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## **GOOD GOVERNANCE IN GEORGIA (G3) PROGRAM**

### **Functional Review of the Civil Service Bureau in Georgia Consultancy Assessment Report and Recommendations**

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July 12, 2014*

**DISCLAIMER**

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## Executive Summary

This functional review of the Civil Service Bureau (CSB) aims to prepare the Bureau to be able to implement the important and challenging reforms foreseen in the Civil Service Reform Concept. The Concept was produced with the support of the Good Governance in Georgia (G3) program and is shared with all international organizations supporting the Government of Georgia. The Concept is expected to be approved by the Government of Georgia in the near future.

The Functional Review was based on the future functions foreseen for the CSB in the Concept and those foreseen in at least three other consultancies supported by the G3 program. SIGMA's comments to the Civil Service Reform Concept were also considered while elaborating the recommendations found in this report. The CSB will elaborate detailed procedures and define its role and relationship with other institutions in the upcoming months. A number of procedures or functions, therefore, might change. The CSB will have to adapt the recommendations to the final version of the procedures and the role foreseen for the Bureau.

The analysis shows confusion concerning the roles of the current departments within the CSB. The Administrative Department, normally tasked to provide only support services, is actively involved in elaborating legislation and procedural rules. The Department for Civil Service Reform and Development, also normally dealing with reform implementation and the development of procedures, is mostly focused on international relations and project management.

The Bureau's staff was appointed or recruited but has very little experience with civil service and human resources management. At the same time, the CSB has an abundance of lawyers but completely lacks other necessary professions such as human resources specialists, job analysts, economists and project managers, among others.

All possible functions of the CSB were grouped within six main functional areas during the review. The most important function for the CSB in the future will be the design of policies, setting of standards and the monitoring of procedures implemented by government institutions. This function represents a shift in the future management of the civil service in Georgia from a decentralized system with a great deal of discretion for the government institutions to a centralized system with a strong central unit setting standards and designing uniform policies for ministries and agencies of the government.

The recommendations were sequenced in two stages to match the stages foreseen for the implementation of the Concept. The first stage is focused on preparing the framework for the implementation of the Concept (design procedures, elaborating laws and regulations and increasing awareness and capacities). The second stage is focused on implementing the legal framework in support of the reforms. The CSB should be reorganized immediately in the proposed structure. The current Department for Civil Service Reform and Development was split into three functional departments with specific areas of activity to increase effectiveness but also to ensure the specialization of the staff:

- Department for Recruitment and Promotion Policies
- Department for Salaries and Functional Organization Policies
- Department for Training Policies and Ethics

All functions related to the implementation of the civil service reform were grouped into these three abovementioned departments. The Administrative Department will only have support functions in the future. For stage 1 we recommended increasing the staff to 37 employees and gradually increasing this number to 48 employees for the second stage of the transformation.

Job descriptions for each organizational unit were elaborated and the distinction in the functions was made based on the implementation stages. Recommendations were provided for the capacities required in each organizational unit. The CSB will need to attract personnel experienced in implementing some of the functions; most importantly, **this includes expertise in creating job descriptions and job evaluation procedures that will lead to the new classification and salary system.** The CSB should try to recruit existing human resources staff in government ministries and if possible, from the private sector. If they cannot be recruited, the CSB might try to second some human resources managers to the Bureau for a period of at least six months to support the implementation of the reform. Hiring new staff should be accompanied with increasing staff capacities. A set of training topics is recommended to the CSB for stage 1 (see below).

Financial implications for the transformation of the CSB were calculated. These recommendations can be used by the CSB during negotiations with the Ministry of Finance and the Government in the next budget cycles or used by the CSB while preparing technical assistance requests to international partners.

Implementing such challenging reforms like the ones foreseen in the Civil Service Reform Concept requires collaboration with all stakeholders and transparency in decision-making. The CSB should create a consultative commission that is comprised of human resources managers and other stakeholders to discuss and decide on reform issues. Implementation should also be accompanied with an awareness-raising campaign for civil servants and other stakeholders. Bringing everyone on board will be one condition for successful civil service reform.

## **1. Functional Review General Framework**

This functional review of the Civil Service Bureau of Georgia is supported by the USAID funded Good Governance in Georgia (G3) program.

### **1.1 USAID Good Governance in Georgia (G3) Program**

The G3 program is a four year initiative aiming to support the Government of Georgia (GoG) in completing important reforms in the area of governance. This consultancy is part of the Support to the National Government component of the program and builds on previously completed human resources management initiatives including the following:

- Facilitation of the development of the new Civil Service Reform Concept in cooperation with the GoG and other international funders to provide a systematic and modernized approach to human resources management across the Georgian civil service. After the final revision of the Concept by the CSB, the GoG announced the Concept on July 1 with approval of the Concept expected to follow.
- Delivery of short-term courses by local service providers to approximately 3,000 civil service employees and managers and another 3,000 civil servants under its previous work to enhance their skills and knowledge in areas of governance.
- Development and delivery of short-term courses in the areas of ethics, general management, human resources management, project management and innovations in public sector relations. These courses were developed in cooperation with the Civil Service Bureau staff and were delivered to 267 civil servants by local service providers. This initiative had two goals: 1) to develop the capacity of the CSB as a provider of capacity for government employees and 2) to develop the capacity of civil servants using local private sector service providers.
- Assessment of the institutional capacities and motivation of private and public sector training suppliers to meet the training and development needs of the civil service and to propose recommendations to establish learning opportunities that are sustainable over time.

At this time, three other consultancies have been completed; namely, those in capacity development and sustainable training, the recruitment process for entry into the Georgian civil service and classification and remuneration across the public sector. At least one other consultancy is currently being planned. Initially, a consultancy related to the new “mediation” function which the CSB wished to establish for the civil service was also foreseen. This consultancy was replaced with one to develop a methodology for creating job descriptions. As a result, the recommendations included in this report will take the recommendations and business processes proposed in these consultancies into consideration. The mediation function will be examined in the framework of “disciplinary measures and appeal” functions.

