requires a mature and well-established civil service culture and a stable political and policy environment.

Some form of performance-related pay is used in most OECD member countries (see Figure 4.3). There is a spectrum of PRP arrangements, including one-off bonuses, consolidated salary increases and team rewards. In some countries, salary progression is linked to performance. The maximum proportion of basic salary that performance-related pay can represent varies from one country to another, and there may be variations between employees of different grades or from one organisation to another if pay setting

Performance-related pay should be phased in over time as the performance management culture becomes stronger. One possible approach could be to phase it in on an organisation-by-organisation basis, starting with organisations that demonstrate effective performance management and linking it to the planned performance contracts for senior managers. Another approach to phasing in could be to start with high-priority areas where the government wants to see improved results and use performance pay to help drive a focus on outputs and results. Involving the management of organisations in designing any such performance-pay scheme would be essential. Such an approach would require careful design of performance incentives and evaluation of the results, as performance-pay schemes can easily produce unanticipated outcomes.

When the time comes to consider introducing PRP, the Dominican Republic will be able to draw on the experience of OECD member countries, although there is no “best” system. Perhaps one of the most important lessons is that PRP should be used, above all, as a stimulus and a lever for the introduction of wider management and organisational change, rather than primarily as a motivational tool (see Box 4.9).

Box 4.9. Lessons from performance-related pay (PRP) in the public service in OECD member countries

- **The design of PRP has to take into account the background culture of each organisation/country.** PRP should not be introduced to the detriment of the base salary, as the base salary has the more decisive incentive impact. On the other hand, performance rewards must not be too limited and should be well above the level of inflation. The balance of individual and team PRP is a key design issue. Team/unit PRP systems for employees can be introduced in a less disruptive way and appear to produce more positive results than strictly individualised PRP.
- **The performance appraisal process is at the heart of the whole system.** The success of PRP ultimately relies more on the quality of the performance measurement process than on the level of payment.
- **Implementation problems need to be anticipated.** This implies primarily: co-ordinating with staff and unions on implementing PRP; preparing top and line management; anticipating the budget and costs linked to PRP and identifying ways to fund it; and allowing adequately for the time and work involved in introducing and monitoring the system.
- **Performance pay goes hand in hand with delegating HRM.** It is easier to articulate individual employees’ objectives and those of their organisation in a meaningful way if the local management has a degree of autonomy to adapt the scheme to its own needs.
- **The significance and impact of PRP should not be overestimated.** PRP is of secondary importance as a managerial tool for improving motivation. The evidence points, therefore, to the need for a broad approach to better performance management as against a narrow preoccupation with performance-related compensation.
- **PRP should be applied in an environment that maintains and supports a trust-based work relationship.** PRP requires a mature and well-established civil service culture and a stable political and policy environment.
- **PRP should be used, above all, as a stimulus and a lever for introducing wider management and organisational change,** rather than solely as a motivational tool for staff. The objectives of a PRP system should be set accordingly.

Source: OECD (2005b), “Paying for Performance: Policies for Government Employees”, *OECD Policy Briefs*, May, www.oecd.org/publications/Policybriefs.

Regular evaluation of the effectiveness of performance-related pay schemes is essential. There has been a lot of learning by experience and revision of schemes in OECD member countries from which the Dominican Republic could benefit (OECD, 2005a; 2005b; 2012). A recent review of the experience in the United Kingdom summarises some of the issues that can commonly arise (see Box 4.10).

Box 4.10. United Kingdom: Lessons from experience with performance-related pay (Hutton Review)

The *Hutton Review of Fair Pay in the Public Sector* was commissioned in 2010 by the Prime Minister and the Chancellor of the Exchequer with the objective of ensuring fairness in public sector pay in the context of current economic circumstances. Findings in relation to the use of performance-related pay included:

- Performance is better measured in terms of outcomes over time rather than against peers, whether at the level of organisations or individuals.
- Strictly quantifiable measures can have pitfalls, especially when used to rank individuals and organisations in great detail. The choice of performance measures can affect the results. However, objective measures can be a powerful way of starting a conversation in which staff have to account for their performance. More finely tuned judgmental assessments can include 360-degree and stakeholder reviews. Where necessary, there should be a move away from specific targets to the use of more general success criteria, such as benchmarks and milestones, which are harder to manipulate.
- Performance appraisal is the backbone of the whole system, without which pay decisions become arbitrary. A high priority should be attached to consultation with employees as well as to simple and regular communication, so that different goals are recognised and objectives are transparent.
- Where feasible, performance indicators should be based on alternative, independent and manipulation-proof information sources. The distribution of rewards should be controlled and co-ordinated by independent committees. These tasks have been made easier by advances in technology that allow for the rapid collection and processing of information.
- Rating systems should avoid forced rankings as this can create divisiveness among employees. If it is necessary to use ranking systems, they should be used more to check the distribution than as a rigid quota.
- Objectives should be relatively stable over time and to the extent possible should be protected from political interference. Performance assessments should involve defining medium-term measures of success and placing considerable weight on them. In part this can be done by requiring that the choice of short-term performance measures correlates empirically and theoretically with positive long-term outcomes.

Source: HM Treasury (2011), *Hutton Review of Fair Pay in the Public Sector: Final Report*, March, London, http://webarchive.nationalarchives.gov.uk/20130129110402/http://www.hm-treasury.gov.uk/d/hutton_fairpay_review.pdf.

Managing senior management

There is a wide variety of arrangements for managing the senior management levels of the public service in OECD member countries, reflecting specific national historic, political and social contexts. However, as performance, innovation and efficiency have become critical issues in public governance, there is an increasing focus on the management of senior managers and their role and capabilities.

There are a number of common elements in the reforms that have been debated or enacted in OECD member countries (see Box 4.11). Foremost among these is the issue of quality of the senior management, their leadership capacity, their competencies and their contribution to reforms intended to improve the performance of public services. Consequently, there have been changes in the way senior managers are selected in many countries, with more emphasis on competencies, transparency and increased competition. Management development is also receiving much more attention, with specific measures targeted at senior managers. There is an increasing concern in many countries to ensure that there is a pool of talent from which future leaders can be drawn. There is a strong focus on the performance of senior managers, reflected in the use of performance assessment and rewards and the use of measures to identify and close competency gaps. Some countries have introduced fixed-term appointments for senior public servants in order to support a greater performance orientation and to gain flexibility in filling senior positions.

Box 4.11. General trends in the management of senior managers in OECD and EU member countries

In general, a “career-based” civil service system recruits at the start of the career, and thereafter career progression is managed by the organisation. In this type of system, a lot of resources are invested in the selection and development of civil servants to prepare them for top executive positions.

In a “position-based” civil service system, candidates for particular top executive positions are recruited from the wider civil service and the private sector, resulting in a large pool of possible candidates. A subcategory of the “position-based” system is the “department-based” civil service system where there is no well-developed whole-of-government career system. Appointments tend to be made on the basis of seniority and merit within the confines of the department involved.

This typology implies different degrees of centralisation in recruitment and appointment processes. Although very few countries perfectly match any one of the above systems, it is possible to ascertain the system any given country resembles the most. This is of practical value when comparing management reforms of the senior civil service in different countries, as the significance and understanding of reforms often depend on the point of departure as defined by the types. Each of the two systems sets up distinctively different incentives for individuals and therefore tends to foster different cultural characteristics.

There is a general tendency across many countries to focus on developing management capacities. While performance management is already a focus of reforms in all countries, this is increasingly being supplemented by a focus on leadership and change management as well as HRM. To a varying degree, countries have decentralised management responsibilities accompanied by mechanisms to ensure individual accountability of senior executives.

“Career-based” systems with a tradition of centralised recruitment, promotion, and training are introducing reforms like external competition for open positions, ministerial management by objectives and life-long training programmes. For example, in Belgium, Cyprus⁽¹⁾⁽²⁾, Hungary, Ireland, Italy, Malta, Portugal, Romania and Spain, special recruitment procedures have been established for senior managers, with fixed-term mandates for the posts (Belgium, Malta) and the recruitment of external candidates for some senior positions (Austria, Belgium, Cyprus⁽¹⁾⁽²⁾, Ireland, Italy, Korea, Portugal, Romania, Spain).

Box 4.11. General trends in the management of senior managers in OECD and EU member countries (cont.)

“Position-based” systems with a great extent of decentralised management of appointment, promotion, and training are increasingly introducing central guidance of appointments, talent pools and interministerial databases of present and potential senior civil servants. For example, the Dutch government has established a talent programme to attract high-quality graduates to the civil service with the prospect that they will become managers in the future.

Recruitment has received a lot of attention in order to ensure merit and independence through panels or selection committees, supervising bodies, a central organising body, or involvement of people external to the public service recruitment process. Most EU member states have some kind of body or committee for recruiting or advising on the best candidates for senior civil service positions in order to ensure political neutrality and independence in the recruitment process of senior civil servants. The appointment term of senior civil servants varies: most have a permanent appointment as a civil servant but a fixed-term appointment to a specific position, or even within the group of senior civil service positions. In some “career-based” systems, private contracts are sometimes introduced for non-civil servants in senior management positions; however, these individuals never become civil servants through this procedure (France, Spain).

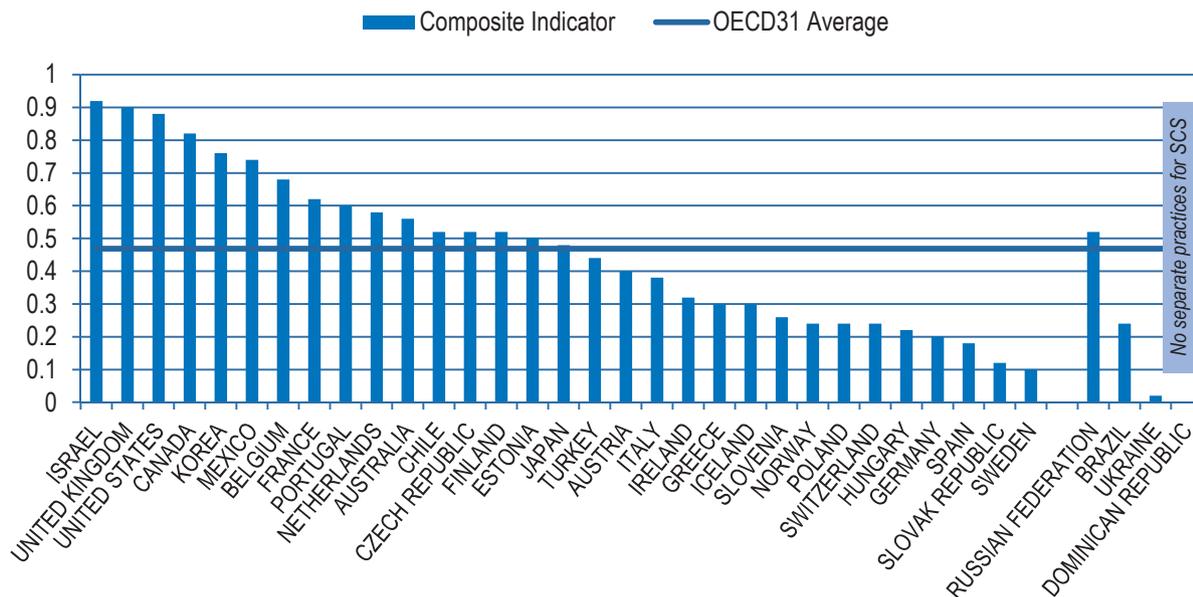
The management of senior managers’ competencies has received increasing attention. Half of EU member states have a central competency profile for their senior civil servants which is used in the recruitment process and for training purposes.

Notes: (1) The information in this document with reference to “Cyprus” relates to the southern part of the Island. There is no single authority representing both Turkish and Greek Cypriot people on the Island. Turkey recognises the Turkish Republic of Northern Cyprus (TRNC). Until a lasting and equitable solution is found within the context of the United Nations, Turkey shall preserve its position concerning the “Cyprus issue”.

(2) The Republic of Cyprus is recognised by all members of the United Nations with the exception of Turkey. The information in this document relates to the area under the effective control of the Government of the Republic of Cyprus.

Sources: OECD (2003), “Managing Senior Management: Senior Civil Service Reform in OECD Countries”, GOV/PUMA(2003)17; EIPA (2008), *Top Public Managers in Europe: Management and Working Conditions of the Senior Civil Servants in European Union Member States*, study commissioned by the French EU Presidency, *Etudes et perspectives*, European Institute for Public Administration, Maastricht, Netherlands.

Because of their strategic roles in government, there is an increased tendency among OECD countries to group senior civil servants separately and manage them under different HRM policies (see Figure 4.4). Among EU member countries, a recognised group of senior civil servants exists in most member states and in the European Commission. The majority of them have some special conditions for this civil service group (EIPA, 2008). The management of senior managers often includes special rules for recruitment (more centralised, more open to outsiders, very focused on competencies and experience, early identification for talent management programmes), more emphasis on the management of their performance, often the use of performance-related pay, and emphasis on capacity building through special training, development and socialisation programmes.

Figure 4.4. Use of separate HRM practices for senior civil servants in central government

Sources: OECD Survey on Strategic Human Resources Management in Central/Federal Governments (updated in 2013 on the basis of 2012 data). Data for the Dominican Republic provided by MAP in response to the OECD survey questionnaire (July 2013).

There is no specific group that is designated as comprising the senior management in the public service of the Dominican Republic; therefore managers are not managed as a group. There are six levels of management positions: deputy minister, director-general, area director, departmental manager, division manager, and section manager. Managerial titles for top managers appear to be standardised across government, whereas titles of middle managers vary across institutions. The picture as to the number of managers and their proportion compared to the total number of public employees varies depending on the source of the data. According to data maintained by the *Contraloría General*, there were 8 381 top managers on the central government payroll in 2012 and 38 133 middle managers, compared to a total of 292 000 employees.⁵ This suggests that top managers make up fewer than 3% of the total number of employees, and that top and middle managers together make up approximately 16% of the total. Data on the number of managers in the decentralised government services and autonomous entities are not available. Data on managers are being improved as organisations are included in the SASP system and such information, although partial, gives a different picture. For the 102 central government institutions included in SASP in mid-2013, there were 534 top managers (deputy ministers, directors-general and deputy directors) and 13 193 middle managers, out of a total of 230 000 employees.⁶ This suggests that top managers make up only 0.2% of the total number of employees and that top and middle managers together make up 6% of the total.

A key component of the institutional reorganisation programme that is being coordinated by MAP is to rationalise the number of management positions and layers and to bring a greater degree of consistency between institutions. Clarifying the membership of management ranks and the numbers of managers will be an important step in managing managers.

Public service reforms require new managerial and leadership competencies

The reforms being implemented in the public service of the Dominican Republic require new managerial and leadership competencies. Creating the conditions for effective leadership and management should be an integral part of the government's reform strategy. Several initiatives that are already in train are contributing to a stronger focus on the need for leadership and management capacity: the Quality Management Initiative, the monitoring that is already going on through SISMAP, and the programme of institutional restructuring. The system of performance contracting that is being developed will require top managers to sign a performance contract for their organisation and to enter into performance contracts with their subordinates. However, preparations for the implementation of this system will require a major leadership and management development effort. MAP is starting to work on management competencies and to explore options for bringing the management of senior managers closer to the Latin American public service criteria. The National Institute of Public Administration (INAP) has developed some training courses for senior managers, but this training is not compulsory and take-up has been low up to now. These initiatives can be built upon to ensure that the political will to improve public services is backed up by adequate management and leadership capacity in both the senior and middle management ranks of the public service.

MAP is working with FIIAPP, a Spanish public international co-operation entity, to analyse the senior management system of the public service in comparison to the criteria of the Latin American model (see Box 4.12). Consideration is being given to designing a hiring and termination regime for these positions, as well as formalising the rights and duties of jobholders and defining conflict-of-interest provisions and other matters linked to transparency.

Currently, the arrangements for the management of senior manager groups in the Dominican Republic do not meet the above criteria (FIIAPP, 2012). This does not, of course, imply that those occupying senior management positions are not professional and capable. It does mean, however, that the Dominican Republic lacks the systems and instruments that exist in most OECD member countries to ensure consistently high standards of management, to strengthen management and leadership skills, and to create cross-institutional and whole-of-government perspectives among senior managers.

A more structured approach to managing senior managers as a group would enable the government to strengthen management and leadership capacities. In carrying through public service reforms, OECD member countries have found it necessary not only to strengthen these capacities within individual institutions, but also to build collective leadership and a whole-of-government perspective among senior managers. Structured ways of managing senior public servants as a group can provide a framework for senior civil servants to engage with political leaders in new ways – more as a corporate group providing corporate leadership on critical matters. For example, in the Netherlands the creation of the senior civil service has provided a context for the political leadership and civil service leadership to redefine the political-administrative partnership around the theme of renewal of national government. In the United Kingdom, one of the main objectives of setting up the senior group was to build corporate leadership for key initiatives in order to improve public services and find solutions to cross-cutting issues.

Box 4.12. Criteria for organisation and management of the senior public service according to the Latin American public service model

Criteria include:

- Designation of a senior executive management level, subordinate to the political level, whose function is to direct and manage in order to implement public policies and produce public services.
- Existence of institutional arrangements for delegation of authority to senior managers, effective systems of control and accountability, rewards and sanctions linked to the level of responsibility, and a set of common values focused on rational management of resources and the creation of greater public value through the proper use of resources.
- Clear definition of which positions are included in the senior management group.
- Regardless of whether the senior management group is managed as part of the public service in general or under specific arrangements, the following aspects should be regulated:
 - qualification requirements that define the precise competencies required;
 - rules regarding access to positions which guarantee professionalism through the use of criteria related to ability and merit;
 - rules regarding performance assessment and accountability;
 - rules regarding tenure based on management results;
 - incentives to encourage good governance.

Source: FIIAPP (2012), *El Modelo de Recursos Humanos en las Administraciones Públicas. Situación Actual del Modelo de Gestión de los Subsistemas de Recursos Humanos en la República Dominicana. Modelo Iberoamericano de Función Pública. Modelos Comparados*, presentation to the Ministry of Public Administration (MAP) of the Dominican Republic, July.

In Chile, the professional management system *Sistema de Alta Dirección Pública* (ADP) was created based on a distinction between the most senior positions, which are filled by direct designation by the government, and other senior management positions, which are managed as part of the ADP system. Middle management positions are managed as part of the normal civil service career. Notable features of the Chilean reform have been the engagement of stakeholders in designing the new system and a gradual approach to implementation (see Box 4.13).

Key ways in which senior leadership is strengthened include rigorous selection processes, competency profiles for senior managers and performance management arrangements incorporating cross-cutting corporate responsibilities as well as organisational management objectives. Mobility is an important element of how the senior management group is managed in a number of OECD countries. While mobility is generally voluntary, it is considered to be a necessary part of the development of managers and is often encouraged by making varied experience in different parts of the public service a factor in selecting managers for senior positions. Training and development arrangements also serve a dual purpose: ensuring that senior managers possess the necessary competencies, and socialising them around a set of shared values which help to build group cohesion. In more formal senior civil service systems, there tends to be a lot of managed networking in order to create strong interdepartmental linkages and increase cohesion.

Box 4.13. The senior management system in Chile

In 2003, the Chilean government, with the agreement of all political actors (opposition political parties, non-governmental organisations, civil society), created the *Sistema de Alta Dirección Pública* (ADP), a central senior civil service system. The aim of the ADP was to establish a professional senior management group. Following the reform, there are three distinct groups:

- the most senior positions, which are filled by direct designation by the government (709 positions out of 214 755 in central government);
- the ADP, for which recruitment is based on public competition (1 058 positions in central government). There are two levels within the ADP: approximately 1% at the first hierarchical level (heads of service, directors general) and the remainder at the second hierarchical level (regional directors, heads of division);
- middle management positions (2 362 positions in central government) at the third hierarchical level, which form part of the career civil service.

The ADP system has been implemented gradually by recruiting by open competition whenever a post falls vacant and by expanding it over time to additional groups. For example, it has been expanded to include 3 600 municipal education directors, 391 community education chiefs, and 2 800 new senior management posts in municipalities.

Key features of the ADP are:

- competitive selection based on professional merit;
- profile based on competencies which are evaluated by expert consultants;
- three-year term of office, renewable for two subsequent terms;
- the right to severance pay;
- assessment under management performance agreements;
- can be removed by the President for poor performance or loss of confidence.

Most of the selection process for the ADP is contracted out to specialised recruitment agencies. The National Civil Service Directorate (DNSC) is responsible for management of the ADP. However, the Senior Public Management Council (*Consejo de Alta Dirección Pública*) is in charge of guaranteeing the transparency, confidentiality and absence of discrimination of the selection process. It is chaired by the director of the DNSC and has four members proposed by the President of Chile and approved by the Senate. The selection process, which takes about four months, begins with the publication of the vacancy in the media. A specialised enterprise commissioned by the Council analyses the *curricula vitae* of the different candidates and prepares a shortlist for the Council or a selection committee (under the Council's supervision). Professional competence, integrity and probity are some of the criteria used in the selection process. Subsequently, the Council or the committee selects the best candidates for interview and prepares a shortlist for the competent authority for the final appointment.

The ADP system is based on international experience. In particular, the experience of OECD countries such as Australia and New Zealand strongly influenced the Chilean model. The system is considered one of the main achievements of the modernisation of Chile's public management. One effect has been the decline in the number of political appointees in the central government; they currently represent only 0.3% of the total public workforce. It is also argued that the presence of women in senior positions has increased under the system; they occupy 32% of positions, compared to 15% in the Chilean private sector.

Source: Costa, R. and M. Waissbluth (2007), *Tres Años del Sistema de Alta Dirección Pública en Chile: Balance y Perspectivas*, paper presented for discussion at the *Libertad y Desarrollo Consortium*, Santiago.

Given that the most senior public servants in the Dominican Republic – the deputy ministers and directors-general – are expected to lead and manage as well as advise the minister, it would be advantageous to develop a standard competency profile for these positions, as well as for other management posts. As discussed in Chapter 3, using competency profiles to guide the recruitment and selection of managers strengthens merit and transparency and introduces more certainty and consistency into the process. Many OECD member countries have found it useful to distinguish the competencies required of public servants who are in senior leadership positions from those required of middle managers, although there will be some overlap.

To use competencies for appointing senior managers in the Dominican Republic, it will be necessary to develop a way of assessing candidates in order to advise the President of the Republic on their suitability. This calls for a standardised recruitment and selection process that places the emphasis on competence. This can be ensured through different means, such as: panels or selection committees, supervising bodies, a central organisational body, or involvement of outsiders in the procedures. One approach could be for MAP and/or a special advisory body to assess the qualifications of candidates/nominees and confirm their qualifications or draw up a shortlist where there are several candidates. The government could also consider advertising key senior appointments or using the services of professional recruitment agencies where it is deemed necessary to search for particular competencies. In some countries, merit and transparency in senior appointments are overseen by independent bodies, such as the Public Service Commission in Australia and the State Services Commission in New Zealand. In Ireland, a Top Level Appointments Committee, which has a majority of members from the private sector, assesses candidates for the most senior positions and makes recommendations to the government (see Box 4.14). In the United Kingdom, the Senior Civil Service Group in the Cabinet Office is responsible for promotions and career development, while the Civil Service Commissioners ensure merit-based appointments.

It would be useful to provide senior managers in the Dominican Republic's public service with opportunities to meet on a regular basis in seminars, training and various collective gatherings. This would help to build cohesion, strengthen shared values and exchange ideas. A willingness to contribute as part of a corporate leadership group should be one of the values guiding the recruitment, renewal in position and promotion of senior managers.

Competency-based training and development of managers is essential to building leadership and management capacity. Once competency profiles have been defined for public service managers in the Dominican Republic, they should be used to support a targeted management development effort. This should not be confined to middle managers. In OECD member countries, it is not assumed that development needs stop when a manager reaches a senior position. Competency frameworks are used to identify ongoing learning and development needs, and senior managers are accountable for engaging in development activities. Approaches to developing senior public servants are reviewed regularly in OECD member countries to ensure that they remain effective.

Box 4.14. Top Level Appointments Committee in Ireland

The Top Level Appointments Committee (TLAC) in Ireland – established in 1984 – is intended to ensure objectivity in filling senior posts, improve the quality of top management, open up posts at the highest level to competition, and encourage interdepartmental competition and mobility. The most senior appointments (secretary general) are made by the government from a shortlist provided by TLAC and are for a fixed term of a maximum of seven years. Appointments to the next most senior level (assistant secretary) are also made through the TLAC. All other management positions are filled through the civil service recruitment process.

The composition of the TLAC was reformed in 2011 so that the chairperson and a majority of the members are now drawn from outside the public sector. External members, who have specific skills in management and human resources, are appointed by the minister with responsibility for the public service. The aim is to ensure access to the broadest possible range of talent for filling top public service positions. In addition to transforming the structure of the TLAC, new approaches to attract external candidates to these top jobs are also being introduced, including headhunting on occasion. All top-level jobs are advertised.

Membership of the TLAC comprises:

- the Secretary General of the Department of Public Expenditure and Reform;
- the Secretary General to the Government;
- two other senior public servants appointed for three-year terms;
- five members from outside the civil service appointed for three-year terms, one of whom would be the chairperson.

Sources: Top Level Appointments Committee (2011), “Procedures and Practices of the Top Level Appointments Committee”, Dublin, <http://hr.per.gov.ie/files/2011/12/here.pdf>; Department of Public Expenditure and Reform, www://per.gov.ie.

As the management of managers becomes more structured, efforts should be made to create a pool of potential future managers and provide them with development opportunities. A competency framework that includes leadership and management competencies provides a basis for identifying potential. Establishing a framework for identifying and organising the development of potential future managers is a strategic function that, in time, MAP could assume. INAP should be responsible for implementing well-structured management development programmes. Australia, Canada and the United Kingdom all offer interesting examples of proactive systems for identifying and developing potential managers, with a strong focus on enhancing the competencies of middle managers. The Canadian system is outlined in Box 4.15.

Moving to a more structured way of managing senior managers in the Dominican Republic will require a central body to assume a co-ordinating role. Generally in OECD member countries, this role is fulfilled by a dedicated unit within the central HRM body. This is a role that MAP could build up gradually, starting with definition of the senior management competency profile. The experience in the Netherlands may be useful in this regard. When the senior management group was established, a gradual approach was taken, allowing time for senior managers to adapt to the new approach and giving the central HRM body time to build up its own capacity. Ireland has also taken an incremental approach since establishing a senior public service group in 2011 to promote a more integrated public service and strengthen its senior management and leadership

capacity. Initial steps have included networking among senior managers and an intensive leadership development programme.

Box 4.15. Identification of middle management potential in the Canadian public service

The Canadian assessment centre for the Identification of Middle Management Potential (IMMP) aims to promote the professional development of those who aspire to middle management positions or to enhance the competencies of middle managers in the federal public service.

The IMMP offers participants the opportunity to:

- objectively assess their strengths and developmental needs related to the key leadership competencies;
- increase their understanding of their management potential; and
- promote their career development.

The IMMP offers organisations:

- a rigorous assessment tool designed to identify individuals with potential for development as middle managers;
- a fair and objective way to select high-potential individuals for entry into a development programme; and
- a proven way to pinpoint developmental needs at the middle management level in the organisation.

Following the evaluation, participants receive a report containing their results and descriptions of their performance, in accordance with competencies and behavioural indicators. Individual feedback is provided to all participants.

Source: Public Service Commission of Canada (n.d.), <http://www.psc-cfp.gc.ca/sas-sde/index-eng.htm>.

Clarifying the political-administrative interface

A key issue is the relation of senior managers to the political level and the degree of political involvement in their appointment, dismissal and management. As can be seen from Table 4.3, the most common arrangement in OECD member countries is for ministers to be involved with regard to the top managers and also, in many countries, with regard to managers at the second most senior level. Heads of ministries are often involved with regard to managers up to the second most senior level, but less commonly involved with top-level managers. Involvement by the president or prime minister is relatively common in relation to the top managers, but much less common for the other levels of senior managers. Perhaps the most noteworthy feature is that in many countries several different actors are involved in senior appointments, promotions and dismissals. It must be emphasised that political involvement is combined in OECD member countries with arrangements to ensure merit and transparency in senior appointments.

Table 4.3. In practice, who has significant influence over the appointment, promotion and dismissal of senior managers?

	Level 1	Level 2	Levels 3-6
AUSTRALIA	●	N.A.	▲
AUSTRIA	▲	▲	▲
BELGIUM	●	● ○	● ○
CANADA	●	○	■
CHILE	● ● ▲	● ○ ■ ▲	● ○ ■
CZECH REPUBLIC	●	●	●
DENMARK	●	○	○ ■
ESTONIA	● ■ □	● ○ □ ▲	● ○ ▲
FINLAND	● ● ○	● ○ ■	● ○ ■ ■
FRANCE	● ● ○	● ●	● ● ○ □ ▲
GERMANY	● ○ ■ ▲	● ○ ■ ▲	● ○ ■ ▲
GREECE	▲	▲	▲
HUNGARY	● ●	● ○	● ○
ICELAND	● ○	● ○	N.A.
IRELAND	●	▲	▲
ISRAEL	●	○ ▲ ▲	○ ▲ ▲
ITALY	●	● ■ ▲	▲ ▲
JAPAN	●	●	●
KOREA	●	● ○	● ○
MEXICO	●	●	N.A.
NETHERLANDS	● □ ▲	● ○ ■ □ ▲ ▲	○ ■ □
NEW ZEALAND	● ■	▲	○ ■
NORWAY	● ■	○ ■ ■	■
POLAND	● ○	○	○
PORTUGAL	● ●	●	N.A.
SLOVAK REPUBLIC	● ■ △	● ■ △	● ■ △
SLOVENIA	● ▲	▲	N.A.
SPAIN	● ● ■ ■	● ● ■ ■	● ● ■ ■
SWEDEN	●	○	○
SWITZERLAND	● ○ ■	N.A.	N.A.
TURKEY	● ●	● ●	● ●
UNITED KINGDOM	○ ■	N.A.	N.A.
UNITED STATES	○ ■	N.A.	N.A.
BRAZIL	● ●	○ ■	○ ■
RUSSIAN FEDERATION	●	●	● ○ ■
UKRAINE	● ● ■	● ● ■	●
● President/prime minister	15	6	3
● Minister	26	18	15
○ Ministry head	8	16	16
■ Other in ministry	4	7	12
■ Other member of Cabinet	7	5	2
□ Central HRM department	2	2	2
▲ HRM department or ministry	1	4	6
▲ Independent body	5	9	5
△ Legislature	1	1	1

Source: OECD Survey on Strategic Human Resources Management in Central/Federal Governments (updated in 2013 on the basis of 2012 data).

The amount of turnover of senior civil servants when there is a change of government is another indicator of how the political-administrative interface is handled in different countries (see Table 4.4). Those directly responsible for advising ministers tend, in most OECD member countries, to be replaced when there is a change of government. Few or none of the highest civil servants change in 20 of 33 OECD countries, while all or most change in 13 countries. There is much less turnover below the top level. Arrangements range from countries at one end of the spectrum, in which senior civil servants are completely insulated from changes in government (Australia, Austria, Canada, Denmark, Estonia, Finland, Ireland, Japan, New Zealand, Norway, Sweden, United Kingdom), to those at the other end of the spectrum in which the political-administrative interface is more porous (Chile, Czech Republic, Hungary, Mexico, Portugal, Slovak Republic, Turkey). The Dominican Republic has a relatively high rate of turnover at the senior levels.

Table 4.4. Turnover of senior civil servants with a change in government (2010)

Total OECD	Advisors to the ministry's leadership	Level 1 (Highest)	Level 2	Level 3	Level 4	Level 5	Level 6 (Lowest)
Yes, all	15	5	3	0	0	0	0
Yes, many	7	8	6	3	1	1	0
Yes, few	1	8	5	4	3	1	1
None	4	12	19	26	29	29	26
Dominican Republic	Yes, all	Yes, all	Yes, all	Yes, few	Yes, few	Yes, few	n.a.

Sources: OECD Survey on Strategic Human Resources Management in Central/Federal Governments (updated in 2013 on the basis of 2012 data). Data for the Dominican Republic provided by MAP in response to the OECD survey questionnaire (July 2013).

The role played by political cabinets is important for understanding the full picture of the senior management arrangements. Political cabinets consist of politically appointed advisors, other close associates to ministers and other members of the political executive. They are appointed at will, can normally also be dismissed at will, and leave office when their government or even their political principal leaves office. Some practitioners question the existence of such cabinets, while others argue that they are essential in order to avoid a politicisation of the top civil service management.

Some examples illustrate the wide variety of arrangements in OECD member countries. In Denmark, top managers are expected to be able to provide political advice to their ministers. Belgium and Sweden have political cabinets. In Sweden they are relatively small (5-10 advisers per minister) and cannot give orders to civil servants. In Belgium they are much larger and have assumed the top managerial functions. Ireland has a system of political advisers to ministers; they are distinct from the senior civil service and leave office when the minister leaves. The United States has politically appointed senior managers, thus limiting the need for political cabinets. The United States Senate decides which positions are open for political appointment.

The management of the political-administrative interface is still evolving in the Dominican Republic, from a situation where the interface was highly porous – with scope for political influence over all public service staffing – to a situation where the distinction between professional public servants and those who hold discretionary appointments is becoming much more clear-cut. The establishment of the career public service and its consolidation and expansion under Public Service Law 41-08 is intended to insulate

career officials from political influence over their appointment, dismissal and management. However, if the objective is to further reduce the degree of politicisation, this measure alone will not be sufficient, as most management positions still remain outside the career service.

As far as staffing of management positions is concerned, Public Service Law 41-08 provides that management positions are subject to a system of free appointment and removal. All management positions are included in this system, from the most senior down to the lowest management level. In some decentralised institutions, there are particular laws that allow the top management of the institution to recommend appointees who are then nominated by the President of the Republic. Career public servants who are appointed to a management position are seconded from their career position and can return to it when the appointment is terminated. Time served in a freely appointed position counts for purposes of seniority in the career public service. It is unclear what proportion of appointments to management positions are made from within the career public service and what proportion are made from outside the public service.

There is provision for special advisors to senior officials who are subject to free appointment and dismissal. The creation of such positions is approved on a case-by-case basis by MAP, subject to the availability of the necessary budget. The personal staff of senior officials, such as secretaries and assistants, are designated as positions of trust and are subject to free appointment and dismissal.

The system of free appointment and removal provides the government with complete flexibility in filling management positions but it is far from transparent, as the appointments process and the criteria on which appointments are based are not made public. There also appears to be a lot of flexibility regarding salaries of managers, as there is no fixed salary level corresponding to particular management positions or levels. It does not appear to be the case, however, that all managers systematically change with a change of government. While all officials at the top two management levels change (deputy ministers and directors-general), there is much more continuity in management positions below these levels, according to the information supplied by MAP (see Table 4.4 above).

The creation of the career public service offers an opportunity to draw a clearer line between the political level and the public administration with regard to management positions. The fact that Public Service Law 41-08 provides scope for the President of the Republic to include management positions below the most senior levels in the career service offers the government the opportunity to create a pool of professional middle managers. This would reinforce the continuity of the middle management layer and support a well-structured approach to the recruitment, selection, training and performance management of this key group, organised around competencies. Incorporating managers into the career service could be linked to the institutional restructuring process in order to ensure rigour. The Dominican Republic can build on the changes that have already taken place in some key ministries. As mentioned earlier, there has been positive experience with merit-based selection of directors and assistant directors of schools. At the request of the Minister for Health, MAP is currently running a pilot project to design a profile for the position of hospital director. These developments reflect the changing requirements and increasing importance of management skills in order to implement the government's reforms.

Middle managers should play a strong role in driving quality, innovation and a performance orientation, as they manage the day-to-day activities of the public service.

Managing middle managers as part of the career system would provide the necessary framework for building capacity in the middle management ranks. The sooner a consistent definition of the middle management positions to be included in the career system can be put into practice, the better. As a general principle, the objective should be that career positions are the rule rather than the exception in the middle management ranks. This approach would enable MAP to define the competency profiles of middle management positions and introduce competitive, merit-based selection methods. INAP would then be in a position to develop induction, training and development programmes to improve the competencies of middle managers. An additional advantage would be the creation of structured, transparent opportunities for career officials to be promoted to middle management positions, thereby strengthening the overall career system.

Strengthen transparency and quality assurance in appointments

The possibility to appoint people other than tenured civil servants to senior management positions is valuable and should be maintained. There should also be credible opportunities for tenured public servants to be promoted to senior positions. The position-based employment system in the Dominican Republic has the advantage of making it possible to make appointments to senior positions from a wide pool comprising all public servants who are qualified to apply, as well as private sector applicants with relevant experience. It is possible to preserve the government's influence over senior appointments, while strengthening transparency in appointments and providing quality assurance as regards the capabilities of senior managers.

It is essential to have senior managers who will provide not only excellent managerial skills and professional competence, but also leadership for change and innovation. OECD member countries do this in a variety of ways, and it will be important for the Dominican Republic to develop a system that suits its own requirements while making the political-administrative interface more clearly visible. There are various models that the Dominican Republic could look to in this regard, including the Chilean one outlined in Box 4.13 above. Another model of interest may be the one used in the United States which combines a significant degree of political involvement in the appointment of managers with strong mechanisms to ensure the competence of appointees. The number of political appointees is relatively large, but there is a structured appointment process with checks and balances to ensure transparency (see Box 4.16).

Box 4.16. Senior management appointments in the United States federal public service

The United States has a relatively high institutionalisation but at the same time a more open political involvement. Its arrangements are characterised by presidential control over the executive functions combined with an active monitoring by the Senate. The number of political appointees is relatively large, but there are at the same time special features that help to maintain a proper balance between political responsiveness and neutral competence.

After each presidential election, the Congress publishes a list of positions in the legislative and executive branches of the federal government that may be subject to non-competitive appointment. The current list contains 7 996 positions all over the country; 1 141 of these positions require that the Senate consents to the President's appointment. The merits of these candidates are therefore normally scrutinised very thoroughly, even if there is no formal competition.

Among the positions that require the Senate's consent are: the secretaries of the 15 Cabinet agencies, deputy secretaries, undersecretaries and assistant secretaries, and general counsels of those agencies; and certain jobs in the independent, non-regulatory executive branch agencies and in the regulatory agencies.

The Senior Executive Service (SES) is a personnel system covering top-level policy, supervisory, and managerial positions in most federal agencies. The SES includes most civil service positions above a certain grade. Currently, there are 8 328 SES positions authorised by the Office of Personnel Management (OPM). About half of SES positions are reserved for public servants. The main reason is that the need to ensure impartiality is felt to require that they are filled by career employees. The remaining SES positions may be filled either by career or non-career appointees.

Career appointments are made through a competitive process, including published announcements, rating and ranking of eligible candidates, approval by the agency of the professional qualifications of the selected candidate, and a further review and approval of the executive/managerial qualifications of the proposed appointee by the SES Qualifications Review Board. A career appointee serves a one-year probationary period. Upon completion, the appointee acquires tenure rights and may be removed from the SES only for cause or for poor performance.

There are special rules intended to protect career appointees from improper patronage. A performance appraisal for a career appointee may not be made within 120 days after the beginning of a new presidential administration. A career appointee may not be involuntarily reassigned within 120 days after the appointment of a new agency head. A career appointee may not be involuntarily transferred to another agency.

Source: OECD (2010), *OECD Reviews of Human Resource Management in Government: Brazil 2010, Federal Government*, OECD Publishing, Paris, <http://dx.doi.org/10.1787/9789264082229-en>.

Another system that provides a high degree of flexibility is the Dutch ABD system (see Box 4.17). A corps of tenured senior managers is recruited by open competition for general service and is in principle able to serve in any senior management position. Appointment to a specific position is at the will of the government and for a limited period. At the end of the period, the manager can be either reappointed to the same position or appointed to a new position.

Box 4.17. Senior management system in the Netherlands

In the Netherlands, a reform of the senior public service in 2000 set up the *Algemene Bestuursdienst* (ABD), which is composed of the five top levels (secretary general, director-general, director, department heads, and policy makers) in the Dutch national government administration. The three top levels are called the Top Management Group (TMG). In June 2008, there were 780 persons in the ABD, of which 65 in the TMG.

The system is managed by a central office, the *Bureau Algemene Bestuursdienst* (BABD), within the Ministry of the Interior, where the central HRM body is located. It plays a major role in recruitment, career development, training and promoting mobility for the ABD group. All ABD positions are open for both internal and external candidates. Recruitment is centralised and all appointments are to a specific position. ABD vacancies are published on the BABD website. Candidates are assessed by the BABD which is responsible for the preliminary selection. The BABD presents a shortlist of 3-5 candidates to the appointing authority which makes the final decision.

Appointments to TMG positions are for five years and the term can be prolonged twice by one year. Other ABD staff do not have term limits, but statistics show that they remain an average of four years in their positions. An ABD member can be seconded to another department for up to two years. A special programme was set up by the BABD to develop leadership in the higher grades of the national government administration. The BABD also operates an ABD candidates' programme.

There is only one political advisor in each ministry, who principally deals with parliamentary relations.

Source: Dutch Ministry of the Interior and Kingdom Relations, 2010.

Fixed-term appointments for senior managers are used in a number of OECD member countries as a way of providing flexibility for governments while insulating senior civil servants from direct political influence (Table 4.5). It is also necessary to have mechanisms for removing senior managers who have proved themselves unfit for service.