## **2. General Overview of Civil Service Reform Developments**

The need to reform the civil service system in Georgia was identified several years ago. Since 2010, the Law on Civil Service has revised numerous times since 1997. The reform initiative undertaken in 2005 was unsuccessful due to many shortcomings in the proposed system and the scope of confusion.<sup>1</sup> Although the 1997 law survived this initiative, it was continuously amended to reflect the short-term priorities of the Government and adjust to different ad hoc procedures. The need for a systematic review of the civil service was evident and the Government of Georgia initiated a broad consultation process in 2013 leading to the elaboration of the Civil Service Reform Concept. This initiative was supported by the USAID Good Governance in Georgia (G3) program and other donors. The proposals deriving from the Concept are shared and agreed with all international organizations supporting the Government of Georgia in this initiative<sup>2</sup> with the CSB. The State Chancellery coordinated this concerted effort of formulating the new Civil Service Reform Concept. The Concept was accepted by the Government and for the purposes of this Functional Review we used the final condensed version of the Concept. .

### **2.1. The Civil Service Reform Concept**

This functional review of the CSB is an important step towards the creation of capacities to implement the Civil Service Reform Concept in Georgia. The Concept not only proposes significant changes in the way the civil service is strategically led but also substantial changes in some core human resources management processes. The trend is to shift from a very decentralized and position-based system towards a mixed system that has elements of a career civil service system along with a strong central human resources management unit. The CSB is requested to lead the civil service reform and develop a new legal framework, procedures and guidelines for civil service. At the same time the CSB will organize and manage a broad capacity development exercise and serve as a support facility for all of the government institutions. Different from the current practice, the CSB will be directly involved in managing some human resources management processes such as, for example, the first phase of the entry-level recruitment procedure, classification and job evaluation, reserve list and general training for management civil servants. Finally, the CSB will have a greater role in monitoring the institutions and performing audits of human resources management procedures.

As expected, the Concept describes the HR management processes in a general matter. It is, however, sometimes difficult to extract from the Concept how these HR business processes will evolve. Most of these HR business processes will be described in the secondary legislation and the new Law on Civil Service once it is approved. The Concept does not represent a detailed approach with very clear options that could lead to the immediate elaboration of the Law on Civil Service. SIGMA also put forth detailed comments on some of the proposals. Both the Concept and SIGMA's comments were considered during the formulation of the recommendations contained in this report.

The CSB will proceed with the elaboration of detailed processes and systems immediately after the approval of the Concept as a preparatory phase before the new Law on Civil Service and related

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<sup>1</sup> For a detailed analysis see SIGMA's Comments on the Draft Code of the Civil Service of Georgia, October 2010.

<sup>2</sup> SIGMA Comments on the Civil Service Reform Concept of March 21, 2014.

secondary legislation are drafted and approved. This process is expected to start in August and be completed by the end of 2014. Only at this stage will it be possible to know in sufficient detail about the functions and HR business processes in which the CSB will be involved and the role it will have in the future. For the purposes of this functional review we will try to estimate the future functions and role of the CSB as much as possible in order to be able to analyze the existing resources and recommend a required reorganization and staff composition. We are aware that some of the recommendations may not match the functions of the CSB in full as these functions will be decided at a later time. In that case, the CSB should make the necessary adjustments to the recommendations and proposed functional organization.

## **2.2. Challenges Underlying the Concept**

The implementation of the recommendations in the Concept requires the CSB to elaborate a change management process. The functional review will support this activity. Implementing the new system and processes as described in the Concept will be very challenging for the CSB as well as for the other government institutions. At least three main reforms *per se* are included in the Concept (classification and remuneration, recruitment system and shifting from a position-based to a mixed system with career patterns). The management of one of these reforms is very complicated and will demand resources which then become more complicated and requires additional resources when considering the parallel elaboration and implementation of all of the reforms. Therefore, it is of the utmost importance to properly plan the changes and sequence the interventions to allow for absorption of new staff alongside developing the capacities of current CSB staff for new tasks.

The process of planning and sequencing acquires even more importance due to the fact that the CSB is not inheriting a strong position in the overall system. The CSB became the central point for the development of the civil service reform and other management processes only recently. The approval of the CSB Charter in February 2014 by the Government is a clear demonstration of the political will to create a strong policy development and monitoring unit at the central level. The Charter is anticipating a number of functions to be implemented by the CSB in the future based on the Concept. These functions will be considered during the functional review.

The human resources management processes described in the Concept represent an advanced civil service model and, if implemented thoroughly, will yield enormous benefits for public administration and delivery of public services in Georgia. To be fully functional, however, this civil service model requires many procedures and systems to be in place. The results of the analysis show that some fundamental elements are not in place or are not at the required level. Most of the institutions lack job descriptions, for example, or those which exist are not well structured enough to be used for recruitment procedures or, more importantly, for the job classification process. It is crucial to start from these fundamental issues before shifting attention to more complicated procedures if the CSB is to ensure the implementation of the reforms foreseen in the Concept.

### 2.3. CSB Relations with Human Resources Units in the Institutions – Institutional Dimension

Since the adoption of the first Law on Civil Service, the civil service system in Georgia has been developed using a decentralized management system with significant powers and managerial discretion for all of the ministries and other public administration institutions. This decentralized management system was also used for institutions outside of the scope of the civil service (Legal Entities of Public Law – LEPLs). For all of these LEPL agencies, the reference point was the “mother” ministry to which they report.

The system in general lacked a central unit that would guide the implementation across all public administration levels. The role of the CSB was far from the one of similar institutions in other countries and even in those countries that adopted a decentralized system. The role of the CSB was limited in:

- Elaborating amendments to the Law on Civil Service to address different issues deriving from implementation (all of these interventions were made erratically without interfering in the core of the system).
- Maintaining the [www.hr.gov.ge](http://www.hr.gov.ge) website and ensuring that all new vacancies were published on this website.
- Formally approving the chair of the recruitment evaluation commission in each institution.