Table 4.5. Examples of fixed-term appointments of senior managers in selected OECD member countries

Belgium	Managers receive a temporary mandate of six years which is granted by either the minister or the president of the department. Only the president of the Chancellery and Support Services receives a mandate which expires automatically at the end of the legislature.
Italy	Managers (first- and second-level managers) have a fixed-term contract. At the end of the contract, the manager can be appointed to another post, also in a different administration.
Netherlands	The July 2000 reform of the general status of civil servants changed the entire profile of the Senior Civil Service (SCS), inter alia by reinforcing the distinction between the Top Management Group and other SCS members. While all members are given a permanent appointment, assignment to a particular function is for a fixed term; members of the Top Management Group are appointed by the Cabinet to five-year terms, with the possibility for prolonging this period twice for the duration of one year each time, after which they must be transferred. The general government service appoints other SCS members to positions for a period from three to seven years without mandatory transfer.
New Zealand	The chief executives (CE) of the ministries are appointed by the State Services Commissioner, often with the help of outside recruitment consultants, after publication of vacancies. CEs are given a contract of five years or less, renewable up to a maximum of eight years. The career of the chief executives is not guaranteed when they leave their jobs nor if their contract is not renewed or is terminated.
Norway	SCS are on contract employment, and some on fixed-term contracts.
United Kingdom	Agency directors are recruited for a fixed term of five years.

Source: OECD (2008), *The State of the Public Service*, OECD Publishing, Paris, <http://dx.doi.org/10.1787/9789264047990-en>.

Changes to the way the senior public service is organised and managed are bound to be extremely sensitive, as they touch directly upon the relationship between the executive and the senior managers. However, the centralised management of senior appointments within the *Presidencia* places the government of the Dominican Republic in a strong position to institute changes that will introduce more formal, competency-based processes for the selection, development and management of senior managers. Any such changes will require clear political ownership and support at the highest level. The government's focus on quality and its plans to introduce performance contracting provide it with a strong justification for implementing measures to strengthen senior management capacity.

Ministers and senior managers may be less than enthusiastic about having their control over middle management appointments circumscribed. They will need to be convinced that the pressing demands for improved public services make it imperative to develop management capacities in the middle ranks and that this requires that promotions and appointments to management positions will become more selective and merit-based. Here again, the government has the opportunity to use budgeting and performance reforms to bring about changes in the management of managers by making increased managerial flexibility for ministries contingent on the implementation of reforms relating to the appointment and management of middle managers.

Key recommendations

A. Short term (1-2 years)

The management of individual performance should be strengthened. Measures that could be taken to achieve this include:

- Taking an incremental approach to implementing performance management rather than trying to establish a too-complex system all at once.
- Implementing a simplified version of the planned new individual performance management system, with a strong focus on improving the quality of objective setting.
- Abandoning the current system of performance assessment, which is not working well, so that a new simplified system can be implemented rapidly, starting with central government and key autonomous agencies.
- Including managers at all levels in individual performance management so that there is leadership by example from the top down.
- Rolling out an accelerated training programme for line managers and HRM professionals in objective setting and performance assessment.
- Developing an online performance management system to reduce workload and bureaucracy.
- Taking steps to deal with the problem of inflation of performance ratings.
- Linking performance assessments to identification of the learning needed to close performance gaps.
- Implementing a system to deal with poor performance.

Public service reforms require new managerial and leadership competencies. Measures that could be taken to achieve this include:

- Clarifying the membership of management ranks and the number of managers at each level.
- Progressively giving effect to the provisions of Public Service Law 41-08, enabling the President to include management positions below the level of vice-minister in the career public service. The objective should be to create a critical mass of managers who are career public servants, further reducing the degree of politicisation. This could be linked to the process of institutional restructuring.
- Designing a leadership competency framework that will underpin the selection, development and management of managers.
- Introducing more rigorous, competency-based selection processes for managers, supported by professional advice.
- Strengthening transparency and quality assurance in senior appointments, while preserving the government's influence.
- Implementing training for managers in critical areas such as change management, performance management and leadership.
- Building support for changes in the way the senior public service is organised and managed.

B. Medium term (3-5 years)

Measures that could be taken to further strengthen performance management include:

- Integrating competencies into the individual performance management system once they have been validated and included in job profiles, while avoiding an over-complicated approach to the assessment of competencies.
- Ensuring that the achievement of objectives remains the central focus of performance assessment.
- Gradually linking individual performance to organisational performance management, fostering opportunities for learning.
- Evaluating and continuing to improve the individual performance management system.
- Using career development as an incentive, through better mobility and promotion structures and by encouraging managers to give good performers opportunities to develop new competencies and skills through workplace assignments.
- Making it part of senior managers' performance objectives to develop the capacity of their organisations.
- Developing methods of employee involvement to support performance and innovation.

Measures that could be taken to continue building management and leadership capacity include:

- Bringing the management of senior managers into line with the Latin American public service model.

- Developing systems and instruments to ensure consistently high standards of management and leadership.
- Building collective leadership and a whole-of-government perspective among senior managers.
- Establishing an independent body to advise on senior appointments.
- Establishing a structured leadership and management development process.

C. Long term (5 years +)

Measures that could be taken to help bring performance management to the next level include:

- Considering establishing a formal career assignment programme as a way of accelerating the development of good performers.
- Assessing the readiness of organisations for performance-related pay. Introducing performance-related pay should not be a priority.

Notes

1. OECD Survey on Strategic Human Resource Management in Central/Federal Governments of OECD countries (updated in 2013 on the basis of 2012 data).
2. OECD Survey on Strategic Human Resource Management in Central/Federal Governments of OECD countries (updated in 2013 on the basis of 2012 data).
3. OECD Survey on Strategic Human Resource Management in Central/Federal Governments of OECD countries (updated in 2013 on the basis of 2012 data).
4. OECD Survey on Strategic Human Resource Management in Central/Federal Governments of OECD countries (updated in 2013 on the basis of 2012 data).
5. Data provided by the Dominican Republic in response to the OECD Survey on Strategic Human Resources Management in Central/Federal Governments (July 2013).
6. Data provided by the Dominican Republic in response to the OECD Survey on Strategic Human Resources Management in Central/Federal Governments (July 2013).

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Chapter 5

Strengthening HRM reforms in the Dominican public administration for more innovative and tangible results

This chapter discusses the key elements impacting the success of current and future reforms in the Dominican public administration and civil service.

The experience of OECD countries points to a number of normative and structural conditions for the successful design and implementation of public employment management and strategic HRM reforms in the public service, providing incentives for staff to generate innovative and tangible results in service delivery while protecting the essential merit-based principles of a professional civil service system.

Attention is paid to the following three aspects in particular: embedding and institutionalising core values to promote values-based management; building up and adapting the capacity and authority of the central HRM body in order to empower it to lead and ensure the implementation of strategic HRM reforms; and making HRM reforms consistent with overall government goals and other public sector reform priorities, especially in the areas of budgeting and strategic organisational management.

The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.

Introduction

The experience of OECD member countries points to a number of normative and structural conditions that have an impact on the successful design and implementation of public employment management and HRM reforms in the public service, providing incentives for staff to generate tangible innovations in service delivery.

First, reforms need to be built on a sound foundation of clear and consistent public service values, accepted by all. Core values should be preserved, strengthened and embedded in new public service legislation and HRM instruments. The civil service and wider public service legislation and HRM practices must ensure continuity without creating undue rigidity. The legislative and policy frameworks must enable a strategic and innovative management of human resources while protecting the essential principles of a professional civil service system.

Second, the design and implementation of HRM reforms require building the capacity of the central HRM department and endowing it with the necessary authority to carry out reforms. The division of HRM responsibilities between the central HRM department and institutions is likely to change as reforms are implemented, and it is necessary to plan and prepare for these changes.

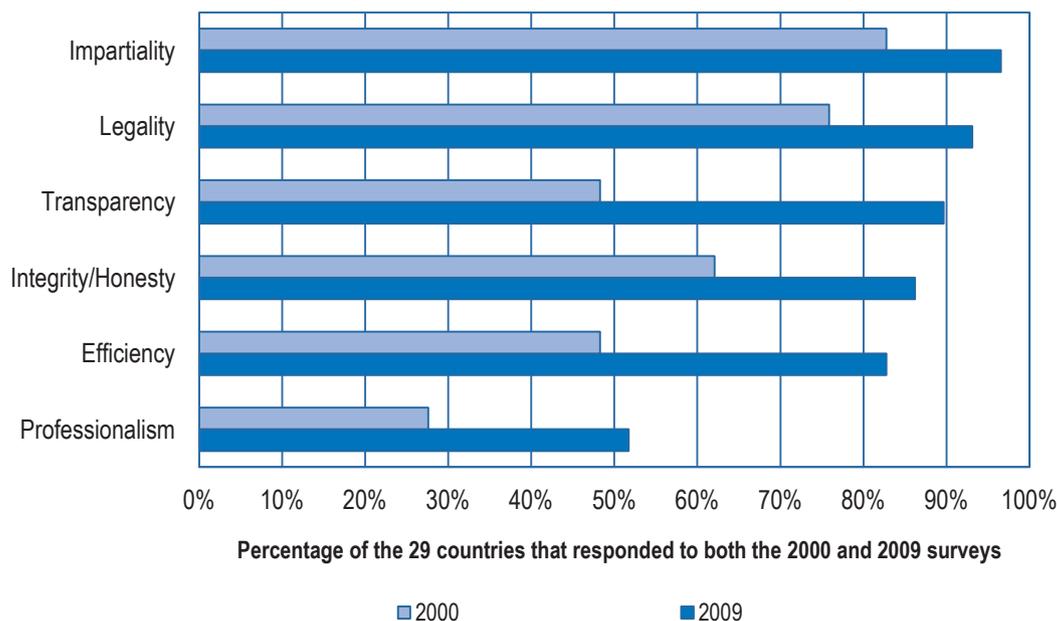
Third, HRM reforms have to be consistent with other public sector reforms, especially in the areas of budgeting and strategic organisational management. Providing effective leadership is crucial, and senior public service managers have a key role to play in ensuring the success of reforms and innovation in the public sector.

Embedding core values and promoting values-based management

The values which are displayed through the behaviour of public servants and by the way in which public services are organised and run are an important part of public governance. Identifying core values is an essential first step in creating a culture in which public servants and society share a common understanding of the expected behaviour of public office holders (OECD, 2000). This is why core values tend to be enshrined in constitutions and/or in the framework legislation for public service and protected by laws, administrative regulations and sanctions. In OECD member countries, values are often also supported by codes of conduct for public servants and public office holders which are increasingly incorporated into the legal framework.

In OECD member countries, core values include traditional values such as integrity, impartiality, legality, probity and merit as well as newer values such as service to citizens, performance orientation, diversity and efficiency (Figure 5.1). It is usually when traditional values are judged to be solidly embedded in the culture of organisations that governments have felt able to promote newer values such as performance and citizen focus, which require a lessening of controls.

The experience of OECD member countries is that more rigorous attention to putting core values into effect is needed for specific groups of public servants working in sensitive areas where there is a high risk of conflict of interest. These include especially core functions of the state such as justice, tax and customs administrations as well as police and national defence. Specific guidelines for managing the political/administrative interface are also common (OECD, 2000).

Figure 5.1. Frequently stated core public service values (2000, 2009)

Source: OECD (2009a), *Government at a Glance 2009*, OECD Publishing, Paris, <http://dx.doi.org/10.1787/9789264075061-en>.

Core public service values in OECD member countries are institutionalised through public employment and HRM arrangements. For example, methods of recruiting public servants through open, merit-based competition are designed to guarantee freedom from nepotism and patronage. Tenure provisions and protection against arbitrary dismissal have traditionally been seen as protecting the independence and neutrality of public servants and ensuring continuity. Discipline provisions are meant to uphold probity and legality. Induction and training help to instil core values. As governments have sought more efficiency and flexibility, public service employment frameworks have moved closer to the employment frameworks under general labour laws in a number of OECD countries in order to provide more flexibility in managing the public workforce. However, care is taken to ensure that core values are not eroded in the process of reform. At the same time, new ways of instilling and upholding core values have been introduced, for example through the values signalled by codes of conduct, competency management, performance management and senior civil service systems.

Promoting values-based management

Values-based management is used to maintain core values, with the senior echelons of the public service expected to play a strong leadership role in this context. Codes of conduct which state core values and expected standards of conduct are used in many OECD countries as an instrument to promote values-based management in the public service. These codes are actively promoted through training, guidance material, websites and various forms of internal communication to ensure that individual public servants and organisations are aware of them and know how to put them into action. The codes are regularly reviewed to ensure that they remain relevant and effective. For example, in Korea, a new code of conduct for the public service became effective in May 2003;

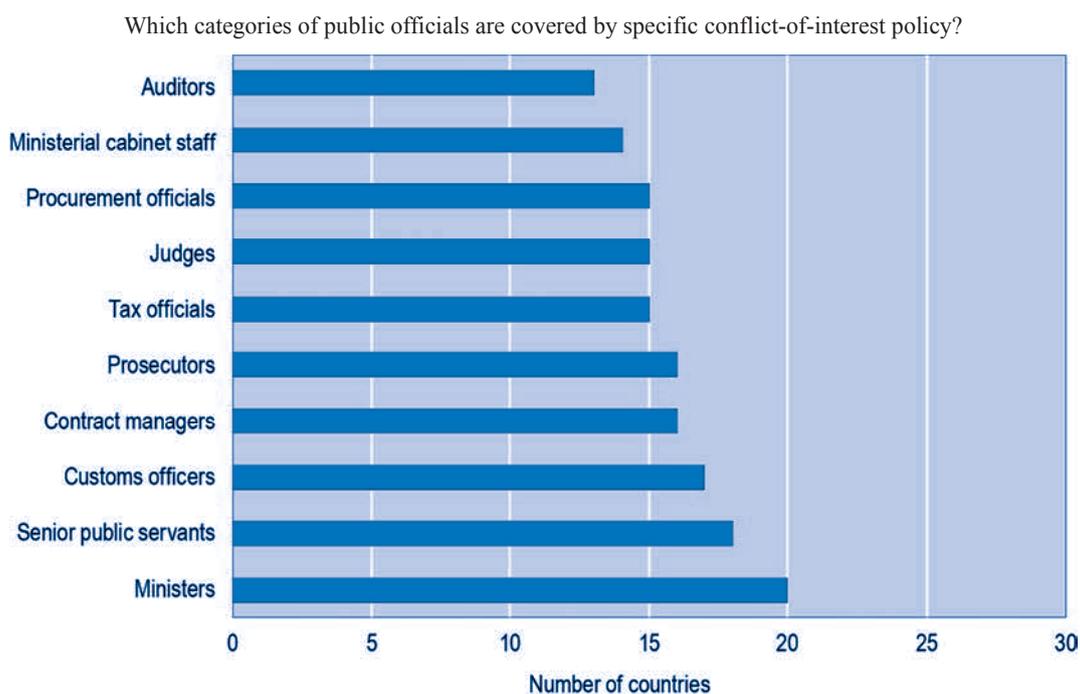
New Zealand instituted a new set of standards of integrity and conduct for employees of state services in 2007; Austria introduced a code of conduct in 2008.

Training on ethics and anti-corruption is provided in many OECD member countries as part of a range of measures to increase integrity. This is most effective when it is a legislative or other official requirement for public servants to deliver and receive integrity training. For example, training on the code of conduct is a right for every civil servant in Spain (Basic Civil Service Law) (OECD, 2013a). When there is a limited budget for training programmes, it is important to prioritise the target groups: priority groups should include all new public servants, senior public officials in management positions, and public officials in areas of risk.

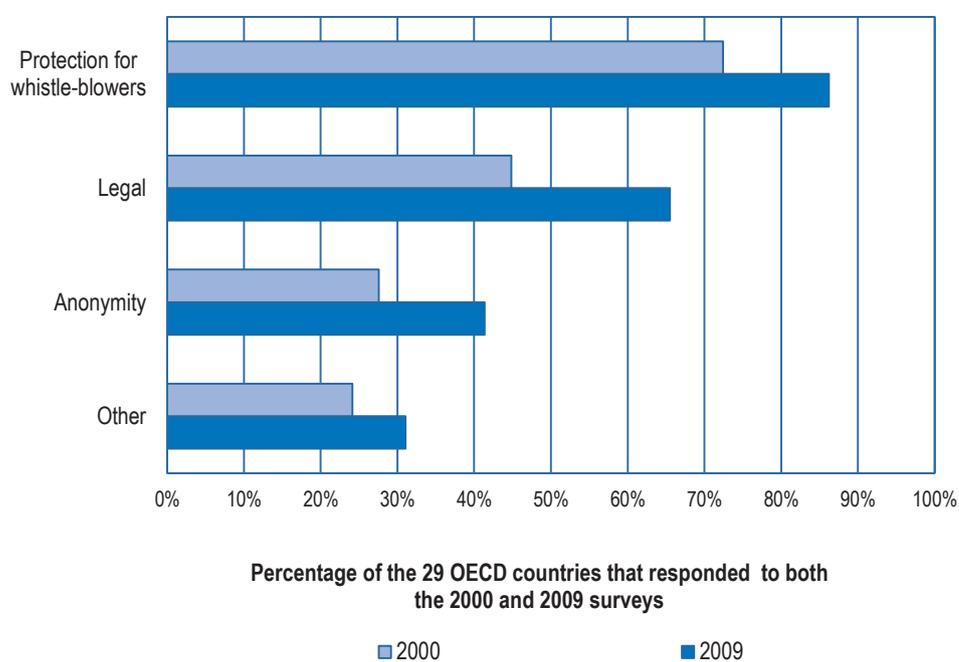
OECD member countries have focused particular attention on preventing conflicts of interest and on disclosure of wrongdoing, and the OECD has developed a set of guidelines for managing conflict of interest in the public service to assist governments in reviewing existing arrangements in line with good practices in OECD countries (OECD, 2007). Conflict-of-interest provisions are usually regulated through primary legislation, with core principles and basic rules included in laws on the public service and in some countries in the constitution.

A large majority of OECD member countries has enacted measures targeting officials in positions that are particularly susceptible to corruption, for example officials dealing with public procurement and contracts, tax officials, customs officers, judges and senior public servants, among others (see Figure 5.2). For example, in Finland the Civil Servant's Act (1997) requires the most senior civil servants to declare their private interests; in New Zealand the Audit Office developed specific good practice guidelines for purchasing by government departments, setting out standards for identification and management of conflict of interest. In France and Germany, there are specific policies regarding financial transparency for public officials in high-level positions (OECD, 2007). In Belgium there is a special set of rules and disclosure obligations for politicians high officials under control of the Court of Audit (<https://www.ccrek.be/FR/MandatsPatrimoine.html>).

Disclosing wrongdoing in the public service is a key concern in OECD member countries (see Figure 5.3). Measures obliging public servants to report misconduct and/or procedures to facilitate reporting have been introduced in most OECD member countries.

Figure 5.2. Developing specific conflict-of-interest policy for particular categories of officials

Source: OECD (2007), *OECD Guidelines for Managing Conflict of Interest in the Public Service: Report on Implementation*, OECD, Paris, <http://www.oecd.org/gov/ethics/39691164.pdf>.

Figure 5.3. Countries that offer protection for whistle-blowers (2000, 2009)

Source: OECD (2009a), *Government at a Glance 2009*, OECD Publishing, Paris, <http://dx.doi.org/10.1787/9789264075061-en>.

The legislative framework has been strengthened in the Dominican Republic

Following earlier laws that produced only mixed results, the legislative framework for core values has been strengthened through the 2008 Public Service Law (Law 41-08, *Ley Función Pública 41-08*) and the constitutional revision of 2010. Law 41-08 sets out the core values: merit, equal opportunity, equity, permanence of career public servants, efficiency, performance, ethics, transparency, legality, honesty, impartiality, service, efficiency and effectiveness, and avoidance of conflict of interest. The constitutional revision of 2010 incorporates, for the first time, a set of articles setting out the basic tenets of the public service, including its core values. These legislative provisions mark a decisive step in breaking with the system of patronage and nepotism which characterised the public service in the past and in further consolidating the ethics and anti-corruption provisions that date back to laws enacted earlier.

The legislative framework is reinforced by a number of laws designed to enforce core values. Public Service Law 41-08 includes a disciplinary regime for public servants who infringe the ethics and discipline provisions of that law. Law 120-01 instituted the code of ethics for public servants, including a prohibition on holding more than one paid position simultaneously and a restriction on relatives working in the same public office, with the head of a public institution or with any public officer with decision-making power. These provisions are included in the constitutional revision of 2010.

The Constitution includes conflict-of-interest restrictions on the Head of State, the Vice-President, senators, deputies, congressmen, ministers, members of the Attorney General's Office, and public servants in general. Civil servants can face disciplinary and penal sanctions for violation of conflict-of-interest provisions under Public Service Law 41-08 and this law provides for sanctions, including suspension from duty and removal from office. Article 14 of the Law on Procurement (2006) establishes conflict-of-interest provisions regarding public officials who work on procurement tasks. Law 82-79 provides for disclosure of assets by public officials, including some public servants. The laws relating to conflict of interest do not identify an explicit enforcement body (World Bank, 2013).

The new General Public Sector Salaries Law passed in August 2013 (*Ley General de Salarios para el Sector Público 105-13*) strengthens the conflict-of-interest and ethics provisions. It expressly forbids public servants from engaging in a range of unethical practices such as: receiving remuneration from the state other than for their own jobs; double-jobbing; having interests in companies that have agreements or contracts with the public sector; using their position to obtain advantages, benefits or privileges for themselves, family members or others; soliciting additional payments for performing the duties and responsibilities of their position; and promoting nepotism, among other things.

The institutionalisation of core values is proceeding

The steps being taken by the government to institutionalise the core values of the public service demonstrate an awareness of the need to build on and reinforce legislative provisions through a range of initiatives. Public Service Law 41-08 marks a critical milestone in embedding core values through the establishment of the professional merit-based civil service system, supported by appropriate HRM policies. A lot of effort was put into placing this legislation on a solid foundation through the involvement of civil society in its formulation. The draft Public Service Law was debated widely with the objective of giving all stakeholders a sense of commitment and ownership.

A key challenge now for the Dominican Republic is to push forward with the implementation of Public Service Law 41-08. This is critical for institutionalising the values of merit, neutrality and continuity. Another important way of embedding core values is through training. Core values are included in the induction that public servants go through during their probationary period. In-service training programmes also include elements dealing with ethics, transparency and service provided to users/citizens.

Public Service Law 41-08 includes provisions designed to back up the core values by giving public servants certain judicial protections. Public servants have a right of appeal to the Administrative Court if they consider that any of the rights set out in the law have been infringed. This provides protections against arbitrary dismissal or sanction which are important in ensuring that public servants can carry out their duties in an honest and impartial fashion without fear of redress. The law also contains post-employment provisions. Furthermore, there is a requirement for public servants to report criminal wrongdoing and other activities that may harm the state, society or the body/entity in which they work. It is not clear, however, what protections, if any, are offered to a public servant who engages in whistle-blowing. Moreover, the fact that public service managers can be dismissed at will is likely to inhibit the reporting of wrongdoing by managers unless there is a very strong and consistent signal from the political level that managers are expected to lead the culture of probity in the public service.

Reforms to the public service employment framework and HRM policies are taking place within the context of broader efforts to combat corruption. The Participatory Initiative Against Corruption (IPAC) was directed by a high-level organising committee comprised of key stakeholders from government, private enterprise and civil society. The aim was to identify gaps in the public administration and propose concrete actions for the Presidency of the Republic (*Presidencia*). Critical measures launched by the President following the IPAC initiative include the establishment of a single treasury account in ministries, a portal allowing citizens to access information on the government budget and finances, and a streamlining of the National Procurement Agency.

Transparency is very important for ensuring the application of core values and making a strong commitment to civil society to carry through public service reforms. There are several interesting and promising initiatives under way to ensure transparency. One is the *Sistema de Monitoreo de la Administración Pública* (SISMAP) described in Chapters 2, 5 and 6, which enables MAP to evaluate on an ongoing basis the application of Public Service Law 41-08. SISMAP uses criteria and indicators from the *Barometer on Public Service in Central America and the Dominican Republic* (developed by the Inter-American Development Bank) to monitor the application of Public Service Law 41-08 in public institutions. SISMAP enables citizens to access 34 indicators of public administration, including matters such as quality, legality, merit-based recruitment and performance management, among other things. SISMAP now covers all central and decentralised government. A new version will be launched in the near future including new indicators and covering all municipalities and municipal districts.

The Dominican Republic participates in international benchmarking with a number of other Latin American and Caribbean countries under the joint auspices of the *Agencia Española de Cooperación Internacional para el Desarrollo* (AECID) and the Central American Integration System (SICA). This initiative enables the Dominican Republic to benchmark progress on a number of indicators of public administration development, including merit and efficiency.

The values of quality and service to citizens, which are primary objectives of the public service reform, are being institutionalised through the phased implementation of the CAF model (Common Assessment Framework, *Marco Común de Evaluación*) and the National Quality Award (*Premio Nacional a la Calidad y Reconocimiento a las Prácticas Promisorias*), stimulating institutions to build the needed quality culture and to apply the HRM provisions that are part of the quality award (see Chapter 6).

The values of efficiency and performance are being institutionalised through the system of strategic planning and results-based management that is in the early stages of implementation, while efforts are also being made to strengthen performance management, with a focus on outcomes and results. The revised performance management system also aims to strengthen integrity by including adherence to the code of ethics as a factor in the performance evaluation.

Tensions between values

The Dominican Republic is attempting to inculcate a broad range of values all at the same time. While Public Service Law 41-08 reflects the essential core values of probity, legality, continuity, impartiality and merit, the public service reforms are at the same time emphasising the values of citizen orientation, performance and efficiency. There will inevitably be tensions between the HRM policies required to uphold these different values. It is essential to stabilise and strengthen core values such as probity, integrity, merit and continuity through strong regulation and oversight in areas such as recruitment, promotion, discipline and ethics. It will take time for these fundamental values to become fully embedded in the public service culture. The recent experience of OECD member countries such as Chile and Mexico and other Latin American, Central American and Caribbean countries shows that patronage in staffing the public service is hard to root out, even when laws mandating merit-based recruitment are in place (Grindle, 2010). Similarly, corruption in public office has proved hard to eliminate.

The experience of OECD countries has been that an emphasis on newer values such as performance, efficiency and service to citizens requires a different, more flexible and decentralised HRM and financial management regime, providing more scope for discretionary decision making by public service managers. Putting such a regime in place has been a lengthy process in most OECD member countries and has been done in a context where the fundamental values such as probity, legality and merit are long established and very firmly embedded.

In the Dominican Republic, the risk is that trying to put so many different values into action at the same time will lead to confusion on the part of public servants and that none of the values will become strongly established. A more measured approach is likely to lead to more sustainable results. This means choosing carefully what values are emphasised at different stages of the reform process. For example, improving quality, efficiency and performance will require first and foremost that the public service is staffed on merit and that probity and legality are strongly established. The values of public accountability and transparency are essential prerequisites for a more flexible, performance-oriented management regime.

Place values at the forefront of reforms

The Dominican Republic's commendable efforts in clarifying and establishing core values in the public service should be reinforced in every possible way. There are several steps that would lend additional support to the measures already being implemented. The

public service functions within the overall government system, and its values and ethos are strongly influenced by the values demonstrated by other branches of government. A whole-of-government approach to values is therefore recommended. The example given by politicians is particularly important. The Dominican Republic might find the example of Ireland of interest in this context, where a new Standards in Public Office Act (2001) covers government ministers, members of Parliament and public servants, requiring codes of conduct to be drawn up for each of these groups. In Canada, a new Values and Ethics Code for the Public Sector came into effect in 2012, covering a much broader population of public servants. The previous code applied only to organisations in the core public administration while the new code applies to the entire public sector, including separate employers, boards, agencies, commissions and Crown corporations.

Values across all branches of government should be brought more to the foreground of reforms, to guard against the risk that new HRM policies and processes will be put in place without a real and sustainable shift in the underlying values. The approach taken in France could be of interest to the Dominican Republic in this regard: values were given a prominent place in the public service reform process, and concrete measures were taken to bring them to the fore in the management and functioning of the public service. While the French approach includes measures that are already in place in the Dominican Republic – values as one of the criteria in performance evaluation of public servants and integrated into the initial training of public servants – it includes additional measures such as an explicit responsibility for ministers and senior public officials to promote values, initiatives to diffuse and put values into action, and regular evaluation and monitoring of the effective application of values (see Box 5.1).

Box 5.1. Clarifying, diffusing and bringing to life public service values: France

One of the six strategic orientations for the French public service reform is bringing to life their values. Three measures have been taken to formalise and renew such values:

1. Establish a charter of public service values.
2. Implement an action plan to ensure the effective application of values:
 - ministers and senior managers to be given the objective of promoting the application of the charter of values by all public servants under their responsibility;
 - an experienced public servant in each ministry and service to be made responsible for advising on values;
 - values to be integrated into the initial training of public servants;
 - values to be one of the criteria in the performance evaluation of each public servant;
 - the charter of values to be published and brought to the attention of public service users by all possible means.
3. A National Commission for Public Service Values to be established, with four main functions:
 - animate a network of values advisors in ministries;
 - advise on questions relating to values and their application in practice;
 - ensure that values remain relevant and up to date;
 - develop indicators to evaluate the effective application of values and monitor this.

Source: OECD (2010b), *OECD Reviews of Human Resource Management in Government: Brazil 2010, Federal Government*, OECD Publishing, Paris, <http://dx.doi.org/10.1787/9789264082229-en>.

Strengthen the ethics framework

The experience of OECD member countries is that a multi-faceted approach is required to put core values into effect. The OECD Principles on Ethical Conduct in the Public Service provide guidance on this (see Box 5.2).

Box 5.2. OECD Principles on Ethical Conduct in the Public Service

1. Ethical standards for public service should be clear (civil servants and political officials should know where the boundaries of acceptable behaviour lie). Codes of conduct serve this purpose.
2. Ethical standards should be reflected in the legal framework (laws and regulations provide the framework for guidance, investigation, disciplinary action and prosecution).
3. Ethical guidance should be available (socialisation facilitates ethics awareness, but ongoing guidance and internal consultation mechanisms should be made available to help civil servants [and politicians] apply ethical standards).
4. Public servants should know their rights and obligations.
5. Political commitment should reinforce ethical conduct of public servants.
6. The decision-making process should be transparent and open to scrutiny (this also points to the role of the legislature and the press).
7. There should be clear guidance for interaction between the public and the private sector.
8. Managers should demonstrate and promote ethical conduct (by providing appropriate incentives, adequate working conditions and effective performance assessments).
9. Management policies, procedures and practices should promote ethical conduct.
10. Public service conditions and HRM should promote ethical conduct (this relates, among others, to recruitment processes, promotion and adequate remuneration).
11. Adequate accountability mechanisms should be in place within the public service (internal as well as outward accountability to the public).
12. Appropriate procedures and sanctions should exist to deal with misconduct.

Source: OECD (1998), “Principles for Managing Ethics in the Public Service: OECD Recommendation”, *PUMA Policy Briefs* No. 4, Public Management Service, OECD, May, www.oecd.org/gov/ethics/1899138.pdf.

The Dominican Republic has a road map for strengthening its ethics framework based on the measures identified by the Participatory Initiative Against Corruption (IPAC) and the action plan for implementing measures associated with the Inter-American Convention Against Corruption (IACAC) (Dominican Republic, 2010). The OECD integrity management framework may also provide useful guidance in developing a comprehensive set of instruments, processes and structures to strengthen the ethics framework (see Table 5.1).

Table 5.1. Integrity management framework: Three pillars and two layers

	Instruments	Processes	Structures
Core measures	Codes, rules, guidance, integrity training and advice, disclosure of conflict of interest, etc.	Overall continuous integrity development process, continuous development processes for individual instruments, one-off projects to introduce or change instruments, etc.	Integrity actor, management
Complementary measures	Integrity as criterion in personnel selection and promotion, integrity aspects of procurement procedures and contract management, including integrity in the quality assessment tool, etc.	Processes in personnel management, procurement and contract management, financial management, etc.	Personnel management, contract management, financial management, etc.

Source: OECD (2009b), “Towards a Sound Integrity Framework: Instruments, Processes, Structures and Conditions for Implementation”, Global Forum on Public Governance, 4-5 May, Public Governance and Territorial Development Directorate, Public Governance Committee, GOV/PGC/GF(2009)1.

Stronger measures for enforcing the ethics legislation are of particular importance, and there are numerous examples in OECD member countries that would be helpful in this regard (OECD, 2000). Ethics laws in OECD member countries provide a strong compliance framework, including provisions for investigation and whistle-blowing. Almost all OECD countries criminalise both active and passive forms of corruption by public officials and an increasing number are also criminalising attempted corruption as well as breaches of core public service values such as impartiality in decision making and upholding the public trust (OECD, 2000).

Supervision of ethics laws is very important. While public service managers have the primary responsibility for initiating the investigation of alleged misconduct, a majority of OECD member countries use external institutions to investigate and prosecute misconduct. The most common approach is an external investigative body operating with jurisdiction over the whole public service (OECD, 2000). For example, in Ireland, where revised legislation in 2001 established the Standards in Public Office Commission (SIPO), this independent body with wide-ranging powers supervises the application of the ethics and standards legislation and investigates possible non-compliance. SIPO’s powers extend to ministers, members of Parliament and public servants. The Dominican Republic should consider establishing such a body.

Within the HRM sphere, strong signals about the institutionalisation of core values can be sent by making better use of the instruments which are available to deal with wrongdoing. Despite the acknowledged problem of corruption, very few public servants are dismissed or sanctioned for wrongdoing: from 2008 to 2009, less than 1% of those who left the public service were dismissed for misconduct (SEAP, 2010). This suggests that the detection of wrongdoing needs to be improved and that sanctions need to be applied more effectively. Another important area where stronger signals should be sent is through the process of incorporating employees into the career public service. While ethics is an element in the evaluation process for incorporation, it is not clear that the incorporation process is being used to full effect to root out corruption.

“Hard” measures to enforce ethics laws need to be complemented by “soft” measures to raise awareness of core values and train public servants in their application. In this context, the Dominican Republic could bring together its E-government initiative and values by using the Internet and interactive online tools to promote core values, as well as

using more traditional communication instruments. Many OECD member countries have codes of conduct that set general rules by which all public officials are to govern themselves. The elements of a generic code of conduct are shown in Box 5.3. These general rules are often supplemented by more specific codes related to a high ranking and specific high-risk positions. A code of conduct for the public service would be an ideal vehicle for an active communication campaign on public service values in the Dominican Republic, involving both public servants and citizens. This would send a strong signal about the primacy of values in public service reforms of the Dominican Republic. Codes of conduct build on legislation by providing more detailed descriptions of standards expected of public servants. A recommended first step would be to develop specific codes of conduct for public servants working in especially sensitive areas such as tax, customs and excise, public procurement and senior management positions. Particular attention should be paid to clarifying how traditional values such as probity and impartiality are balanced with newer values such as performance and quality.

Box 5.3. A generic code of conduct for public officials may include seven elements

Serving the public interest. Public officials are expected to maintain and strengthen the public's trust and confidence in public institutions, by demonstrating the highest standards of professional competence, efficiency and effectiveness, by upholding the constitution and the laws, and by seeking to advance the public good at all times.

Transparency and accountability. Public officials are expected to use powers and resources for the public good, in accordance with the law and government policy. They should be prepared to be accountable for the decisions they make and to justify their official decisions and actions to a relevant authority, or publicly, as appropriate in the circumstances.

Integrity. Public officials are expected to make decisions and act without consideration of their private interests. Public service being a public trust, the improper use of a public service position for private advantage is regarded as a serious breach of professional integrity.

Legitimacy. Public officials are required to administer the laws and government policy, and to exercise legitimate administrative authority under delegation. That power and authority should be exercised impartially and without fear or favour, for its proper public purpose as determined by the legislature or the official's organisation as appropriate in the circumstances.

Fairness. Public officials should make official decisions and take action in a fair and equitable manner, without being affected by bias or personal prejudice, taking into account only the merits of the matter, and respecting the rights of affected citizens.

Responsiveness. As agents and employees of the elected government, public officials are required to serve the legitimate interests and needs of the government, public organisations, other civil servants and citizens in a timely manner, with appropriate care, respect and courtesy.

Efficiency and effectiveness. Public officials are required to obtain best value in expenditure of public funds and efficient use of assets deployed in or through public management, and to avoid waste and extravagance in the use of resources in public programmes and official activities.

Source: OECD Public Governance and Territorial Development Directorate, "Procurement Toolbox: Code of Conduct for Procurement Practitioners", www.oecd.org/governance/procurement/toolbox/codeofconductforprocurementpractitioners.htm.

MAP should assume responsibility for developing the overall ethics framework for the public service and for evaluating its implementation

It is important that there is a public body or agency responsible for developing the overall ethics framework for the public service and the evaluation of results. In OECD member countries, the central HRM body or anti-corruption or ethics agencies play this role. In the Dominican Republic, the existing responsibilities of MAP suggest that it is well placed to assume this role. If an independent body is set up to investigate possible breaches of ethics, the respective responsibilities of this body and MAP will need to be clearly established. INAP should continue to be responsible for co-ordinating the delivery of training. Clear formulation of responsibilities of MAP and INAP in this regard should be complemented with proper co-ordination with other institutions that may provide ethics training at central and local levels.

As in other areas of public service reform, there is a risk that efforts to strengthen values and ethics will be undermined by insufficient resourcing. The Dominican Republic has difficult choices to make about allocating limited resources among different reform initiatives. Given the fundamental importance of values and ethics in setting the necessary foundation on which other reforms can be built and sustained, it is strongly recommended that ethics initiatives be funded as a matter of priority, with specific funds being allocated to implement the IPAC initiative, the measures associated with the IACAC, the drawing up of a new code of conduct, and ethics training.

Regular reporting on progress with ethics initiatives helps to maintain a focus on implementation. In addition to the existing reporting that is done in the context of international anti-corruption initiatives, accountability would be strengthened by an annual report to the executive and the legislature on progress with ethics and anti-corruption measures in the public service.

Significant variations in HRM capacity and division of responsibilities

The mandate and tasks of central HRM institutions vary across OECD member countries (see Table 5.2). Broadly, however, they are responsible for designing and overseeing the application and promotion of core policies for a professional HRM, while leaving implementation to line ministries and line managers. A central HRM body typically does not centralise all decisions and processes. It usually operates within a framework of decentralised HRM responsibilities to managers across the administration, providing them with advice and support in their decisions, as well as enforcing shared systems. However, the extent of HRM decentralisation varies significantly among OECD member countries. A strong central HRM body enables more effective delegation to line ministries and other institutions of certain aspects of HRM (OECD, 2012a).

Typical core responsibilities of the central HRM body in OECD member countries include:

- strategic workforce planning across the whole of government;
- the design, promotion and enforcement of shared systems such as job classification, competence management, career management and performance assessments;
- the oversight and promotion of public service values and ethics;
- whole-of-service training;

- recruitment and retention;
- management of the senior public service.

Responsibilities may also include budget-related elements of HRM, although these are often allocated to the finance ministry. These would include wage setting, representation of the government as an employer in central bargaining covering some or all groups of budget users, and setting the parameters for decentralised bargaining, either unilaterally or through a central collective agreement. If HRM responsibilities are shared in this way, it is very important to establish close and effective co-ordination between the finance ministry and the central HRM body.

Table 5.2. Responsibilities of the central HRM body in OECD member countries

Responsibility	Number of countries in which the central HRM body carries out this responsibility
Providing leadership and guidance on HRM in general	33
Providing advice on the legal framework	28
Standardising recruitment and defining skills profiles	21
Designing an HRM strategy	19
Designing the pay system	19
Promoting diversity across the civil service	19
Transmitting public service values	18
Defining salary levels and benefits across the public service	18
Provision of training	16
Co-ordination and supervision in the implementation of the HRM policy/strategy	15
Actual management of HRM at central/national/federal government level	13
Defining and controlling the payroll	13
Dealing with retirement and pension plans	13

Source: OECD Survey on Strategic Human Resource Management in Central/Federal Governments (updated in 2013 on the basis of 2012 data), unpublished.

The most promising experience in OECD member countries suggests that central HRM bodies are more effective when they:

- Act under a managerial framework that provides the setting in which HRM policies and practices will be strengthened and evolve. The legal foundation of HRM policy gives the central HRM body a clear mandate for its activities.
- Have a plan that allows them to act strategically to achieve the government's goals and to assess how well they succeed. Their political responsiveness depends in part on this.
- Assume a co-ordinating, monitoring and enabling role in the implementation of HRM policies by providing guidelines, technical support and feedback. The oversight role of the centre is not necessarily transaction-oriented; it may rely on strategic monitoring and measurement of results and risks.
- Have adequate financial and human resources to strengthen HRM in the public service. Central HRM bodies should have the capacity to prepare civil service reform or to control the implementation of the civil service act.
- Have a leadership role in the development of civil service reform proposals, manage the preparation of reform legislation, and set homogenous HRM standards without interfering too much with the traditional role of other ministries, above all the finance ministry.

- Are not in charge of protecting the rights of civil servants. In addition to the courts and industrial tribunals, most OECD member countries have special independent bodies such as the Merit Systems Protection Board in the United States and the Public Service Commissioner in Australia and in the United Kingdom (OECD, 2010a).

There has been a trend in OECD member countries towards delegating HRM responsibilities to ministries and other institutions in order to increase managerial flexibility, with the central HRM body moving to a more strategic and less detailed managerial role. However, it is important to note that the scope and pace of delegation varies across countries and that it has happened in mature civil service systems in which the core values are very well embedded and robust accountability systems are in place. Experience in OECD member countries shows that effective delegation of HRM authority has to be accompanied by:

- strengthening of the capacity of the central HRM body to monitor the implementation of HRM policy;
- effective systems to hold managers accountable for their handling of delegated authority;
- adequate managerial capacity and competence in ministries and other institutions.

Continue to build the authority and capacity of MAP

The Ministry of Public Administration (MAP), created in 2008 by Public Service Law 41-08 (*Ley Función Pública 41-08*), is the central body responsible for public administration, public employment and HRM in the Dominican Republic. The elevation of the former HRM body to the status of ministry signals the importance the Dominican government (*Presidencia*) attaches to strategic HRM reforms in the context of the overall national public sector reform programme.

MAP has wide-ranging responsibilities as a ministry for public administration: in addition to being in charge of the application of all the provisions contained in Public Service Law 41-08, it is responsible for institutional restructuring, organisational performance management, the public administration quality initiative and change management, E-government and innovation, public service delivery, and supporting municipalities in developing their HRM (among other things). MAP's structure and resources are still being built up. Limited resources mean that a gradual approach to staffing has had to be adopted, and many units are not yet functional (see Chapter 6).

Priority has been given to staffing two key areas: the directorate responsible for career systems, which manages the incorporation of staff into the civil service careers mandated under Public Service Law 41-08; and the directorate responsible for ICT, which is implementing the HRM information management system (SASP) and the public administration monitoring system (SISMAP). Currently, MAP has 271 staff.¹ According to the latest organisational chart (September 2012) shown in Chapter 6, almost 15% of MAP's staff were in the career systems directorate and 26% in the ICT directorate. The remaining staff are concentrated primarily in the divisions responsible for civil service HRM and for organisational diagnostics and design.

MAP has achieved a lot in the short time it has been in existence. Its organisation has been established and its capacity is being strengthened. Internal capacity building is one of MAP's four strategic axes for the period 2012-2016. The senior personnel in MAP are

competent and committed. However, MAP suffers from a shortage of well qualified HRM staff and is under-resourced given the scope of its responsibilities and the challenging targets it is expected to meet (in order to implement the provisions of Public Service Law 41-08 within the time frame set by the government). Consequently, MAP's capacity to implement (HRM) reforms is not as strong as it could be. MAP's strategic plan contains some measures designed to address these weaknesses, including competency-based training to increase the number of qualified HRM staff, training candidates in HRM to prepare them for recruitment examinations, and optimisation of its financial resources. MAP is also very active in terms of international co-operation, and this has enabled it to tap into additional resources and expertise.

MAP needs to be politically empowered to achieve the desired public service reform goals. Implementing reforms such as merit-based recruitment and the career civil service system are politically sensitive, and there are many experiences in other countries of such reforms being undermined as a result of the central HRM body being too weak (see Table 2.4 in Chapter 2). The appointment of a strong, active Minister of Public Administration in the Dominican Republic (Minister Ventura Camejo) signals political empowerment, as does the experience in the health sector where the President himself commissioned MAP to institute HRM reforms in order to obtain better results. It is essential that political support for the reform is sustained, particularly in terms of insisting on the collective commitment of government ministers and senior managers to implementing the reforms.

MAP needs additional resources as a matter of urgency to enable it to ensure the implementation of the Public Service Law 41-08 (*Ley Función Pública 41-08*). Without adequate resources, there is a strong risk that MAP will be unable to fulfil its expected objectives and that reforms could falter because the central HRM body is under-resourced in relation to the objectives that have been assigned to it. MAP's strategic plan should be used as the basis for a multi-year resourcing plan so that there is predictability about the resources available for implementing reforms.

However, better use could be made of MAP's existing resources (see Chapter 6). Areas where a stronger focus would be advisable include: HRM governance and accountability frameworks for institutions and managers; the design of HRM reforms; and strategic workforce planning. There may also be areas where MAP could, over time, divest itself of responsibilities. For example, it is important that its role in developing the labour relations system does not involve MAP in dealing with individual cases or protecting the rights of civil servants.

Areas where it is important for MAP to build its organisational capacity as rapidly as possible include:

- workforce planning;
- driving the implementation of HRM reforms;
- values and ethics;
- HRM policy design and creation of frameworks to support consistent application of policies;
- position classification;
- pay and industrial relations.

A focus on these key areas would be facilitated by making them the basis of a more strategic approach to the organisation of MAP. Over time and depending on how the management of the senior public service might evolve, it would be desirable for MAP to also develop its role in relation to the management of the senior civil service (see Chapter 4).

While the organisation of MAP has to respond to the specific needs of the situation in the Dominican Republic, some examples of strategic organisation of central HRM bodies in OECD member countries may provide a useful point of reference (see Box 5.4).

Box 5.4. Organisation of the central HRM body in the Canadian and Irish public services

Canada: Office of the Chief Human Resources Officer

The Office of the Chief Human Resources Officer is organised into four areas:

- Compensation and Labour Relations (CLR): labour-management relations and compensation operations. It conducts collective bargaining for the core public administration; oversees pay administration; develops and interprets government-wide administrative policies; and provides advice and support to departments and agencies on labour relations issues. CLR also supports the Treasury Board in its role in ensuring fiscally responsible expenditure management by determining compensation for the core public administration (except for the executive group), the Canadian Forces and the Royal Canadian Mounted Police. The branch also supports other federal public service employers in obtaining their negotiations mandates from the Treasury Board.
- Executive Policies and Talent Management: provides the tools and support that deputy heads need to manage and develop members of the executive group. The sector has four areas of responsibility (Executive Management Policies, Leadership Development, Executive Talent Management and the Interchange Canada Program).
- Governance, Planning and Policy: broad policy frameworks and standards, monitoring and reporting on people management, improving policies and processes, oversight of departmental performance.
- Pensions and Benefits in the public service.

Ireland: Department of Public Expenditure and Reform

The HRM responsibilities of the department are divided into three main organisational areas:

- Public Service Reform and Delivery: driving overall public service reform; reporting on the integrated plans for all departments and major offices; organisational review programme; communications; shared services policy.
- Development and implementation of HRM policies in the civil service: workforce planning, including policies on recruitment; promotion; mobility; secondment, redeployment and decentralisation; performance management; Senior Public Service; policy on equality and diversity; the establishment of the Civil Service HRM Shared Service.
- Remuneration and Industrial Relations in the public service.

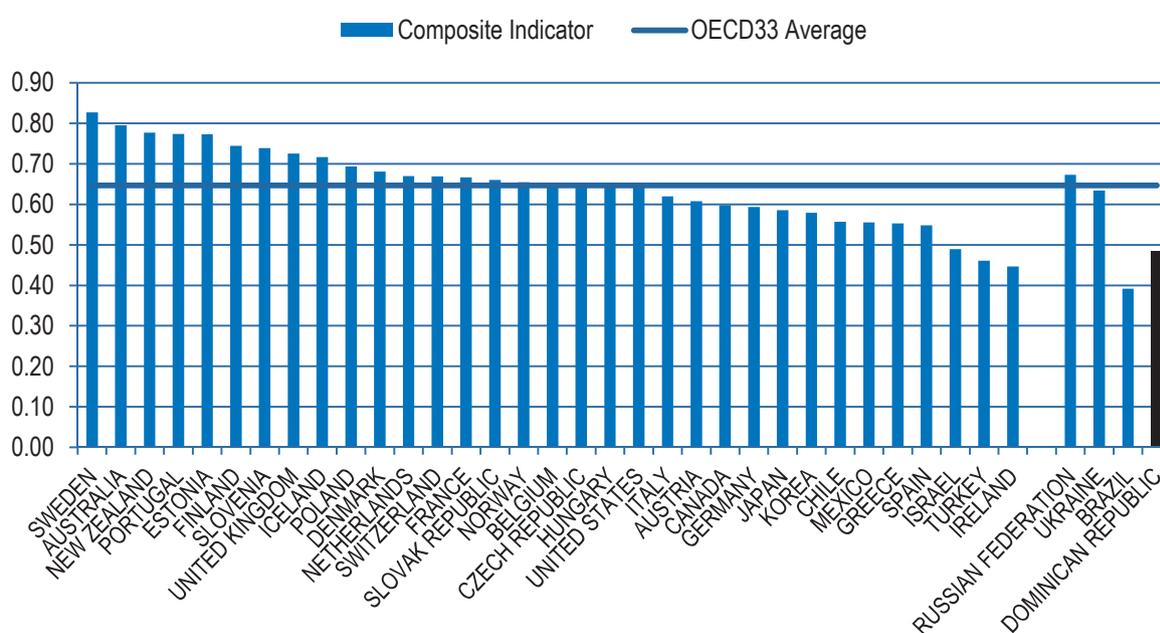
Sources: Treasury Board of Canada Secretariat www.tbs-sct.gc.ca/chro-dprh/index-eng.asp; Irish Department of Public Expenditure and Reform <http://per.gov.ie/organization-chart>.

Balancing control and flexibility in HRM

According to the provisions set out in Public Service Law 41-08, HRM in the Dominican Republic appears to be quite centralised compared to the situation in OECD

member countries (see Figure 5.4). This is a deliberate strategy adopted in order to push through the necessary strategic HRM reforms. Prior to the enactment of Law 41-08 and the creation of MAP, the HRM regime was highly decentralised, particularly in the decentralised public services and autonomous entities. As the regime established by Public Service Law 41-08 is still in the process of implementation, the HRM system is in reality not as centralised as the formal provisions suggest. It would appear that institutions, particularly the decentralised services and autonomous entities, have a lot of discretion over their HRM practices. For example, the process of incorporating staff into the career public service is decentralised and managed within each organisation, with monitoring by MAP. Recruitment is also managed according to a decentralised model, with rules and oversight by MAP. In both areas, it seems that MAP is still in the process of fully establishing its authority to ensure consistent application of the rules.

Figure 5.4. Delegation in human resource management (HRM)



Sources: OECD Survey on Strategic Human Resource Management in Central/Federal Governments (updated in 2013 on the basis of 2012 data), unpublished. Data for the Dominican Republic provided by MAP in response to the OECD survey questionnaire (July 2013).

MAP is responsible for: implementing the civil service career; establishing control over the structures of public service organisations and the numbers of public servants; setting minimum standards and regulations for HRM; designing and implementing frameworks for HRM in all key areas such as recruitment, competencies, performance management, pay and classification, and labour relations; and resolving labour conflicts. MAP is implementing a set of complementary regulations to give effect to the provisions of Public Service Law 41-08 in the areas of labour relations, organisational structures, salary policy, individual performance evaluation, recruitment and selection. Although MAP has a co-ordinating and oversight role in the implementation of HRM policies, a good deal of its work appears to be quite transactional: for example, it is required to issue a lot of authorisations, to provide detailed oversight in areas such as recruitment and

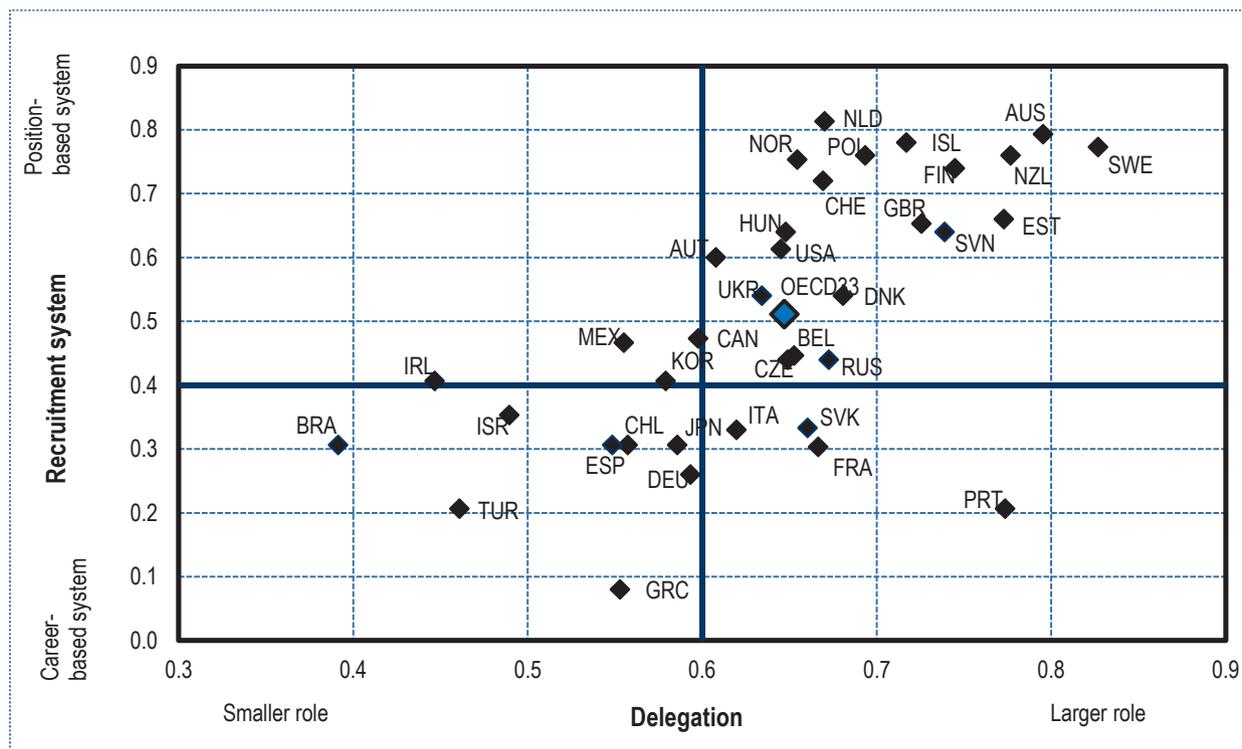
performance management, and to be involved in protecting the rights of civil servants through the employee relations system.

The HRM offices in ministries and other public service organisations are responsible for overseeing the application of HRM policies and liaising with MAP. They organise recruitment, incorporation into the career public service of existing staff, and performance evaluation; and they undertake personnel administration and deal with labour relations matters. To the extent that it was possible to judge, HRM capacity in line ministries is variable and overall rather weak.

One of the major challenges facing MAP is to find the right balance between centralised control and authority over HRM and delegation of HRM functions to institutions. For the present, MAP is correctly emphasising the need to establish standards and regulations and to ensure their consistent application across public service institutions. In some key areas such as incorporation of staff into the career public service, establishing merit-based recruitment and preventing unauthorised hiring, MAP needs to have more rather than less say in defining the rules and ensuring their application until these HRM systems are fully established. Eliminating mismanagement and corruption requires continued vigilance by central management agencies. However, in a situation of limited resources, MAP has to make some trade-offs between involving itself in detailed control and oversight and developing its capacity to lead the strategic HRM developments that are essential to the government's programme of public service reform. Moreover, public service organisations need sufficient flexibility to manage their HRM in line with their business objectives at a time when they are expected to improve their performance, implement quality management and engage in innovation.

As illustrated in Figure 5.5, many OECD member countries moved or are moving towards a position-based recruitment system to achieve more flexibility in the competencies needed for public service delivery. In fact, there is a clear positive correlation between position-based systems and the delegation level of HRM. For example, in Australia, New Zealand and Sweden, line authorities have more flexibility in determining who they hire and the underlying employment conditions. There are exceptions, however: for example, both Japan and the Netherlands give line ministries and managers similar authority levels in HRM decision making, even though the Netherlands uses a position-based recruitment system and Japan a career-based one to select employees.

Figure 5.5. Correlation between the recruitment system and HRM delegation in central government (OECD member and partner countries)



Source: Presentation by the OECD review team during the official launch of this study (April 2013), on the basis of 2012 data.

In any case, delegation of HRM should not be a priority for the present in the Dominican setting but it should be part of the longer-term plans. As part of its strategic planning, MAP should establish a road map for gradual delegation of certain HRM functions to ministries and other public service institutions, subject to certain conditions. This would create an incentive for organisations to meet the conditionality. Essential conditions for organisations to meet, as a minimum, would include:

- The organisation's HRM practices are fully compliant with the relevant public service legislation.
- The senior managers of the organisation demonstrate practical leadership in core public service values through, for example, reduced rates of corruption in the organisation, merit-based recruitment and promotion, and high standards of performance management.
- The organisational structure and employment status of staff have been verified as meeting required conditions.
- The framework for organisational performance management is implemented and includes strong lines of accountability for ministers and senior managers regarding HRM standards and practices.
- There is adequate HRM capacity on the part of line managers and HRM professionals.

There are also essential pre-conditions at the centre. Risk assessment and establishment of risk-management mechanisms should be part of the preparations for delegation. The planned results-based budgeting framework, the single treasury account and internal audit should be implemented in order to provide the necessary discipline around the use of resources in regard to staffing and other HRM matters. The SASP system should be fully implemented to ensure oversight of quantitative and qualitative aspects of HRM. Additional oversight mechanisms should be put in place to ensure the application of rules and required standards in key areas, especially with regard to the application of the merit principle. An independent merit protection agency is recommended, as discussed in Chapter 3. MAP would need to develop its capacity and systems for oversight, monitoring and reporting on HRM in ministries and other organisations.

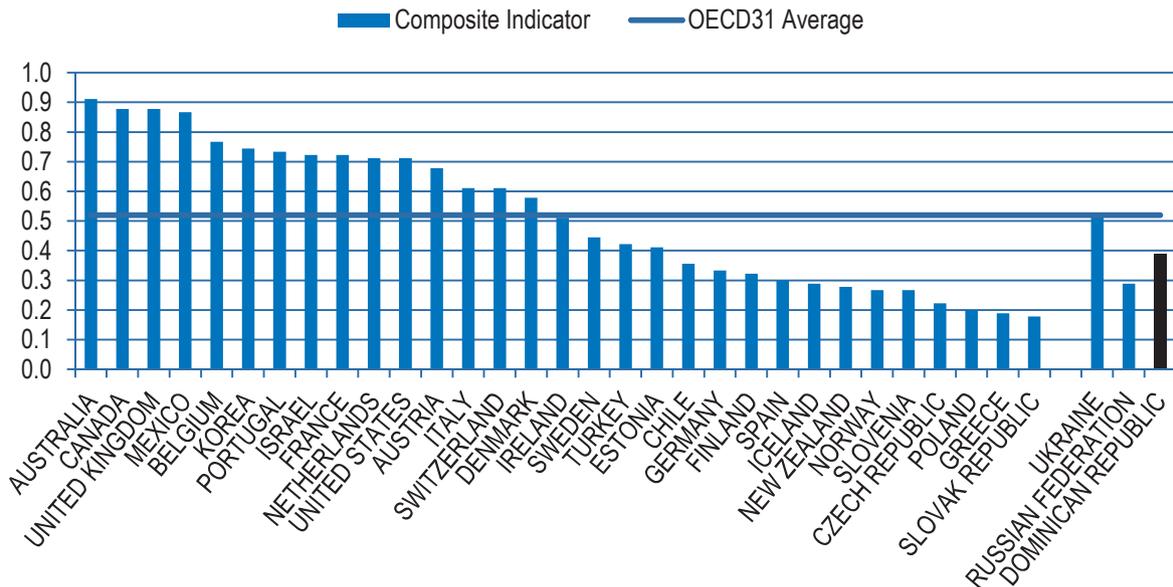
Delegation of increased flexibility in HRM has been a gradual process in most OECD member countries and has taken place in the context of strongly established core values and HRM frameworks. A gradual approach to delegation of HRM in the Dominican Republic could possibly involve prioritising organisations and sectors where increased delegation is considered to be desirable in order to enable improved quality of public services. The targeted approach taken to improving HRM in the health sector could be used to create the conditions for transferring more control to the Ministry of Health, and this might serve as a template for other sectors.

Whatever approach is decided on, MAP should identify areas of HRM where tight central control is deemed essential to the establishment of the career public service and areas where a looser regime is desirable and some variation in arrangements from one organisation to another might be advantageous. The Dominican Republic could take note of the approach to delegation in OECD member countries, which tend not to delegate certain aspects of HRM. Most countries retain control over the management of the pay system, although management of the variable part of pay and decisions about the numbers and types of posts within organisations are delegated in many countries within established legal and budgetary limits. Central HRM bodies tend also to be closely involved in post classification. Recruitment and dismissal are widely decentralised, but this is within a strongly established set of rules and a system of merit which is protected through various types of oversight mechanisms. Performance appraisal and working conditions are also widely decentralised.

Continue to develop strategic HRM

Strategic HRM looks at the extent to which central HRM bodies use performance assessments, capacity reviews and other tools to engage in and promote strategic workforce planning. The index in Figure 5.6 benchmarks countries according to several factors, including: the existence of a general accountability framework for middle and top managers which incorporates strategic HRM components; the use of HRM targets in the performance assessment of middle and top managers; assessments of the performance of ministries/departments in terms of following good HRM practices; and the use of workforce planning (OECD, 2011a). There is a large variance among OECD countries in the use of such strategic HRM practices.

Figure 5.6. Utilisation of strategic HRM practices in central government



Note: When interpreting the results of the composite indicator, it is important to consider that in some OECD countries responsibilities for strategic HRM practices are delegated to the ministry/department/agency level, which are not reflected in this index.

Sources: OECD Survey on Strategic Human Resource Management in Central/Federal Governments (updated in 2013 on the basis of 2012 data), unpublished. Data for the Dominican Republic provided by MAP in response to the OECD survey questionnaire (July 2013).

Even though strategic HRM is at an early stage, MAP has adopted a strategic orientation towards HRM reforms. MAP's second strategic plan covering the period 2012-2016 defines its vision and mission and organises reform around four strategic axes (Box 5.5).

In contrast to the advances made in establishing a strategic HRM orientation at the centre of government, strategic HRM does not yet appear to be established across the public service. The general impression is that line ministries tend to focus on short-term staffing and that line managers as well as HRM departments lack the capacity for strategic HRM. Strategic activities such as recruitment planning, competency management and workforce planning do not appear to be happening in most line ministries. Given the restrictions on recruitment to the public service over the past years and the strict control over the number of positions, it is understandable that HRM in line ministries appears to be reactive and focused on the short-term problem of securing approval for positions during the annual budget round.

It was not possible during the OECD fact-finding mission (*semana de investigación*) in July 2013 to judge the situation in decentralised services and autonomous institutions. However, it would appear that strategic HRM is taking root in at least some key sectors, notably the health sector. The Ministry of Health has identified improving HRM as one of its key strategic priorities and is working with external technical assistance and the involved stakeholders to develop strategic HRM, including workforce planning. HRM managers are being trained in the Ministry of Health as part of this initiative.

Box 5.5. Strategic objectives of the Ministry of Public Administration (MAP), 2012-2016

1. Creating a professional public service

- Consolidating and extending merit-based recruitment and selection.
- Implementing performance evaluation.
- Incorporating staff into the administrative career and special careers.
- Reform of the pay and classification system.
- Development of the labour relations system.

2. Reform of organisational structures

- Rationalising organisational structures of ministries and other public organisations.
- Modernising public services using quality management and ICT.
- Change management.

3. Organisational performance management and quality

- Implementing an organisational performance management system.
- Implementing a quality management system.
- National Quality Award (*Premio Nacional a la Calidad y Reconocimiento a las Prácticas Promisorias*).

4. Internal capacity building within MAP

- Strengthening management systems, including strategic planning, control systems, diagnostics and organisational rationalisation.
- Reinforcing MAP's institutional image and presence, particularly through communication, online information systems and implementation of the SASP system throughout the public service.
- Strengthening MAP's quality management system.
- International co-operation.
- Optimising MAP's financial resources.
- Competency building for the staff of MAP.
- Development of MAP's inspection function.

Source: Ministry of Public Administration (MAP) of the Dominican Republic, 2013.

Crucial steps in creating the conditions for strategic HRM within ministries and other institutions will be to stabilise staffing levels, implement the career public service and continue to develop key tools such as workforce planning, competency management and performance management.

Accelerate the training of HRM professionals

MAP does not have enough well-trained HRM professionals. While this is being addressed in MAP's strategic plan, a more rapid plan of action to build the necessary expertise is advisable. In addition to developing generalist HRM skills, MAP needs to build its skill base in a number of specialist areas, such as workforce planning, HRM policy design and remuneration. HRM professionals also need to be trained in ministries and other public service organisations.

Options for financing and organising an accelerated skills-building programme in HRM should be examined. For example, would it be possible to draw on expertise from the private sector or state-owned enterprises? What role can the National Institute of Public Administration (INAP) play? Is it feasible to establish a joint training initiative between MAP, INAP and some key institutions in the Dominican Republic's public service in order to build capacity in parallel? Could partnerships for HRM training be established with a prestigious university in the Dominican Republic? Is the use of international consultants to conduct training, as has been done in the Ministry of Health, an option? Could a training programme be established in partnership with a training institution or a central HRM body in another country in the region or an OECD member country? Is there scope to establish a programme of loans of HRM experts from other countries to help build capacity? These are just some of the options that could be explored.

The experience of OECD member countries is that developing the skills of HRM experts is facilitated by having a competency profile for HRM professionals. This defines the expected competencies and standards, and can also be used for purposes of performance management. An example of such a framework is the HRM Professional Standards used in the central HRM body for civil service in the United Kingdom (see Table 5.3).

Table 5.3. HRM Professional Standards in the United Kingdom Cabinet Office

Key areas	Professional standards	Outcome of effective performance
Knowing the business	Understands the organisation and how HRM can best contribute to its success.	<ul style="list-style-type: none"> -Understand and communicate the organisation's priorities, and support line managers in working towards them -Align HRM policy and services to the organisation's business -Use people information to assist decision making in the line ministries -Demonstrate how HRM practices and effective people management help line managers achieve their goals
Demonstrating HRM expertise	Understands and delivers suitable HRM practices for the organisation which lead to organisational success.	<ul style="list-style-type: none"> -Deliver HRM services in a professional, responsible, accessible, and value-for-money way -Use information to inform HRM decisions and make improvements within HRM -Engage, enable and challenge line managers to manage their people effectively -Continuously update and develop professional knowledge -Ensure confidentiality, and practice HRM to the highest ethical standards
Acting as a change agent	Makes organisational change happen.	<ul style="list-style-type: none"> -Communicate effectively to help make change happen -Demonstrate a positive attitude to change -Use change and project management techniques to develop and deliver HRM plans

Table 5.3. HRM Professional Standards in the United Kingdom Cabinet Office (cont.)

Personal credibility	Personally demonstrates the organisation's values, builds trust with partners in the organisation, and proactively contributes to organisational success.	<ul style="list-style-type: none"> -Listen, question and communicate in an influential and engaging way -Present clear and concise information in response to queries -Deliver outputs on time and to the agreed standard -Reinforce the organisation's values and desired behaviours through example -Demonstrate a proven track record for customer service, delivery and capability
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Source: Cabinet Office (2009), *HRM Professional Standards Handbook*, London.

Key role for senior line managers in developing HRM in their organisations

Unless senior managers drive the implementation of new HRM policies and practices, they are unlikely to become well established across the public service. Senior line managers should be more involved in developing HRM in their organisations, and this should be one of their key accountabilities. As there does not seem to be a culture of line managers taking responsibility for HRM, building the involvement and capacity of managers is likely to require a major effort. Within the current system of senior management appointments, the instruments for affecting the behaviour of senior managers are rather limited; the most evident lever for changing management behaviour in the short term is for the President of the Republic and ministers to set clear, specific expectations regarding the role of senior managers in providing leadership in core public service values and driving HRM reforms. Over the medium to longer term, a more formal and structured approach to management of the senior management, as discussed in Chapter 4, would provide a wider range of methods for building the senior leadership that will be essential to strengthen HRM reforms.

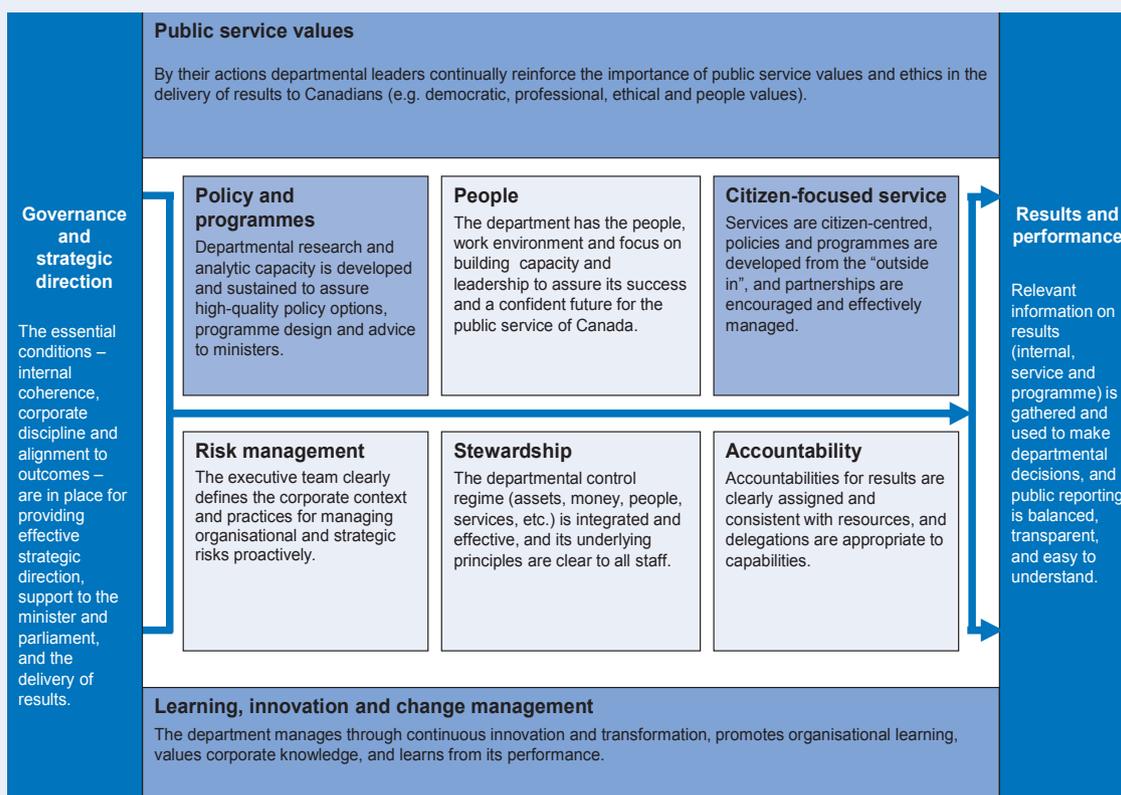
The planned system of organisational performance management for the public service that is due to be implemented in the Dominican Republic in the coming years, with performance contracts for senior managers, offers the possibility of setting objectives for good HRM and making managers more accountable. This is likely to be a long-term project, but it is important that HRM is built into the performance framework from the start. The Dominican Republic has an excellent basis to build on through the comprehensive set of HRM indicators already included in SISMAP. The Management Accountability Framework (MAF) used in the Canadian federal public service offers an example of how HRM can be built in, although it is not recommended that the Dominican Republic adopts such a complex framework at the outset (see Box 5.6). People management is one of ten elements of MAF on which departments and agencies are assessed annually. The measures used vary depending on which areas of people management are judged to require the most emphasis, based on strategic workforce analysis. The results of MAF assessments are reported publicly, are used to provide feedback to senior managers, and form the basis for action plans to improve management (including HRM) in preparation for the subsequent round of assessments (OECD, 2010a).

Box 5.6. The Canadian Management Accountability Framework (MAF): people management component

In the context of increased emphasis on results and performance management and increased delegation of management functions to departments, the Canadian government has developed a Management Accountability Framework (MAF) to ensure departmental accountability for management results, including human resources. The MAF is structured around ten key elements (see below) that collectively define “management” and establish the expectations for good management of a department or agency. The framework sets clear indicators and measures that can be used to gauge performance over time, to help managers, deputy ministers and central agencies to assess progress and to strengthen accountability for management results.

The MAF aims to:

- clarify management expectations of deputy heads and support ongoing dialogue on management priorities with their executive team and the Treasury Board Secretariat;
- provide a comprehensive perspective on the state of management practices and challenges in the federal government;
- identify government-wide trends and general issues in order to help deputy heads set priorities and resolve issues.



All major federal departments and a third of small agencies are assessed on an annual basis, which represents 45 to 50 organisations each year. Smaller organisations are assessed on a three-year cycle using a more targeted approach to reduce the burden of the exercise on them (small organisations have between 150 and 499 employees and an annual budget of at least CAD 300 million).

Box 5.6. The Canadian Management Accountability Framework (MAF): people management component (cont.)

The assessments are performed annually by the central management body, the Treasury Board Secretariat (TBS). Organisations provide TBS with evidence for each of the areas of management for which they are assessed. TBS uses information submitted by organisations to prepare the assessments, which are shared mid-cycle with departments and agencies for discussion and at the end of the cycle with the deputy head. The results from the MAF assessments are also used as an input in the performance management programme for deputy heads.

The people management component of MAF in 2012-13 included the following elements:

- employee engagement;
- executive leadership;
- diversity and employment;
- employee learning;
- performance and talent management;
- workload and workforce planning effectiveness;
- staffing;
- official languages;
- organisational context.

Sources: Treasury Board of Canada Secretariat, www.tbs-sct.gc.ca; OECD (2010b), *OECD Reviews of Human Resource Management in Government: Brazil 2010, Federal Government*, OECD Publishing, Paris, <http://dx.doi.org/10.1787/9789264082229-en>.

Disseminate good HRM practices

Dissemination of good practices in HRM is an important part of capacity building. A good initiative by MAP is the organisation of an internal quality award system within its own ministry (*Premio Interno a la Calidad y Reconocimiento a las Prácticas Promisorias*) – comparable to the National Quality Award (*Premio Nacional*) – which includes HRM as well other public administration dimensions. This could provide a model for creating a specific interministerial HRM award in order to recognise and encourage the sharing of good practices in this area. Regular seminars and conferences to share experience and best practices are one useful way to encourage the exchange of ideas within the HRM community of the public service. Creating a network of HRM managers is another way of building a community of practitioners who can be influential in spreading good practices and establishing links between MAP and HRM offices in ministries and other institutions.

Build on the impressive progress in online tools and move towards shared services

The ICT directorate of MAP (*Dirección de Tecnología de la Información*) has made tremendous progress in terms of developing online public administration information systems – SASP and SISMAP – and is therefore well placed to take advantage of ICT to consolidate the results achieved so far. Further development of the functionality of SASP should enable MAP to streamline some of its work, particularly in areas such as

recruitment and performance management where oversight by MAP could be performed more efficiently through electronic workflow systems. Development of an e-recruitment system for the public service would be a major advantage both in terms of ensuring compliance with required processes and efficiency. Such developments should be prioritised once the basic task of integrating all the employment and payroll data into SASP has been completed for the central civil service and decentralised services of ministries.

Given that many of the HRM subsystems are still being implemented and ministries have not invested major amounts in their own HRM information systems, there is an opportunity for the Dominican Republic to move directly to HRM shared services (an integrated HRM information system used across all organisations in the central public administration).

The programme that is already under way to standardise organisational structures in HRM and other transversal areas provides a promising basis for developing shared services. The most common areas for setting up shared services in OECD member countries include payroll, pensions and personnel administration. Recent experience in a number of OECD countries, including Denmark, Finland, the Netherlands (see Box 5.7) and the United Kingdom, indicates that shared services in HRM and other areas have the potential to generate substantial savings in relation to the total cost of support services (OECD, 2010a).

More concretely, shared services can provide a more efficient and effective integrated “total solution” approach, process rationalisation, repeatability and predictability (higher service quality levels at lower, more transparent costs); they can reduce redundancy and complexity, producing more consistent management information (further driving down costs and strengthening reliability); they can improve the use of scarce, often expensive resources, releasing time to spend on strategic issues; and they can generate economies of scale for investment in technical and communications infrastructure.

Generally speaking, the greater the fragmentation of a system – i.e. more small players – the greater the need for shared administrative services so that these smaller entities can reap the benefits associated with aggregation or virtual service delivery. While a centrally directed initiative may not always be desirable or possible, common standards, tools, frameworks and guidelines can provide a platform for collaboration among many partners and help to overcome technical barriers to co-operation.

Nevertheless, shared services do not guarantee greater efficiency in and of themselves: if not implemented correctly, they can lead to major failures, seriously undermining the benefits expected from the transformation. Before embarking on shared services, it is very important to be well aware of and assess the specific preconditions, pros and cons, benefits and pitfalls of different levels of consolidation of ICT resources in one’s own public administration setting (see Box 5.7 on the Dutch case and lessons learned).

Box 5.7. Shared service centres

Shared service centres are defined as government units providing support services to more than a single ministry (including its agencies) or subsector of government (subsectors include, for example, central government, social security funds, and local government). Shared service centres provide a wide variety of services, such as: finance (e.g. accounting and payment services); HRM (e.g. salaries, pensions and training); ICT (e.g. development, intranet, government-wide portals); procurement; and accommodation and facilities.

Shared service centres allow organisations to reduce costs through concentration, process standardisation, and economies of scale. Savings achieved by sharing support services vary across countries, but on average range between 5-20% of operational expenditures. Shared services may also drive improvements in service quality through standardisation, and better co-ordination and management information.

A range of OECD countries have already implemented shared service centres, including Austria, Belgium, Canada, Denmark, Finland, the Netherlands, Norway, Sweden and the United Kingdom. Each country has taken a different approach to the development and organisation of its shared service centres. Some have opted for a top-down approach, mandating the use of shared services by line ministries (such as in Denmark), while others have taken a voluntary approach (e.g. Sweden), or have incentivised line ministries and agencies to use shared services through temporary budget cuts for support services, as in Finland and the Netherlands.

***P-Direkt*: the Netherlands**

The Netherlands has recently introduced *P-Direkt*, a shared service centre for human resource management (HRM). It replaces the previous system – where each line ministry had its own HRM system – integrating in one single centre salary administrations and HRM services (such as personnel registration, management information and human resource analysis) for the whole government.

P-Direkt was first launched in 2004; however, work was halted after a year due to encountered problems and bottlenecks. The important lessons learned from the process and underlying challenges helped shape the new approach. More focus was given to change management and transformation, with a system based on existing organisational strengths. It also includes key aspects such as design, development and a gradual, incremental implementation in close co-operation with the several ministries. Other crucial elements for a successful HRM shared service centre are governance to set out clear responsibilities from the very start, investing in partnerships, and processes being standardised from the outset.

P-Direkt was initially rolled out to just five ministries, with the last line ministry joining in 2011. *P-Direkt* now provides HRM services to the whole of central government which includes over 120 000 civil servants across ten line ministries. It provides each of its end users with an online self-service portal and contact centre.

P-Direkt's saving of 50% cost reduction has been achieved through reduced staffing requirements, which fell by half, and by reduced ICT requirements. In addition, *P-Direkt* has enabled increased government flexibility to support re-organisation.

Sources: OECD (2010a), *Value for Money in Government: Public Administration after "New Public Management"*, OECD Publishing, Paris, <http://dx.doi.org/10.1787/9789264086449-en>.

Achieving greater efficiency through shared services will require, for example, not only better data about baseline service costs (including the entire cost of service delivery) and a transparent and accountable service-level agreement, but also a change management system based on existing organisational strengths and robust governance mechanisms, appropriate incentives, and controls to ensure that service provision costs stay below the baseline cost of providing the same service in the corresponding government agencies. In terms of instruments, an action plan is needed to identify a road map with the prioritisation of the development of certain joined-up and integrated e-government services requiring a wide spectrum of actors to work together in new and innovative ways and to share data, resources and systems.

Interestingly, there is some indication that shared services developed in a more bottom-up fashion (i.e. a facilitating or *laissez-faire* approach) actually result in greater involvement and co-operation at the agency level than those imposed from the top down (OECD, 2010a). The challenge is to find an optimal balance between the requirements of a well-functioning and cost-efficient network, and the need to preserve sufficient empowerment and accountability (of agency heads) when it comes to business re-engineering and service development.

Effectiveness of reform arrangements in implementing change

Public service reform has been a long-term, ongoing process in most OECD member countries. Successive phases of reform have enabled countries to learn from their own experience and that of other countries. At the same time, each reform situation has its own characteristics that shape priorities and implementation strategies. To the extent that general lessons can be drawn from the experience of OECD member countries, three issues in particular stand out:

- HRM reforms are not merely about better management of the public service, important as this is. HRM policies and practices send important signals about public service values and they should be based on a clear vision of how government should function in order to meet the expectations of citizens and emerging challenges. Strategic HRM reforms should be shaped by the centre of government in the context of an overall view of how they will contribute to the achievement of longer-term objectives and priorities of public services.
- Sequencing of reforms is important, and HRM reforms need to be well integrated with other public sector reform initiatives. For example, reforms of budgeting and the overall management framework may be important pre-conditions for certain HRM reforms to work, particularly those targeting the performance of organisations and individuals. Conversely, HRM reforms may be crucial for the implementation of other reforms; for example, new working practices may be essential to the implementation of E-government initiatives, while changes to HRM practices may provide incentives for staff to implement innovations in service delivery.
- Implementing and sustaining large-scale reforms of any type is difficult. HRM reforms imply a significant change in the organisational culture of the public service, which can take a long time to fully take hold. Reforms are rarely completed within the term of office of a government, so long-term strategies for sustaining them are required. Public services are large, complex organisations; they have multiple stakeholders with competing interests; new public service employment laws and HRM policies do not necessarily translate into real, sustainable change at the organisational level, and reforms can easily be side-tracked or implemented in only a superficial way.

Reform strategies need to take these issues into account. Decisions about how best to pursue reforms should be based on a realistic assessment of the capacity to translate reform aspirations and plans into implementable actions. Potential obstacles and risks to implementation and sustainability must be identified and strategies put in place to address them. Assessing how well reforms are proceeding is critical for sustainability; evaluation and reporting are essential in order to avoid the reversal of reforms and to facilitate a

rethinking of implementation strategies, or even the design of reforms, if things are not going according to plan.

As illustrated in Chapter 1, the experience of OECD member countries shows that it is useful to approach the reform process in terms of five interconnected phases, each with its own requirements and challenges: planning, dialogue, adoption, implementation and sustainability (OECD, 2011b). The Dominican Republic is currently in the implementation phase.

HRM reforms are part of the broader public sector reform strategy

HRM reforms in the Dominican Republic are part of a broader public sector reform strategy and this is a major advantage. This approach provides strong potential to integrate HRM reforms with other reforms during the planning and implementation phases; this increases the chances of success, as reforms will reinforce one another. HRM reforms are seen as instrumental to achieving the government's objectives for better quality and more efficient and responsive public services, and are being pursued in parallel with reforms across a number of areas including budgeting, organisational performance management, quality management, E-government and organisational restructuring of the public service.