In the absence of general standards and procedures and a leading central civil service management unit, the institutions developed their own human resources management units and their own standards and procedures. The ministries set the standards for the agencies and the LEPLs reporting to them. As a result, we currently find well developed and equipped human resources management units in some ministries that were able to develop good standards and procedures for civil service management.<sup>3</sup> Their capacities, in fact, are sometimes better than those of the CSB.

Relations with the CSB as the central civil service management unit were absent or very formalistic.

With the current government’s entry into office and the elaboration of the Civil Service Reform Concept, the CSB started to acquire more importance and a leading role for this reform. All of the institutions are now aware that the CSB is the center of the system and will have an important role during the implementation of the reforms described in the Concept.

Currently, the civil service system is experiencing a shift from a very decentralized and discretionary system into one which is more centralized. At this moment, however, the degree of centralization and the exact role of the central unit have not yet been decided. There are no clear guidelines for the level of decentralization or

#### Case Study – Albania

Civil service management was completely decentralized during **1992-2000**. The discretionary power conferred to heads of institutions was abused resulting in excessive use of bonuses and supplements (sometimes twice the base salary) and a continuous increase in the number of employees. From **2000**, a centralized system with significant powers for the central unit, clear rules and standards and free of discretion for institutions started to be implemented. In **2013**, discussions started on the need to increase the level of discretion for some processes for the institutions based on their specific needs.

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<sup>3</sup> Of particular interest were the cases of the Ministry of Defense, Ministry of Justice and the Ministry of Finance, among others.



centralization for the management of human resources. A historical review of this particular element in different countries shows a shifting from a centralized into a decentralized model and vice versa. This continuous pendulum is normal and the amplitude should be decided based on specific conditions for each country and the needs to control more or less determined processes. It is obvious from the Concept that the civil service system in Georgia needs to create a management unit for setting central standards with monitoring prerogatives and the discretion of peripheral units reduced.

The implementation of the Concept will result in a continuous strengthening of the CSB in parallel with the reduction of competencies for the human resources management units in different institutions. To acquire this role, the CSB will need a significant improvement in its capacities which is not able to take place quickly. It is fundamental, therefore, to create a good and cooperative environment with all human resources management units in the institutions to ensure the success of the reform while benefitting as much as possible from their hands-on experience, international consultancies and best practice models developed over time.

### **3. Current Situation of the Civil Service Bureau**

Currently, the Civil Service Bureau (CSB) has a dual role: 1) implementation of the provisions found in the Civil Service Reform Concept and 2) administration of the submission of asset declarations for government officials. This second role was assigned to the CSB at the very beginning and for a long time has been its main function. This functional review will primarily analyze the capacities and systems related to the implementation of the Civil Service Reform Concept. At the request of the head of the CSB, we will review the existing capacities and recommend changes to the structure as concerns asset declaration. This review will fully rely on recommendations deriving from a paper commissioned by GIZ in March 2014.<sup>4</sup> The Government of Georgia has not yet decided on the shape and extension of the asset declaration and audit function that will be allocated to the CSB. The recommendations, therefore, are subject to change by the CSB once a decision on this topic has been adopted.

#### **3.1. Current Organization of the Civil Service Bureau**

The current role and functions of the CSB are set in its Charter approved by the Government in February 2014.<sup>5</sup> The functions described in the Charter represent an upgrade of the functions of the CSB as compared to the previous situation. The role of the CBS to develop a uniform civil service state policy and elaborate proposals for the Government to improve current procedures is recognized in the Charter. A coordinating and guiding role of the CSB for reform of civil service is also foreseen in the Charter.

The Charter's approval occurred in parallel with the elaboration of the Civil Service Reform Concept and the functions foreseen in the Charter are a reflection of the role of the CSB in this process. Given

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<sup>4</sup> Verifying Income and Asset Declarations of Public Officials in Georgia, Dr. Tilman Hoppe, March 19, 2014.

<sup>5</sup> Decree of the Government of Georgia No. 181 of February 20, 2014.

the intensity of the process, however, staff organization and, most importantly, the functions of each department within the CSB do not always reflect the dispositions described in the Charter. The everyday activities of the Civil Service Reform and Development Department, for example, are far from the role foreseen in the Charter. Most of the functions of this Department, in fact, are implemented by the Administrative Department.

This aforementioned situation is the result of the rapid transformation of the CSB and the continuous increase of its staff. In the short to mid-term, it is important to systemize the functions to the particular department to which they belong based on definitions drawn from the Charter.

### Placement of the Civil Service Bureau

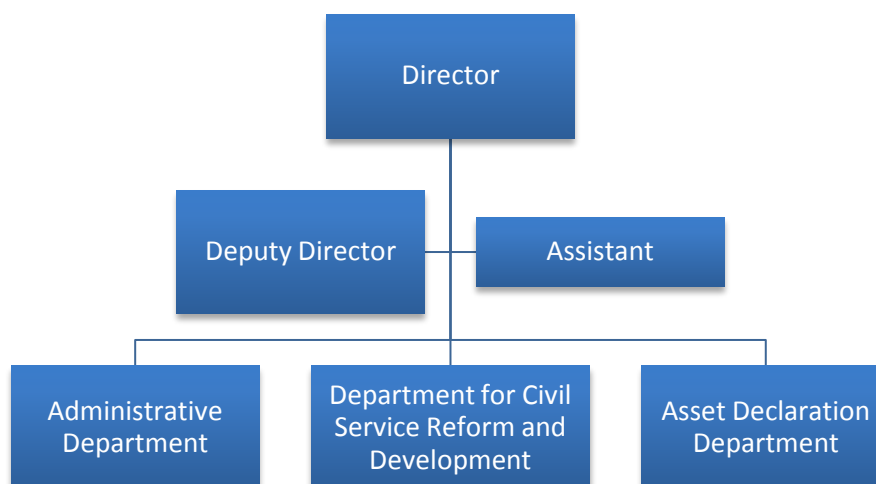
The CSB currently functions under the Prime Minister of Georgia. The international practice for the placement of the central civil service unit is different among various countries. In some countries, the central civil service unit is located under the direct responsibility of the Prime Minister (France, Latvia, UK, Albania, and Moldova). In other countries, it is located within a ministry as a separate department (Lithuania, Montenegro, and Croatia) or is part of a special Public Administration Ministry (Kosovo, Macedonia). As a third alternative, this central unit was organized as an independent institution reporting directly to the Parliament (Macedonia from 1999-2011, Poland). All of these alternatives have their advantages and disadvantages as illustrated in brief in the table below:

Placement	Advantage	Disadvantage
<b>Under the Prime Minister (PM)</b>	Strong political backing benefitting from the PM's authority – important when difficult reforms have to be implemented	PM is overburdened with other more stringent tasks and does not devote the necessary time and attention to the civil service – strong leadership at the civil service unit is required
<b>Within a ministry</b>	Has the continuous attention of the minister and is represented at the government – it is recommended when the system is fully matured and processes are in place	Sometimes it is difficult to push for reforms and implement the monitoring function, especially in traditionally strong ministries like Finance, Justice or Interior
<b>Independent institution</b>	Ensures the protection of the rights of civil servants and is impartial in cases of appeals	Becomes a weak institution in the long term as it is not present in decision-making and cannot advocate its recommendations directly. Currently, it is no longer used for policy development functions. It is still used for appeals (Kosovo and Macedonia)

Given the current development of civil service reform in Georgia, we would recommend the CSB remain under the Prime Minister's authority. This solution will allow the CSB to push for the difficult reforms and use the authority of the Prime Minister in the process. In addition, the CSB can influence the Government to make quick decisions by being close to the Prime Minister as well as raising issues in government meetings directly by the Prime Minister.

## Organization of the Civil Service Bureau

The CSB is organized into three departments with a total of 30 employees. Of these 30, 16 are permanent staff and 14 are contracted staff. One employee is not working full-time for the CSB and is seconded to the NATO Liaison Office. The organizational chart of the CSB is shown below:



The staff and their roles can be summarized as follows:

<b>Total Staff</b>	<b>30</b>
Permanent	16
Contracted	14
Director and Deputy Director	2
Asset Declaration	5
Civil Service Substance Staff	12
Seconded to NATO	1
Support Services Staff	9
Public Relations	1

Within the Civil Service substance staff category, we calculated all employees of the Department for Civil Service Reform and Development as well as the employees of the Administrative Department who devote most of their working time to civil service related activities. Within the Support Services Staff category, IT experts maintaining the database and the website related to recruitment in the civil service are also included given that their function is purely supportive and cannot, in any case, influence procedures. The head of the Administrative Department is not included in this category even though his working time is divided equally between support functions and legal drafting.

The aforementioned information shows that the CSB allocates almost 30% of its current resources towards support services. There are no clear benchmarks for public sector organizations vis-à-vis the size of support services. For the private sector, however, a 20%-23%<sup>6</sup> ratio for support staff is considered to be effective. This said, the CSB having 30% of its staff in support services seems somewhat excessive given its limited number of staff. We would **recommend** keeping the same

<sup>6</sup> Deloitte and Touche efficiency assessment 2004.

number of support staff but increasing the number of substance staff. The CSB should aim at a target of between 22%-25% support staff as a mid-term target.

### **Current Functions of CSB Departments Related to Civil Service**

Based on the CSB Charter, the functions of the two departments related to civil service reform are as follows:

#### **1. Department for Civil Service Reform and Development:**

- a) *Prepare proposals on the general principles for developing structures within the government agencies, placement and roles of positions within the structures.*
- b) *Explore recruitment, attestation, promotion and dismissal practices within the civil service and develop recommendations.*
- c) *Draft civil service related standards, guidelines and other methodological and normative documents and draft laws.*
- d) *Draft ethical and disciplinary standards for civil servants.*
- e) *Analyze performance level under the secondary legislation and prepare conclusions and proposals for the Civil Service Bureau.*
- f) *Interact with the NGO sector and media to ensure transparency of the Civil Service Council and the Civil Service Bureau and the involvement of civil society in civil service related processes.*
- g) *Organize the Civil Service Bureau's activities and provide CSB members with necessary information.*
- h) *Develop civil servants evaluation methods and criteria.*
- i) *Ensure and monitor the implementation of a unified recruitment policy within the civil service system.*
- j) *Explore and systemize the civil service management practices of other countries to elaborate a civil service management system and cooperate with international organizations.*
- k) *Explore the efficiency level of the training and qualification of civil servants and promote activities to ensure the professional development of civil servants.*
- l) *Participate in the development and implementation of the state anti-corruption program within the civil service in the process of planning and organizing particular activities.*
- m) *Coordinate the planning and implementation of civil service related projects and programs.*
- n) *Identify the needs and capacities for modifying existing systems within the civil service and develop recommendations on modifying existing systems or establishing new ones.*
- o) *Explore the organizational structure of the government agencies and, if necessary, develop recommendations for their improvement.*
- p) *Develop proposals on the implementation of new civil service management methods and mechanisms.*
- q) *Evaluate external factors to plan civil service related activities and initiate organizational changes.*
- r) *Explore and analyze the operation methods of civil service agencies.*
- s) *Monitor management methods and the implementation of organizational and structural changes within the civil service agencies.*

- t) *Ensure targeted training on modern management methods for managers at different levels employed within the civil service system.*
- u) *Carry out other tasks as assigned under the Law on Civil Service.*