The reforms have a strong political impetus from the centre of government. The government has demonstrated its capacity to get the necessary legislation passed, and at times the President has personally intervened to drive forward reforms. Public support for reforms was created through the public consultation process that was organised when the legislative proposals to create the professional public service were being developed. Members of civil society are involved in the evaluation process for incorporating staff into the career public service, and the public can monitor progress with reforms through SISMAP. Internal peer pressure to implement reforms is being created through the quality awards (*Premio Nacional a la Calidad, Premio Interno a la Calidad*) and the indicators published in SISMAP. All of this demonstrates an appreciation of the importance of change management and building support for reforms.

The reform process has been helped by the willingness of the Dominican Republic to look to other countries, international organisations and international experts for examples of best practices, peer learning, counselling and guidance. MAP is engaging with countries in the Caribbean, Latin America and other parts of the world, such as France and Korea, and is an active member of international forums in the region. There is also strong engagement of the Dominican Republic with international organisations, including the European Union, the Inter-American Development Bank (IDB), the OECD and the World Bank. The government of the Dominican Republic has not hesitated to call on international experts to assist it in its analysis of problems and possible solutions.

This policy of broad engagement has proved beneficial in developing a co-ordinated set of strategic HRM reforms. A number of critical HRM subsystems are being developed in parallel: the employment framework for the professional career civil service; merit-based recruitment; competencies; performance management; a new pay and grading system; career structures; training; and labour relations. The necessary legislative changes have been put in place for the most part, and this is a major achievement, signalling the capacity of the government to secure the necessary support in Parliament for reforms. HRM policies and tools to put the legal changes into effect have been designed in areas such as recruitment and performance management, or are in the process of being developed, as with competencies. In other areas, such as remuneration and job

classification, the necessary reform legislation has only recently been passed, and the design of the supporting HRM policies and instruments remains to be done.

In the context of its strategic plan for 2012-2016, MAP has established an implementation timetable in five key areas that together aim to professionalise the public service:

- merit-based recruitment;
- performance evaluation;
- incorporation of staff into the administrative career and special careers;
- establishment of a new salary system and job classification system;
- development of the labour relations system.

Missing elements in the reform strategy

While the design of the Dominican Republic's HRM reforms is fairly comprehensive, two key elements are missing:

- First, strategic workforce planning is not included in the HRM systems that are currently being developed by MAP. Workforce planning will be essential for ensuring that the skills, numbers and allocation of the workforce can be brought into line with the government's objectives for the development of public services.
- Second, there is currently little focus on building leadership of the public service. The experience of OECD member countries is that effective leadership is essential for implementing reforms. Senior managers are a critical group for carrying through reforms, and a lot of effort has to be invested in developing leaders who are willing and able to implement and sustain the necessary changes in HRM and other related domains.

The absence of these two crucial elements from the HRM reforms in the Dominican Republic weakens their overall coherence and is likely to create risks for implementation.

Another area which does not seem to be receiving sufficient emphasis is training. Public service reforms inevitably involve changes in the skills and behaviours of staff. This is why OECD member countries have tended to put a lot of emphasis on training and development of staff at all levels – front-line, professional and technical, and middle and senior managers – as part of the design and implementation of their reforms. In the Dominican Republic, Public Service Law 41-08 assigns the responsibility for training public servants to the National Institute of Public Administration (INAP). However, INAP is a relatively young institution, and the level of resourcing provided for training does not appear to be commensurate with the scale of the reforms.

Risk management

All reforms run into obstacles. As part of the reform implementation, it will be important for the Dominican Republic to identify possible risks to implementation and develop strategies to address them. While the risks to be tackled will be specific to the Dominican Republic, the recent experience of Mexico in establishing a professional career public service may provide some useful examples of potential risks and ways of avoiding pitfalls during the implementation phase of reforms. In Mexico, an assessment of the implementation strategy for the professional career public service identified a

number of issues related to insufficient alignment of the HRM reform with the strategic goals of the government, a too-short time frame for implementation, a too-ambitious sequencing of reforms, insufficient capacity for implementation, and displacement of the civil service reform in the political agenda by other issues (Box 5.8). This assessment has enabled the Mexican authorities to renew their implementation strategy.

Box 5.8. Assessing the implementation of the Professional Career Public Service in Mexico

The OECD Public Governance Review of Mexico (OECD, 2011c) enabled the Mexican authorities to identify a number of possible reasons behind the fact that the implementation of the Professional Career Public Service (*Servicio Profesional de Carrera*, SPC) had not progressed as expected:

- The implementation of the SPC was insufficiently aligned to the strategic goals of the government, with the result that the SPC was not perceived as strongly linked to the achievement of the government's programme objectives. As a result, political support was difficult to sustain.
- As the SPC reform slipped down the political agenda, budgetary constraints meant that it was difficult to sustain the necessary resourcing for the reform.
- HRM practices were not sufficiently consistent with the core values set down in the law setting up the SPC.
- The Ministry of Public Administration, which was responsible for developing the SPC, was unable to exert sufficient authority over line ministries and agencies who were given flexibility to go their own way.
- The planned pace of implementation was too ambitious; the system was expected to be fully operating only three years after the publication of the enabling legislation.
- The time and effort devoted to consulting experts and key stakeholders in the design and pre-implementation stages was insufficient.
- An attempt was made to move forward too many HRM subsystems at once, and some that were needed for the SPC to work were not in place in time, including workforce planning, performance management and recruitment. Some key HRM tools that were necessary for the SPC to function, such as job profiling and competencies, were not properly implemented and tested.

Measures proposed to address these problems included:

- reinforcing core values and making them explicit in the functioning of the public service; ensuring that HRM practices comply with core values, especially in key areas such as merit-based recruiting, protection against arbitrary dismissal, using disciplinary provisions to uphold probity and legality, disclosure of wrongdoing, and professional socialisation of public servants;
- aligning the SPC to the strategic goals of government by defining the short-, medium- and long-term vision for the SPC in terms of its role in contributing to the wider government aims;
- involving civil society organisations, public servants, trade unions and other groups in defining the purpose of the SPC and stating their expectations as to how the SPC will contribute to the development of society;
- a more incremental approach to implementation, development of a change management strategy and developing reform ownership.

Source: OECD (2011c), *Towards More Effective and Dynamic Public Management in Mexico*, OECD Public Governance Reviews, OECD Publishing, Paris, <http://dx.doi.org/10.1787/9789264116238-en>.

A major challenge affecting successful implementation of the Dominican Republic's HRM reforms is that the creation of a merit-based career public service system challenges a deep-seated tradition of patronage in public employment. It is especially necessary to be alert for efforts to undermine the implementation of the career public service, as outlined in Table 5.4.

Table 5.4. Mechanisms obstructing the implementation of civil service systems in Latin America

Mechanism of resistance	Definition
Opting out	Resisting incorporation into a new civil service regime at agency or service level
Disestablishment	Legislating out of existence an agency or commission charged with managing a civil service system
Starvation	Reducing the budget of the implementing agency to impede its function; cancelling opportunities for recruitment competitions
Re-claiming	Decentralising personnel decisions to ministry or agency level to thwart system-wide rules
Redefinition	Legislating reduced coverage of the civil service system
Re-engineering	Inventing means to hire public officials outside the regulations of a civil service system

Source: Grindle, M. (2010), *Constructing, Deconstructing and Reconstructing Career Civil Service Systems in Latin America*, Faculty Research Working Paper Series RWP10-025, John F. Kennedy School of Government, Harvard University, United States.

These experiences of how reforms can be undermined point to the need to identify the risks to implementation and put in place explicit strategies to address them. The approach to implementation in the Dominican Republic, which has the following key features, has advantages but also drawbacks:

- **Rapid implementation timetable:** The MAP strategic plan sets ambitious targets on a year-by-year basis aiming to complete implementation of all five elements of the HRM reforms by 2016, with implementation in central government and decentralised services to be mostly completed by the end of 2014.
- **A whole-of government approach:** The HRM reforms are intended to extend to central government ministries, decentralised services and local government.
- **Top-down approach,** with MAP providing central supervision.

The advantage of a rapid implementation timetable is that implementation coincides with the political cycle, holding out the promise of completing the reform programme within the term of office of the current government. As a change of government tends to pose risks for the continuity of reforms, it is understandable that the government would want to complete its reform programme before the next elections are due. The disadvantage is that a rapid implementation timetable means that public service organisations are being asked to absorb a great deal of change within a relatively short period of time across a range of different areas, including HRM, budgeting, quality management, organisational restructuring and organisational performance. There is a real risk of reform overload if too much is attempted at once. It is questionable whether MAP and public service organisations have sufficient capacity to put such a large reform programme into action within the targeted time frame.

While a whole-of-government approach has the advantage of creating a unified civil service system throughout the public administration, this is a very large undertaking. OECD member countries have tended to concentrate on central government reform

before tackling local government. While the Dominican Republic is planning a sequential approach, starting with central government ministries, it may still prove too much within a short space of time, resulting in superficial and fragmented implementation. A more sustainable approach may be to concentrate on a strong implementation effort in central government ministries and the most important decentralised services before proceeding with implementation at the municipal level. This would allow time to firmly establish and evaluate reforms in these areas, identify gaps and build MAP's capacity.

In the Dominican Republic, there has been a strong reform push from the centre of government and the central management bodies. This has been essential for getting reforms off the ground. However, the implementation and sustainability of reforms cannot be assured by the centre alone. The decision to implement on an organisation-by-organisation basis under the supervision of MAP enables MAP to work by persuasion and peer pressure. The risk with this approach is that while there may be good implementation in some organisations, others may simply opt out or implement in a partial way. Public service organisations in the Dominican Republic have traditionally enjoyed a lot of autonomy in personnel management and may well be reluctant to implement rules and processes laid down by a central HRM body. This is a well-recognised problem with reform implementation (DFID, 2013). More needs to be done to build support for the reforms within institutions. A key way of building support within institutions is to focus on leadership of reforms by senior managers, as discussed in Chapter 4.

Identify and manage strategic tensions

There are some key strategic tensions that will need to be addressed in taking HRM reforms forward. Bringing these tensions out into the open and involving key stakeholders in discussing how to deal with them provide the opportunity to engage in a managed process of problem solving and build support for solutions, rather than allowing tensions to undermine implementation. MAP should take an active position in identifying strategic tensions that affect the implementation of reforms and organising a problem-solving approach. Inevitably, decisions on how to manage these tensions will involve political choices on the part of the government. The following issues merit particular attention:

- Budgetary constraints on the public service are a reality in the Dominican Republic, as in many OECD countries. With limited resources for implementation, choices will have to be made about reform priorities.
- Having adequate numbers of suitably qualified staff in the right locations is a major, ongoing challenge for public service organisations. This is likely to require trade-offs in terms of the allocation of positions to priority areas of the public service to enable recruitment and redeployment of staff. HRM instruments that could be used to inform decision making about trade-offs, such as strategic staffing reviews and workforce planning, will need to be put into action, and this is likely to involve some reordering of implementation priorities.
- The new HRM regime that is being put into effect means that line organisations will lose some of the flexibility they have had to manage their own personnel affairs. The tension between implementing essential HRM reforms, which requires tighter controls in some key areas such as recruitment and salaries, and providing organisations with the necessary flexibility to achieve the government's objectives needs to be recognised and addressed as part of the design and implementation of HRM reforms.

- There is a need to balance a strategy of pushing reform from the centre in order to make rapid progress with building the ownership for reforms within public service organisations in order to ensure effective implementation and sustainability. Up to now, the approach taken has been mainly top-down. It is essential to build ownership of the reforms among managers and staff in public service organisations, while maintaining sufficient impetus from the centre to avoid losing momentum.
- Leadership for the reform needs to be built among public service managers. This has potential implications for how managers are selected and trained and is likely to be a delicate issue in terms of the management of the political-administrative interface.
- The salary legislation that was passed in August 2013 provides instruments to address distortions and inefficiencies in the way the salary budget is allocated so that the government can make best use of the available salary resources. Implementing this legislation involves much tighter control by the centre in contrast to the flexibility currently enjoyed by line organisations. It should be recognised that salary reforms generally tend to produce winners and losers, and that an essential part of the implementation process will be to identify likely sources of opposition and build support for the reform without weakening the overall integrity of the new salary measures.
- Up-skilling the workforce will require a stronger effort in terms of training, with an emphasis on building skills in high-priority sectors. This is likely to mean trade-offs with other reforms in order to find the extra resources for training. Up-skilling is also likely to involve some delicate trade-offs between new recruitment to renew the skills of the workforce and incorporation of existing staff into the career system.

Sequencing reforms and a more incremental approach to implementation

Sequencing of reforms is very important for successful implementation. This requires a careful assessment of what measures need to be put in place first in order to provide the basis for further reforms. The Dominican Republic's decision to concentrate first on creating the professional, merit-based public service system is a good example of careful sequencing, as this will provide the context for other HRM reforms. However, there is danger of trying to do too much at once by seeking to implement so many HRM subsystems in parallel across the public service. Given the limitations on the capacity of MAP and weak HRM capacity within public service organisations, a more gradual approach to reform and a longer-term perspective may ultimately prove more effective.

A more incremental approach to implementation and some reordering of priorities could be considered:

- Two critical priorities on which many OECD countries have focused in order to create the conditions for successful HRM reforms are strengthening the core values of the public service and building leadership capacity. Successful change in these areas provides the necessary foundation for bringing about sustainable reforms. Tackling ethical failings, corruption and underperformance in the public service of the Dominican Republic will send strong signals about values, leadership and the will to reform. The leadership role of the senior public service

is a missing element in the reform strategy that needs to be addressed at an early stage.

- If, as seems likely, there is a significant skills deficit across major parts of the public service, this needs to be tackled early in the reform process. Organisations cannot be expected to implement sophisticated HRM systems unless they have a reasonably adequate staffing plan in place. This suggests that workforce restructuring, workforce planning, competencies, training, and updating the system of job descriptions should be tackled as an urgent priority, which may mean going more slowly with other reforms.
- While the longer-term objective should be to achieve across-the-board application of HRM policies and processes, a sectoral approach to implementation may be preferable in the shorter term in order to make best use of the available implementation resources to create a critical mass that can help to sustain reforms. A focus on the areas of public service that support the core functions of the state – such as revenue collection, justice and policing – and on key services such as education and health could build on initiatives already taken in some of these domains.
- Another approach to sequencing reforms that should be used more is to pilot reforms in some areas of the public service before proceeding to full implementation. This enables problems to be identified and ironed out at an early stage. Organisations that have the best internal capacity to implement reforms should be identified as partners in piloting reforms and their experience used to disseminate good practice and to support implementation in other organisations. This can also help to create ownership for the reforms.

The design of reforms should not be overly complex

It may be that the design of the reforms is overly complex in some areas, given the current level of HRM capacity. For example, implementing a rather sophisticated performance management framework at the organisational and individual level at a time when institutions are still learning how to engage in planning and when there is little experience with effective performance management may prove over-ambitious. There are major challenges to implementing performance management systems, and it has taken years to implement such frameworks in OECD member countries, with a lot of trial and error along the way.

A more feasible approach may be to opt for as much simplicity as possible in the design of HRM systems and other management systems, concentrating for the time being on elements that are essential to establishing the career public service. Additional elements can always be added later on as the capacity to implement reforms increases.

Leadership for reform needs to be strengthened

Senior and middle managers will play a key role in the reform process, either as leaders of reform or, if they are not well engaged, as resisters of the implementation of reforms. It does not seem to be the case currently that managers view themselves as leaders of the HRM reforms. Moreover, the fact that managers are not managed as a distinctive group in the Dominican Republic means that there is no attention to creating a sense of cohesion among managers that would encourage them to see themselves as a leadership group for reforms.

OECD member countries have placed a lot of emphasis on building leadership for public service reforms, including (OECD, 2010b):

- **Developing comprehensive strategies:** Countries such as Norway and the United Kingdom have set up systematic strategies for leadership development. For instance, the government of the United Kingdom uses a leadership development model, while the Norwegian government has renewed its strategic plan for leadership in the civil service in order to reflect increased concern for public sector change.
- **Setting up institutions for leadership development:** In some countries, like Sweden and the United States, governments have set up dedicated institutions for identifying and developing future leaders in the public sector. In Sweden, the National Council for Quality and Development was created with the main task of identifying potential leaders.
- **Linking the existing management training to leadership development:** Many countries have expanded their existing management development programmes to encompass leadership development. Special programmes have also been launched, as in the case of the *Finwin* leadership initiative in Finland.

The Dominican Republic could look to the recent experience of Chile, Finland and Norway in developing leadership for reform (Box 5.9). Chile prioritised the development of competencies and new selection methods for the senior civil service and followed this up with the *ChileGestiona* programme to improve the management quality in the agencies that make up the central public sector. In Finland, the *Finwin* programme focused on creating a common understanding and vision among senior public servants and employee representatives. In Norway, the principles and framework for leadership in the civil service have received a renewed emphasis and are used as the basis for leadership development.

Senior managers need to be directly involved and accountable for implementing HRM reforms and other public service reforms. A first step in building leadership for reform could be to identify managers who could be change agents and involve them in pilot programmes for implementation of HRM reforms. Creating a consultative forum for senior managers, chaired by MAP, is another possibility for building ownership of reforms. However, a long-term investment in developing leadership for public service reforms is needed and would be facilitated by establishing a management system for the senior public service, leadership competencies and a leadership development programme.

Relations with stakeholders

Given the broad scope of the HRM reforms, there are many stakeholders ranging from civil society and users of public services to politicians, public servants and employee representative bodies. The government's success in enacting the public service reform legislation demonstrates a capacity for stakeholder management which it will be essential to sustain in order to support the implementation of reforms. The Dominican Republic scored highest among the Central American countries benchmarked against the *Barometer on the Professionalisation of Public Employment* (see Figure 5.7), indicating a capacity to ensure harmonisation of the expectations and interests of different stakeholders, to increase the sense of ownership of reforms, and to reduce conflict through mechanisms for participation of internal and external stakeholders.

Box 5.9. Leadership for reform: strategies in selected OECD member countries

Chile: The establishment of the *Alta Dirección Pública* (ADP), which has been an incremental process since 2003, was one of the key HRM reforms, focused on ensuring that the senior civil service was staffed with qualified executives with proven management abilities in order to meet the government’s objectives of improving the quality of public services. Professional merit and competencies are the basis of selection of senior civil servants, while the President and the ministers are in charge of appointment and dismissal.

The *ChileGestiona* initiative, launched by the President in 2011, aims to involve senior managers directly in improving the management of people in the central administration of the state. This initiative places the accountability with the most senior managers (the undersecretaries) to improve HRM in three key areas: *i*) best management practices of people management indicators (absenteeism and extra work); *ii*) implementation of a people management policy; and *iii*) support for the best use of the performance evaluation agreements of the ADP. The National Civil Service Directorate – the central HRM body – is responsible for providing guidance and advice to under-secretaries and for ensuring that the appropriate HRM tools are available in key areas such as performance management.

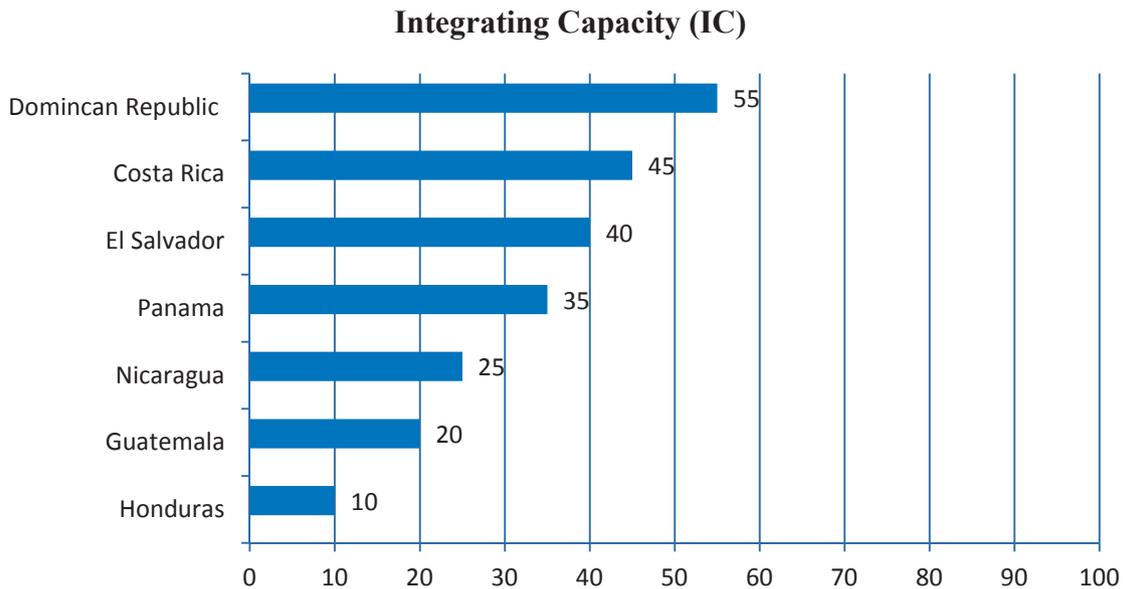
Finland: The *Finwin* leadership initiative focused on creating a common understanding and vision in 150 ministries and agencies, in various administrative branches, which were highly independent in their operations. The message was that all efforts should point to a common aim. The programme was directed to top-level civil servants and employee representatives. It started in June 2007 and ended in May 2008, with a turnout of some 1 200 participants. The programme was organised around seminars which served as forums for discussion on topics like well-being at work, social innovations, functions of the state sector, and regional administration reform. Other forums included learning cafés and workshops that complemented the discussions held at the seminars. *Finwin* concentrated on training top managers to manage change. It intended to provide them with a common vision and the necessary communication and leadership skills to face a changing environment. The programme facilitated horizontal dialogue. Senior managers from different ministries and agencies had the opportunity to discuss where they were going, what they wanted from the future, where they would be in ten years, and the desired level of quality. The seminars gave them the opportunity to share experiences and fears regarding the future and the challenges ahead.

Norway: In 2008, the Norwegian government launched a framework on leadership in Norway’s civil service. The purpose was to set out the principles of leadership in the civil service and to provide a basis for a renewed emphasis on leadership development. The framework is used for leadership training and in the recruitment and induction of new leaders. The responsibility of managers for contributing to reforms is emphasised. The framework places particular responsibility on public service leaders to safeguard the fundamental values of the public administration and act as a steward for the community’s assets and resources.

Sources: OECD (2012b), “Major HRM developments in OECD countries during 2011-2012”, document distributed at the Public Employment and Management Network meeting, OECD, 22-23 October 2012, unpublished; OECD (2010b), *OECD Reviews of Human Resource Management in Government: Brazil 2010, Federal Government*, OECD Publishing, Paris, <http://dx.doi.org/10.1787/9789264082229-en>; Norwegian Ministry of Government Administration and Reform (2008), *Leadership in Norway’s Civil Service*, Norwegian Government Administration Services Distribution Services, Publication Number P-0946 E, Oslo.

There has been a lot of focus on political stakeholders and civil society during the planning of the reforms and the legislative phase, and it will be necessary to maintain the support of these groups. However, there now needs to be a continuing effort to gain the support of internal stakeholders if implementation is to succeed. Key groups in this context will be ministers, public service managers and staff. In some sectors, such as education and health, professional associations and trade unions are important stakeholders.

Figure 5.7. Capacity to integrate stakeholder interests



Source: ESADE (2012), *Segundo Barómetro de la Profesionalización del Empleo Público en Centroamérica y República Dominicana*, presentation of preliminary results, Francisco Longo, Instituto de Gobernanza y Dirección Pública, Santo Domingo.

MAP will need to assess the interests and likely positions of these different groups of stakeholders in relation to the HRM reforms and develop strategies for securing their support, or in some cases perhaps neutralising opposition. Recognising that the HRM reforms are bound to create winners and losers is an important element of stakeholder management. Key internal stakeholders will need to be persuaded of the advantages of new HRM policies, and the situation of those who see themselves as losers may need to be addressed through transitional measures. This is likely to be particularly important in relation to the salary reform.

Managers are important stakeholders as they have to put the reforms into action. While good communication with managers is essential, they also need to be involved in various ways. Involving managers in decisions about how to implement HRM policies, in piloting implementation and solving problems with implementation is generally an effective way of gaining their support and building their ownership of the reforms. MAP should find ways of engaging directly with managers who are in key positions rather than relying solely on contacts through HRM units.

Employees also need to be considered as stakeholders, and ways should be found of consulting and involving them. As the employee relations system of the public service is at a very early stage of development, it does not yet function as a means of engaging staff in reforms. Sustainable change will require opening up channels for the involvement of staff, but this will take time as it is not an established part of the public service culture in the Dominican Republic. The staff associations which have been established in public service organisations offer one promising channel for developing staff involvement in reforms. While the associations are still at a formative stage, there may be an opportunity to create a collaborative approach to implementing change at the level of the workplace, involving managers and staff. This type of approach has been used quite successfully in

some public service organisations in Ireland, where partnership in the workplace has contributed to the implementation of reforms (see Box 5.10). It should be noted that, in the Irish context, the partnership approach was complementary to the system of industrial relations in the public service, and trade unions were involved in social partnership.

Even though trade unions are not recognised under the Dominican public service legislation, they are active in some parts of the Dominican public service, including the health and education sectors. As such, they need to be taken into account as stakeholders in the reforms, and ways should be found of engaging constructively with them. As the employee relations system develops, it is likely that public servants will press for increased representation rights, and the government will need to prepare for this so as to avoid unplanned developments which could lead to difficulties in managing employee relations.

Box 5.10. Partnership approaches to change in the Irish civil service

A broad variety of partnership approaches to change and modernisation has been used in Irish civil service organisations. Within an overall social partnership framework for the public service, organisations were encouraged to develop their own approaches, tailored to their individual needs and circumstances. For example, the Department of Social and Family Affairs, which has many local offices, adopted a multi-layered approach in order to involve staff at all levels of the organization, and local partnership committees were encouraged with the aim of embedding the process in all areas of the organisation.

The topics dealt with by partnership bodies varied between organisations, but they typically included HRM issues such as implementation of performance management, training and organisation of work, as well as matters such as input into organisational strategy statements, internal communications and improvements in customer service. For example, a case study of partnership in the Office of the Revenue Commissioners found that the following topics were treated: the performance management and development system, internal customer standards, exceptional performance awards, working practices, training, IT developments, strategy statement, HRM policy, workplace charter, internal communications, shadow economy, and issues regarding the social partnership agreement.

Characteristics of effective partnership approaches in the Irish context included:

- Partnership was visibly linked to the modernisation agenda and other organisational change processes.
- Important strategic and operational issues were considered, and the relevant individuals and representatives were involved.
- A strong emphasis was placed on improving organisational performance.
- The focus was on outcomes rather than processes or structures.
- Development of partnership at the local level within organisations led to increased innovation.
- There was visible commitment of managers and trade union representatives.
- There were mechanisms to ensure input from other staff and managers.
- Joint problem-solving processes were used.
- The rationale for decisions was explained to managers, staff and their representatives.
- There were visible follow-up by management and involvement of the partnership body in overseeing effective implementation.

Sources: NCPP (National Centre for Partnership and Performance) (2003), *Towards a New Generation of Partnership: Change and Modernisation in the Civil Service*, NCPP, Dublin, http://files.nesc.ie/ncpp_archive/reports/NCPP_2003_tangop_full_report.pdf; NCPP (2004), *Civil Service Modernisation: Using a Partnership Approach*, NCPP, Dublin, http://files.nesc.ie/ncpp_archive/reports/NCPP_2004_csm_full_report.pdf.

Sustaining reforms through evaluation and reporting

Sustaining the momentum of reforms depends in part on measuring progress against goals. The main tools used by OECD member countries to sustain reforms are evaluation and reporting. OECD member countries have found both internal and external evaluation of public sector reforms to be important. In the Dominican Republic, progress is monitored through SISMAP, which includes indicators on HRM planning, job organisation, employment management, performance management, compensation management, development management, human and social relationships management, and organisation of the HRM function, as well as quality management indicators. External evaluations have been carried out by consultants and international donors.

The Dominican Republic should continue to develop its evaluation system. In addition to monitoring progress against the indicators included in SISMAP, there should be regular progress reports on implementation which should be used to highlight problem areas, identify blockages and suggest solutions. A long-term goal should be to reinforce internal evaluation by linking it to the results-oriented management system that is due to be implemented, as has been done in a number of OECD member countries (Wollmann, 2003).

External evaluation should be further developed as this has proved to be an effective tool in OECD member countries. In Sweden, the Parliament can establish commissions to evaluate and report on aspects of public sector reforms, while in Canada and the United States evaluation requirements are included in legislation on civil service reform (Wollmann, 2003). In a number of countries such as Canada, the Netherlands, Sweden and the United States, among others, audit bodies have adopted an evaluation function. Public reporting of the results of evaluations is a way of keeping the focus on reforms.

The Canadian approach is very comprehensive and contains several elements that the Dominican Republic could note in developing its own evaluation procedures. Public service legislation requires a review every five years to ensure that the legislation has been properly implemented. These reviews enable the Canadian Parliament to assess the impact of the legislation and, if necessary, to make amendments or improvements. The legislative review is a key component of the HRM accountability and monitoring process. This type of review would be a valuable instrument for the Dominican Republic in taking stock of progress with implementing Public Service Law 41-08.

In addition, the Auditor General of Canada is required to report to Parliament every five years to determine whether the central HRM bodies and selected line departments and agencies have implemented the requirements of the Public Service Modernisation Act, 2003 (PSMA). Over the longer term, consideration could be given to developing the role of the Dominican *Contraloría General* in this way, although full implementation of the internal control system should remain the priority in the short to medium term. The central Canadian HRM bodies – the Treasury Board Secretariat and the Public Service Commission – each make an annual report to Parliament on their HRM responsibilities, including implementation of the PSMA. Finally, the Privy Council Office, which is the secretariat to the Cabinet, advisor to the Canadian Prime Minister and responsible for public service leadership, submits an annual report to the Prime Minister on the state of the public service. Linked to this report is the work of the Prime Minister’s Advisory Committee on the Public Service (see Box 5.11).

In some countries, independent and permanent organisations have been set up to ensure that leadership of a reform is sustained over time. Comparative case studies of the

performance of such organisations highlight some of the characteristics that seem necessary to guarantee their ability to help sustain reforms (see Box 5.12).

Box 5.11. Canada: Reporting progress on the public service renewal

The Prime Minister’s Advisory Committee on the Public Service, which is made up of experienced independent experts, makes recommendations for areas related to public service renewal in Canada, and overall progress is reported by the Clerk of the Privy Council in annual reports to the Prime Minister. The two reports are very closely linked. The Advisory Committee’s report is structured around four broad areas for renewal that have been identified:

1. Planning, which provides a clear understanding of what skills and knowledge are needed to meet departments’ business objectives now and in the future. It considers that business planning and human resource planning must go hand in hand. Without this, recruitment and employee development will be largely *ad hoc* and short term.
2. Recruitment: Recruiting the best possible talent to the public service is indispensable to a long-term capacity to serve Canadians with excellence. Recruitment focuses on replacing retirees and responding to increasing demands in areas like security and health. The approach is direct hiring by departments, especially of recent post-secondary graduates, into indeterminate positions.
3. Employee development: The development of public servants as leaders, managers, professionals and empowered employees is central to a high-performance institution. Such development occurs in the context of careful attention to assessing performance and managing talent.
4. Enabling infrastructure: Correcting the deficiencies of tools and systems requires improving the governance of HRM, simplifying reporting, and making sure that the basics in areas like staffing and information systems work much better. The committee’s report sets out the specific commitments agreed for the previous year following consultation with the deputy minister community (heads of ministries), and the progress and results for each commitment.

Source: Government of Canada, Privy Council Office, www.pco-bcp.gc.ca/index.asp?lang=eng.

Box 5.12. Characteristics associated with the success of independent and permanent organisations in sustaining reform

First, a reform-driving organisation has to be closely connected to the political leader. A Korean case study shows that the reforms driven by organisations connected to the Presidential Office are progressing better than those under the control of line ministries and even under the Prime Minister. In France, the *Révision Générale des Politiques Publiques* (RGPP) is monitored by the *Secrétariat Général du Gouvernement* (SGG), an office which is considered as the head of the whole public administration and reporting directly to the Prime Minister (who is appointed by the President of the Republic).

Second, the reform-supporting organisation has to be a permanent one. In Korea, the only reform-supporting organisation that was not a permanent one failed to implement. In Belgium, the transversal HRM and Organisation Department is the guarantor of the Copernicus Reform.

Third, the mandate of the reform-leading organisation should be a single reform. There is a trade-off here. On the one hand, the reform-leading organisation must control most of the levers that are necessary to actually implement the reform. For instance, being in charge of the design of the entire set of central administrations and of the conception of all their major procedures, the French SGDN is precisely the entity able to manage all the necessary variables to be changed to actually implement the RGPP. On the other hand, organisations that are in charge of multiple tasks – either other reforms or the simple daily management of the operations of public bureaucracy – may fail to focus their attention on the management of reform. This does not necessarily mean that one organisation should be responsible for reforming one public management tool. One organisation should be responsible for managing and implementing a broad reform that uses many variables (e.g. job categories, performance management, leadership, etc.) to achieve its goals.

Box 5.12. Characteristics associated with the success of independent and permanent organisations in sustaining reform (cont.)

Fourth, the reform-leading organisation should be organised around flexible teams with not too-restricted responsibilities in order to maximise organisational flexibility. Bureaucratic organisations are obviously poorly adapted to the management of change. This is why, in some cases, fully new and specific organisations can be quite successful in implementing reforms. While they can be initially powerless due to their youth, they can be successful in designing and implementing the reform if they succeed in organising quickly, since they are designed for the reform and are not diverted by alternative goals, duties and organisational constraints.

Fifth, the reform-leading organisation should be able to involve not only civil servants but also people drawn from other sectors of the economy and society.

Source: Comparative study carried out by the OECD/Korea Policy Centre, 2008, published in OECD (2010b), *OECD Reviews of Human Resource Management in Government: Brazil 2010, Federal Government*, OECD Publishing, Paris, <http://dx.doi.org/10.1787/9789264082229-en>.

Key recommendations

A. Short term (1-2 years)

It is essential to continue embedding and institutionalising core values and to promote values-based management. Measures that would help achieve this include:

- Strengthening regulation and oversight in areas such as recruitment, promotion, discipline and ethics.
- Choosing carefully what values are emphasised at different stages of the reform process. Improving quality, efficiency and performance will require first and foremost that the public service is staffed on merit and that probity and legality are strongly established. The values of public accountability and transparency are essential prerequisites for a more flexible, performance-oriented management regime.
- Reinforcing core values through a whole-of-government approach. Consolidated standards of conduct and ethics covering all public office holders would strengthen measures already in place.
- Making ministers and senior public servants explicitly responsible for promoting values.
- Funding ethics initiatives as a matter of priority, with specific funds being allocated to implement the Participatory Initiative Against Corruption (IPAC), the measures associated with the Inter-American Convention Against Corruption (IACAC), the drawing up of codes of conduct and ethics training.
- Implementing measures identified by the IPAC and the action plan associated with the IACAC.
- Strengthening the enforcement and compliance framework (including provisions for investigation and whistleblowing) and establishing an independent body to investigate and prosecute misconduct in public office.
- Making more active use of the available HRM instruments to deal with breaches of ethics and conduct by public servants.

- Developing a code of conduct for public officials, backed up by very active training and awareness measures, including online tools.
- Developing specific codes of conduct for high-risk positions.
- Assigning overall responsibility to MAP for developing the ethics framework and evaluating its implementation.
- Clarifying the respective responsibilities of INAP and institutions that may provide ethics training at central and local levels, fostering an effective co-ordination of training activities.
- Ensuring that the ethics element of the process of incorporating employees into the career public service is highly rigorous in its application and is used to full effect to root out corruption.

The capacity and authority of MAP should continue to be built up in order to enable it to lead and ensure the implementation of HRM reforms. Capacity building in institutions is also essential. Measures that would help achieve this include:

- Sustaining political support for the reform, particularly in terms of insisting on the collective commitment of government ministers and senior managers to implementing reforms.
- Building MAP's organisational capacity as rapidly in the areas driving the implementation of reforms: workforce planning, values and ethics, HRM policy design, and the creation of frameworks to support consistent application of policies, position classification, pay and industrial relations.
- Reinforcing the capacity of MAP to define the rules and ensure their application in key areas such as incorporation of staff into the career public service, merit-based recruitment and prevention of unauthorised hiring, until these HRM systems are fully established.
- Developing a competency profile for HRM professionals.
- More rapid training and recruitment of well-trained HRM professionals into MAP in order to expand both generalist and specialist HRM skills. Options for financing and organising an accelerated skills-building programme both within MAP and within institutions should be examined, training HRM professionals and line managers with priority given to key areas such as recruitment, performance management and discipline.
- Dissemination of good practices in HRM, building on the positive experience of sharing good and promising practices in quality management.

Being aware of possible risks to implementation and knowing how to anticipate potential negative impacts are important parts of the reform process. Measures that would help achieve these include:

- Timely identifying risks to implementation and putting in place explicit strategies to effectively address them.
- Being alert to efforts undermining the implementation of the career public service, for example by opting out or withholding resources for initiatives.
- Avoiding reform overload by not attempting too much at once.

- Reinforcing measures to build support for the reforms within institutions.

There are some key strategic tensions that will need to be addressed in taking HRM reforms forward. Measures that would help achieve this include:

- Bringing strategic tensions out into the open and involving key stakeholders in discussing how to deal with them so that there is an opportunity to engage in a managed process of problem-solving and build support for solutions, rather than allowing tensions to undermine implementation.
- MAP could take an active position in identifying strategic tensions affecting the implementation of reforms and organise a problem-solving approach.

Sequencing of reforms is very important for successful implementation. This requires a careful assessment of what measures need to be put in place first in order to provide the basis for further HRM reforms and is likely to involve some reordering of reform priorities. Measures that would help achieve this include:

- Concentrating on a strong implementation effort in central government ministries and the most important decentralised services. A sectoral approach to implementation may be preferable in the shorter term in order to make best use of the available resources, creating a critical mass that can help sustain reforms. A focus on public service areas supporting the core functions of the state, such as revenue collection, justice and police, and on key services such as education and health could build on initiatives already taken in some of these areas.
- Giving higher priority to creating the conditions for sustainable reforms by strengthening the core values of the public service; tackling ethical failings, corruption and underperformance; and building leadership capacity.
- Taking immediate steps to ensure that institutions have adequate staffing and skills by giving more priority to workforce restructuring, workforce planning, competency management, training and updating of job descriptions.
- Piloting reforms in some areas of the public service before proceeding to full implementation. This enables problems to be identified and ironed out at an early stage.
- Avoiding an overly complex design of reforms and concentrating for the time being on elements that are essential to establishing the career public service. Additional elements can always be added later on as the capacity to implement reforms increases.

Leadership for reform needs to be strengthened. Measures that would help achieve this include:

- For the President and ministers to set clear, specific expectations for senior managers to provide leadership in driving HRM reforms in their institutions.
- Involving managers in decisions about how to implement HRM policies is generally an effective way of gaining their support and building their ownership of reforms. MAP should find ways of engaging directly with managers who are in key positions rather than relying solely on contacts through HRM units.
- Creating a consultative forum for senior managers, chaired by MAP, in order to build ownership of reforms.

- Identifying managers who could be change agents and involving them in pilot programmes for the implementation of HRM reforms.
- Systematic leadership competencies and leadership development measures, as set out in Chapter 3.

A continuing effort to gain the support of internal stakeholders is necessary. Measures that would help achieve this include:

- Identifying key stakeholder groups, assessing their interests and likely positions, and developing targeted strategies for securing their support, or in some cases neutralising opposition.
- Continuing to build staff associations as a channel for developing staff involvement in reforms and encouraging a collaborative approach to implementing change at the workplace level, involving managers and staff.

Reforms need to be sustained through evaluation and reporting. Measures that would help achieve this include:

- Regular progress reports on implementation, which should be used to highlight problem areas, identify blockages and suggest solutions.
- Making provision for a legislative review of progress with implementing Public Service Law 41-08.

B. Medium term (3-5 years)

Continue to strengthen the ethics framework. Measures that would help achieve this include:

- Adopting a multi-faceted approach to put core values into effect, in line with the OECD Principles on Ethical Conduct in the Public Service.
- Continuing initiatives to diffuse and put values into action.
- Evaluation and monitoring of the effective application of values and ethics, with annual reporting to the executive and the legislature.

The division of HRM responsibilities between MAP and institutions is likely to change as reforms are implemented, and it is necessary to plan and prepare for these changes well in advance. Measures that would help achieve this include:

- As part of MAP's strategic planning, establishing a road map for gradual delegation of certain HRM functions to ministries and other public service institutions, subject to risk analysis and conditionality.
- Identifying HRM areas where tight central control is deemed essential to the establishment of the career public service and areas where a looser regime is desirable. Some variation in arrangements from one organisation to another might be advantageous.
- Creating the conditions for strategic HRM within institutions by stabilising staffing levels, implementing the career public service and developing key tools such as workforce planning, competency management and performance management.

- Prioritising organisations and sectors where increased delegation is considered to be desirable in order to enable improved quality of public services, and identifying good practices that could serve as a template for other sectors.
- Building HRM accountabilities of senior managers into the organisational and individual performance management frameworks from the start.
- Using financial management reforms as an incentive for institutions to implement HRM reforms.
- Continuing to develop and implement online public administration and HRM tools, moving to shared services. Nevertheless, shared services do not guarantee greater efficiency in and of themselves: if not implemented correctly, they can lead to major failures, seriously undermining the benefits expected from the transformation.

Sustainable change will require further opening of channels for involvement of staff. Measures that would help achieve this include:

- Preparing for possible demands by public servants for increased representation rights so as to avoid unplanned developments which could lead to difficulties in managing employee relations.