## **2. Administrative Department**

- a) *Provide legal support to the CSB's ongoing operations.*
- b) *Monitor the protection of the rights and guarantees of civil servants.*
- c) *Ensure the proper document flow process within the CSB and registering incoming/outgoing correspondence and its submission to the addressees.*
- d) *Provide material-technical support to the CSB's ongoing operations.*
- e) *Financial reporting and record keeping related to financial-economic activity in accordance with Georgian law.*
- f) *Monitor the CSB's material-technical values.*
- g) *Organize conferences, workshops, press conferences, briefings and scientific congresses to discuss civil service related issues.*
- h) *Develop software to search for the most appropriate candidates for announced job vacancies in terms of their qualifications and personal data.*
- i) *Develop and administer a unified Civil Service Human Resources database.*
- j) *Provide training on modern information and communications technologies (e-governance) in the civil service area.*
- k) *Coordinate the recruitment activities of state agencies.*
- l) *Develop standard procedures for a competitive selection of candidates and attestation for job vacancies within the civil service.*
- m) *Develop model regulations for the competition/attestation commission.*
- n) *Analyze data related rights and guarantees and the disciplinary liability of civil servants and prepare conclusions.*
- o) *Conduct performance analysis under the civil service secondary legislation to submit conclusions to the Government of Georgia.*
- p) *Collect and analyze civil service related statistical data and develop a unified civil service information database.*
- q) *Carry out other tasks as assigned under the law.*

Analyzing the functions of these two departments and comparing their functions with what is foreseen in the CSB Charter, we note the following:

- The Department for Civil Service Reform and Development (DCSRD) is implementing very few functions from those listed in the Charter.
- The DCSRД's role is mainly coordinating projects, international relations and research of international best practices.
- The development of civil service reform and procedures is currently occupying a very marginal amount of time and resources of this Department.
- The Administrative Department has a mixed role – support services and drafting rules and regulations related to civil service reform.

- The main activities related to the implementation of civil service policies are discharged by this Department. Although it is not very active in designing the reform, this Department can be considered as the main implementing actor once the reform processes take hold.
- The design and roles for these two departments are confusing and most likely will represent an organizational challenge in the future. Dividing roles and resources in different units is not conducive to a successful organization to meet its mandate.

The main force in developing the civil service reform lies with the Director and Deputy Director of the CSB. Staff to provide advice and support the development function is limited within the CSB. For this reason, the CSB has relied on external support for the development of policy papers and procedures. It is of paramount importance, however, to quickly create capacities within the CSB to fully understand the implications of the proposals elaborated by different development partners in order to be able to select the best options for Georgia.

We are of the opinion that **each function should be developed and implemented within the same organizational unit**. This means that the development, review, implementation and monitoring of a certain process should be the responsibility of the same organizational unit. If the process is divided between two or more units, there is a high likelihood of challenges to arise during implementation as responsibilities become divided and resources will not be effectively utilized. Practice shows that resources are best used when the individual developing the policies is also the individual undertaking and monitoring the implementation (in this case, monitoring is related to implementation in other institutions and does not create a case of conflict of interest).

On the other hand, **the functions allocated to one organizational unit should have the same nature and be related in scope**. Combining policy development, implementation and support functions in the same unit can be problematic. Practice in countries shows that attention is always turned towards the easiest function (in our case, support functions) and, overall, these functions occupy most of the working time of that department. A lesser amount of time than required for the implementation of a unit's most important functions.

For this reason, we have reviewed the role of the Administrative Department as a part of our recommendations to restructure the CSB and conferred it solely as a support function. Instead, the Department for Civil Service Reform and Development (DCSRD) will be reformatted and divided into at least three other departments. The CSB is now passing from having a general development role to one of policy development. The DCSRD will be divided into several organizational units that will be specialized for specific procedures.

### 3.2. Existing Staff and Capacities

In this section we will analyze only the capacities of the Substance Staff category dealing with civil service reform and not the Support Staff category.

In general, CSB staff has only recently been appointed and has little experience with civil service and human resources management procedures.

Number of Staff	Experience in Years/Months
-----------------	----------------------------

1	6 years
1	4 years
1	2 years
1	10 months
4	4-7 months
4	2-3 months

The employees with four and six years of experience are involved with implementation activities and do not deal with the development of reform and procedures. Except for one employee who is assigned civil service reform development, all of the others have an average of six months of experience. The CSB staff can be characterized in general as enthusiastic and with great potential but not experienced in civil service related procedures.

This level of **experience** is likely to influence the relationship of the CSB with other human resources units in the ministries or other organizations. Some of these units have more experienced staff in human resources management processes who are currently implementing those processes which the CSB would like to regulate within the framework of the reform. With this type of arrangement, it will be difficult for the CSB to guide them in this endeavor. The CSB should try to attract human resource professionals with experience in human resources management procedures during future recruitments. An alternative would be to temporarily second human resources officers from some ministries to work at the CSB in designing the procedures and training the CSB's staff until internal capacities are created.

The overwhelming majority of the staff has a legal **background** (13 out of 16 if we also count the CSB's Director and Deputy Director) which creates an unbalanced reliance on lawyers in the CSB. In general, there is the belief that all issues can be dealt with from a regulatory perspective. In fact, however, this is not always true in the practice of human resources management throughout the world. Although regulations have an important role, management and HR practices play a major role. Human resources management is composed of regulations, capacity development based on best practices and thus the CSB should try to attract and retain human resources management professionals. The role of the CSB in the future will be to lead the reform and support the implementation of procedures. This cannot always be done by issuing regulations. In many cases, the CSB should design management practices and lead by example.

The new functions foreseen for the CSB require the employment of economists and social sciences graduates (psychology, sociology, etc.) or persons who have graduated with Human Resources and/or Public Administration degrees. The design and implementation of job evaluation and salary plans can be done by economists. In this case, economic models and calculations are required. The implementation of recruitment, promotion, performance appraisal and capacity-building activities require human resources specialists are usually in other countries social sciences graduates. As a **recommendation**, the CSB should combine its existing lawyers with other professions during future recruitments in order to ensure a balance in knowledge and skills to meet the goals and objectives of CSB's mandate.

The CSB should create professional working groups for the main processes that will be designed during the implementation of the Concept. These groups should gather professionals of the area and supplement the lack of expertise in the staff of the CSB. The CSB should be represented in each

working group by experts from the respective units that we propose to be created. In this way, participation in the working group will also serve as on-the-job training for these experts. They can benefit from the experience of human resources representatives from other institutions or external experts working on that specific process.

## 4. CSB Functions and Business Processes

In this chapter we will analyze the functions of the Civil Service Bureau (CSB) as described in the Civil Service Reform Concept. We will also analyze some functions that are not specifically mentioned but derive from the main functions described in the Concept. As highlighted previously, these functions will be detailed in the secondary legislation to be drafted after the Law on Civil Service is approved (the description we provide may undergo changes in the future). The CSB will be required to amend the recommendations accordingly. This chapter is structured in sections dealing with groups of similar functions that will reflect the proposed organization for the CSB. Different functions are analyzed within each section.

The Concept proposes a centralized management system for the Georgian civil service. This model is very different from what currently exists. The CSB and the **Government of Georgia should determine the level of centralization they would prefer for Georgian civil service management.** There are no doubts that the development of the policies will be uniform for all of the institutions and the main procedures will be the same in all the institutions. This development function belongs to the CSB. **The Government of Georgia should decide on the level of autonomy and discretion for the institutions in terms of HR management and procedures** and with this also the level of monitoring which the CSB will exercise in the future. Depending on managerial discretion during implementation and the depth of this oversight function, the CSB will need to adapt procedures and develop internal and external capacities. Our recommendations are in line with a model allowing a discrete monitoring function for the CSB.

### 4.1. Policy Design and Development for the Civil Service – Institutional Effects of the Reform

The CSB will be responsible for the future development of the civil service reform from strategies to the design of procedures and systems. This function derives from the goal set by the Concept to create a uniform civil service in all public administration institutions in Georgia. The same is reiterated in the CSB Charter and in SIGMA's comments on the Concept. This function is the expression of system change. Shifting this responsibility from the institutions to the CSB will call for a shift from a decentralized into a centralized civil service system.

This function then entails the following:

- Designing policies related to civil service in general, salary reform and capacity-building activities.
- Setting objectives for the development of the civil service in the country.
- Developing mandatory procedures for all human resources management processes for all civil service institutions.



- Setting standards for different human resources management processes that will be implemented independently by the institutions.
- Elaborating rules and regulations related to these processes.
- Elaborating practitioner manuals for all processes to support uniform implementation.
- Overseeing implementation to ensure uniform enforcement of the rules and standards.

The development and management of the civil service is the responsibility of the government of the country. The CSB will exercise these functions on behalf of the Government of Georgia as the specialized body dealing with the civil service. The placement of the CSB under the Prime Minister favors this type of arrangement.

Regarding this function, there is a concern related to the relationship that the CSB and the Government will have with the Civil Service Council and the role foreseen for this Council in the CSB Charter. The Charter foresees a consultative role for the Civil Service Council (CSC) – Part 1 of the Charter. The competencies foreseen in Part 2, Point 1, letters “a,” “d,” “e” and “f” and Point 2, letter “a” create confusion with the role the CSC should have and duplicate the role of the CSB.

The description in the Charter creates the impression that the CSB will develop standards and procedures and submit them to the CSC before sending them to the Government which implies a decision making role for the Council. This might create conflict of interest in the future as most of the Council’s members are independent from the Government and may influence the Government’s decision-making.

We would **recommend** keeping the Civil Service Council in a consultative role. The CSC is important when issues related to institutions outside the reach of the Government are discussed (legislative bodies, judiciary and local government authorities). In this forum, representatives of these institutions can present their options and comments on the proposals submitted by the CSB. This will contribute to the proposed policies and standards being agreed in advance as well as allow for implementation. The final decision, however, belongs to the Government. The CSB should always be considered as the reform’s engine and there is no need to blur this role by superimposing another body.

With the approval of the Concept, the CSB will be the only institution in Georgia developing standards and procedures for the civil service. This function was previously completely decentralized within each institution having been empowered to develop their unique standards and procedures. To ensure a smooth transition period for this function and preserve good relationships with the institutions, the **CSB should create a consultative body** composed of human resources managers from ministries and other agencies . The membership can be similar to the Governmental Working Group on the Elaboration of the Civil Service Reform Concept and can be seen as a continuation of the work done by this same group of experts.

At the CSB level, this main function will be implemented by all employees, in general, based on their specific area of responsibility and the mission of the department in which they are employed. The CSB management will be responsible for the overall implementation of this function.

## 4.2. Recruitment, Promotion and Performance Appraisal Functions

Recruitment in the civil service is the most important human resources management process that characterizes the civil service model of a country. If recruitment is based on merit, the chances are very good that the country will have a professional civil service. Additionally, other human resources management processes related to the career development of civil servants and disciplinary actions will be fair. If recruitment is altered, then all other subsequent procedures will also be altered and implementation will be difficult and problematic.

This section groups all of the functions related to admission in the position and career development for a civil servant. These can form the core of a separate department in the CSB.

### 4.2.1. Recruitment in the Civil Service

This function received considerable attention in the Concept (both the main document and the condensed version of July 2014), SIGMA's comments and the Recruitment Processes for Entry into the Georgian Civil Service consultancy report<sup>7</sup> supported by G3. All of these documents were considered while examining this function.

There is a general consensus that the **CSB is to elaborate the rules and standards** related to the implementation of recruitment procedures. These standards are to be extended to both models of recruitment: open competition and internal competition (promotion within the civil service).