Monitoring and evaluation of reforms should continue to be developed. Measures that would help achieve this include:

- A requirement for MAP to report annually to the President and the Congress on the state of the public service and implementation of Public Service Law 41-08.
- Ongoing monitoring and evaluation of the integration of reforms relating to HRM, financial management and performance management.
- Development of external reform evaluation mechanisms.

C. Long term (5 years +)

Prolonged attention should be paid to the development of employee relations and to improving performance management, internal control and evaluation of public sector reforms. Measures that would help achieve this include:

- Continuing with gradual delegation of selected HRM authorities to institutions in order to provide flexibility for improving performance. This should be linked to the implementation of financial management and organisational performance management, with effective oversight and control mechanisms at the centre.
- Reinforcing internal evaluation by linking it to the results-oriented management system.
- Developing the role of the *Contraloría General* as an audit body, responsible for periodic reporting on value for money and control aspects of public service reforms.
- Continuing to develop employee relations through a partnership approach.

Note

1. Staff number from the *Contraloría General de la República Dominicana*, July 2013, www.contraloria.gob.do/webcontraloria/index.html.

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Chapter 6

Complementary innovative approaches for an efficient and effective public administration leading to better service delivery in the Dominican Republic

This final chapter looks – both from a systemic and an instrumental perspective – at pragmatic innovative ways to overcome key institutional, organisational, performance and regulatory bottlenecks in the Dominican public administration as described in the previous chapters, illustrating complementary approaches and OECD practices for better internal and external results, and in the end better service delivery. The identified barriers can seriously hinder the implementation of public sector reforms and service delivery solutions, limiting benefits that can be realised from performance improvements in priority areas such as public employment and strategic HRM.

Several options are presented to make the most of available public means, addressing the gap between resources, demands and citizen expectations on the public sector. The chapter also deals with some other important approaches for innovative public service delivery, such as pragmatic participatory modalities including partnerships with citizens and civil society, rural service delivery and mobile government instruments.

Introduction

The complexity of the public sector apparatus requires the implementation of systems of checks and balances, fostering openness and transparency, and control mechanisms to reduce the risk of corruption and capture. Similarly, co-ordination is necessary so that, with the contribution of different bodies, the strategic objectives of the state can be accomplished and resources, commitments and implementation can be aligned to achieve the expected results.

The answer is not necessarily “more state” but “better state”, focusing on what the state does best (core business) and on building trust and sustainable economic growth, supported by an efficient regulatory framework. Making the most of public resources is crucial: whether it is the management of public programmes or the use of private resources for public purposes, an efficient and effective public administration is fundamental for governments to meet their objectives.

As described in the previous chapters, the Dominican public administration faces significant institutional and budgetary challenges, with a clear gap between resources, demands and citizen expectations on the public sector, and the current capabilities to adequately respond to them. Nevertheless, there is plenty of scope for a more efficient use of available public means. As a small country with limited resources, the Dominican Republic needs to make the most of them, ensuring that their use will provide the most efficient and effective return.

In such a landscape it is crucial to ensure some consistency, continuity and pragmatism in the reform process, embedding and strengthening what is essential before absorbing “trendy” public administration novelties and modalities (*modas administrativas*). Similarly, it is important that progress in public sector reform helps generate more resources from civil society, breaking the vicious circle entrapping smaller Latin American and Caribbean countries in particular.

There is thus a compelling need for innovative approaches and pragmatic solutions to complex public administration and service delivery challenges. However, only a long-term, sustainable and inclusive strategy will help identify the right key priorities and help commit to an ambitious yet realistic short- and medium-term agenda, persevering long enough to produce tangible quantitative and qualitative gains both in terms of internal public governance and external service delivery.

As the nature of public services changes both in OECD and partner countries, the gap between what citizens and service users expect and what they experience from services becomes more visible. Equally visible is a low and declining level of trust and satisfaction with many public services. The success or failure of public policies is not only related to the performance of the incumbent government but also to attitudes towards the state, to the way in which citizens perceive the state’s ability to solve problems and related citizen expectations, and to the impact of public policies on individuals’ life conditions (see Table 6.1). The form in which the government provides services has a direct bearing on perceptions of equality before the law or, in other words, the ability of democracy to deliver political goods. Governments that have provided political goods have achieved significant improvements in the perception of democracy (Latinobarómetro, 2011).

Table 6.1. Citizen perceptions and expectations

	LAC region	Dominican Republic
The state can solve all problems or most part of them	53.4%	66.1%
The state is well equipped for its tasks	74.3%	83.5%
Public policies improve life conditions (a lot or to some extent)	39.3%	28.0%
Level of satisfaction, public hospitals (very satisfied/satisfied)	50.8%	49.0%
Trust in public administration (high or some)	36.4%	32.8%

Source: Latinobarómetro (2011), www.latinobarometro.org.

The Dominican Republic has started a process that may result in innovation in its public sector management through the creation of a new legal framework, undertaking a combination of reforms that seek to provide the basis for institutional transformation. Since 2001, at least 13 new laws, and a similar number of new regulations, have been introduced in the country which should have a direct impact upon the quality of public expenditure. The new legal framework has modernised the rules regarding most of the key performance management tools, such as accounting, budgeting, financial management, internal and external auditing, planning, procurement, public investment and public service systems (IDB, 2013). The process to implement these rules is currently ongoing in the Dominican Republic. Although there has been progress in the last few years, most of the system components are not yet fully operational, which prevents the Dominican Republic from achieving the expected improvements.

This final chapter looks both from a systemic and instrumental perspective at pragmatic ways to overcome key institutional, organisational, performance and regulatory bottlenecks in the Dominican public administration as described in the previous chapters, illustrating complementary innovative approaches and practices leading to better service delivery beyond the current Dominican focus on E-government instruments. The identified barriers can seriously hinder the implementation of public sector reforms and service delivery solutions, limiting benefits that can be realised from performance improvements in priority areas such as public employment and strategic HRM.

The chapter also deals with some other important approaches for innovative public service delivery, such as pragmatic participatory modalities including partnerships with citizens and civil society, rural service delivery and mobile government instruments.

Broadening and deepening the Dominican public sector innovation scope in a targeted way

As illustrated in Chapter 1, innovation is important as it enables governments and public sector organisations to be more efficient and effective in terms of resource usage and more quality-oriented in terms of service delivery. As such, innovation is key to national and local socio-economic progress, productivity, sustainable development, sound governance and public administration.

The Dominican Ministry of Public Administration (MAP, *Dirección de Tecnología de la Información*) – with support from OPTIC (Presidential Office of E-government and ICT Policies) – has made impressive progress in developing targeted online tools and information systems (SASP and SISMAP) to keep track of public employment and HRM data, to monitor public administration indicators and to communicate trends, results and

challenges in a more transparent way. This should be continued, fully exploited and brought to the next level (strategic planning modelling and an HRM shared service centre), as recommended in Chapters 2 and 5.

However, the innovation scope and underlying potential for the Dominican public administration could go beyond its current important focus on E-government solutions. A broadened and integrated view of public management tools could produce considerable synergies and significantly increase tangible benefits within public employment/HRM, enabling innovation for other related policy areas in the Dominican public sector and vice versa, leading in the end to better service delivery for citizens and businesses.

Strategic HRM reforms are seen as instrumental to achieving government objectives for better quality and more efficient and responsive public services, and are being pursued in parallel with reforms across a number of areas including budgeting, organisational performance management, quality management, E-government, and organisational restructuring of the public administration.

Table 6.2. Examples of policy initiatives to actively promote innovative approaches in the public sector

Political incentives	-Support from the top -Leadership
Economic incentives and financial aspects	-Funding for innovation -Incentives towards innovative practices -Link with budgeting and performance tools -Link with HRM and individual incentives
Capacity for strategic leadership	-Strategies to support innovation in the public sector -Dedicated public sector innovative organisations
Single government approach to innovation	-Co-ordination to overcome fragmentation and reap economies of scale -Cross-disciplinary teamwork
Public employment and strategic human resource management (HRM)	-Promoting a culture change and engaging with staff on its dynamics -Implications for staff flexibility and competence development -Performance-related pay -Disseminating and facilitating learning, and knowledge management
Regulatory aspects	-Cutting red tape inside government to unleash innovative forces
Open and inclusive government	-Partnering with citizens (cf. road map for successful implementation of co-production)
E-government and ICT	-Strengthening E-government readiness -Allocating time and resources
Communication	-Communicating and facilitating acceptance of alternatives and innovative delivery modes by users and target groups
Risk management	-Identifying and managing risks in a way which does not stifle innovation (mind-set)

Source: OECD (2011a), “Innovation in Public Service Delivery: Context, solutions and challenges”, Public Governance and Territorial Development Directorate, GOV/PGC(2011)4/REV1.

Sequencing is also important and (public employment and HRM) reforms need to be well integrated with other public sector reform initiatives. For example, reforms of budgeting and the overall management framework may be important pre-conditions for certain strategic HRM reforms to work, particularly those targeting the performance of organisations and individuals. Conversely, HRM reforms may be crucial for the implementation of other reforms; for example, new working practices may be essential to

the implementation of E-government initiatives, while changes to HRM practices may provide incentives for staff to implement innovations in service delivery.

Public employment and HRM reforms are therefore clearly dependent on reforms in other areas. A recent evaluation of public sector governance reforms in selected countries points to the importance of using financial management reforms as an incentive for HRM reforms and supporting organisational development within a long-term perspective (DFID, 2013). Both of these approaches are in evidence in the Dominican Republic, and it will be important that the integration of reforms in these different interdependent spheres is monitored carefully (implementation evaluation). This would require a rethinking of traditional approaches to public administration and service delivery – which build on the assumption that individual public management tools can operate in isolation – to a more realistic integral view based on the understanding that innovative approaches, efficiency and effectiveness would depend on and require that these tools be aligned and work together to provide better internal and external results.

Increasing the institutional and organisational capacity to implement reforms

The structure of government – including the division of responsibilities vertically across levels of government and horizontally between ministries, and the use of agencies of various types – is critical to the functioning of a modern public administration and a key factor underlying the organisational capacity of government to successfully implement reforms as an engine for renewal.

There is significant scope to increase the productivity of the Dominican Republic's public administration by placing employees within an organisational structure that maximises the use of their time and capabilities. For this to happen, changes in the government systems and structures will be required (machinery of government). While in-depth machinery-of-government changes go beyond the scope of this review, their importance cannot be ignored, as institutional fragmentation without an adequate reorganisation hinders the implementation of reforms and limits benefits that can be realised from improvements in key policy areas such as public employment and strategic HRM. The inclusion of institutional restructuring (*Fortalecimiento Institucional*) in the responsibilities of the Ministry of Public Administration (MAP) signals a recognition of this by the Dominican Republic. The government's organisational restructuring initiative aims to improve the design of organisations and rationalise organisational structures in order to better deliver public services. Institutional restructuring is supported by a programme to foster change management capacity within public organisations, although this is still at an early stage of development. While the overall approach is already producing valuable results, it would be strengthened if accompanied by a transversal review of functions, structures and staff numbers. This will be essential for better control of public workforce numbers and costs.

Internal audit controls are also being strengthened. The *Contraloría General* has advanced in defining the main methodologies for the internal control system but is hampered by under-resourcing, and the process of establishing internal control units in all public institutions is still at a preliminary stage (IDB, 2013). Sufficient resources should be allocated to the *Contraloría General* to enable the achievement of the implementation timetable for establishing internal control units in all public institutions.

Incentives to implement key reforms are being created through a combination of important instruments and promising initiatives developed and led by MAP, setting

norms and expectations (both internal and external) and providing delivery tools. Quality and better service delivery for citizens, which are primary objectives of the public service reform, are being institutionalised in the Dominican public administration through the phased implementation of the Quality Management System (CAF model), successful quality awards (*Premio Nacional a la Calidad y Reconocimiento a las Prácticas Promisorias*, *Premio Interno a la Calidad*), the indicators published in SISMAP, and service quality agreements with citizens (*Cartas Compromiso al Ciudadano*), stimulating institutions to build and embed the needed quality culture, to continuously improve themselves and to apply the (HRM) provisions that are part of the National Quality Award. All of this demonstrates an appreciation of the importance of change management and of building support for reforms leading to qualitatively better services for citizens and businesses, and in the end higher client satisfaction. In fact, a change management unit is being set up in MAP to support implementation of public employment, strategic HRM, and other organisational reforms.

Quality management is an effective instrument which is producing results. However, it is important to develop change management as rapidly as possible.

The Dominican Republic could look to lessons learned in OECD member countries in considering how best to approach machinery-of-government changes in the short, medium and long term. Experience points to the importance of adequate planning and resources, a whole-of-government approach, buy-in from senior public servants, and effective management of the HRM aspects of structural changes to effectively address capacity issues as well (see Box 6.1).

OECD member countries promote a whole-of-government approach in several ways (OECD, 2010a):

- The budget round is used to make choices about the relative importance of government programmes based on the government's policy choices. Staffing decisions should follow these choices, not lead them. The use of multi-year, output-based budgeting has facilitated a more strategic approach to budgetary savings.
- Many OECD member countries use various types of programme reviews, strategic reviews and spending reviews to identify opportunities for efficiency and savings; for example, Australia, Canada, France, the Netherlands, the United Kingdom and the United States use regular reviews to monitor productivity and identify opportunities for restructuring government activities. Some countries use *ad hoc* reviews to identify opportunities for restructuring and savings, such as Ireland's Special Group on Public Service Numbers and Expenditure Programmes in 2009. Often such *ad hoc* reviews are carried out by an independent expert of high standing.
- A number of OECD member countries (e.g. Australia, Denmark, Finland, New Zealand and Sweden) use automatic productivity cuts or efficiency dividends which involve an automatic reduction in the operating budget of organisations each year on the assumption that they can improve their productivity. However, it is important to note that all of these countries have well-developed strategic HRM and strong management accountability systems which enable them to provide organisations with a lot of flexibility to manage their resources.

Box 6.1. Checklist for machinery-of-government changes

Lessons learned from Australia and the United Kingdom when making changes to the machinery of government include:

- Allow sufficient time to undertake changes.
- Ensure there has been adequate planning for changes.
- Establish clear guidelines.
- Provide adequate budget to support the undertaking of changes.
- Centralise administrative and HRM support for changes.
- Ensure buy-in from senior leadership.
- Take a whole-of-government approach.
- Ensure open and constructive communication with staff.
- Effectively manage those employees involved in changes.
- Take account for records management.
- Ensure the necessary legal environment is in place to support changes.
- Update outcomes and performance information.
- Review financial management arrangements to ensure retention of corporate knowledge.
- Establish clear accountability frameworks for post-change arrangements.

Sources: Based on Commonwealth of Australia (2007), *Implementing Machinery of Government Changes – A Good Practice Guide*, Attorney-General’s Department, Canberra; White, A. and P. Dunleavy (2010), *Making and Breaking Whitehall Departments: a guide to machinery of government changes*, Institute for Government, LSE Public Policy Group, London.

The approach taken in New Zealand offers a specific example of how the central HRM body can play a key role in improving the machinery of government (OECD, 2012a). The State Services Commission is empowered to review the machinery of government across all areas of government, including:

- allocation of functions to and between departments and other agencies;
- desirability of, or need for, the creation of new departments and other agencies;
- amalgamation or abolition of existing departments and other agencies;
- co-ordination of the activities of departments and other agencies.

Analysis from such reviews, if undertaken by MAP, could be used in the Dominican Republic to feed into government decision making regarding possible machinery-of-government changes. Following on from the use of functional reviews, the budget process can be used for strategic reallocation and re-engineering of public sector functions.

Programme reviews can serve as a mechanism for terminating, merging or reallocating functions. The implementation of (not too complex) programme budgeting can assist in making the transfer of funding and performance outputs and outcomes more transparent, enabling smoother changes to government machinery. However, an effort should be made to avoid overloading programme budgeting with performance information that plays no role in the budget process, which would detract from transparency rather than enhancing it.

Addressing institutional fragmentation, duplication and proliferation for a more coherent, accountable, transparent and cost-efficient public administration

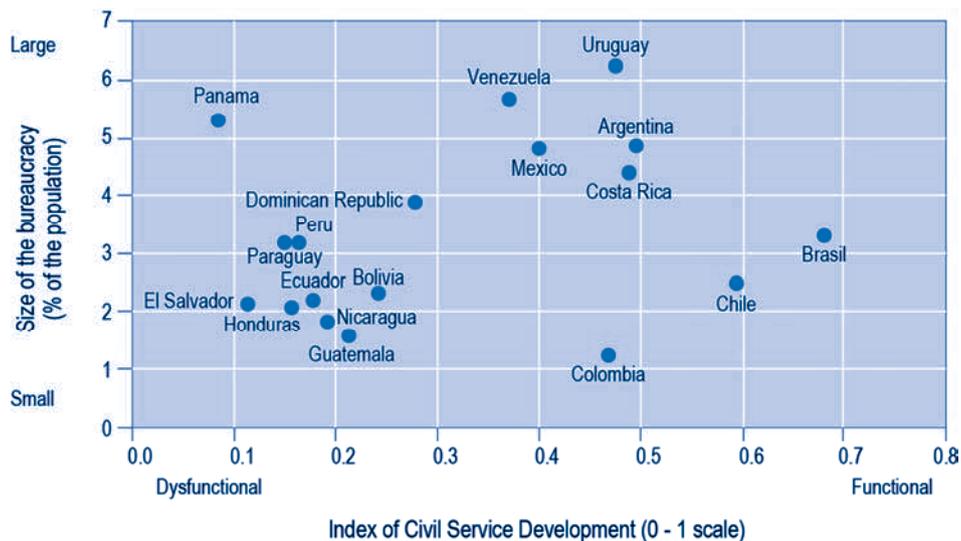
The public sector of the Dominican Republic consists of central government ministries, organisations under the direct control of ministries, decentralised services of central government, municipalities, autonomous entities, state-owned enterprises, and mixed-economy societies.

As mentioned in Chapter 2, the organisation of the Dominican public administration is clearly characterised by institutional fragmentation, making it difficult to establish effective budgetary and financial control – problems that the ambitious HRM and budgetary reforms being implemented by the Dominican Republic are seeking to overcome. Fragmentation has been increased by a proliferation of entities with a great deal of managerial autonomy in many cases (IDB, 2009).

There are well-recognised problems of institutional overlap, inadequate co-ordination and unclear hierarchy of responsibilities that the Dominican Republic is taking steps to address through its broad strategy of public sector reform (MEPyD, 2012). More concretely, the advantage of having a single employee record in the previously discussed SASP system is already evident in terms of the ability to identify duplication of functions (to date some 6 000 duplications of functions have been detected, creating opportunities for rationalisation).

Figure 6.1 relates the bureaucracy's size to its quality. To measure quality, the indices of merit and functional capacity are combined with an index of efficiency into an aggregate civil service index. The size measure is the percentage of the total population employed in the public sector. The result for the Dominican Republic highlights the fact that quantity and quality are barely correlated (0.26) since, among the countries whose bureaucracies are dysfunctional, some are large and some are small.

Figure 6.1. Bureaucracy size versus public service quality in the LAC region



Note: Size of the bureaucracy represents the size of public employment as a percentage of the population. The Index of Civil Service Development is a combination of merit, efficiency and capacity indices.

Source: IDB (2006), *The Politics of Policies: Economic and Social Progress in Latin America*, David Rockefeller Center for Latin American Studies, Harvard University, United States.

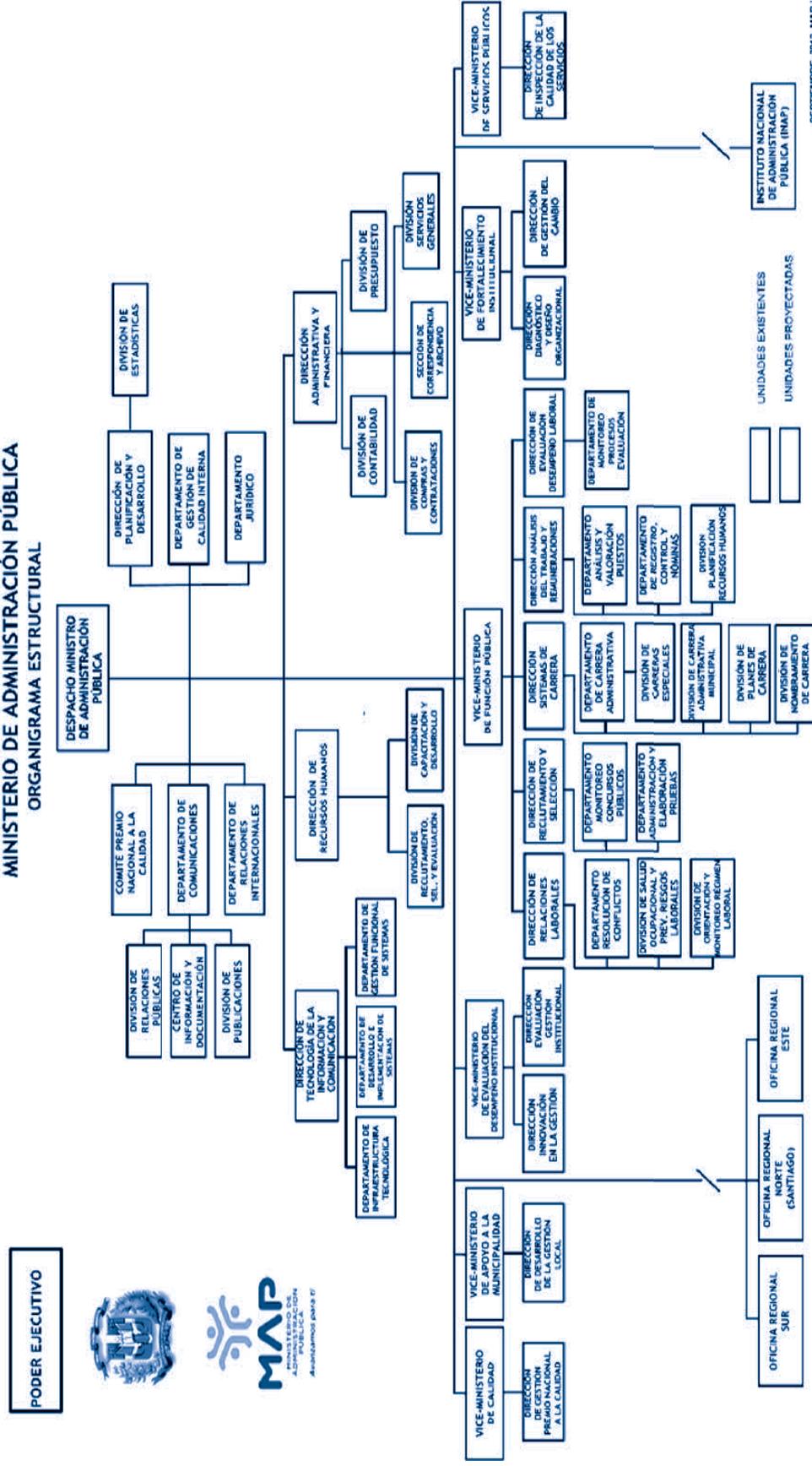
Interviews conducted in the Dominican Republic during the OECD fact-finding mission (*semana de investigación*) in July 2013 underline the important need to address the following (persistent) challenges across the Dominican public sector:

- a perception that too many bodies, units, (decentralised) services, (autonomous) entities and agencies have been established within its public administration with no adequate reorganisation, and that too many are being planned for the future, with concern about duplication and continued proliferation;
- a lack of clarity in the current criteria for establishing new entities, agencies, bodies, units and (decentralised) services, and their added value; and
- a weakness in existing law leading to the performance of tasks by some autonomous entities and agencies which could reasonably be absorbed back into the ministerial portfolio and undertaken by bodies within ministries – which may have positive cost implications.

This situation generates an expensive mode of state organisation, which inevitably implies overlapping functions and efforts, unclear accountability and inefficient use of public resources, and which can seriously obstruct a targeted reinforcement of existing bodies or a selective establishment of new entities/agencies strongly needed to help achieve government priority goals (such as the recommended establishment of an independent merit protection agency and a central recruitment agency in Chapter 3, or improvements related to other key public sector reform areas). An uncontrolled proliferation can have quite a significant drain on the available resources, further damaging the public sector image and credibility – a risk the Dominican Republic cannot afford to run.

More specifically, MAP's organisational structure is complex and its resources (still being built up) are very thinly stretched over a lot of small (overlapping) departments and units. Limited resources mean that a gradual approach to staffing has had to be adopted, and many units are not yet functional. Consequently, MAP's capacity to implement reforms is not as strong as it could be. The organisational chart (see Figure 6.2) shows the several existing and currently projected units in the Dominican Ministry of Public Administration (MAP), highlighted in grey and white respectively.

Figure 6.2. Organisational chart MAP (September 2012)



Source: Ministry of Public Administration (MAP), 2013.

MAP has achieved a lot in the short time it has been in existence (since 2008), carrying wide-ranging responsibilities as a ministry for public administration: in addition to being in charge of implementing all the ambitious provisions contained in Public Service Law 41-08, it is responsible for meeting challenging objectives on institutional restructuring, organisational performance management, the public administration quality initiative and change management, E-government and innovation, public service delivery, and supporting municipalities in developing their HRM (among other things).

Even though it is indisputable that MAP needs additional means as a matter of urgency to ensure a successful and timely implementation of Public Service Law 41-08 (*Ley Función Pública 41-08*) and key reforms, better use could be made of MAP's existing resources by moving to a simpler organisational structure organised more around strategic areas rather than functions.

Areas where a stronger focus would be advisable include: HRM governance and accountability frameworks for institutions and managers; the design of HRM reforms; and strategic workforce planning. Options for consolidating MAP's organisation should be examined. Very small units should be merged with other (overlapping) units in order to create more capacity. There may also be areas where MAP could, over time, divest itself of responsibilities (for example, it is important that its role in developing the labour relations system does not involve MAP dealing with individual cases or protecting the rights of civil servants).

MAP's strategic plan should be used as the basis for a multi-year resource management plan so that there is predictability about the available organisational resources for implementing reforms. More generally, the Dominican public administration could consider clarifying and strengthening the criteria and process used for deciding to establish (autonomous) entities, agencies, bodies, units and (decentralised) services. An evidence-based approach would shed light on whether, for example, creating an autonomous entity or an agency would be more efficient than if the work were done by the ministry, thus better satisfying the obligations defined in the law.

The Dominican Republic could also consider undertaking a detailed examination of the value-added role of its existing and planned new units and agencies. An independent in-depth evaluation would allow the government to determine, for example, whether an agency is meeting the mandate set out in its founding legislation and the added value it provides. In addition, it would be an opportunity to examine whether an agency has become a *de facto* body within a ministry rather than a stand-alone entity or arm's-length body. A review would help identify the scope for efficiencies, for instance through agency mergers, reabsorption back into the parent ministry, or a redistribution of certain administrative functions (e.g. HRM, IT, payroll, etc.) to the ministry, or as shared services across a number of agencies.

As a second step, the Dominican Republic may also consider adding in the medium and long term some clauses in agency establishment acts providing grounds for reviewing agency functions, performance and added value, to enable more regular oversight and evaluation of the continued appropriateness or need for the tasks to be performed by an (independent) agency. For example, New Zealand uses sunset and review clauses. The legislation establishing a new entity may include either a sunset clause, stating that the entity will cease to exist after a certain date, or a review clause, requiring the entity to be formally reviewed by a certain date. This can result in unnecessary or ill-timed reviews, particularly if the functions of the entity are to be ongoing. To overcome this, New Zealand has introduced a general power into the legislation which establishes new

entities to the responsible minister permitting the review of individual entity performance (OECD, 2002).

Box 6.2. Alternative agency establishment criteria: OECD country examples

OECD member countries establish agencies for a variety of purposes. For example, in Ireland and the United Kingdom, agencies have provided a way to effectively outsource or contract-out work from the central administration, thereby minimising its level of accountability in the relevant functional area. In other OECD member countries, such as Sweden, the central public administration has largely devolved responsibility for service delivery and implementation to agencies. An unpublished document prepared by the Australian Public Service Commission in 2003 gave examples of when executive agencies might be appropriate (Smullen, 2010). The examples included:

- when the national administration context or departmental setting is ready to do so;
- when agency functions cross portfolio lines, making it inappropriate to place it in a portfolio department;
- when it is desirable to separate substantial service delivery functions to allow a policy department to focus on core business.

The Swedish and United Kingdom experiences suggest little clear evidence that agencies have saved the government and taxpayers money, increased performance or reduced the size of government (Moynihan, 2006). Measuring performance in agencies can be difficult, where justifications of increased efficiency can cut both ways. In the United Kingdom, efficiency was cited as a key driver for the break-up of the civil service into agencies from 1988 onwards and a key justification for the amalgamations of the early 2000s (Moynihan, 2006). This makes it difficult to develop criteria by which to effectively assess or determine efficiency gains associated with establishing agencies. Thus, perhaps rather than focusing on performance, emphasis should be placed on the other criteria such as distance from political influence.

The German public administration has a long tradition of creating agencies to make use of experts and scientists to enrich policy making rather than as a means to improve efficiency or generate savings. These dual goals – efficiency and savings – have been considered in response to the administrative modernisation movement, but this has mostly resulted in merging existing authorities rather than setting up new ones.

A 1998 evaluation of the agency model in the Netherlands found that requirements for establishing agencies needed to be strengthened. Thus, establishment procedures apply in addition to laws and legislation. These lay down requirements which must be fulfilled by a potential agency in order to obtain formal agency status. To what extent this is the case is determined by the Council of Ministers, based on the advice of a supervisory privatisation team comprised of experts from the Ministry of Finance and from the Ministry of the Interior and Kingdom Relations. In 2001, 12 conditions and a trial period were introduced into the procedure for becoming an agency (Smullen, 2010). In addition, there was an increasing role of the Ministry of Finance in overseeing the process of agency creation.

Source: OECD (2012a), *Slovenia: Towards a Strategic and Efficient State*, OECD Public Governance Reviews, OECD Publishing, Paris, <http://dx.doi.org/10.1787/9789264173262-en>; Moynihan, D.P. (2006), “Ambiguity in policy lessons: the agencification experience”, *Public Administration*, 84(4): 1 029-1 050.; Smullen, A. (2010), *Translating Agency Reform: Rhetoric and Culture in Comparative Perspective*, Public Sector Organisations Series, Palgrave Macmillan.

Understanding lessons learned from other countries is important, and the OECD has compiled a list of lessons for agency creators (see Box 6.3). Ultimately, however, “what to do, when and how” must be determined by the country itself.

On the basis of the conducted interviews and the available information, it seems that there are no fully clear established internal governance and management arrangements, i.e. guidance on the management relationship between the agency and its founding

ministry. This has largely been left to the relevant establishment legislation for individual agencies or, more frequently, it develops on an *ad hoc* basis between the ministry and the agency.

In a small administration, there is usually a natural desire to avoid creating overly burdensome rules. However, some level of consistency is always needed.

Generally speaking, there are some agencies for which the lines of responsibility and accountability with their parent or founding ministry are quite clear. In other cases, there has been some conjecture that agencies could be created by staff for more personal gains (e.g. creating opportunities for higher salaries by moving ministry functions to agencies which can regulate their own salary system).

The Dominican Republic would strongly benefit from establishing more transparency on the governance, reporting, monitoring and evaluation arrangements that should be applied to all bodies, units, (autonomous) entities, agencies and (decentralised) services. Achieving greater clarity through, for example, a template or guidance handbook would help ministries and agencies to advance work in line with their statutory roles. It would also provide a mechanism whereby potential mission-creep or divergence by an agency from established responsibilities can be noted early and corrective action taken in a timely manner.

Box 6.3. OECD lessons for agency creators

The evidence concerning good public management suggests that governments work better when their organisations have clear missions, strong support from the centre, visionary leadership, task motivation and professionalism among the staff, and managers with authority to “get the job done”. Sometimes agencies are the appropriate institutional form for supplying these conditions. But there are some questions that governments should consider when contemplating the creation of new agencies:

- **Be clear why the change is being made** – and why it will be better than the status quo. Be particularly clear about the motives: if they are not primarily for better governance, then it is unlikely that the formal rules will be effective.
- **Ask what a specific change proposal implies for the quality of government** in the core public sector and what needs to be done to improve overall public management (financial management, public employment practices, performance management) as well as, or instead of, trying to avoid the problem by ring-fencing particular functions in agencies. Basically, assume that enclaving will not last and is at best a temporary expedient when the real problems lie elsewhere.
- **Understand the environment and the risks it may present to a new agency.** Where are the enemies of change? Who gains power and who loses it? Inside the public sector, look to powerful bureaucratic forces like existing line ministries or finance ministries for significant opposition. The staff of existing organisations and their unions as well as the management may oppose change. Outside the public service, there may be powerful stakeholder groups, politicians, business interests and mafias whose interests will be adversely affected. How will they react?
- On the obverse of the coin, **consider who is supporting the change** (the President? influential Cabinet ministers?) and if they will continue to support and champion the organisation when things go wrong.
- **Follow principles of sound governance:** generally what is appropriate in government departments to safeguard the basic interests of the state is appropriate for agencies. There are checklists for this purpose.

Box 6.3. OECD lessons for agency creators (cont.)

- **Ask whether the mission of an agency really requires that it be constituted as a separate legal entity**, with its own board and governing law, or whether some lesser degree of autonomy, perhaps under a parent ministry, will equally serve the purpose.
- **Make sure that the incentive and capability exists in central ministries to manage the new relationships**; that the politicians and legislators are clear on their powers and responsibilities of policy setting and surveillance; and that, in the agencies themselves, there are the management skills necessary to “learn to be free”.
- **Expect a “Hawthorne effect”** – a first burst of enthusiasm and motivation for the mission of the new organisation, maybe a charismatic leader with the strong support of a powerful politician, followed by a re-grouping of the forces of opposition and re-emergence of old habits and cultures of performance. How is improvement going to be embedded and thus survive beyond the pioneering phase?

Source: Laking, R. (2005), “Agencies: their benefits and risks”, *OECD Journal on Budgeting*, 4(4), OECD Publishing, Paris, <http://dx.doi.org/10.1787/budget-v4-art19-en>.

Developing a flexible whole-of-government approach to public service delivery and strengthening the central MAP function

The Dominican central public administration requires a continued approach which incorporates the aim of increasing the efficiency and effectiveness of its operations while ensuring the capacity for change and for undertaking the tasks required to achieve these goals. A more “holistic” perspective on service delivery is strongly needed, shifting away from a system driven by the point of view of a specific government level or interest, focusing instead on integral public sector efficiency and on effectively serving citizens and businesses. This cannot be left to individual silo organisations within the central public administration, but rather needs to be driven from the centre across the whole system of public administration.

This approach should support the achievement of strategic planning outcomes as discussed in Chapter 2, thus ensuring that there is the right number of people with the right skills employed in the right public administration areas to effectively operationalise the government’s objectives. The development of such an approach should ideally rest with the public administration as the keeper of continuity, ensuring stability across electoral cycles and having the longevity to see such a transformation take shape.

A whole-of-government vision for the public administration should be accompanied by a sound strategy for its achievement. The strategy should demonstrate the outcomes that the public administration aims to achieve and the steps (with time frames) that will be taken to get there. Australia’s *Ahead of the Game – Blueprint for the Reform of Australian Government Administration* (Commonwealth of Australia, 2010) is an example of a visionary reform agenda with an implementation plan. This document details a vision for the Australian public service and highlights a series of reforms which will be undertaken to achieve it. Each reform includes the desired outcome and details a set of recommendations for its achievement with accompanying priority actions, a timetable for implementation, and the responsible department/agency identified to lead the implementation (OECD, 2012a).

Developing and embedding a whole-of-government approach in the public administration requires leadership from the centre. MAP should strengthen and expand its

role as a central authority in the short- and medium term, because implementing complex and sensitive reforms such as the new public sector salary system will require a central (public employer) function with a significantly adjusted remit.

The public employment pattern analysed in Chapter 2 reflects a highly centralised public administration system in the Dominican Republic, with central government being responsible for delivering the bulk of public services, either directly or through its decentralised services (of central government in many cases).

This picture of public administration organisation further underlines the importance of rationalising and restructuring the machinery of government. It is not recommended that additional responsibilities be devolved to local government in the short term, as this would risk undermining reforms which require a sustained push from the centre of government. However, improvements in public services will require a major effort to improve the capacity of decentralised services.

Flexibility in adapting organisational structures to changing needs could be increased by moving away from the current rigid practice of laying down the structure of institutions in legislation. Organisational design should be a matter of managerial accountability, controlled through the performance framework, rather than a matter of *ex ante* prescription. MAP's role in overseeing and approving the needed institutional restructuring should mean that there is adequate control without the need to legislate.

Service delivery arrangements in the Dominican Republic are also defined by law. This makes it difficult for MAP and other involved actors to be innovative when seeking ways in which to provide services to citizens more efficiently and effectively. Therefore consideration should be given to adjusting the legal framework since, as matters currently stand, entities and units do not have the discretion to reorganise service delivery arrangements, even if it is to increase the efficiency or effectiveness of service outcomes to citizens. MAP could be delegated the role and overall responsibility for uniform service delivery policy at the central administration level, which would facilitate coherent decision making and provide better public services. However, this would require that adequate funding and appropriately skilled staff be made available.

The capacity of the Dominican public administration at the central and local levels to realise its service delivery objectives is currently undermined by a lack of resources and of co-ordination. This is due, in part, to insufficient linkages between the ministries as policy-making authorities and local bodies that have partial implementation responsibility.

The gap between the desire for good public services and the ability to deliver them can be also reduced by removing practical barriers for different parts of the public administration to work together. Fragmentation of approaches and the lack of basic templates for common processes, decision making and co-operation agreements all contribute to these barriers, as do sector and level-of-government differences in terms of working methods. A stronger, more coherent enabling environment is needed to provide a common platform for collaboration across central and local entities and among municipalities.

Currently, each sector ministry has its own share of responsibility for administrative services, and the siloed institutional structure among central-level bodies further fragments these. In addition, the weak co-ordination mechanisms in the Dominican public administration, both horizontally and vertically, hinder the ability of national and local bodies to work together to deliver citizen-centred services. Improved co-ordination of

administrative services, including project and programme management, would allow for better targeting of scarce resources, would reduce redundancy and would enable cost sharing in the development of administrative tools.

Some central co-ordination of administrative services does take place at the central level, notably by MAP and involved line ministries. However, these efforts fall short in two ways. At the national level, the mandate to co-ordinate administrative services is carried out in a technical and narrow fashion. This does not permit sufficient linkages between individual work on sets of administrative services and the promotion of overall efficiency and effectiveness in public service delivery. At the local and municipal level, while the practical focus should be broader, there are insufficient resources and skills to fulfil the mandate, severely limiting the effectiveness of any actions taken in this area.

To overcome such co-ordination weaknesses, stronger leadership is needed in order to bring a strategic and results-oriented perspective to administrative service activities, to identify linkages and synergies across the different administrative service areas, and to ensure capacity to deliver real benefits (see Box 6.4).

Box 6.4. Common business processes and referential models

Common business processes (CBPs) are one of several strategies OECD countries employ to organise public functions and services around user needs rather than around government structures. Once identified, CBPs can be co-ordinated in various ways by the organisations using them. One of these is a “referential model” (a commonly agreed standardised process which provides guidelines, standards, etc.). The concerned organisations will execute the processes themselves according to the model.

In Germany, the Competence Centre for Workflow Management Processes and Organisation (a competence centre specialised in business processes) draws up referential models for business processes that are common to many organisations. The organisations can use these models to organise their own business processes. Because of its ease of use, this kind of solution is much more likely to be adopted by organisations.

Source: OECD (2005), *E-Government for Better Government*, OECD Publishing, Paris, <http://dx.doi.org/10.1787/9789264018341-en>.

OECD countries address the challenge of developing and managing administrative services in different ways. In some cases (such as Denmark, Finland, Ireland and the Netherlands), responsibility for public service delivery remains in the hands of sectoral ministries and municipalities, while administrative services are centrally co-ordinated. This permits the pooling of resources and expertise, while providing common frameworks and tools for horizontal and vertical co-operation.

Regardless of the model pursued, it is critical that: *i*) formal and *de facto* responsibility is clearly established and communicated; *ii*) lines of accountability are well drawn and communicated; and *iii*) “customers” know who to go to for the service, and who to praise or to whom complain when there is a problem.

The Dominican Republic could reinforce its enabling environment for improved service delivery by further consolidating administrative service responsibilities, which are currently spread across MAP, line ministries and local entities. In the short term, this would mean more co-ordination to align platforms and practices, which could pave the way for greater co-location of administrative services. In addition, it means building and

supporting co-ordination capacity, including through stronger incentives and accountability for horizontal working, training for greater professionalisation, and supporting communities of practice and quality management.

In the medium to long term, a decision can be made on the most appropriate organisational form for public service delivery in the Dominican Republic. This would require a functional review of government, with a long-term cost-benefit analysis of new forms of public service delivery. The Dominican Republic could consider an approach where all administrative service activities are consolidated into one ministry (MAP).

In fact, the Dominican Republic could undertake a specific value-for-money review of the current public service delivery model to assess its operational efficiency and effectiveness, including the institutional changes required to increase the efficiency of public services within the framework of changing demand (in particular in the health and education sectors). In any case, consultation with citizens, businesses, local entities and units is important very early in the process in order to better understand the concerns and needs of these groups before embarking on any change or rationalisation. A communication strategy would also be critical for building community acceptance and support for sustainable reforms.

Taking an incremental approach to a fully integrated organisational performance management system

Over the past two decades, the majority of OECD member countries have implemented reforms to modernise their public administrations with the aim of increasing efficiency and quality in service delivery. A cornerstone of these reforms has been the implementation of performance-oriented management of public sector organisations.

This has been a long-term, gradual learning-by-doing process in most countries, because embedding (sophisticated) performance management frameworks is quite a complex matter. Most OECD member countries have taken the path of incremental reforms rather than trying to implement a complete organisational and individual performance management system all at once. This has enabled them to generate the experience and competence to move ahead, although the challenge is to maintain the momentum for reform so that the lessons learned in the first stages feed into the following ones.

With regard to performance budgeting, prudent and basic tailor-made approaches are especially recommended for middle-income countries with major shortcomings in the processes of public financial management. Countries which traditionally drove innovation in these areas have not worked out a viable and successful practice of performance management and are partly abandoning practices that they have tried to implement in the past.

While it might be tempting for middle-income countries to press forward to adopt at some point a full-blown framework for outputs and outcomes, there are some evident risks in the move. Such a change in orientation is only possible once managers have had adequate experience in refining the definition of programmes and their objectives, and on this basis developing a comprehensive performance measurement system. The latter is usually lacking in middle-income countries, but at the same time is recognised as critical to the successful implementation of a performance budgeting and management system. This requires resolving a number of issues involved: first, clearly defining how to measure “performance”; second, overcoming a number of technical issues in the design

and use of measures of that “performance”; and third, making performance information relevant for resource allocation decisions, i.e. establishing a performance management system.

Inculcating a results orientation is one of the primary objectives of the public sector reforms being implemented in the Dominican Republic. The Dominican Republic has undertaken a combination of ambitious reforms that seek to provide the basis for institutional transformation, investing in the needed instruments to strengthen change management capacity. There is a well-defined system for improving performance across the public administration through a management framework called “Managing for Development Results” (MfDR) and the use of the CAF quality and innovation model (see Box 6.5).

Box 6.5. Implementation of the CAF model in the Dominican public administration

An important and promising development led by MAP is the phased implementation of the CAF quality model of the European Commission (Common Assessment Framework, *Marco Común de Evaluación*), an organisational evaluation instrument which is compulsory in the Dominican public administration since 2010.

By implementing the CAF model as a systemic and holistic tool, Dominican public institutions evaluate themselves on an annual basis by using a standard set of established result-oriented criteria, identifying strengths and weaknesses, and committing themselves in close co-operation with MAP to organisational, HRM and service-oriented improvement plans to better serve internal and external clients. Institutional quality committees have been established as well, to help co-ordinate the implementation of horizontal quality management efforts and to better align public organisations’ activities with their core mission and key objectives.

The different results led to a selection of good practices which are actively promoted across the Dominican public administration to foster their diffusion and incorporation in other institutions (benchmarking, and the National Quality Award).

Several Dominican public institutions find the phased implementation of the CAF model particularly useful in terms of planning, to help organise evidence-based information, for the explicit attention being paid to process innovation and to the importance of more transparency, for the constructive pressure to improve public service delivery, and for the link to compulsory service quality agreements with citizens as instruments for higher client satisfaction (*Cartas Compromiso al Ciudadano*).

Note: Public servants trained in the CAF model: 7700. Established quality committees: 205. Institutions having performed self-assessments with the CAF model so far: 165. Institutions trained in the methodology of service quality agreements (*Cartas Compromiso al Ciudadano*): 149. Adopted service quality agreements so far: 19 (CEI-RD, General Directorate of Procurement and Contracting, Juan Bosch Hospital, Hospital Marcelino Vélez, Ney Arias Lora Hospital, Technological Institute of the Americas, Ministry of Public Administration [MAP], National Office of Industrial Property, Technical Office Land Transport, PROMESE-CAL, National Health Insurance, Superintendent of Pensions [SIPEN], Superintendent of Health and Labor Risks [SISALRIL], Social Security Treasury, CAPGEFI, General Directorate of Passports, National Aquarium, Chamber of Accounts, IDAC).

Source: Interviews held during the OECD fact-finding mission in July 2013 and www.map.gob.do.

The Dominican Republic has a clear road map for developing the MfDR framework and good analysis of what needs to be done to push ahead with implementation. This should remain a high priority. However, achieving full functioning of such a framework will definitely take time, so it is better not to strive for a too complex system. It must be acknowledged that the combination of reforms and efforts undertaken by the country represent a big step toward public sector modernisation, transparency and efficiency, but there are no short cuts to institutional transformation. Moving towards a performance-oriented public administration will take longer than one government term. In fact, the

process is still young in financial management terms, and tangible results are therefore not yet visible.

MfDR (*Gestión para Resultados en el Desarrollo*, GpRD) is a comprehensive, sophisticated framework consisting of five deeply interrelated pillars (IDB, 2013):

- strategic planning;
- results-based budgeting;
- financial management, auditing and procurement;
- programme and project management;
- monitoring and evaluation.

Besides MAP, the main Dominican institutions involved in the MfDR framework are: the Ministry of Economy, Planning and Development (MEPYD), which is in charge of planning and public investment systems; the Ministry of Finance (MH), which is in charge of budgeting, accounting, and financial management systems; the Comptroller General (*Contraloría General de la República*) and the Chamber of Accounts, which are in charge of internal and external audits, respectively.

The legal foundation for this framework has been put in place over the period since 2001, with new enacted laws and modernised rules covering accounting, budgeting, financial management, internal and external auditing, planning, procurement, public investment and public service systems. However, implementation is a long-term process that is still at an early stage. Monitoring by the Inter-American Development Bank (IDB) has found that the most progress has been made with the first two pillars of the framework: the national strategic plan has been established; the medium-term budgeting system is being implemented; and organisations are working to develop their initial strategic plans and budgets. Other elements of the framework remain to be developed (IDB, 2013).

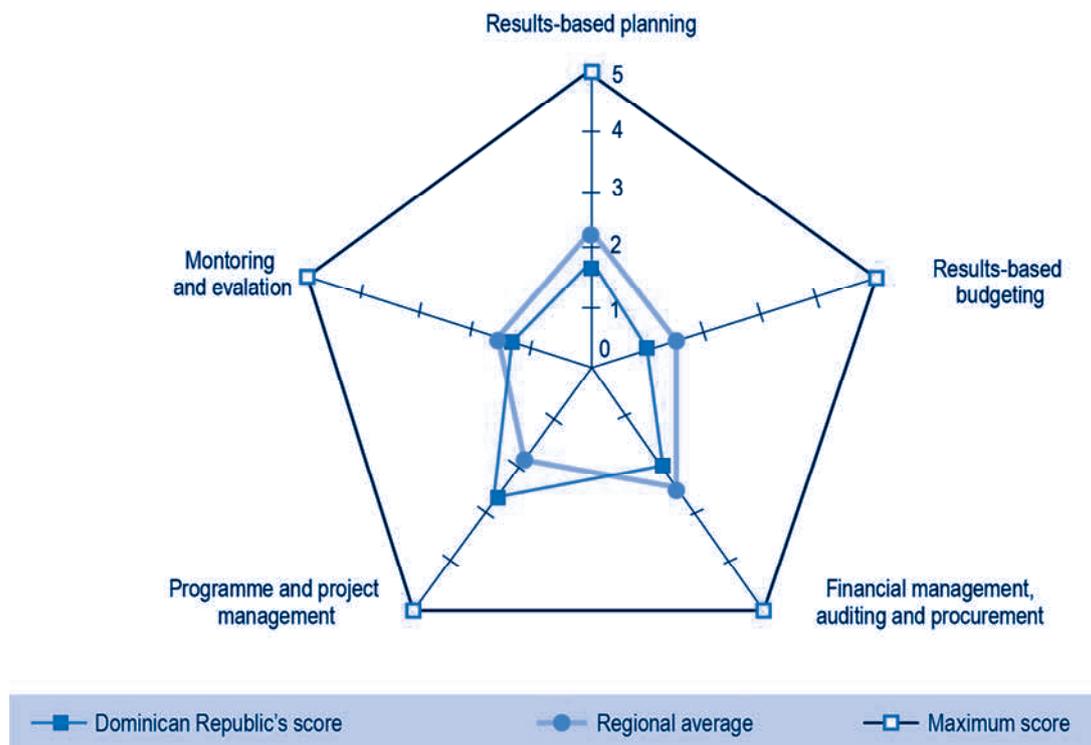
Although an ambitious plan of this nature will take time to manifest and become institutionalised, it is possible that substantial further improvements will be seen in the short and medium term in planning, budgeting, and monitoring and evaluation.

MfDR implementation calls for substantial innovations in public sector management, implying a sustained co-ordinated effort by all institutional actors over the medium and long term, often transcending various periods of government office. This will facilitate creating the integration and co-operation mechanisms needed to overcome the traditional frictions and lack of planning and budget co-ordination that are all too common in LAC countries.

Such innovations might also require: further modifications of the public management systems and of the legal or institutional frameworks; a search for consensus among the various state functions; alignment of the different components of the management cycle; and new organisational structures that promote co-ordination and teamwork instead of competition and individual effort (IDB, 2013).

The challenges now are to put into practice all the measures demanded by the new legislation and to generate the required procedures, methods and systems for the remaining MfDR pillars, establishing a strong culture of performance. In this regard it is important that key institutional reform actors take into account the management cycle as a whole.

Figure 6.3. Development of MfDR pillars in the Dominican Republic and the LAC region



Source: IDB (2013), *Managing for Development Results in the Dominican Republic*, Technical Note No. IDB-TN-537, IDB, Washington, D.C.

In operating an effective and efficient public administration, a performance management system should be used to align organisational and individual performance goals to facilitate the attainment of whole-of-government objectives. This is achieved by ensuring strong linkages between strategic planning and budgeting frameworks, and between strategic planning and organisational and individual performance management, i.e. integrated strategic planning, budgeting and HRM frameworks. Firm linkages between strategic planning, budgeting and performance frameworks enable government spending to be tracked against the achievement of policy outcomes and force the prioritisation of objectives when faced with limited resources.

It is not possible to foresee future needs if planning is done in a casuistic way. Without a clear understanding of where public finances are being spent and for what value, it is very difficult for governments to prioritise policies and programmes and to steer their implementation (OECD, 2012b). This implies as well promoting the use of management tools that will help plan beyond the annual budget cycle for resource distribution across the years, such as multi-year budgeting and accrual accounting.

Linking individual performance to organisational performance is essential in the longer run, but this is a major undertaking. Many OECD member countries have taken years to fully develop this linkage, and completely integrated systems of the type planned in the Dominican Republic are still not fully embedded in all OECD countries. Most countries developed their organisational and individual performance management

systems in parallel and linked them up at a later stage. It is when the planning and financial management systems are operational and the inevitable problems with organisational performance measurement and monitoring have been resolved that the link to individual performance is made. Commonly encountered problems in making that link are that performance targets are too diffuse or too numerous, or that the individual targets are not directly related to the organisational targets (EIPA, 2007).

Successful establishment of the above-mentioned critical linkages in the Dominican Republic depends on effective co-operation among MAP, the Ministry of Finance, the Ministry of Economy, Planning and Development, and individual ministries and agencies. As the Dominican Republic's performance framework is developed, the objective setting can become more advanced and the links with planning, budgeting and key initiatives such as HRM, quality management and institutional restructuring can be further strengthened.

Although the implementation and use of performance-related instruments are still at an early stage, there is a clear view of how HRM should sit within and link to the overall performance management framework (see also Chapter 4).

As a first step after creating a regulation to implement the Institutional Performance Evaluation (EDI) System by Decree 273-13, MAP designed the organisational performance contract and established an evaluation procedure (based on the CAF model) to assess whether an organisation is ready to implement the performance contracting system. MAP has also developed a guide for the implementation of the EDI system (*Guía para la Implementación de la Evaluación del Desempeño Institucional*). Organisational performance is to be evaluated on the basis of seven sets of criteria: *i)* strategic management and planning; *ii)* satisfaction of citizens with the products/services of an organisation; *iii)* the application of the HRM subsystems established by Public Service Law 41-08 in order to professionalise the public service; *iv)* the institutional restructuring initiative; *v)* the implementation of quality management; *vi)* resource management; and *vii)* transparency in management. There is also provision for a special evaluation of an organisation's performance in the areas of programme management and financial management. Responsibility for monitoring and evaluating organisational performance contracts is split between the Ministry of Finance, the Ministry of Economy, Planning and Development, and MAP. The Ministry of Finance is in charge of monitoring budget execution; the Ministry of Economy, Planning and Development is in charge of ensuring the linkages between the objectives of the contract and the organisation's strategic plan and the link between the strategic plan and the National Development Strategy (END, *Estrategia Nacional de Desarrollo*); MAP is in charge of performance monitoring during the execution of the contract, using the indicators of institutional performance (IDB, 2013).

The results of organisational performance assessments are to be used to improve performance. Evaluations are to be followed up by an organisational performance improvement plan (*Guía para la Elaboración e Implementación del Plan de Mejora Institucional*). The performance contracts provide for incentives and sanctions, although these have not yet been fully worked out. An inter-institutional authority comprising MAP, the Ministry of Finance and the Ministry of Economy, Planning and Development is responsible for defining sanctions and incentives (IDB, 2013). The results of performance indicators are made available to the public thanks to SISMAP and through organisational ranking reports published in the national media by MAP (see below).

In 2008, the implementation of organisational performance contracting began on a pilot basis, and contracts were signed with the Ministry of Public Health and Social Assistance and the Ministry of Education. The pilot has been hampered by the fact that strategic planning, results-based budgeting, and monitoring and evaluation methodologies are not yet in place, and it is likely that further piloting will be required (IDB, 2013).

In ministries of high importance (such as Health and Education), the Ministry of Economy, Planning and Development has created performance indicators and started programmes to identify results according to each indicator. In the Ministry of Health, the regions sign performance agreements with the co-ordinating entity in the ministry and are evaluated according to established indicators.

SISMAP (*Sistema de Monitoreo de la Administración Pública*) is an innovative tool developed by MAP as a public administration monitoring system, monitoring the performance and compliance level of public institutions with the implementation of Public Service Law 41-08 in a transparent and public manner (see also Chapters 2 and 5). Citizens and civil society can consult SISMAP on line to see the quarterly published, multi-coloured dashboard ranking and evidence-based progress made by every public institution on a range of 34 public administration and quality indicators. Institutions are incentivised to participate in SISMAP as this is an essential component of the EDI system and also a requirement for participation in the National Quality Award (*Premio Nacional a la Calidad y Reconocimiento a las Prácticas Promisorias*). SISMAP now covers all central and decentralised government. A new version will be launched in the near future including new indicators and covering all municipalities and municipal districts.

The public transparency that is provided through SISMAP could be reinforced by political accountability in the form of a regular report to the President and Congress, as happens in a number of OECD member countries. Another possibility to consider is a regular Cabinet review of progress, perhaps with a requirement for ministers to account for progress in the institutions for which they are responsible. As the performance management system for institutions and senior managers is developed, application of the provisions of Public Service Law 41-08 should be part of their performance assessment.

Nevertheless, modernising and implementing reforms is not only about organisations, systems and processes

Modernisation is equally about people and a conducive culture. Important ingredients for evolutionary modernisation in the public sector and services include: effective and inspirational leadership at all levels (even more important in difficult times); developing organisational priorities to guide change and the implementation of reforms; clear incentives (financial and/or recognition-based) for individuals and organisations; scope for experimentation and some degree of risk-acceptance instead of aversion; attention to views of front-line staff; and constant learning from what is being done within the organisation and elsewhere.

The ability and willingness of middle managers to support and implement reforms often determines their success. On the other hand, senior managers play a critical role in creating an organisational structure that encourages innovative approaches and agility, by rewarding risk taking and promoting the development of new skills.

An important, complex challenge for MAP and the *Presidencia* is to horizontally develop and vertically embed a shared result-oriented mind-set and professional culture in the Dominican public sector, making sure that commendable and successful MAP

initiatives (such as the national and internal quality awards – *Premio Nacional a la Calidad y Reconocimiento a las Prácticas Promisorias* and *Premio Interno a la Calidad* – followed by benchlearning seminars), important instruments (such as the phased implementation of the CAF model and service quality agreements with citizens – *Cartas Compromiso al Ciudadano*), and the strong investment by MAP in establishing international alliances inside and outside the region fuel in the end a deeply felt need and lasting commitment to change, leading to tangible and sustainable benefits for Dominican citizens, businesses and civil society. Such efforts should be underpinned by transparent funding arrangements, by government-wide leadership from senior management, and by reward for managers who lead by example, who drive innovation and who provide support for staff when they encounter project success and failure.

Box 6.6. *Premio Nacional a la Calidad y Reconocimiento a las Prácticas Promisorias* (National Quality Award)

National quality awards are an effective means used by several OECD and partner countries to foster change in the organisational culture of public institutions and better service delivery through the diffusion of best national and local practices, promoting innovation in the public administration and in other sectors.

The Dominican Ministry of Public Administration (MAP) co-ordinates and organises a successful annual international quality-week happening (*Semana de la Calidad*) during which a high-profile conference is held on good and promising practices in the Dominican public administration, and where exemplary practices are presented by all state bodies and prizes are awarded by the President or Vice-President of the Dominican Republic. The jury is a mix of public, private, civil society and academia representatives. The main objective of the annual conference – linked to a National Quality Award (launched in 2005) – is to acknowledge, stimulate and exchange quality practices in order to achieve better public services for citizens and businesses. It is also a strong incentive for public institutions to systematically evaluate themselves (by applying the CAF model) and to participate in SISMAP.

Another valuable instrument developed by MAP is benchlearning seminars during which the national award winner and the winners in the category of promising practices share their knowledge, experience and lessons learned with the rest of the Dominican public administration. The latest benchlearning seminar was attended as well by representatives from the private sector.

There are plans to merge in the near future the existing national public and private sector awards into one single annual National Quality Award and event.

Source: Ministry of Public Administration (MAP), 2013.

Releasing resources for better service delivery through regulatory reform inside government

In a complex and dynamic policy environment – particularly in the current financial, economic and fiscal climate – governments must be able to respond quickly. Efficiency and effectiveness require ability on the part of the public administration (both at the political and official levels) to best utilise and allocate available resources – staff and fiscal – to meet existing and likely future needs. Ideally, governments should also search for opportunities and identify areas where greater efficiencies can be achieved so as to generate productivity gains and savings that can then be reallocated to emerging policy issues and/or directed to debt or deficit reduction. All this implies a level of flexibility in the government machinery that is not constricted by overly regulated environments and

rigid rules-based systems. An over-reliance on regulations can create rigidities which make it difficult to be flexible with policy and public service delivery responses.

Even though it was not possible to get an in-depth picture on this perspective during the OECD fact-finding mission in July 2013, it is clear that flexibility in the Dominican public administration (as in other Latin American and Caribbean countries) is profoundly obstructed by an excessively rules-based culture and system – whose aim is to ensure that entitlements are adhered to – further complicated by the constitutional context and the complex process for developing new legislation or maintaining existing laws.

The result is a tendency to over-regulate and to be overly prescriptive in legislation and implementation rather than providing for more discretionary powers. Such adherence to detailed legislation is an integral part of policy making in the Dominican Republic, and it hampers flexibility in implementing change, discourages innovation, and impairs the ability to deliver public services to citizens and businesses more efficiently and effectively.

Flexibility in adapting organisational structures to changing needs could be increased in the Dominican setting by moving away from the current rigid practice of laying down *ex ante* the structure of institutions in legislation. Service delivery arrangements in the Dominican Republic are also defined by law.

In many cases the excess of existing rules may seriously hinder the adoption of innovative practices, in the public and private sectors alike. Rationalisation and simplification of regulations and the reduction of administrative burdens can make public sector organisations more efficient and productive and less expensive (OECD, 2010b). The large stock of regulations and administrative formalities accumulated over time needs regular review and updating to remove obsolete or inefficient material; actions can include repeal, *ad hoc* reviews of regulations covering specific sectors, and sunset mechanisms for the automatic review or cancellation of regulations past a certain date (see Box 6.7).

Box 6.7. Alternative approaches to regulatory reviews

International experience illustrates several approaches for regulatory reviews:

- **Scrap and build:** This comprises a comprehensive review and rebuilding of entire regulatory regimes, prioritising specific sectors and taking into account the interactions of multiple regulations. This methodology has a number of advantages, including benefits being visible more quickly, affected parties having more notice of the need to adapt, vested interests having less opportunity to block change, and the reforms benefiting from a higher political profile. However, the disadvantages are that this method can be costly and time-consuming if used for a comprehensive review, and may therefore not always be feasible when resources and expertise are limited.
- **Generalised reviews:** These are policies that instruct regulatory bodies to review the entire structure of their regulatory frameworks against general criteria such as need and efficiency. This kind of review has a wide scope – for example, to review the entire stock of regulations with business impacts. A variant of this kind of review is the “guillotine” which annuls regulations that are not registered before a certain date. However, such reviews have been weakened by exemptions, which may exclude particularly burdensome regulations, and they may suffer from a lack of prioritisation, a fragmented approach, and a lack of depth and rigour.

Box 6.7. Alternative approaches to regulatory reviews (cont.)

- **Sunsetting and automatic review clauses:** This technique consists of setting an automatic expiry date for new laws and regulations upon adoption. Regulations subject to sunseting can only be extended if they are reintroduced through standard law-making procedures. This kind of review reduces the average age of the regulatory structure and ensures periodic reform of the regulatory stock. Its disadvantages include reducing the predictability of the regulatory environment. Furthermore, sunseting will not tackle the existing stock of regulation as it only focuses on individual measures and does not challenge whole areas of regulation in need of review.
- **Mandated or automatic review processes:** This method consists of systematic reviews of existing regulations. Rules are grouped according to their age and progressively reviewed against quality criteria, which in turn gradually brings the regulatory stock into conformance with these standards. Unlike sunseting, regulations continue unless actions are taken to eliminate them. The obvious disadvantage is that, since positive action is required, vested interests are better able to defend the status quo.
- **Variance processes or equivalence of performance tests:** This technique allows businesses to apply lower-cost compliance methods as long as they are equally as effective as an existing regulation. This technique combines the logic of performance-based regulation with the ability to advance the innovative skills of business to come up with more efficient processes.

Source: Adapted from OECD (2002), *Regulatory Policies in OECD Countries: From Interventionism to Regulatory Governance*, OECD Publishing, Paris, <http://dx.doi.org/10.1787/9789264177437-en>.

In many OECD and partner countries, programmes have been launched to reduce regulatory and administrative burdens (red tape) for businesses and citizens. A number of governments have started to consider more explicitly as well the reduction of such burdens inside public administrations, with the aim of improving the efficiency and quality of internal regulation in order to reduce costs and free up resources for improved public service delivery.

Less redundant and better regulation inside government to create an environment supportive of innovation

“Regulation inside government” (RIG) refers to the regulations imposed by the state on its own administrators and public service providers (be it central government, government agencies or local government service providers). It goes without saying that RIG is necessary to control the discretion of public servants, set basic standards and prevent corruption. But when the stock of existing RIG is so vast that norms overlap and even contradict each other, it may lead to confusion and lack of action by public servants. Complying with regulation can be overly burdensome for public sector organisations, and excessive regulation might inhibit creativity, and stifle the procedure of work when flexibility is needed, and can lead to a loss of net welfare (OECD, 2008).

Fiscal restraints may preclude the allocation of increased resources to the bureaucracy, and a better approach is to improve the efficiency and effectiveness of the regulations imposed on administrators and public service providers. The effective deployment of E-government is of increasing importance as a tool for reducing the costs and burdens of regulation on businesses and citizens, as well as inside government. It is

also the case that E-government services often require governments to standardise internal processes and data in order to integrate back-office functions across the public sector. However, some countries have legal or regulatory constraints that prevent them from sharing data for service integration, thus potentially hampering the development of innovative services (OECD, 2012d).

If the Dominican Republic decides to launch and implement a programme or initiative to improve the efficiency of the national regulatory framework, it could take into consideration some elements of the approaches and experiences of Australia, Canada, Colombia, Denmark, Mexico and the Netherlands. The chosen instruments, acquired knowledge and (international) lessons learned along the way in tackling redundant regulatory requirements inside government affecting public service delivery could be used to develop in the short and medium term well-coordinated targeted initiatives to identify and simplify a selection of existing (high-impact) regulations related to priority areas and sectors, reducing the most substantial, disproportionate, irritating and unnecessary administrative burdens (*cargas administrativas*) imposed on citizens and businesses in close co-operation with them.

Box 6.8. A more efficient and effective government thanks to regulatory reform programmes

In **Canada**, there have been several initiatives to review internal regulations for the above-mentioned purpose, but two of the most important are the “Policy Suite Renewal” and the “Web of Rules Initiative” (launched in 2007). More generally, Canada has established a policy to review regulations every five years. The Canadian Treasury Board sets rules and imposes management standards and expectations on departments to ensure that government is well managed and that spending is effective and efficient. Rules have built up, incrementally over time, into a complex web of policies, reporting requirements, processes and systems that need to be modernised and streamlined.

The strategy of “Policy Suite Renewal” seeks to ensure that policy instruments have clear accountability mechanisms and that only critical requirements are included, benefiting from a risk management approach which is well integrated into policy design (system where policies are proportionate to the problems they address). The aim is to establish a framework of action for public officials that is less prescriptive, leaving room for informed risk taking and innovation.

The objective of the “Web of Rules Initiative” is to improve the efficiency and effectiveness of government programmes by eliminating unclear, unnecessary, overlapping and ineffective internal rules, streamlining reporting, and modernising administrative processes and systems. By establishing a principles-based, risk-sensitive, results-focused management regime to better serve Canadians, it can be ensured that the right instruments are in place, giving departments and agencies more control over their decisions such that oversight activities by the Treasury Board Secretariat can concentrate on higher-risk, more complex programmes and projects. In this way, the government can be more innovative and operate more creatively to achieve results while continuing to safeguard accountability and taxpayer money. Both immediate-action and long-term solutions are needed to achieve sustained progress in tackling the “Web of Rules”.

Another example is the **Netherlands**, with a long-standing tradition of ambitious successive regulatory reform programmes for businesses (co-ordinated by the Ministries of Finance and Economic Affairs), followed by younger programmes for citizens and aimed at improving regulatory efficiency inside government (co-ordinated by the Ministry of the Interior). Most initiatives are linked to cross-government quantitative targets (such as 25% net reduction) and monitored through a sophisticated mix of quantitative and qualitative indicators which have been gradually enlarged to cover the broader and deeper national regulatory reform scope. Administrative burdens are measured and quantified by using the Dutch Standard Cost Model (SCM), complemented by qualitative instruments and techniques capturing perception and irritants when complying with regulations. This results in concrete simplification packages containing many specific reduction proposals in all priority areas, at the same time improving the overall quality of public policy objectives and therefore compliance with regulation (win-win solutions).

Box 6.8. A more efficient and effective government thanks to regulatory reform programmes*(cont.)*

Tools such as risk management help in designing and implementing regulations which are proportionate to the incurred risks. Progress is monitored through regular Cabinet letters to Parliament, surveys, a national watchdog, and mixed advisory committees (ministries and stakeholders).

One of the more recent Dutch programmes (*Interbestuurlijke Lasten*) addresses intergovernmental regulatory burdens – more specifically burdens between the central and local levels of government. Concrete objectives here include reducing the amount of information that must be recorded, developing a single audit, standardising definitions, downsizing the number of ring-fenced special purpose grants to local government, and streamlining the benefit system.

Part of the Dutch programme co-ordinated by the Ministry of the Interior addresses regulation inside the administration for professionals working in public services such as hospitals and schools. The aim is to free up time spent on administration so that services to citizens can be enhanced. One of the many specific objectives is to cut back “registration requirements” for teachers and police. On the basis of several profiles of professionals and in co-operation with them, a “top five” of administrative burdens per profile is usually selected for the programme to especially focus upon, benefiting as well from special committees (involved ministries and professional bodies).

Sources: Treasury Board Secretariat of Canada; Dutch Ministry of the Interior and Kingdom Relations.

In 2008, the Danish government decided to initiate an ambitious programme on “Better Regulation inside Government” as part of their national “Quality Reform” (*Kvalitetsreformen*). The main goal of this programme is to create a more effective public sector by reducing the amount of time spent on paperwork and administration, and by granting local management more autonomy and scope for professional discretion. The methodology and results of this programme are described in Box 6.9.

The Danish efforts for better regulation inside government show the importance of engaging public sector opinion through inclusion. More specifically, the bottom-up approach used, and the broad sense of ownership of the initiative, has resulted in successful implementation.

With the use of “scans”, specific regulatory problems were identified by engaging local managers and employees through interviews and focus groups. Similarly, the use of “right to challenge” has also contributed important ideas for regulatory changes. Finally, the use of surveys of citizens can help illustrate the need for reform of a particular regulative area, as it gives citizens the opportunity to voice their dissatisfaction with the parts of the public sector they experience as bureaucratic.

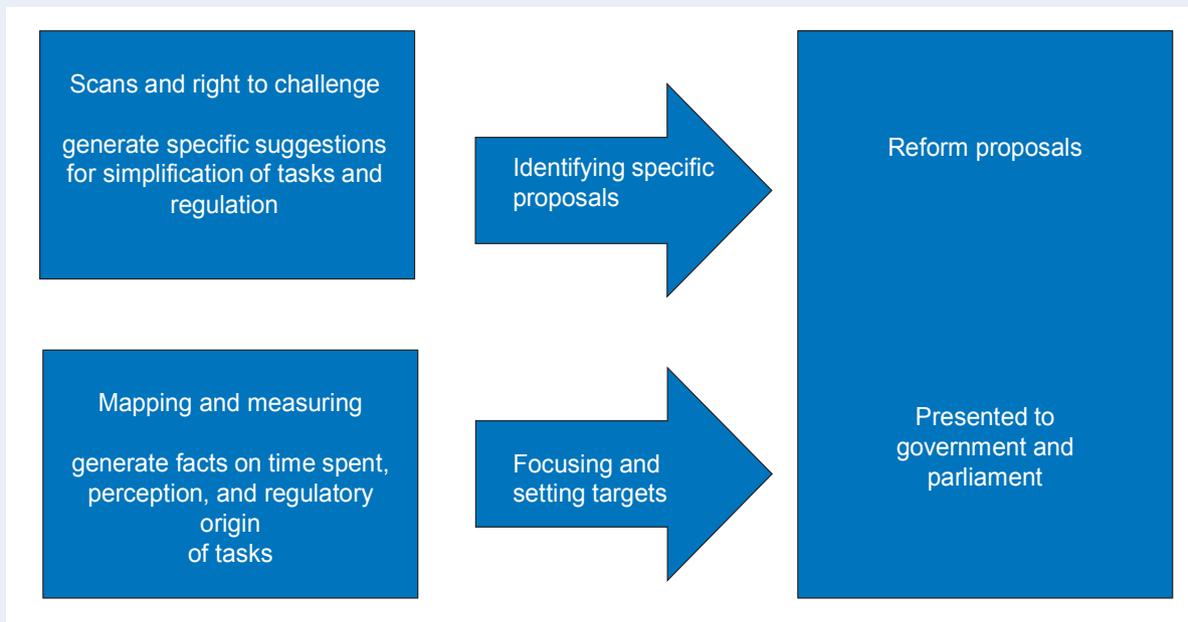
The bottom-up approach to reform not only supplies central government officials with valuable information about the realities experienced by local institutions; it also makes sure that relevant actors feel a sense of ownership of a particular project. As a consequence, inclusion in the policy preparation becomes key to better implementation.

Since 2009, Mexico has undertaken wide-ranging initiatives to foster a more efficient and effective government, in order to make citizens’ life easier, to increase competitiveness and to facilitate the economic and social development of the country. The underlying strategy of the Programme to Improve Public Management and the Regulatory Reform Programme *Base Cero* in particular seeks to fight the paralysis generated by excessive regulation, to eliminate provisions that are opaque or that create

unnecessary costs for the government and citizens, to eradicate corrupt practices and to diminish public administration costs in order to better use resources for priority areas.

Box 6.9. Better Regulation inside Government (RIG): Denmark

The Danish programme on “Better Regulation inside Government” is based upon a systematic methodology that consists of three interrelated methods: “scans” and “right to challenge” engage front-line personnel, managers and institutions in developing specific proposals; “mapping and measuring” provides information about the time spent on administrative tasks by front-line personnel and their perception of these tasks. Thus, the three methods provide the necessary basis to formulate reform proposals for political decision making. The figure below illustrates the methodology and how the three methods are interrelated.



The adopted approach is broad since it is not limited to regulation and legal rules, but also includes the interaction among legal rules, work flows, ways of organisation, IT systems and reporting practices. The approach is also broad in the sense that it is based upon reciprocal commitments and agreements between central government and municipalities.

The first result of the programme was a comprehensive reform proposal presented to the Danish Parliament in 2009. The proposal consists of 105 specific proposals removing regulatory requirements equivalent to EUR 120 million concerning eight central welfare areas in municipalities and regions, e.g. public schools, nursing homes, day-care centres, and hospitals. A reform proposal concerning the internal workings of central government institutions followed in January 2010, focusing on budgetary and financial management, human resources, and property administration.

Source: Danish Ministry of Finance, <http://uk.fm.dk>.

Through the elimination of duplicated and overlapping rules, and the establishment of a clear and unique internal regulatory framework, the Mexican approach seeks to minimise the use of resources for internal government activities, but at the same time increase the quality of public goods and services as well as the effectiveness of the federal public administration agencies (OECD, 2011c).

The first phase of the Mexican regulatory reform started with creating an inventory of all government rules currently in force. From this inventory, all federal government departments identified duplicated norms, processes and inefficient procedures, excessive costs and bureaucratic procedures that generate unnecessary costs to citizens. With the help of this inventory, the Ministry of Public Administration identified two major tasks for achieving the government's objectives:

- standardising administrative processes through the publication of nine *Handbooks of General Application* (e.g. human and financial resources, transparency, information technologies, control) and eliminating previous rules in order to provide quality goods and services to citizens and to repeal all unnecessary rules (Guillotine of Administrative Regulation);
- facilitating governmental procedures and services in order to better serve citizens, repealing all unjustified ones (Guillotine of Substantive Regulation).

Deregulation and better regulation initiatives were completed with the elimination, fusion or simplification of more than 9 181 rules, standards, laws or programmes due to deficiencies, contradictions, duplication or over-regulation.

Colombia recently adopted a model for total quality in public management which establishes the technical norm for quality in public management. These efforts have helped deregulate and simplify procedures inside government following the principle of administrative effectiveness. They have also led to the design of high-impact strategies, such as the recognition by the national government of good practices to eliminate internal formalities and procedures and the development of annual plans for administrative efficiency (OECD, 2013c).

The report *Reducing Red Tape in the Australian Public Service* requires agencies to plan for periodic reviews. It recommends that internal requirements are reviewed at least every three to five years and whole-of-government requirements at least every five to ten years (Australian Department of Finance and Administration, 2007). In fact, the Checklist for the Reduction of Internal Red Tape establishes the following actions:

- Develop a programme of review for internal and whole-of-government requirements.
- Regularly reassess and, where necessary, update the review programme.
- Review internal requirements every three to five years.
- Review whole-of-government requirements every five to ten years.
- Review whole-of-government requirements that were not adequately analysed after the first year of implementation.
- Identify possible reviews of specific whole-of-government requirements for consultation with the Red Tape Deputy Secretaries Group, pending agreement of portfolio secretaries.
- Ensure that requirements subject to sunset provisions are reviewed well in advance of the sunset date.

An important international lesson learned is that regulatory reform is not achieved by a one-shot policy; it is rather the result of a continuous improvement process and a systematic evaluation of both the stock and the flow (existing and new regulation). On the

basis of the Dutch experience, both systemic reviews assessing broader policy objectives and more specific thematic or sectoral reviews can be very useful; it very much depends on the policy phase, timing, maturity and capacity levels of the national regulatory reform programme. Regulatory reviews should be conducted periodically, to allow building upon reforms previously undertaken and guaranteeing the protection of public interests through effective and efficient government intervention. Keeping a lean and updated stock of regulation will minimise the risk of allowing the stock to grow again, with the consequences of loss of efficiency and an increase in the corresponding administrative burdens.

The result of more effective and efficient regulations is higher compliance with policies – not just less paperwork and more macroeconomic benefits (such as growth in GDP and in labour productivity), but also better health care and education, a safer working environment, better inspection, better statistics, and so on.

Given the context in the Dominican Republic – in which legislative reforms may take a long time to be debated and approved – it would be more pragmatic, in the first instance, to establish a regulatory policy via a presidential document. However, in the medium to long term, it would be better to raise the status of the policy to a primary law and embed it into the legislative framework.

In Mexico, the policy on better regulation is contained in the Federal Law of Administrative Procedure whose main elements are the establishment of COFEMER (*Comisión Federal de Mejora Regulatoria*, Federal Commission for Better Regulation) as the oversight body, the responsibilities of line ministries and regulators as part of the regulatory improvement policy, and the use of tools for regulatory quality. Canada's regulatory policy is contained instead in a Cabinet Directive which outlines regulatory process requirements and the steps for regulatory analysis (OECD, 2013c).

The Dominican Republic should consider establishing in the short term a high-profile regulatory reform unit (preferably within the *Presidencia*) responsible for promoting regulatory efficiency and quality and for guiding targeted regulatory reform policies and their implementation across the Dominican public administration. While individual ministries should remain responsible for their regulatory areas of competence, the experience of OECD and partner countries shows that co-ordination and regulatory oversight mechanisms are needed to ensure uniform regulatory management and an effective development of better regulation policies.

It is important in the short term for the Dominican Republic to adopt at the highest government level a clear, comprehensive, whole-of-government approach to regulatory reform policy and quality. It should integrate the various reform plans and efforts, spell out the principles on which it is built, and establish objectives, accountability and a framework for implementation.

The advice for the Dominican Republic would be to choose the stock (existing regulation) as an “entry point” for regulatory reform efforts, setting comprehensive criteria for selecting existing regulations to be reviewed. Only a limited number of regulations should be selected for review each year, based on clear criteria, set priorities and complemented by a perceived “sense of urgency”. The review mechanism needs to give more importance to economic analysis than is currently the case. The review should give consideration to whether the benefits of the regulation outweigh its regulatory costs. Possible alternatives to regulation should be assessed if the review comes to the conclusion that a given regulation is not effective in achieving its goals.

In the short and medium term, the focus should be on identifying, reviewing and simplifying high-impact regulations (Pareto principle) in close co-operation with stakeholders, addressing through a targeted and well-coordinated programme the most substantial, disproportionate, irritating and unnecessary administrative burdens (*cargas administrativas*) inside government and affecting public service delivery in crucial sectors such as health and education. The same goes for redundant burdens imposed on businesses and SMEs, hampering economic growth and competitiveness.

Attention should be paid first to issues leading to visible improvements and political benefits within a reasonable time frame. The focus should be on the tangible low-hanging fruit and quick wins rather than too-sensitive problems with powerful interests. For example, a one-stop shop can be an important internal and external savings vehicle of rationalising, streamlining and optimising administrative and service processes, making them also more accessible to citizens and businesses. One-stop shops are a single point of contact with the public administration where information requirements for a certain government activity or public service are made available to citizens and businesses and/or where citizens and businesses can conduct certain transactions with the public administration (OECD, 2013c).

In a perfect situation, there is only a “single window” to access all public services. In any case, a proliferation of one-stop shops should definitely be avoided, no matter the nature of the national economic, social and institutional context.

A one-stop shop for business start-ups is a concrete achievement and often a stepping stone for bigger regulatory reforms (such as in the case of the Mexican portal www.tuempresa.gob.mx). In Croatia, a regulatory review was undertaken building upon other reforms to improve regulatory quality, such as the introduction of the one-stop shop www.hitro.hr (OECD, 2010c).

It is wise for the Dominican Republic to keep the less visible, more complex yet still needed regulatory reforms until the next, more mature phase (medium to long term). This applies, for instance, to tackling all the flow of new regulations with comprehensive *ex ante* instruments (regulatory impact assessments, RIAs), to help prevent new unnecessary regulatory burdens from arising by capturing the full consequences (benefits and costs) of draft regulations. A “quick scan” could be the feasible option for the short term instead, to experiment and gain some experience before moving to full and more sophisticated RIAs. Consideration should be given as well to the effective use of sunset or revision provisions in new regulations.

Pragmatic participatory approaches for better policies and more innovative public service delivery

While it is beyond the scope of this review to analyse specific sectors in the Dominican Republic, generally speaking it is advisable to focus on innovating service delivery in selected key areas for the country’s economic and social development through targeted participatory policies and actions, rather than trying to tackle everything at once.

Public services account for a large part of government expenditures in OECD countries. High-performing and well-performing services are valuable both in terms of the direct benefits they generate for individuals and because they play an important role in supporting the competitive status of regions or national mechanisms, helping to determine a country’s welfare and capacity to attract human resources and investments.

Governments are key actors in providing most of the core and basic services people rely upon, but they face growing challenges and pressures in the design and effective delivery of public services, driving countries to consider more and more innovative strategies and solutions.

Box 6.10. Principles for good public services

- Respect the individuality of citizens.
- Communicate in a clear and open manner.
- Ensure clear expectations of citizens.
- Show humility about your role and power as a public employee.
- Make sure that errors are corrected.
- Make professionalism the foundation for good service.
- Ensure coherency in the public service.
- Develop and innovate service delivery.
- Spend public resources thoughtfully.

Source: Danish Ministry of Finance, <http://uk.fm.dk>.

These challenges are increasing as the number of vital public services expands, the mix of services desired by people becomes more diverse, and the fiscal capacity of governments becomes more constrained. Because services are such a vital part of the economy and the quality of life of citizens, it is important for governments to ensure that citizens and firms have access to an appropriate service mix provided in an efficient and equitable way. While public spending in key public sectors has increased, there are still large inequalities in the access to and use of public services (for example, in the health-care sector).

The scale of the demographic, geographic and fiscal challenges facing public services is impacting the nature of their demand and supply in the short and long term, which requires new thinking, new practices, and greater policy dexterity and responsiveness from public administrations. Territorial realities should be taken seriously into account, matching public services to local needs, instead of opting for an easy “one size fits all” solution. New technologies undoubtedly play an important role in innovative service delivery approaches. Nevertheless, the first crucial factor in integrally improving services is the recognition that a problem does exist, followed by committed work to jointly identify and implement feasible solutions for citizens and civil society.