After the rules are elaborated and the standards are set, the CSB has the major task to make all human resources units in all civil service institutions able to implement these rules. Intensive **capacity-development activities** to include training and coaching should be organized by the CSB for all human resources managers in civil service institutions.

The Georgian civil service will shift from a pure position-based system into a mixed system with predominant career patterns. In fact, the proposal envisions mixed career system and permits the recruitment of candidates coming from outside the system into the higher level hierarchy only as an exception.

#### Open Competition – Stage I – Certification

The **entry-level admission process** is to be organized in two stages. The CSB will be responsible for the organization and implementation of the first stage of the recruitment process when the general knowledge and skills of potential civil servants are examined (the term used in the Concept is

In **Albania**, the central Human Resources Management Unit organizes group recruitments for entry-level positions for specific professions from time to time depending on needs. In this case, this central unit organizes both stages of recruitment as foreseen in the Concept.

In **Bosnia and Hercegovina**, the central Human Resources Management Unit organizes certification examinations in a more or less similar method as the one described in the Concept.

In **Lithuania** and **Kosovo** this generic part of the competition is integrated into the competition process and specific points are allocated for this part. In both countries, databases with multiple choice questions are prepared by the central Human Resources Management Unit and questions are randomly selected by the institutions during the competition process by a computer using simple logarithms.

Computer-based recruitment and the preliminary preparation of multiple choice databases are also used in **Ireland** and **Macedonia**.

<sup>7</sup> The report was elaborated by Linda Buchanan in June 2014

“certification”). This is a new function for the CSB. There are several possibilities of how to organize such a system as different procedures vary by country.

The Government of Georgia should decide on the most appropriate solution based on data related to recruitment and the scope of the civil service in the future. Based on data collected by the CSB, there were 822 recruits in 2012 and 9,567 recruits in 2013. The number in 2013 appears to be quite high so perhaps the figure from 2012 should be considered. The CSB should also consider extending the scope for the civil service to include LEPLs. Average numbers can be considered here as well.

The **recommendation** would be that the CSB create databases with multiple choice questions covering all aspects of “certification.” The database should be large enough to ensure that questions can truly assess the knowledge requested for civil servants in all institutions (perhaps two levels of difficulty can be created using secondary and university education criteria depending on the requirements contained in the job descriptions). The database can be updated yearly by 20% respondents.

The elaboration of multiple choice questions should be managed by the CSB along with area specific professionals of the job area. Costs for this activity are not high. The CSB will be responsible for managing the database.

The organization of certification competitions is related to **planning needs for human resources**. The CSB should identify human recourse gaps, evaluate needs for new staff from all civil service institutions annually or every semester and plan the organization of certification competitions. Depending on the needs, these competitions can be organized several times per year and organized locally by the CSB for local government authorities.

The CSB will issue a certificate to each candidate who scored higher than the threshold. A comprehensive list of all certified candidates will be maintained by the CSB and made public on its website.

#### **Open Competition – Stage II – Specific Competition Organized by the Institution with the Vacancy**

The general rules and standards for this procedure will be elaborated by the CSB but the actual implementation for this stage lies with the institution that has the vacancy.

The CSB will continue to be responsible for the **publication of the vacancies** for all civil service positions. With the introduction of the waiting/reserve list, however, the CSB acquires a gatekeeper role.

The **waiting list management** is a new function for the CSB. This list is generated in the cases of the reorganization of the institutions when furloughed civil servants cannot be accommodated in the new organizational structure. The waiting list represents a cost for the administration as civil servants registered in the list receive full salary, or part of their salary, for a predetermined period of time. The Government, therefore, will be interested to keep this list as short as possible.

The waiting list will be managed centrally by the CSB for all civil service institutions. In the cases when institutions request publishing a vacancy for the entry level or would like to open a position for internal promotion, they should send a request to the CSB for the publication of the vacancy. The

CSB will verify if any civil servant registered in the waiting list fulfills the requirements for the vacancy. In the case when there is someone qualified, the CSB will not publish the vacancy and request the institution appoint the civil servant directly from the waiting list. Detailed set of rules for the procedure should be described in the secondary legislation.

Based on the Concept, the **CSB will appoint one representative in the evaluation commissions** created by each institution during the second stage of recruitment. This is an upgrade of the existing CSB function related to the approval of the head of the commission. The CSB can appoint one representative from its staff or from academia or NGOs as well as former civil servants as a representative in the commission. We are somewhat skeptical as to how this procedure will work in practice given the high number of recruits reported by the CSB. Perhaps the CSB can send a representative to recruitment commissions for important positions in the Chancellery and in the ministries but it seems excessive to send a representative to each recruitment procedure in all institutions. A solution would be to authorize each ministry to appoint a representative for recruitment procedures in those institutions and LEPLs reporting to that particular ministry. The CSB will ensure that a suitable number of staff from human resources management departments in the ministries are trained in recruitment procedures and can effectively contribute to selecting the best candidates for the positions.

The Concept mentions the possibility for the **CSB to shortlist all qualified candidates in the cases of open competitions**. Given the high number of recruits every year and the interest shown by the public for employment opportunities in the civil service, this function can “consume” an enormous amount of CSB’s resources. In other countries, shortlisting is generally done by the institution organizing the recruitment. Recruitment in Georgia will be organized by each institution with shortlisting done by the institution and not the CSB. In this manner, a large number of applications can be managed and institutions will not require additional staff. Shortlisting based on formal criteria does not require high expertise and is usually considered as a support activity. The CSB should focus only on the functions of developing policy and standards as well as monitoring.