Although there are examples of specific solutions to particular service delivery problems, the complexity of public services and the different country contexts imply that there is no single route or best approach. Depending on the country’s needs, the form and function of innovative service delivery schemes could range from the pursuit of new organisational forms and arrangements (including partnerships with other levels of government and other sectors in order to improve the delivery of programmes and services) to the types of services provided and who delivers them. Needs that drive a

country's interest in innovative service delivery could include: more cost-effective, responsive delivery to citizens; changes in organisational culture and management practices so that the organisation performs more effectively; and the granting of greater authority to managers, thus moving decision making closer to the point of delivery in the served communities (OECD, 2013a; OECD, 2010d).

Cost reductions are important, but they need to be balanced with implications in terms of quality and desired outcomes, not only focusing on short-term impacts. Value for money should involve: *i)* quality and suitability of the service for the individual; *ii)* long-term implications or whole-life costs; and *iii)* wider outcomes for society and the state.

The quality and accessibility of services could be improved by working with both internal and external stakeholders in order to better understand user needs, to collaborate more effectively, to get feedback on public services and to involve new partners in service delivery for a more citizen-centred perspective. Approaches with citizens at the heart of service delivery have been emerging as particularly effective and successful in OECD and partner countries.

Box 6.11. Developing professional standards for citizen engagement: the experience of the Netherlands

Important steps have been taken in the Netherlands to formulate and evaluate a professional standard for citizen engagement. Professionalism and made-to-measure processes create an ongoing process of implementation, knowledge gathering, evaluation and adjustment. The aim is not to reach “perfection” in citizen engagement, but to establish professional standards for these processes. Such standards are dynamic, never “finished”, and demand constant attention.

In 2006, the government of the Netherlands began a move to reorganise, professionalise and measure citizen engagement. The intentions were to make engagement more effective, to support good decision making and to improve trust in the process. The professionalisation consists of a Code of Conduct with “principles of good consultation” and an interdepartmental organisation (*Inspraakpunt*) that can support public officials. Support is offered to public officials through a platform for knowledge exchange and a regular benchmark of the quality and effectiveness of citizen engagement. The Code of Conduct states:

- Determine who has final responsibility and commit this person or organisation to the process.
- Build a process plan in advance and make it public. Transparency of the rules of the game makes the process transparent for everyone and provides clarity about expectations.
- Know and mobilise all stakeholders. Every question demands a specific target group and poses specific demands for the recruitment and selection of participants.
- Organise knowledge. Learn from others and open knowledge to others. Evaluate every engagement process.
- Be a reliable interlocutor.
- Communicate clearly, at the right moment and with up-to-date information.
- Be clear about different roles and about what will be done and what results are expected.
- Account for what has been done. Appropriate feedback of results and decisions shows respect for the input of those involved.
- Do not consult for the sake of consultation. Do not involve citizens for legitimacy of the decision. Consultation is only meaningful if it can contribute to the decision-making quality.

Box 6.11. Developing professional standards for citizen engagement: the experience of the Netherlands *(cont.)*

In 2008, the government of the Netherlands conducted an empirical evaluation of the impact of professionalism on citizen engagement. It drew upon 36 examples of citizen engagement. The results showed that:

- The more the standards for professionalism are met, the higher the scores of subjective and objective effects. This is particularly true where pre-conditions are favourable. If policy options are limited, or commitment from the political level is low, the effect of professionalism is considerably lower. Good communication leads to greater impact. Participants are more satisfied with the process and the results if there is clear communication about the influence of participants and if the results are clearly demonstrated. Support from the community for the decision finally taken will, in general, be greater.
- If project leaders ensure that the process is made-to-measure to the problem at hand, all those involved are more satisfied with the results. Support from society for solutions will be greater, in accordance with the extent to which the process is made-to-measure.
- Of all pre-conditions, political commitment particularly stands out. The impact is generally greater in processes where responsible politicians are supportive of citizen engagement. This is equally true if these politicians are visible to participants during the process and operate as a unit to the outside world.

Source: van der Wal, H., I. Pröpper and J. de Jong (2009), “Developing Professional Standards for Citizen Engagement, the Netherlands”, in OECD (2009), *OECD Studies on Public Engagement: Focus on Citizens*, OECD Publishing, Paris, <http://dx.doi.org/10.1787/9789264048874-21-en>.

There are a range of issues for which government – with all of its taxing power, authority and expert agencies – lacks the resources, legitimacy or know-how to accomplish agreed-upon ends. Public health, for example, is produced not just by doctors, drugs and access to health services but also through the informed and responsible choices of individuals. The effective education of children depends not just on good school facilities and skilled teachers, but also attentive parents and engaged students. In crime-ridden neighbourhoods, maintaining safe streets depends upon the many co-ordinated efforts not only of police and various city services, but also residents themselves.

Citizen engagement – including civil society organisations, businesses and NGOs – is an effective means by which governments can gain support and buy-in for their decisions, actual or planned. Citizens can also provide innovative ideas for solving policy problems or delivering public services. Systematic but pragmatic public engagement is not just desirable, it is a condition of effective governance: it makes sense both in terms of effectiveness and efficiency and of rebuilding trust by improving relationships with the several stakeholders and target groups.

Other innovations focus on better access to and transparency of information so that citizens can compare services, make informed decisions and hold government to account. Another perspective is that of user-centred innovation through the reorganisation and personalisation of service delivery channels. To be effective, innovative service delivery calls as well for flexible and adaptable local governance schemes, cultivating environments that facilitate knowledge pooling, simplify decision making and involve local communities more by integrating their views and expectations from policy design to implementation and evaluation.

Box 6.12. Engagement practices in Estonia

The Estonian Government Office has published a guide to engagement (“The Good Engagement Practices” on its website) which provides guidelines on how to engage, who to engage, and the principles for engagement. The guideline, which is not legislated or mandatory, applies to administrative agencies in the preparation of strategic documents, which are defined as: drafts of laws and their amendments, or regulations and directives of the Government of the Republic, ministers’ decrees and legislation of European Union institutions and other strategic documents; documents, concepts, policies, development plans, and programmes that are important to the country’s development; instruction and procedures for rendering public service; and conventions and international agreements, as well as the documents that are worked out within their framework and that influence society. The principles for good engagement are defined by the Estonian Government Office as:

- Clarity of the goals of engagement: briefly and clearly state the initial assignment, expected result, and projected effect of the consultations and resolutions.
- Engaged parties: determine the parties with whom to consult in the given field and take their wishes, needs, and distinctive features into consideration.
- Engagement at the early stages: for consultation and participation, involve the parties in the preparation of the draft as early as possible and continue the engagement throughout the entire course of the process.
- Detailed plan for engagement: design an engagement plan that is as detailed as possible.
- Smooth communication: ensure that the public, interest groups, and those possibly affected by the strategic document will be informed.
- Interim summary of the course of the engagement: compile an interim summary of the course of the engagement, correct the particulars of the process, and inform the parties of the interim summary.
- Announcement of the results: inform the engaged parties of the results of the engagement.
- Assessment of the engagement and results: assess the engagement and the applicability of its results.

Source: Government Office (2010), www.valitsus.ee/en/government/engagement-practices, Republic of Estonia, Tallinn.

Fostering trust and credibility through systematic communication is the very foundation of open and inclusive policy making (see also Annex B). Primarily, trust is between citizens and government. Many governments engage too much in public relations and not enough in real communication. A credible government is one that does not pretend to be better than it is, but delivers on its promised products and services, at the same time being open and transparent about what is not possible and why.

A very promising initiative in the Dominican Republic is the so-called *Cartas Compromiso al Ciudadano*: compulsory service quality agreements with citizens developed by MAP as an instrument to help achieve successful implementation of the CAF model, client satisfaction being the key reference point. The objective of such agreements is more tangible results for citizens, improving service delivery processes by increasing citizen engagement and influence on the outputs. Thanks to such an instrument, citizens know what they can expect from a particular public service (what, how, and by when), allowing them to hold the responsible public entity accountable for the quality of the delivered output.

Box 6.13. Fostering better information access and transparency in Brazil

Brazil has visibly invested in innovative ways to promote transparency, increase citizen engagement, encourage responsible public spending and deter corruption. In 2004, Brazil's Office of the Comptroller General (CGU) created an open-access portal with detailed data on federal expenditures, now linked to the Public Spending Observatory (ODP) created in 2008.

Data on the portal are updated daily or monthly. The government requires states and large municipalities to maintain their own transparency websites, and as of May 2013 the requirement also applies to smaller municipalities. A citizen-run group, called Open Accounts, provides the media with training on how to use the portal.

Brazil's Transparency Portal (www.transparencia.gov.br) can be run at relatively low maintenance costs and has created a culture of transparency in the country, capturing international attention. Several countries (including Costa Rica, Kenya, Montenegro, and Paraguay) are exploring similar efforts and have sought Brazil's advice. The portal is not the only measure of progress toward government transparency in Brazil. A freedom of information law – to ensure that transparency becomes the norm across local, state, and federal governments alike – was sent to Congress in 2009, passed in 2011, and went into effect in May 2012, giving citizens the legal standing to enforce the right to information in court.

Other countries are also looking to increase their transparency: already, 55 countries have joined the Open Government Partnership (OGP) launched during the 2011 United Nations General Assembly and initially co-chaired by Brazil and the United States. Each participating country must publicly present a detailed action plan describing how it will increase government transparency.

Sources: OECD (2012c), *OECD Integrity Review of Brazil: Managing Risks for a Cleaner Public Service*, OECD Public Governance Reviews, OECD Publishing, Paris, <http://dx.doi.org/10.1787/9789264119321-en>; McKinsey and Company (2012), www.mckinsey.com/insights/public_sector/innovation_in_government_brazil.

Box 6.14. Open and inclusive policy making in Austria

In 2002, the Austrian Federal Ministry for Agriculture and Forestry, Environment and Water Management established the Austrian Strategy Group on Public Participation. This interdisciplinary task force had about 20 members drawn from the public administration, from NGOs, and from consultants and academics. The group published practical worksheets on various topics, such as the preconditions and quality criteria for public participation, the benefits for different stakeholders, and the limits and obstacles to public participation processes. In its efforts to raise professional standards and build capacity among public participation practitioners, the group organised regular conferences and workshops as well as meetings with key target groups (e.g. political decision makers, business representatives). In 2005, the group published its first *Public Participation Manual*. These resources are all freely available on the group's website, which also contains useful links and a selection of material in English.

Source: Austrian Federal Ministry of Agriculture, Forestry, Environment and Water Management (n.d.), www.partizipation.at/index.php?english.

The MAP initiative has led to the creation of 19 service quality agreements so far with a growing use of periodic surveys, 164 public services being linked to established criteria and 12 public institutions having committed themselves to a system of complaints and suggestions which can lead to compensation measures in case of inadequate service delivery.

As emerged from some interviews held during the OECD fact-finding mission in July 2013, in the Dominican Republic there are some user groups, civil society organisations and NGOs (such as *Participación Ciudadana*) which are articulate and which have some capabilities and comparative knowledge and the capacity to gather data, formulate their views and express their main interests. However employers' associations and civil society organisations are generally small and weak in the Dominican setting, with limited capacity to be further involved in and systematically connected to government programmes and initiatives. This means that there is scope for more organised and robust capacity building for civil society and NGOs as well as associations on supporting their engagement with government and with the public administration.

Partnering with citizens and civil society for innovative public service delivery

Governments are increasingly looking at citizen input as a source of innovative ideas in service delivery, involving users from information giving (e.g. government websites engaging the public) to consultation (e.g. seeking citizens' views or service user feedback), to participation (e.g. contributing to resource and policy decisions through online networks or community meetings).

As emerged from a recent OECD study (OECD, 2011d), the engagement of individual citizens and civil society organisations as partners in the delivery of public services can lead to higher user satisfaction and, potentially, cost reductions. New forms of partnership with citizens, users and NGOs (also known as co-production) have emerged, increasing public service performance and responsiveness without raising costs. Less advanced countries in the LAC region have been pioneering collaborative approaches to service delivery, which is largely the consequence of the lack of a professionalised civil service and of service delivery infrastructures. Most available examples of co-produced services are related to incremental improvements rather than radical changes to transform services, with a low risk level.

User and community co-production of public services refers to the co-operation between the professional service providers (in any sector) and service users or other members of the community through establishing regular, long-term relationships, where all parties make contributions. Such practices bring in additional resources and new approaches from users, social networks, families and friends, offering a powerful instrument to help individuals and communities, as participants, co-produce innovative solutions to complex problems. Co-production of services is an umbrella term. It includes a range of more specific terms such as co-design, co-creation, co-delivery, co-management, co-decision and co-evaluation, which all reflect the different stages of citizen involvement and the different types of input. Co-production is still in early phases in many national public service delivery domains, yet several conducted (pilot) programmes show promising results in key areas such as health, education and social protection.

Co-production can be a doorway to new opportunities but it also raises important challenges that governments have to face when they involve citizens in service delivery (e.g. probity and accountability, skills, and organisational cultures). Engaging citizens and

the third sector as partners in the production and delivery of services allows for a shift in power relations between service professionals and users. This challenges existing organisational values and practices in the public sector, with implications for accountability. It is important that government is not perceived as giving up its responsibilities when partnering with citizens but rather as maintaining a clear and stable role as “watchdog” of the public interest, developing new types of governance relationships which recognise how users and communities play a direct role in service delivery. Adapting the public sector staff to new professional roles, as service advisors rather than producers, requires developing new knowledge and skills.

Box 6.15. Some benefits of managing civil service change through partnership

- Improved organisational performance.
- Enhanced intra-organisational communications.
- Enhanced employee commitment.
- Better working environment and improved staff morale.
- Increased staff involvement and participation.
- Greater use of team working.
- Reconfigured attitudes to change.
- Better awareness of organisational goals.
- Shared understanding of common goals.
- Improved customer focus.
- Enhanced problem-solving capacity.
- Better-informed decisions.
- More constructive and co-operative environment.
- Increase in employee-voice mechanisms.
- Expanded and more strategic role for unions.
- Increased dialogue, consultation and information sharing.
- More participative managerial style.
- Improved staff-management relations.

Source: NCPP (National Centre for Partnership and Performance) (2004), *Civil Service Modernisation: Using a Partnership Approach*, NCPP, Dublin, http://files.nesc.ie/ncpp_archive/reports/NCPP_2004_csm_full_report.pdf.

Co-production approaches are showing the greatest potential for better value for money and user satisfaction in personal services such as health care. A key element of various health co-production models is to lessen user reliance on experts and thus reduce the costs of the service. Essentially it is about models in which some of the services previously provided by professionals are now in the control of users. Users are supported

and trained to become knowledgeable about particular conditions, manage their own care on a day-to-day basis, and reduce the amount of expert intervention required. The nature of the professional service thus starts to change, to be used for more specialist or complex functions and to back up the user-led support. This can release resources either to reduce public spending levels or to transfer resources to other priorities. Such approaches share an emphasis on prevention which reduces the need for expensive services (such as emergency hospital admissions or out-patient visits).

Some schemes show the power of peer support and individual contributions for delivering appropriate services which could not otherwise be provided. This model of co-production involves solid and ongoing relationships. Costs are minimal – mainly training and support from professionals; benefits include an increase in motivation and problem solving, depending on the type of mentoring (OECD, 2011b).

Box 6.16. Participative education: Chile

In order to lower the number of school dropouts and to mitigate associated social problems (including crime and increased drug use), local authorities in Punta Arenas, Chile, have sought to create a participative educational system. In this model, students work with their educators to decide how their studies will proceed and to learn methods of civic engagement and community participation. Classrooms are also participative public spaces where students are encouraged to be flexible and to focus on their development as people within a larger community.

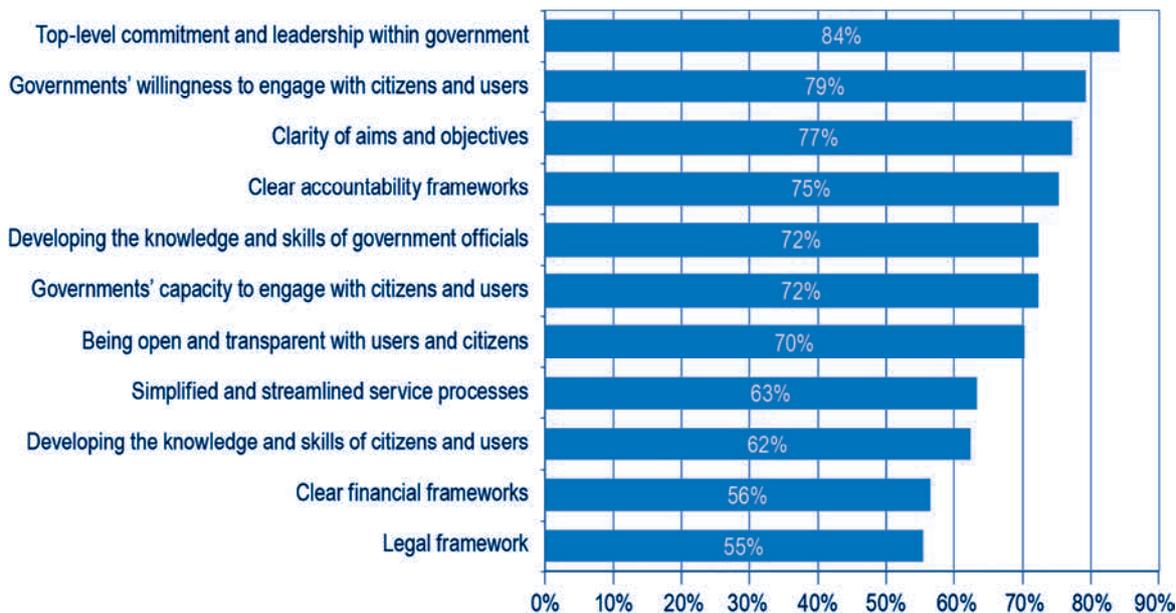
The benefits of this programme have become clear, as a high number of beneficiaries have graduated and successfully entered the labour force. The programme not only offers a concrete, multidisciplinary solution to the problem of academic absenteeism; it also creates emotional bonds between educators and young people. It is thus an additive model, which is being embedded; and education is co-produced with students who have previously not succeeded within a traditional delivery model. The success of this programme has been recognised in a national award.

Source: Government Innovators Network, Harvard Kennedy School, Ash Center for Democratic Governance and Innovation, www.innovations.harvard.edu/awards.

Factors enhancing co-production in the several member and partner countries have been surveyed by the OECD, the most commonly cited factors for successful partnerships being top-level commitment and leadership, government willingness and capacity to engage, and clarity of strategy and objectives (see Figure 6.4). These factors are characteristic of the early stages of change and reflect countries' positions on a continuum of change. They also reflect a strong commitment to building relationships with users and citizens. OECD research also identifies examples of radical change (most of which are experimental) and embedded change (which is more incremental) (OECD, 2011b).

Figure 6.4. Factors enhancing co-production of public services with citizens and civil society

As a percentage of cases reported by countries across all service categories



Source: OECD (2010e), “OECD Survey on Innovation in Public Services”, unpublished; 22 OECD countries and Brazil, Egypt, the Russian Federation and Ukraine responded to the survey.

Success factors may vary according to the type of service and the nature of the change involved in partnerships. However, the following key aspects seem to be especially relevant to the Dominican setting, taking into consideration the conducted interviews and what emerged from the previous chapters: holistic approach and collaboration across departments and sectors in government; synergy (working towards common goals); clear rules from the outset; needs identification throughout the project; reaching out to the target population; willingness to engage with citizens, users and national NGOs such as *Participación Ciudadana* (communication); accessibility (e.g. of web applications); and commitment to take user/citizen suggestions into account from the very beginning and during the whole process.

It is equally important to quickly identify obstacles and anticipate risks as part of managing successful innovation and change. Factors in the Dominican context that represent risks or potential barriers to effective and efficient partnerships with citizens and civil society for better service delivery include the following aspects:

- Knowledge and skills: both the government and citizens/users may not have all the skills needed to co-produce. This could lead to an inability to contribute effectively to service design and delivery processes, resulting in higher costs.
- Resources: there might be a need for additional resources to fund co-production initiatives, at least in their early steps.
- Organisational culture and resistance to change: co-production models can challenge existing organisational values and practices in government. For example, in the co-production of social care, professionals need to become enablers and providers of support for users to make choices and decisions, rather

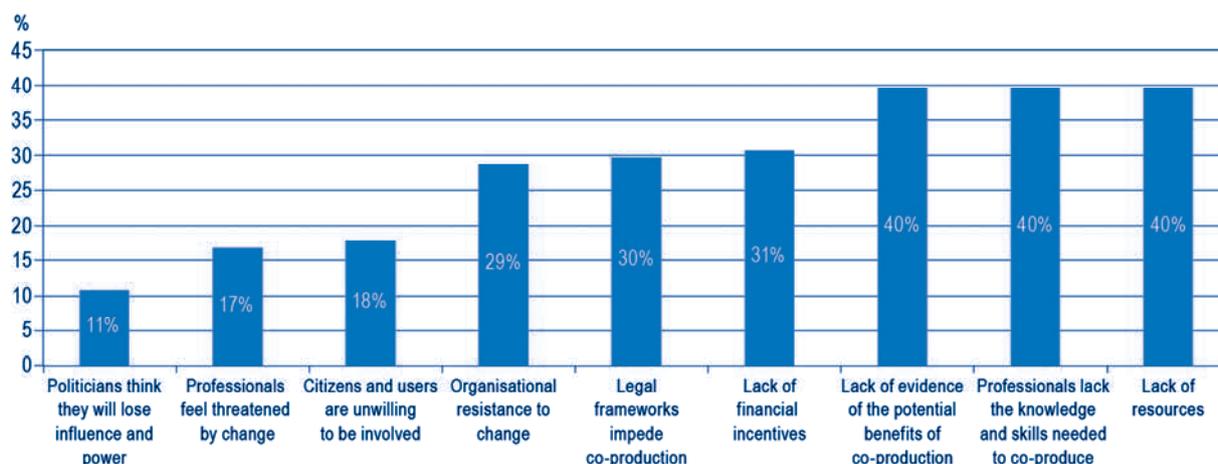
than experts delivering prescribed service inputs. Such changes transform power relations between professionals and users and lead to a fluidity of roles which traditional professionals may find difficult and may resist.

- Trust: citizens and users may not be willing to commit and engage, even less if new approaches are only associated with cost-cutting. Also, there is the risk of citizens becoming cynical if partnerships do not deliver on the expected changes.
- Equity and inclusion: the people involved in co-production may not be representative of citizens on the whole, less vocal people might be excluded, and there might be “capture” by particular groups.
- Probity: there could be a risk of fraud and malpractice, especially in a context where budgets are devolved directly to users.
- Co-ordination and collaboration between central and local government levels: a lack of such important institutional mechanisms – coupled with financial impediments to fund service innovation generated by co-production – can present barriers to the use of such schemes.

The OECD survey on innovation in public services shows that a shortage of resources (40%), a lack of evidence of the potential benefits of co-production (40%), and professionals’ lack of knowledge and skills (40%) are the most frequent barriers to partnerships with citizens and civil society (see Figure 6.5).

Figure 6.5. Factors representing barriers to co-production of public services with citizens and civil society

As a percentage of cases reported by countries across all service categories



Source: OECD (2010e), “OECD Survey on Innovation in Public Services”; 22 OECD countries and Brazil, Egypt, the Russian Federation and Ukraine responded to the survey.

It goes without saying that risks and barriers are the greatest for more radical co-production modalities. This is the case, for example, in social care where there is usually a shift in power relations and a reduction in professional control, with devolution of control over budgets to users. For other service areas, change is likely to be smaller scale and to involve less risk (OECD, 2011b).

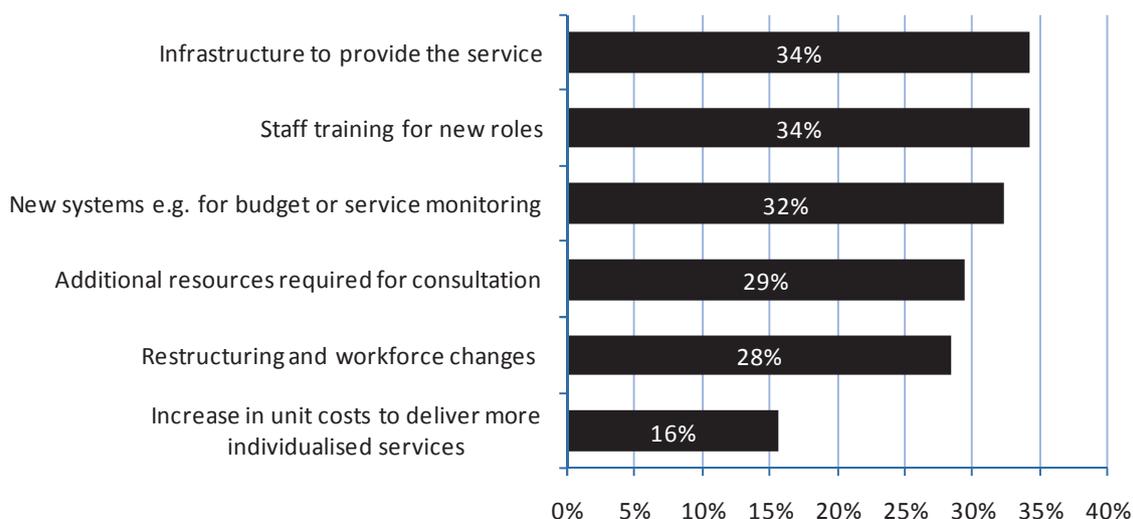
The issue of costs should be addressed for any change process – both whether additional resources are needed to develop and implement change, and also what the

expected financial impacts of the change are. Limited resources may involve creating unfunded mandates, thus preventing effective partnerships.

According to the results of the OECD exploratory survey on co-production of public services (OECD, 2010e), two cost factors emerge as the most commonly needed resources: staff training for new roles, and infrastructure to provide the service (see Figure 6.6). When it comes to specific services, the most common costs are related to new systems (e.g. for budget or service monitoring in health) and to workforce changes and consultation in education, social protection, and public order and safety.

Figure 6.6. Co-production costs

Percentage of cases reported by countries across all service categories



Source: OECD (2010e), “OECD Survey on Innovation in Public Services”; 22 OECD countries and Brazil, Egypt, the Russian Federation and Ukraine responded to the survey.

Rural service delivery to reduce poverty and inequality by improving access conditions for citizens

The impact on citizens’ lives of basic public goods and services like education, health care and justice depends significantly on the extent to which intended recipients are able to access and consume them (especially low-income or other vulnerable groups). The accessibility of public services can be considered a performance criterion for governments, reflecting their capacities to accurately recognise the diversity and nature of different needs, to create and tailor delivery and communication channels accordingly, and to ensure equity and fairness in delivery and distribution.

Barriers to access can take several forms including: geographical distance; inadequate facilities for users requiring special accommodations; insufficient number of delivery channels (Internet, phone, person-to-person, etc.); insufficient information or use of complex language; inconvenient opening times; or excessive administrative burdens. Such barriers can decrease the awareness of eligibility and of the existence of services, or deter potential recipients. Affordability – the economic costs of purchasing a good or service relative to income – can be an important barrier to access. Financial accessibility

can not only make the difference between whether or not a good or service will be consumed, but can also impact the confidence of citizens in the fairness of public institutions (OECD, 2010f).

While it is challenging for governments to provide additional services in urban settings (due to competing claims for scarce funds), there are even greater challenges in providing services in rural regions (including a generally weaker incentive for private providers to play a role and problems in adapting modern technologies to rural realities). Nevertheless, there are several examples of delivery mechanisms in OECD and partner countries that provide good quality services in rural regions and areas. An important factor is the willingness to consider a new methodology or approach, instead of just copy-pasting the way services are provided in an urban setting. In many rural areas, especially the more remote ones, certain services are simply not available, or available at higher cost and/or lower quality than in urban locations. Services to be provided in rural areas are often identified on a case-by-case basis without any thought about how they fit into the existing pattern of services already available. Tailoring service delivery to better fit the circumstances of the rural situation is therefore needed, which may involve finding a different type of service provider and/or a different technology for delivering the service, or even developing a new service that results in a similar outcome (OECD, 2010f).

Targeted service delivery policy strategies are key to responding to complexity, uncertainty and the evolving demand-and-supply nature and drivers of rural services. Public policies need to make sense in the short and long term, which means targeted policies requiring not just an understanding of user preferences and needs today but also thinking about the future. This can enhance policy development and help in the design of better services in rural areas, improving decisions made in the present and revealing new opportunities. The government has a central role in this process, either as a direct provider or by influencing the service delivery decisions of private firms and the voluntary sector. Its role should adapt according to the institutional and governance changes necessary for the future of rural settings.

In rural areas with fewer choices of service providers, governments need to seek partners for the delivery of public services. Investor-owned firms are less likely to engage in rural service provision, so the provider role is likely to fall largely on the government or the voluntary sector. Governments should move from a “command and control” mode to one that embraces “partnership”, “new ways to support partnership creation” and the relations between public (central/regional/local), private and non-governmental actors. In particular, there is the need for governments to: build capacity in order to anticipate and experiment; reduce friction, manage risk and take preventive action; ensure equitable distribution of the benefits from innovations and breakthroughs; establish equitable risk sharing to mitigate risks for citizens, especially for the most vulnerable; and build citizen resilience so that citizens can deal with problems and challenges.

There is scope for a wider use of public management tools such as co-design and co-delivery schemes in rural public service delivery strategies, partnering where feasible with organisations having a culture that facilitates the risk taking and experimentation necessary to develop innovative solutions. Co-design and co-delivery offer an interesting and useful way to think about reorganising existing public services and/or to create and then provide new ones. The main idea underpinning this option is that services should be produced with users’ input and not simply provided to users by government. An important thing is to work with communities from the very beginning to identify priorities and what can realistically be achieved. A starting point for better-tailored policies is to

identify user needs and preferences, then sharing relevant information with the appropriate stakeholders and policy makers. The population in rural areas is often willing to become engaged in local policy discussions, sharing a common agenda. When service users are involved in designing the types of services and how they are provided, there is a better opportunity to give rural dwellers the services they want in a way they want to receive them. Consequently, it may be easier to reach agreement on how services are to be provided than in more complex urban societies. For instance, co-delivery in rural areas can be utilised to achieve social objectives (e.g. community care for certain categories of people).

People in rural areas are more resilient; they know how to make do and mend, come up with practical solutions useful in a world where you can't afford the luxury of more exotic solutions. (Richard Wakeford, Chair of the OECD Working Party on Territorial Development Policy in Rural Areas, 2010).

Some of the conducted interviews illustrated that such an approach could be useful for Dominican rural areas where traditional service delivery mechanisms would be too expensive or less effective. Because service delivery in rural situations is to a great extent a niche business, and not a mass production process, it is very important to have the end user in mind at all stages (but especially during the initial ones).

The Dominican Republic could strongly benefit in the short, medium and long term from the knowledge and experience of several OECD member and partner countries having designed or started developing extensive programmes for combating poverty and inequality which combine family income support mechanisms with initiatives to enhance socio-economic development through the promotion of better access to and quality of basic public services. Access to in-kind services such as water, education, health and child care is crucially important to support the resources of low-income families, to allow parents to take jobs and children to invest in their human capital.

Some innovative approaches to service delivery focus on getting the service closer to the user by improving access conditions. The use of these approaches has spread to different areas and sectors as part of strategies to increase the access to and quality of public services, especially at local level.

Physical multi-service centres – which imply a user-centred approach, putting multiple services in the same physical location or co-locating (physical one-stop shops) – are an increasingly common delivery mechanism. The main advantages of co-location are that it can result in cost savings if basic overhead costs are pooled (economies of scale). These overhead costs might include energy, security and administrative expenses, which can often be reduced significantly through co-location. The other main advantage is that users who incur travel costs can combine many actions in one trip, thus saving money and time (OECD, 2010f).

**Box 6.17. Outcomes of the OECD/LAC initiative workshop,
"Fighting poverty through better quality of public services", Mexico, 2-4 June 2009**

The workshop on “Fighting poverty through better quality of public services: Sharing experiences between LAC (Latin American and Caribbean) and OECD countries” was held to exchange good practices and policy advice on improving public service access and quality for poverty alleviation, greater social inclusion and reduction of inequalities. Participation was broad from the region (Argentina, Costa Rica, El Salvador, Nicaragua, Panama and Peru) and from OECD countries (Australia, Chile, Mexico, Spain, United Kingdom and United States). This activity aimed at creating a network of policy makers in LAC and OECD countries involved in and committed to the improvement of public services as part of their country development strategies. Several case studies highlighted the key role of water service provision in alleviating poverty.

The *Estrategia 100x100* programme was developed in Mexico to foster public service improvement in the three areas identified in the Human Development Index (HDI): education, health and income. Along those areas, it has promoted infrastructures services. The programme was also developed at federal level to enhance HRM and human capabilities in the lowest 125 municipalities in terms of HDI. One of the most successful policies in improving health aspects has been the provision of water. It has an enormous effect in mitigating gastrointestinal illnesses.

The UN has developed a framework for effective public service delivery through decentralisation, implicitly oriented towards LAC countries. It suggests the public provision of eight services labelled as “basic” for their contribution to human dignity while enhancing the quality of life and promoting sustainable economic growth. The eight basic services are water and sanitation, waste management, energy, transports, communications, education, health, and public safety. The public provision of such services must consider the long period needed to realise the investment in the case of water and sanitation services, waste disposal, energy, transport, and communications.

The closing comments for the workshop confirmed the need for a cash-in-kind approach in order to alleviate poverty. In order to best do so, there is the need to have a territorial approach – as it was seen through the workshop that rural and urban areas differ in terms of problems faced and solutions that work best. Moreover, it is necessary to face the co-ordination problems that arise from the interaction of different levels of government. The need for a systemic approach towards poverty alleviation was mentioned throughout many presentations during the workshop, and a demand for effective decentralisation was voiced.

Source: OECD (2010f), *OECD Rural Policy Reviews: Strategies to Improve Rural Service Delivery*, OECD Publishing, Paris, <http://dx.doi.org/10.1787/9789264083967-en>.

Box 6.18. Multi-service centres (physical one-stop shops)

In many countries, the gap in rural public service provision is being filled by one-stop shops (OSS). As an innovative service delivery model, OSS operate like information hubs and provide access to a diverse number of programmes from one centralised point. The result decreases provider costs and increases access by rural dwellers to necessary services. OSS can take numerous forms, for example: *i*) a single-window transaction centre, facilitating application to a multitude of services from one access point, or *ii*) a physical location going beyond mere application to full service-on-the-spot delivery. In the latter form, the types of service offered by OSS are much more comprehensive and include anything from education, childcare, government information, referrals and advice, health/elder care, social support services (rehabilitation, housing support), to cultural and recreational activities. Driven largely by community need and involvement, these “all purpose” service centres are expected to continue to grow in rural regions because they allow governments to provide rural services on the basis of cost efficiency.

Nonetheless, there are certain problems associated with OSS in rural areas. First, different administrative cultures in one space can lead to conflicts in operation and management. Second, there are constraints on the development of services and the different activities that can be offered due to the structure chosen (i.e. school building with limited access) or the different needs of service providers. Third, rural communities typically have difficulty procuring funding, which raises questions about the long-term viability of OSS in the face of financial limitations.

A summary of the advantages and disadvantages of OSS for users and providers as observed in Scotland is provided in the overview below.

One-stop shops: advantages and disadvantages in Scotland

Advantages

- More user-friendly services with greater flexibility and better facilities
 - Improves proximity with access for all, including lower income users
 - Saves on time, cost and travel
 - Improves community confidence
-
- Enables local service delivery
 - Creates a collaborative working environment
 - Allows for higher quality of services
 - Cost-effective

Users

Providers

Disadvantages

- Centralised location with sometimes restricted access
 - Inconvenient location, i.e. schools structure but non-school activities
 - Common facilities diminish privacy
-
- “Subpar” technology
 - Difficult to maintain staff
 - No dedicated space
 - Less direct client contact

Users

Providers

Source: Adapted from Bryan et al. (2007), Critical Factors in the Success of One Stop Shops as a Model of Service Delivery within Rural Locations, Scottish Executive, Edinburgh, United Kingdom.

The approach that consists in merging takes services that are in a sense substitutes and combines them into a single, more viable entity.

An alternative citizen-centred delivery option is to bring services to users in a way that can either reduce costs or attract more users. In fact, where the demand for services is widely dispersed it may be more efficient to reorganise how the service is provided – for instance, by adopting mobile and outreach service delivery approaches, such as bookmobiles bringing library services to communities that are too small to have a physical library, or mobile clinics providing basic medical care and dental services in remote or distant areas.

Box 6.19. Examples of innovative rural service delivery

Improving water management and supply: The São Francisco Project (Brazil)

In Brazil, governments, public entities, civil society and private sector organisations have created a partnership to find solutions for the improvement of water supply in the north-east region of Brazil. The São Francisco Project is a national-level initiative which aims to integrate São Francisco to watersheds in the north-east region of Brazil in order to supply potable water to 12 million people in the states of Pernambuco, Paraíba, Ceará and Rio Grande do Norte by 2025.

Civil society organisations are involved in social and environmental programmes which form part of the project. They co-decide on social issues, such as the decision to relocate affected families, or co-participate in the monitoring of the welfare and satisfaction of citizens during and after the execution of the project. The rural population directly affected by the project initially showed resistance to changes; however, the co-production process made it possible to discuss and define their priorities.

As a result, citizens concerned by the project have access to health and education services, sanitation infrastructure and technical assistance to develop irrigated crops on their land. The living conditions of affected families have improved due to relocation. In native communities, actions are taken to develop craftsmanship to raise the income of families. The effect of the project is a modification of labour structures in the region, permitting the social and economic development of the communities involved.

Rural Transaction Centres (Australia)

Variants of one-stop shops (OSS) are visible across several OECD countries. For example, the Rural Transaction Centres (RTC) programme in Australia helps small rural communities establish locally run and self-funding centres that either introduce new services or bring back services that were no longer available. Since its introduction in 1999, over 200 RTCs have been approved for assistance under the programme. Because an RTC programme field consultant assists in the initial community consultation and feasibility study, the programme considers community needs well in advance and adapts accordingly. Thus RTCs do not compete with other planned services, and usually include: financial services; postal and telecommunications access; federal, state and local government services; insurance and taxation; and printing and secretarial capacity. These centres employ from one part-time employee to four full-time staff. Funding from the central government covers the capital costs of establishing an RTC and subsidises the costs during the early operation stage, if necessary. The RTCs have been integrated into the Australian government's new streamlined Regional Partnerships Programme.

Western Economic Diversification (Canada)

In Canada, Western Economic Diversification (WD) aims at stimulating economic growth by providing training schemes filling specific skill gaps in the rural economy and encouraging the involvement of under-represented rural residents. To overcome the proximity issue, WD worked with provincial partners to secure two trailers which act as mobile labs and deliver on-the-spot training as needed (e.g. auto service technical, carpentry, electrical, machining, pipefitting, plumbing, welding). An estimated 100 students are reached per year. WD also supports an Entrepreneurship Learning Centre in Alberta, a video conferencing network that provides business information and interactive training opportunities. Since this aspect was introduced in 2004, over 14 000 small business owners and entrepreneurs have been served.

Box 6.19. Examples of innovative rural service delivery (cont.)

The Citizen Service Offices (Finland)

The Finnish equivalents of one-stop shops (OSS) are the Citizen Service Offices which allow for the provision of services (whether public, private, non-profit or mixed) from a single outlet. The objective is to offer citizens a single outlet for services that are suitable for joint management, i.e. municipal district court, tax and work administration, National Pension Institute, and other regional and local authority services. The services provided include reception and handing out public documents and information, advice concerning the institution of proceedings and processing of matters, and support in the use of electronic services. The aim is to ensure, by means of joint, customer-oriented services and efficient utilisation of information technology, a sufficient and high-quality service network, a productivity increase of the local service network, and a reduction of provision costs.

Net on Wheels (Portugal)

In Portugal, the Net on Wheels project uses vans equipped with notebook computers to provide access to the Internet, opportunities for professional training and improved access to electronic public services to remote and sparsely populated areas. Net on Wheels is an innovative community project that serves five municipalities of the region of Entre Douro e Vouga in Portugal. It involves several partners, such as businesses, social and cultural institutions, education institutions at different levels, and the regional and national governments. It is financed by the *Programa Operacional Sociedade do Conhecimento* (POS-*Conhecimento*), whose funds come from the state budget and the European Union. Two energy-autonomous, adapted vans provide users with 15 PC notebooks connected to the Internet through mobile or satellite connections. Net on Wheels makes use of Internet services and exposes non-traditional users and areas to ICTs and the net. The project has also provided training in basic ICT skills to less traditional users, improving population employability. To date, the project has reached over 26 954 users, provided over 860 basic ICT skills diplomas, attended 1 176 events, visited 312 institutions, had over 225 participants in its digital workshops, and taught over 267 courses.

Sources: OECD (2011a), “Innovation in Public Service Delivery: Context, solutions and challenges”, Public Governance and Territorial Development Directorate, GOV/PGC(2011)4/REV1; OECD (2010f), *OECD Rural Policy Reviews: Strategies to Improve Rural Service Delivery*, OECD Publishing, Paris, <http://dx.doi.org/10.1787/9789264083967-en>; Australian Department of Transport and Regional Services; and information provided by the Brazilian Ministry of National Integration.

Building capacity to implement partnerships with citizens and civil society for better service delivery

Like any change process, the development of co-production requires adequate planning and strategic organisation across a range of service areas, with an important role for civil society and the third sector. Conducted interviews and analysis of available data indicate that strategic and targeted approaches could be beneficial to the Dominican Republic in planning how co-production could be used to deliver positive change in key public service areas, in terms of tangible outcome improvements at a lower cost.

A strategic approach starts by identifying the biggest challenges where the impact of change could be the greatest, such as health, education and social care. Alongside this, more gradual changes in other complementary areas can be included to make important incremental improvements, especially drawing on examples in community services which use new technologies to reach a wider range of users at a lower cost than the more traditional services.

Such a mixed approach reduces both the costs and the risks of delivering change. Many projects with transformational ambitions are at an early stage, and it will be important to monitor progress and evaluate impacts, learning more about what works and

what does not. For instance, key service areas such as health and social protection usually benefit most from co-production when the goal is to achieve more radical changes.

In any case, successful partnerships do require a shift in organisational culture. Staff need to value users as contributors, creating the needed conditions in which they can co-produce. Besides new technologies, partnerships may also require necessary interventions and changes in public system and power structures that would raise and keep this issue high on the political agenda. Table 6.3 could help the Dominican Republic identify a path for designing effective co-production schemes for better public service delivery.

Table 6.3. Key factors for successful implementation of partnerships with citizens and civil society

Attitudes and culture	-Valuing users/citizens and openness to their contribution
	-Flexibility, willingness to think differently and to experiment
	-Creativity to generate a wide range of options from which to choose
	-Looking outside of your own organisation
	-Prepared to share skills and devolve power
	-Training of professionals and users/citizens to develop new skills and attitudes
Systems and processes	-Systemic approach and integral perspective on service delivery
	-Leveraging new technologies, E-government and M-government
	-Process improvement (mapping existing and scoping new paths and linkages)
	-Monitoring systems to keep track of impacts, evaluations
Collaboration and partnerships	-Citizen and user input at all stages
	-Involvement of private or voluntary sectors
	-Empowerment of communities, citizens, staff
	-New skills and ways of working
Management and leadership	-Leadership support from the top
	-Increased rewards to innovative individuals
	-Risk management
	-Evaluation pilots, scaling up success
Learning and communication	-Learning from and benchmarking with others
	-Using pilots and systematically evaluating what has worked and what has not
	-Spreading successful practices
Resources	-Bringing in resources from citizens, communities and other organisations
	-Seeding core resources for high-impact innovations
	-Drawing ideas from people at all organisational levels

Source: OECD (2011b), *Together for Better Public Services: Partnering with Citizens and Civil Society*, OECD Public Governance Reviews, OECD Publishing, Paris, <http://dx.doi.org/10.1787/9789264118843-en>.

The mix of elements and their relative importance depend to a large extent on the nature and level of the desired change. For example, a radical change in social care will require major changes in professional attitudes, significant core seed funding, robust monitoring systems, input from users at all stages, strong risk management with new

financial systems, and strong leadership to persuade and manage resistance to change. However, improvement in a local park, for example, may be delivered from existing resources and will require less change in attitudes and culture. It will involve lower risk, but it will require good communication skills to welcome contributions from the public.

The instrument of M-government in particular – the adoption of mobile technologies to support and enhance government performance and foster a more connected society – can be used to complement other E-government tools such as online services, improving service delivery with an integrated focus. The rapid uptake of mobile technologies – even in remote locations of low-income countries – together with the emergence of many innovative mobile applications and services have radically increased the potential for ICT to play a constructive role in supporting ubiquitous good governance, in fighting poverty, and in addressing citizens’ social and economic needs. In fact, mobile services make some of the new technologies available for even the lowest income groups.

By empowering citizens, M-government is improving the quality of life of many individuals who were previously digitally excluded, expanding government accountability and transparency to a higher number of citizens. Specifically, mobile technologies enable convenient, quick and low-cost access to public information and services. Examples include considerable advancements in education and innovative health services. Citizens in rural and remote areas can, for example, receive improved m-health assistance, notifications and emergency medical alerts. Mobile technologies also facilitate financial transactions (e.g. cash transfers, deposits and withdrawals, payroll credits, remittances and similar banking activities) and allow the delivery of educational contents to students who would normally have limited access to public education. However, as there are still limits to M-government capabilities to reach out to certain segments of the population, governments should avoid enforcing the use of mobile channels in order not to widen the digital gap, and should provide access to new technologies only to those who are willing to use them. Government officials examining the fast-moving M-government environment should begin the planning process by asking “why” before asking “how” (OECD/ITU, 2011).

More sophisticated mobile technologies are being used to support more efficient business processes in the public sector, through real-time communication and quick data access and more agile and mobile public workforces. This is a key driver for exploring public-private partnership models that allow governments to understand what is possible and adequate, and the private sector to better comprehend the public sector’s needs and offer relevant solutions. Annex C offers a compact guide to better understand recent trends and challenges related to M-government and to make the most of the new available opportunities to deliver better services to citizens and businesses.

Box 6.20. M-government: benefits for governments

Mobile technologies provide governments with significant opportunities for achieving greater cost optimisation, improved communications and data co-ordination, expanded service delivery, and much progress towards digital equality.

- **Wider reach:** Mobile technologies extend outreach and access to often difficult-to-reach groups, such as seniors, people with disabilities, and citizens living in rural areas.
- **Mobility and ubiquity:** Citizens have access to government information and services anytime and anywhere using wireless networks through their mobile and wireless devices. Government employees can work using the exact same type of devices regardless of distance, time, place and diverse natural conditions, which is especially relevant for public safety and emergency management.
- **More personalised services** (provision of location-based government services): As mobile phones are typically personal, the possibility of situating an individual's exact physical location ensures that governments can directly provide services to each person. This could accelerate the reform of government organisational structures to become more horizontal and more simplified.
- **Cost-effectiveness:** Cost-saving results of M-government include streamlined processes, shared and co-ordinated data access, embedded mapping, and electronic processes, communications and transactions. Empowerment of field workers and cross-agency interactions can reduce requirements and costs for time, travel and staffing, as well as eliminate redundant data entry. Mobile crews with mobile devices can increase unit availability.
- **Faster information flow:** Real-time and location-based processes result in quick and easily accessible data and communications, information consistency, responsive case management and seamless information exchanges. Information and actions can be co-ordinated in any location and with other agencies, improving collaboration among government authorities.
- **Better management:** Mobile technology has the potential to help government officials to better manage allocated financial and human resources. Satellite or rural offices and operations can communicate needs and situations as they occur. Current and accurate data improve knowledge-based decision making and responsiveness.
- **Increased democracy:** Public officials can stay updated on public opinion and priorities from a larger group of citizens. Extended outreach also expands government accountability and transparency to more citizens and empowers greater citizen participation in policy development and democratic decision making.

Source: OECD/International Telecommunication Union (2011), *M-government: Mobile Technologies for Responsive Governments and Connected Societies*, OECD Publishing, Paris, <http://dx.doi.org/10.1787/9789264118706-en>.

The action checklist in Figure 6.7 highlights a set of questions that could be used to guide Dominican efforts to plan and organise an innovative public service delivery process by using partnerships.

Figure 6.7. Checklist for partnerships

Objectives	What are the needs to be met, problems to be solved or the outcomes to be achieved?
Degree of Change	What level of service change is desired?
Type of Change	What types of co-production work best in terms of costs / benefits?
Risk Factors	What are the barriers and risks to be managed?
Choice of Partners	Who should be the co-producers?
Management of Partnerships	What is the government's relationship with the co-producers?
Choice of Instruments	What tools will be developed and used to co-produce? (in particular how can ICT especially web 2.0 be used)
Change Management	What changes in the service front and back office need to be done?
Resources	How will co-production schemes be funded?
Evaluation	How and from whom will activities or services be monitored and evaluated?

Source: OECD (2011b), *Together for Better Public Services: Partnering with Citizens and Civil Society*, OECD Public Governance Reviews, OECD Publishing, Paris, <http://dx.doi.org/10.1787/9789264118843-en>

Public service areas such as health and education, where the change process just started in the Dominican Republic, offer the government opportunities to demonstrate short-, medium- and long-term impacts and to build some kind of “business case”. All strategic approaches to partnerships draw on mutual learning in the public sector, re-thinking traditional ways of doing things, trying out or experimenting, monitoring and evaluating co-production modalities in a systemic way, and then scaling up practices delivering the desired results (OECD, 2011b). It goes without saying that the issue of (initial or seed) funding is an example of an important condition to be met if the Dominican Republic wants to use partnerships to move in the long term from incremental improvement to targeted service transformation. For example in tangibly improving health or social care, staff need to be supported to develop new skills and take on new roles, users need to be supported through ICT, and new systems to allocate and monitor financial resources need to be set up.

Making innovation and reform implementation happen in the Dominican context: “first things first”

As mentioned at the beginning of this chapter, the Dominican public administration faces significant challenges, with a clear gap between available financial and human resources, demands and citizen expectations on the public sector, and the current capabilities to adequately respond to them. At the same time, there is plenty of scope for a more efficient use of available public resources.

In such a context it is crucial to ensure some consistency, continuity and pragmatism in the reform process, embedding and strengthening what is essential before absorbing “trendy” public administration novelties and modalities (*modas administrativas*). Similarly, it is important that progress in public sector reform helps generate more resources from civil society, breaking the vicious circle entrapping smaller Latin American and Caribbean countries.

In this review, the adoption of the 2008 Public Service Law (*Ley Función Pública 41-08*) in particular – by which MAP was established as the main public administration and civil service body with technical authority and political responsibility – stands out as an important step towards building a professional, modern and innovative public service capable of efficiently and effectively responding to citizens’ needs. In August 2013 – after many years of discussion – the complementary General Public Salaries Law (*Ley General de Salarios para el Sector Público 105-13*) was finally approved by Congress, which is a promising development. Nevertheless, there are some undeniable challenges to policy implementation and to a first evaluation of Public Service Law 41-08.

One of the issues regularly raised in the public management debate is the relative merit of quick comprehensive reforms – so-called “big bangs” – versus more gradual and incremental reforms. One argument in favour of big bang reforms is that reform resistance might be overcome by using windows of opportunity and packaging diverse changes in a single political package. However, arguments in favour of incremental reform include that it facilitates dialogue and competency development, and enables feedback from previous reform steps, thereby reducing the risk of failure. The choice between these two approaches is a question of political judgment.

For certain reforms, such as the modernisation of its public sector salary system, it seems that the Dominican Republic cannot and should not wait to muster the political energy necessary for a “big bang”. Given the Dominican contextual setting in socio-economic and cultural terms, the OECD recommends that any further or new public sector reform be gradual and incremental. This is also recommended because trust, which was highly challenged and partially eroded during the negotiations of the General Public Salaries Law, needs to be rebuilt with staff and associations.

An incremental strategy enables a country to choose its next steps and thus carefully follow an evolutionary, visible path of change. This promotes an ability to learn from and build on the experiences from previous steps, and to schedule the timing of reform steps so as to maximise their chances of success. At the same time, there is an inherent risk of losing sight of the ultimate goal and going in other directions than originally desired. The incremental strategy should therefore be based on a sound and clear political vision of what the Dominican Republic wishes to achieve in the short, medium and long term. Such a strategy should be documented and communicated to public sector staff and key stakeholders to help provide a clear picture of the reform objectives and their implementation.

OECD experience offers a broad set of recommendations to boost and facilitate sustainable public sector reform. Acquiring the know-how of reform is never easy, principally because it is never recommended simply to copy-paste the reform approach which works elsewhere and transplant it without modifications: notwithstanding the similarities, reform circumstances and conditions are never the same. In the end, the most important condition of success is that those implementing the reform have a sense of ownership of it; the reformers' creativity and perseverance are essential and their motivation comes from feeling responsible and committed. This requires that they manage the reform in a way that aligns with their own administrative and national values, culture and practices.

While taking into consideration its own country context and the unique challenges which impact the ability to push reform forward, the Dominican Republic could consider some selected lessons learned from OECD member and partner countries:

- **Set clear and targeted priorities, but not too many: “choose your battles”.** The ambitious National Development Strategy 2010-2030 (END, *Estrategia Nacional de Desarrollo*) illustrated in Chapter 1 contains many broad priorities yet not always clearly defined specific objectives, with almost all general action points being labelled as equally important. The same goes for several ministerial overviews. The scope, scale and complexity of public administration make it often difficult for countries to see what is critical to success and what is irrelevant, what is related to something and what is trivial, and what are the potential obstacles and opportunities. Reforms often have many dimensions that are complementary and competing at the same time, with differing priority degrees but always with limited resources to be used as efficiently as possible. Public administration reform should not be a priority in and of itself, but it does link to achieving government objectives (“the business case for reform”). A full understanding of these linkages seems to be absent in the Dominican setting, which may be contributing as well to the slow pace of public administration reform. The overarching public administration reform agenda in the Dominican Republic seems to be weighed down by a lack of clear strategic and operational guidance. Uncertain situations are detrimental to stakeholder relations and send mixed signals to citizens, to whom the reform path is often completely unclear and opaque. In terms of public service delivery – although it is beyond the scope of this review to analyse specific sectors in the Dominican Republic – it is advisable to focus on innovating services in selected key areas for the country's economic and social development (such as education, health, tax and customs, infrastructure, electricity, logistics and tourism) through targeted policies and visible actions, rather than trying to tackle everything at once.
- **Develop an integrated, systematic, gradual, incremental and visible path of change by sequencing: “what first, what next and why”.** It is important for the Dominican government to create a clear road map underpinned by a pragmatic path of change and a realistic calendar for reforms. One cannot start with everything at the same time. Nevertheless, it is important to have an ambitious comprehensive strategy from the start in order not to jeopardise future reforms, but to sequence actual changes in an incremental way. Most OECD member and partner countries have taken the path of well-integrated incremental reforms rather than trying to implement a complete organisational and individual performance management system at once, allowing time for capacity building at the centre and within institutions. This has enabled these countries to generate the

experience and competence to move ahead, although the challenge is to maintain the momentum for reform so that the lessons learned in the first stages feed into the following ones (sequencing). The key is to find the right timing to move from a narrow “entry point” to a broader scope. This should be done by seizing any opportunity to make things happen (such as complaints from citizens and businesses, international agreements or exogenous pressures). Reform implementation strategies, the integration of reforms in different interdependent spheres and their sequencing need to be designed and monitored carefully, taking account of the capacity to put reforms into effect and sustain them. The integration of reforms should be one of the areas which receives particular attention during the evaluation of implementation.

- **Clearly identify the “winners” and “losers” of a reform from the very beginning.** Change management strategies are needed to deal with the many stakeholders involved in reforms and to build acceptance and ownership. It is important to have a good mix of top-down and bottom-up approaches for more legitimate, coherent and sustainable reforms. Beneficiaries of a reform should be continuously mobilised and opponents systematically engaged. In fact, opposition can be an opportunity for improved reform design. Ideally, opponents of a reform could be converted into supporters. “Losers” of a reform should be acknowledged at the outset, and their losses taken into account. This could be in the form of a financial incentive or greater autonomy in certain policy fields. It can also involve improving the communication of overall benefits (for society, etc.) that are real but diffuse. Such an approach requires both dialogue with stakeholders and clear analysis to identify likely outcomes as well as costs and benefits (management of support and opposition).
- **Follow up and maintain some flexibility in implementation.** Public administration is everything but static. Capacity for reform implies the capacity to launch reform, to follow up its implementation and to provide regular assessments. This requires mechanisms for evaluation, performance measurement and feedback. Often, the reform objective is an evolving process, as in the case of decentralisation: it is not a policy outcome itself, but a governance tool to improve outcomes such as service delivery when a national public administration is ready for it. Thus, the system has to remain dynamic and flexible to permit evolution and pragmatic adjustment as appropriate.
- **Focus transparent communication on tangible reform outcomes, benefits and costs.** Citizens are generally not very interested in public administration reform – unless of course it impacts services they heavily rely upon, such as health, education and social assistance. Trust and support for sustainable reforms has to be (re)gained through pragmatic engagement with the public and stakeholders at different levels, and through clear indications and evidence of improvement, above all in public service delivery and economic competitiveness. It is crucial to be open and transparent to stakeholders about what it takes to make reform happen, allowing enough time for them to adjust. Policy makers in Latin America and the Caribbean should be particularly mindful of the nature of the trade-offs between the short-term costs of addressing challenges and the long-term benefits of public sector reform. Communication should focus on results and positive lessons but also be frank on the necessary costs, which may be inevitable in the short term to produce tangible gains in the medium and long term, being equally open at the outset regarding demands which cannot be met and why. This will

help avoid any damage to the reform credibility (management of expectations). Another important aspect is visibility, working frequently and actively with the media to raise awareness, to build trust and support for reforms, and to communicate achieved and expected outcomes.

- **Exploit windows of opportunity.** Global and national financial and economic crises are one example. While they reveal weaknesses in governance systems, they provide a precious opportunity to try new operating methods and to accelerate change.
- **Last but not least: cherish strong and inspirational leadership.** Virtually all assessments of public administration reform confirm the vital importance of effective and inspirational leadership at all levels, and even more in difficult times. The ability and willingness of middle managers to support and implement reforms often determines their success. On the other hand, senior managers play a critical role in creating an organisational structure that encourages innovation and agility, by rewarding risk taking and promoting the development of new skills. Many also point to the need for government cohesion in support of the reform: if the government is not united around a reform proposal, it will send mixed messages and opponents will exploit its divisions, usually resulting in defeat.

As the Dominican Republic has embarked on ambitious programmes to modernise and professionalise its public administration and civil service, it is vital that the development of a clear and pragmatic reform road map be accompanied by a realistic implementation plan and for this to be timely and transparently communicated to public sector staff, stakeholders and citizens. Improving the efficiency, effectiveness and flexibility of public administration will require taking at some point a whole-of-government view and approach to government activities. When public sector bodies will have reached the limit of the efficiencies they can achieve within their own organisational boundaries, a cross-government approach can help create further efficiencies for the government as a whole.

Key recommendations

A. Short term (1-2 years)

The structure of government is critical to the functioning of a modern public administration and a key factor underlying the institutional, organisational and performance capacity to successfully implement public sector reforms as an engine for renewal and improved citizen-centred service delivery. Similarly, it is important that progress in public sector reform helps generate more resources from civil society, breaking the vicious circle entrapping smaller Latin American and Caribbean countries. Measures that would help achieve this include:

- Ensuring some consistency, continuity and pragmatism in the reform process, embedding and strengthening what is essential before absorbing public administration novelties. This should be complemented by the horizontal development and the vertical embedding of a lasting shared result-oriented mindset and professional culture in the Dominican public sector.
- Setting clear and targeted priorities, but not too many; developing an integrated, systematic, incremental and visible path of change by sequencing; clearly identifying the “winners” and “losers” of a reform from the very beginning

(management of support and opposition); following up and maintaining some flexibility in implementation; focusing transparent communication on tangible reform outcomes, benefits and costs (management of expectations); exploiting windows of opportunity; and the importance of cherishing strong and inspirational leadership.

- Broadening the innovation scope and underlying potential for the Dominican public administration beyond its current important focus on E-government solutions. A broader and well integrated view could produce considerable synergies and significantly increase tangible benefits within public employment/HRM, as innovation enabler for other related policy areas in the Dominican public sector and vice versa, leading in the end to better service delivery for citizens and businesses.
- Addressing institutional fragmentation, duplication and proliferation for a more coherent, accountable, transparent and cost-efficient administration delivering better services, improving the public sector image and credibility.
- An independent in-depth machinery-of-government review and evaluation of the Dominican public administration to identify feasible rationalisation and reorganisation opportunities, increasing the benefits that can be realised from improvements in key policy areas such as public employment and strategic HRM, and fostering a more efficient allocation of available human resources and better control of payroll costs.
- A specific value-for-money review of the current Dominican public service delivery model to assess its operational efficiency and effectiveness, including the institutional changes required to increase the efficiency of public services within the framework of changing demand (such as the health and education sectors). This should be supported by a solid consultation process and communication strategy.
- Change management should be developed as rapidly as possible to effectively support institutional restructuring efforts and promising quality management instruments. Such efforts should be underpinned by transparent funding arrangements, by government-wide leadership from senior management, and by rewards for managers who lead by example, who drive innovation and who provide support for staff when they encounter project success and failure.
- Using an evidence-based approach to clarify and strengthen the value-added role and the decision-making criteria for establishing existing and planned new (autonomous) entities, agencies, bodies, units and (decentralised) services.
- Making better use of MAP's existing resources by moving to a simpler structure organised more around strategic areas rather than functions. Options for consolidating MAP's organisation should be examined. Very small units could be merged with other (overlapping) units in order to create more capacity.
- MAP's strategic plan could be used as the basis for a multi-year resource management plan so that there is predictability about the available organisational resources for implementing reforms.
- Strengthening the central MAP function, starting the development of a well-coordinated flexible whole-of-government approach to public service delivery,

underpinned by a sound strategy for its achievement. It is not recommended that additional responsibilities be devolved to local government in the short term, as this would risk undermining reforms which require a sustained push from the centre of government. However, tangible improvements in public services will require a major effort to improve the capacity of decentralised services.

- Reinforcing the enabling environment for improved service delivery by further consolidating administrative service responsibilities, which are currently spread across MAP, line ministries and local entities. In the short term, this would mean better co-ordination to align platforms and practices, allowing for better targeting of scarce resources, reducing redundancy and enabling cost sharing in the development of administrative tools. This could also pave the way for greater co-location of administrative services.
- Building and supporting co-ordination capacity, including through stronger incentives and accountability for horizontal working, training for greater professionalisation, and supporting communities of practice and quality management.
- Taking an incremental approach to the implementation of a fully integrated (but not too complex) organisational performance management framework, rather than trying to establish a highly sophisticated system all at once. Establishing a strong culture of performance and moving towards a performance-oriented public administration will take longer than one government term.
- Implementing a (not too complex) programme budgeting system to help make the transfer of funding and performance outputs and outcomes more transparent, enabling smoother changes to government machinery.
- The public transparency that is provided through SISMAP could be reinforced by political accountability in the form of a regular report to the President and Congress, as happens in a number of OECD member countries. Another possibility to consider is a regular Cabinet review of progress, perhaps with a requirement for ministers to account for progress in the institutions for which they are responsible. As the performance management system for institutions and senior managers is developed, application of the provisions of Public Service Law 41-08 should be part of their performance assessment.
- Generally speaking it is advisable to focus on innovating service delivery in selected key areas for the country's economic and social development through targeted policies and actions, rather than trying to tackle everything at once. Public service areas such as health and education, where the change process has started in the Dominican Republic, offer the government opportunities to demonstrate short-, medium- and long-term impacts and to build some kind of "business case".
- Improving the quality and accessibility of basic public services through targeted strategic and pragmatic participatory approaches, by working with both internal and external stakeholders in order to better understand user needs, to rebuild trust relying on systematic and open communication, to collaborate more effectively, to get feedback on public services and to involve new partners in service delivery for a more citizen-centred perspective.

- Using the instrument of M-government in particular – the adoption of mobile technologies to support and enhance government performance and foster a more connected society – to complement other E-government tools such as online services, improving service delivery with an integrated focus.

Regulatory reform inside government can help release important resources for better public service delivery responses to citizens and businesses, making overly regulated and rigid rules-based public sector organisations less expensive and more efficient, productive and flexible in implementing change and innovative practices. Measures that would help achieve this include:

- Adopting at the highest government level a clear, comprehensive, whole-of-government approach to regulatory reform policy and quality. It should integrate the various reform plans and efforts, spell out the principles on which it is built, and establish objectives, accountability and a framework for implementation.
- Given the context in the Dominican Republic, in which legislative reforms may take a long time to be debated and approved, it could be more pragmatic, in the first instance, to establish a regulatory policy via a presidential document.
- Considering the creation of a high-profile regulatory reform co-ordination and oversight unit (preferably within the *Presidencia*) promoting regulatory efficiency and quality across the Dominican public administration, ensuring uniform regulatory management and an effective development and implementation of targeted regulatory reform policies by individual ministries.
- Starting by first paying attention to issues leading to visible improvements and political benefits within a reasonable time frame (tangible low-hanging fruit and quick wins).
- Choosing the stock (existing regulation) as entry point for regulatory reform efforts, setting comprehensive and clear selection criteria for a limited amount of priority existing regulations to be reviewed each year, based on economic analysis and complemented by perceived sense of urgency.
- A “quick scan” could be the feasible option to experiment and gain some experience with the several impacts on new regulation, before moving to full and more sophisticated regulatory impact assessments (RIAs).

B. Medium term (3-5 years)

The Dominican Republic would strongly benefit from a sustained targeted approach to overcome the identified key institutional, organisational, performance and regulatory barriers in its public administration. These bottlenecks can seriously hinder the implementation of public sector reforms and innovative service delivery solutions, limiting benefits that can be realised from performance improvements in priority areas such as public employment and strategic HRM. Measures that would help achieve this include:

- Continuing to reduce institutional fragmentation through implementation of the results of a machinery-of-government review.
- Providing the necessary resources to enable the *Contraloría General* to fully implement the system of internal control units in public institutions.

- Considering adding in the medium and long term some clauses in agency establishment acts providing grounds for reviewing agency functions, performance and value added to enable more regular oversight and transparent evaluation of the continued appropriateness or need for the tasks to be performed by an (independent) agency.
- Continuing to strengthen and expand MAP's role as a central authority, because implementing complex and sensitive reforms such as the new public sector salary system will require a central (public employer) function with a significantly adjusted remit.
- Embedding a more "holistic" perspective on service delivery, shifting away from a system driven by the point of view of a specific government level or interest, focusing instead on integral public sector efficiency and on effectively serving citizens and businesses. To overcome co-ordination weaknesses, stronger leadership is needed in order to bring a strategic and results-oriented perspective to administrative service activities, to identify linkages and synergies across the different administrative service areas, and to ensure capacity to deliver real benefits.
- MAP could be delegated the role and overall responsibility for uniform service delivery policy at the central administration level, which would facilitate coherent decision making and provide better public services. However, this would require that adequate funding and appropriately skilled staff be made available.
- Linking the results of a strategic staffing review to E-government and other innovation initiatives so as to encourage organisations to identify ways of delivering public services more efficiently and effectively.
- Flexibility in adapting organisational structures to changing needs could be increased in the Dominican setting by moving away from the current rigid practice of laying down *ex ante* the structure of institutions and service delivery arrangements in legislation. In the end this could help MAP and other involved actors to be more innovative when seeking ways in which to provide public services to citizens more efficiently and effectively.
- Organisational design should be a matter of managerial accountability, controlled through the performance framework, rather than a matter of *ex ante* prescription. MAP's role in overseeing and approving the needed institutional restructuring should mean that there is adequate control without the need to legislate.
- The implementation of a fully integrated organisational performance management system calls for substantial innovations in public sector management, implying a sustained co-ordinated effort by all institutional actors over the medium and long term, often transcending various periods of government office. This will facilitate creating the integration and co-operation mechanisms needed to overcome the traditional frictions and lack of planning and budget co-ordination that are all too common in LAC countries. In this regard it is important that key institutional reform actors take into account the management cycle as a whole.
- The issue of (initial) funding is an example of important condition to be met if the Dominican Republic wants to use pragmatic partnerships with citizens and civil society to move in the long term from incremental improvement to targeted service delivery transformation and innovation.

- There could be wider use of public management tools such as co-design and co-delivery schemes in rural public service delivery strategies, partnering where feasible with organisations having a culture that facilitates the experimentation necessary to develop innovative solutions. Such an approach could be useful for Dominican rural areas where traditional service delivery mechanisms would be too expensive or less effective, offering an interesting and useful way to think about reorganising existing public services and/or to create and then provide new ones.

Regulatory reform is not achieved by a one-shot policy; it is rather the result of a continuous improvement process and a systematic evaluation of both the stock and the flow (existing and new regulation). The result of more effective and efficient regulations is higher compliance with policies. Measures that would help achieve this include:

- Raising the status of a regulatory policy to a primary law and embedding it into the legislative framework in the medium to long term.
- Focusing on identifying, reviewing and simplifying high-impact regulations (Pareto principle) in close co-operation with stakeholders, addressing through a targeted and well-coordinated programme or initiative the most substantial, disproportionate, irritating and unnecessary administrative burdens inside government and affecting public service delivery in crucial economic and social sectors.
- Keeping the less visible, more complex yet still needed regulatory reforms until the next, more mature phase (medium to long term). This applies for instance to tackling the flow of new regulations with comprehensive *ex ante* instruments (RIAs), to help prevent new unnecessary regulatory burdens from arising by capturing the full consequences (benefits and costs) of draft regulations.
- Consideration could be given as well to the effective use of sunset or revision provisions in new regulations.

C. Long term (5 years +)

Only a long-term sustainable and inclusive strategy will help identify the right key priorities and help commit to an ambitious yet realistic short- and medium-term agenda, persevering long enough to produce tangible quantitative and qualitative gains both in terms of internal public governance and external service delivery. Measures that would help achieve this include:

- Identifying areas where MAP could, over time, divest itself of responsibilities (for example, it is important that its role in developing the labour relations system does not involve MAP in dealing with individual cases or protecting the rights of civil servants).
- Making a decision in the medium to long term on the most appropriate organisational form for public service delivery in the Dominican Republic. This would require a functional review of government, with a long-term cost-benefit analysis of new forms of public service delivery. The Dominican Republic could consider an approach where all administrative service activities are consolidated into one ministry (MAP).

- Continuing to entrench and solidify the organisational performance management system.
- Linking strategic planning to results-based budgeting systems and organisational performance management systems as these are implemented. Firm linkages between strategic planning, budgeting and performance frameworks enable government spending to be tracked against the achievement of policy outcomes and force the prioritisation of objectives when faced with limited resources.
- Linking individual performance management to organisational performance management, taking a gradual approach to implementation that will allow opportunities for learning. As the Dominican Republic's performance framework is developed, the objective setting can become more advanced and the links with planning, budgeting and key initiatives such as HRM, quality management and institutional restructuring can be further strengthened.
- The successful establishment of the above-mentioned critical linkages in the Dominican Republic depends on effective co-operation among MAP, the Ministry of Finance (MH), the Ministry of Economy, Planning and Development (MEPyD), and individual ministries and agencies.
- Continuing to build capacity to implement partnerships with citizens and civil society for better service delivery. To be effective, innovative service delivery calls for flexible and adaptable local governance schemes, cultivating environments that facilitate knowledge pooling, simplify decision making and involve local communities more by integrating their views and expectations from policy design to implementation and evaluation.

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Annex A

Slovenian public salary reform

2011 OECD review of the Slovenian public sector salary system

Relevant key messages

- The public sector salary system is in need of further significant reforms in order to strengthen forward-looking HRM, to support a performance-oriented public administration and to strengthen capacities for effective public governance.
- These reforms should be a priority for the Slovenian government, which requires sufficient powers to manage (and if necessary reduce) the public wage bill, as part of active fiscal policies in support of fiscal sustainability.
- Further reforms should not be allowed to weaken the central control necessary for coherence and transparency, or to re-introduce the weaknesses that characterised the previous system.
- For the reforms to be effective, broader aspects of public governance need urgent attention: reform of the referendum system, the removal of remaining corporatist elements in the legislation and the development of an updated relationship with the unions.
- The reforms need to be set in the framework of an agreed, coherent and complete HRM strategy linked to budget management processes in order to avoid establishing a series of disconnected and sub-optimal processes.

Relevant key recommendations

- Aim further reforms at the development of a more versatile public sector salary system with larger scope for managers at budget user level to adapt salary structures to business needs and workforce planning. At the same time, maintain coherence in salary setting across the public sector and increase the scope for active fiscal policies.
- Establish and empower a professional central public employer's office, responsible for strategic management and oversight of the overall HRM system. This is an essential prerequisite for a coherent and efficient management of the public sector salary system.
- Opt for an incremental reform strategy, abstain from a “big bang” comprehensive reform, and ensure forward momentum. This will facilitate both the political and social dialogues, enable feedback from previous reform steps, and provide for a gradual build-up of the needed HRM competences.

- Avoid using any form of automatic indexed salary adjustments. Annual adjustments should instead be based on assessments taking the competitiveness of the Slovenian economy, other aspects of the macroeconomic situation, and remuneration changes in the private sector into account.
- Reduce the present legislation on salaries and other employment conditions in order to increase the scope for the government and the managers of budget users to pursue active HRM.
- Renew a constructive social dialogue with the objective of restoring a mutually respected balance between the role of democratically elected government institutions, the role of the social partners and the place of freely agreed collective agreements. As appropriate, promote and facilitate intra-trade union co-operation.
- Opt for a two-tiered bargaining model.

Source: Adapted from OECD (2012e), *Slovenia: Towards a Strategic and Efficient State*, OECD Public Governance Reviews, OECD Publishing, Paris, <http://dx.doi.org/10.1787/9789264173262-en>.

Annex B

Open and inclusive policy making for better performance

Governments can benefit from wider public input when deliberating, deciding and doing. Investing in greater openness and inclusion in policy making and service delivery can help achieve:

- **Greater trust in government.** Citizens generally judge democratic governments on the basis of two main measures: their “policy performance” (i.e. their ability to deliver tangible positive outcomes for society) and their “democratic performance” (i.e. the degree to which government decision-making processes live up to democratic principles). For policy performance, the focus is mainly on outputs. For democratic performance, the focus is mainly on processes. Successfully delivering on the first front generates credibility, success on the second generates legitimacy. Open and inclusive policy making can contribute to reinforcing both.
- **Better outcomes at less cost.** Making policy in a more open and inclusive way can contribute to raising the quality of policy outcomes and ensure the better use of public funds, by designing policy measures on the basis of better knowledge of citizens’ evolving needs. Meanwhile, the nature of public services is changing. Today, a growing proportion is intangible, knowledge-based services which require a higher degree of interaction and involvement of end-users as active collaborators, rather than passive beneficiaries. **Co-design and delivery** of policies, programmes and services with citizens, businesses and civil society offers the potential to tap a broader reservoir of ideas and resources.
- **Higher compliance.** Making people part of the process of prioritising and deliberation, helps them to understand the stakes of reform and can help ensure that the decisions reached are perceived as legitimate, even if they do not agree with them. More open policy making contributes to raising compliance levels with decisions reached.
- **Ensuring equity of access to public policy making and services.** Despite progress in economic development, many social, economic, cultural and political cleavages which permeate modern OECD societies are growing: between poor and rich, rural and urban, ethnic and religious minorities and majorities, young and old. The claim that the government is representative of a majority of the citizens is increasingly tenuous. To date, most OECD countries have devoted their energies to closing these gaps through redistribution or social policies which aim to ensure equitable access to public services for all citizens. A complementary path, one aiming to lower the threshold for access to policy making processes for people facing barriers to participation and hearing the voices of all citizens in policy making processes, has been less well travelled.

- **Leveraging knowledge and resources.** On the opposite end of the scale, many of the citizens who are not facing specific barriers to participation (in terms of their economic and educational levels) are also withdrawing from contact with government and are instead turning to private providers of services and policy advocacy (e.g. social enterprises and single issue civil society organisations). As they do so, the skills, ideas and political clout of society’s “well-endowed” citizens are being lost to public sector efforts at addressing today’s challenges in society. As long as their resources are being “invested” in achieving societal goals through other channels, then this need not be seen as a zero-sum game. Yet governments still need to understand the preferences of their citizens, if they are to successfully solicit their contribution.
- **Innovative solutions.** Public engagement is increasingly recognised as a **driver of innovation and value creation** in both the private and public sectors. There is a growing awareness that government cannot deal with complex problems alone and that citizens will have to play a larger part in achieving shared public policy goals (e.g. public health, climate change) (Lenihan et al., 2007). Citizens are also taking the initiative to tackle issues in the public domain themselves. Active citizenship initiatives may remain completely autonomous. But they may also solicit governments to join, facilitate or create the necessary legal or regulatory frameworks for such projects to succeed. Given the complexity and scale of emerging governance challenges, governments cannot hope to design effective policy responses, nor to strengthen legitimacy and trust, without the input, ideas and insights of as wide a variety of citizens’ voices as possible. Public engagement will increasingly be recognised as another lever of governance – and become part of the standard government toolkit of budgeting, regulatory, E-government and performance management tools. However, this can only happen on the dual condition that the public engagement lever benefits both from greater resources and more rigorous evaluation than has been the case to date, in order to raise standards and improve practice.

What do we mean by open and inclusive policy making?

Open refers to transparency, accessibility and responsiveness in the policy-making process. As defined in earlier OECD work, an “open” government is one that is:

- transparent, in other words being exposed to public scrutiny;
- accessible to anyone, anytime, anywhere; and
- responsive to new ideas and demands.

Inclusive denotes the effort to include as wide a variety of citizens’ voices into the policy-making process as possible. The act of “inclusion” means in practice:

- Lowering the barriers of entry to participation for people who are **willing but unable** to participate. The barriers these people are facing can be socio-economic, cultural, geographical or barriers of another external nature.
- Increasing the appeal of participation for people who are **able but unwilling** to participate. These people face subjective rather than objective barriers. The lack of “appeal” of participation for them may stem from a low interest in politics, a lack of trust in how their input will be used, or limited personal benefits from participation.

Policy making includes all stages of the policy cycle: agenda setting, policy preparation, decision making, implementation and evaluation.

Open and inclusive policy making is *transparent, accessible and responsive to as wide a range of citizens as possible*.

Source: OECD (2009c), *OECD Studies on Public Engagement: Focus on Citizens*, OECD Publishing, Paris, <http://dx.doi.org/10.1787/9789264048874-en>.

Annex C

M-government Checklist

Better monitoring of M-government development

- Research, evaluate and understand regularly the latest trends regarding new mobile devices, features, and adoption:
 - How many people are using which types of device?
 - How well do these devices operate, under what conditions?
- Constantly monitor, evaluate and report on latest trends in new mobile devices and technology advancements, social and civic media applications constantly, in order to prepare a road map for future M-government applications:
 - What are the basic usage trends?
 - What do we know about the people who are most likely to use them?
 - How do they match the government communication goals?
- Begin and continue to experiment with new M-government applications to continuously foster innovation.
- Be aware of and optimise the use of technology innovations that will make it easier and less expensive to deploy new M-government services; and consider interoperability of new mobile public services at legal, organisational, semantic and technical levels.
- Analyse, prototype and evaluate M-government services are to understand whether any change leading to new forms of information or service delivery, and/or access, will be accepted by citizens.

Strengthening the public sector’s capacity and enabling an environment favourable to M-government

- Strengthen public sector’s capacities and strategic planning skills. Often, high-level public officials worldwide express concern with the fact that not all civil servants may embrace E-government or/and M-government. Some see these new developments as a threat to their jobs. Governments are concerned with the need to:
 - develop civil servants’ capacity to familiarise with, and effectively manage, M-government applications;
 - improve internal communications between and among government units in order to better integrate M-government applications;

- provide rewards and incentives to increase civil servants’ buy-in and adoption of M-government.
- Adopt relevant policies and procedures for the use of the new tools (e.g. social media site standards, how it will be used and monitored, what and how performance metrics will be tracked). Without policies and procedures, there is no way to know if a particular programme or service is working or not, or if it is being used as intended.
- Ensure continuous update of the legal and regulatory framework to make it suitable to M-government (e.g. including social and civic media, digital signatures, security, authentication, identity, content, payments, privacy, terms of service). For instance, as many of the new M-government applications are accepting payments, personal information, and legal documents, the need increases to ensure that such efforts are covered and supported by national laws and regulations.
- Provide clear guidance to government departments on issues related to privacy and security. From a technology perspective, as the use of wireless communications to access government services for both citizens and public servants will increase, privacy and access to information will be an important challenge and additional security will be required (e.g. user authentication is an important challenge to address fraud in the case of lost or stolen mobile devices).

Seizing the potential of M-government to foster open, responsive and transparent government and citizen engagement

- Secure government agencies’ responsiveness to citizens’ expectations in terms of accountability, transparency, and improved delivery of public services. This implies adopting policies and procedures for managing citizen expectations. Citizens using the latest mobile devices and gadgets have high expectations for service availability and responsiveness. This would certainly extend to any new M-government offering. Any M-government service should be planned fully and tested well in advance to ensure that the system works as it is supposed to.
- As M-government is now becoming firmly entrenched into an increasing array of government business and administrative functionalities, more is needed by way of research, best practices, training, and mutual peer learning. Identifying, reviewing and disseminating best practices for citizen engagement applications will help civil servants and policy makers to spot what other agencies are doing, what works and what doesn’t work, and why it is beneficial in determining innovative and relevant applications. There is a need for international organisations such as the ITU, OECD and UNDESA to continue to collect and disseminate best practices from countries worldwide.
- Expand and implement citizen engagement opportunities through web-based applications, which will benefit governments and citizens.
- Continue researching the topic to identify best practices regarding technology applications, training and citizen satisfaction.
- When building a new website ensure its accessibility (and the one of its content) for all possible users and devices.

Developing and adopting broader strategies

- Leverage the increased use of smartphones and other mobile devices throughout society, as this will produce a significant impact on M-government.
- Be aware of the need to adopt different strategies: an infrastructure strategy, a service delivery strategy (based on users’ needs assessment) and an organizational change strategy.
- Continue to innovate and experiment with new mobile applications.
- Ensure that the input of a few, however well-intentioned, does not replace the will of the many. Systems and safeguards will need to ensure that a “digital mob scene” does not substitute for democratic values and institutions. Regardless of M-government adoption rates, there will remain a significant part of any given population that will not have the resources or understanding and will thus require alternate ways to communicate with government. M-Government policy actions should therefore try to avoid widening the digital gap.
- Raise national awareness of the need to invest in the development of broadband availability and emerging technologies.
- Strengthen public-private partnerships in line with the trends that have emerged in many countries worldwide, where government agencies are working with private companies to develop applications that will have market appeal to be sold and adopted by others. Partnerships with global mobile suppliers/providers are key to the success of M-government for functionality and cost reduction/funding. The main advantages of this type of relationship are:
 - Upfront start-up costs can be amortised among a larger pool of users.
 - Governments lacking in technology application development expertise can turn to those who do have the expertise and can be held accountable for their work.

Source: OECD/International Telecommunication Union (2011), *M-government: Mobile Technologies for Responsive Governments and Connected Societies*, OECD Publishing, Paris, <http://dx.doi.org/10.1787/9789264118706-en>.

ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT

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DOMINICAN REPUBLIC

HUMAN RESOURCE MANAGEMENT FOR INNOVATION IN GOVERNMENT

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