If shortlisting is to be done by the CSB, a separate unit should then be created. If internship applications will be examined within this unit, the volume of work will become enormous. The table below shows recruitment and internship data for 2012 and 2013:

	2012	2013
Vacant Positions	731	9,410
Internship Positions	91	152
Average Number of Applicants/Vacancy	135	53
Average Number of Applicants/Internship Position	241	118

We can consider 2013 as a special year with recruitment having been influenced by other extraneous issues. In our quantitative analysis we will only consider the data for 2012:

<b>Minutes/Working Day</b>	<b>480</b>
Minutes Needed to Screen 1 Application	7
Applications Screened/Working Day	69
Applications Screened/Month	1,371

Applications Screened/Year	16,457
How many Civil Servants for 2012?	7.3

We would not recommend the CSB acquire this function. If, however, the decision would be in this direction, the above analysis should be considered when deciding on the number of staff.

#### 4.2.2. Probation Period and Confirmation Procedure

The probation period is managed by the institution in which the civil servant is employed. At the end of the probation period, the supervisor or manager evaluates the performance of the civil servant and confirms him/her in the position or decides that he/she is not suitable for the position. The CSB should have a role in registering these decisions.

The practical implication is related to promotion procedures. Only confirmed civil servants should have the right to promotion. The CSB should verify that all candidates are confirmed civil servants unless the institutions can do this process alone using a central database.

#### 4.2.3. Promotion in the Civil Service

Promotion procedures become very important in career-based systems. Although the procedure is run entirely by the institutions, the CSB has an important role in ensuring the principle of equality for promotion is implemented in civil service institutions. The possibility for promotion is open to civil servants working in all civil service institutions. Thus, it is possible to create a preference order (for example, civil servants from the institution are called to apply initially and then others from other institutions are invited) but this will be decided in the secondary legislation.

As a first stage, the CSB should receive a request for publishing the vacancy. The CSB should check if any civil servant registered in the waiting list fulfills the requirement for the vacancy. If so, then the vacancy is not published and the institution is requested to appoint the civil servant from the waiting list without a competition. If more than one civil servant from the list fulfills the requirements, a competition is organized only among these individuals. If no one fulfills the conditions, the CSB will publish the vacancy on its recruitment portal.

In the case when no existing civil servants apply for a position, the CSB can authorize the institution to open the competition to external candidates. In this case, the rules related to entry-level requirements apply.

#### 4.2.4. Performance Appraisal

The CSB should **develop the procedures and standards related to performance appraisal**. This procedure is implemented entirely by the institutions but the CSB should have an oversight and monitoring role.

This is a relatively straightforward procedure and, does not a specific regulation. **The CSB should prepare implementation manuals and guidelines along with capacity development for a large number of managers, starting from the very top on downwards.**

The CSB should **monitor the implementation** of the procedure in all institutions and analyze the data. In general, the first years of implementation are considered as pilot years where managers and their staff learn how to measure performance. For these first years, no effects are attached to the appraisal results. In the case the results are within prescribed standards, the effects can start to be applied (for example, horizontal promotion in salary steps or performance bonuses).

The CSB should monitor the institutions in two stages:

- When objectives are agreed at the beginning of the year.
- When the appraisal of the achievements is completed by the end of the year.

In the first years of implementation, the CSB can request data or even forms to be submitted to the CSB to be ensuring that the procedure is being implemented. Based on these data, the CSB can decide at this initial stage to request the institutions to repeat the appraisal if the results are not within a normative range (for example, 80%-85% of civil servants are appraised in the top two levels).

This is a new function for the CSB. Capacities should be created in the CSB to correctly understand the process and advise the institutions. As mentioned before, this is a process that will require several years for implementation and sustained efforts should be devoted by the CSB to this end.

The performance appraisal is also important for the **Training Needs Assessment (TNA)**. Training needs are determined during the performance appraisal. Each human resources unit collects and consolidates the training needs for the institutions and transmits this material to the CSB. The CSB, based on this information, extracts training needs for the administration as such and proceeds with elaborating training programs. In this framework, the CSB should elaborate a TNA methodology and train human resources managers. There is also the need to create CSB capacities to analyze and utilize the data to prepare training programs. In this process we envisage only general human resources management related training. We do not envisage specialized training that will remain in the exclusive domain of the individual institutions.

### **4.3. Functional Organization of the Institutions**

The Concept highlights the issues related to the reorganization of the institutions and the misuse of this power by their heads; that is, using this process to remove undesired staff. The proposal is to use the reorganization of the institutions only to increase the efficiency of the administration and improve service delivery. For this reason the creation of the waiting/reserve list is proposed.

Currently, the overall number of employees in institutions is set by the budget law. The Government then decides on the number of departments, divisions and the distribution of staff. This is relevant for ministries only. For LEPLs, these numbers are decided by the supervising minister. At the moment, the Ministry of Finance is the only institution that advises the Government on staff numbers and reorganization although this advice is only related to the costs of labor. The Government is lacking advice on the effective organization of the institutions in terms of the functions to be implemented, capacities, etc. For this, there is a need to conduct functional reviews of each ministry and agency on a periodic basis. The Government should take informed decisions but, at the moment, relies only on the justification provided by the proposing ministry.

We surmise that public institutions in Georgia, given the high level of discretion granted to heads of institutions, experience duplication of structures and functions. Therefore, the institutions are not always organized effectively and efficiently to deliver public services. The Government needs a professional service to advise on the structures of all public administration institutions before the decision is adopted. The CSB is best placed to secure this service for the following reasons:

- The CSB will elaborate the rules and standards for the organization of the institutions.
- The CSB will elaborate the rules and standards for the job classifications and job descriptions in the institutions.
- The CSB will manage the waiting list for all of the institutions.
- The CSB is the central body overseeing public administration and represents the general interest in relation to all of the institutions.

The functional organization of the institutions is important for the correct implementation of the other functions of the CSB; namely, the job classifications and job descriptions in the civil service and remuneration. All of these four aforementioned functions represent different stages of a unique procedure and responsibility should be concentrated within one institution.

How will this function be implemented?

- The CSB will elaborate the rules and standards for the organization of the institutions and for job evaluations and job descriptions.
- Capacity-development and coaching activities should be organized by the CSB.
- Based on standards, the institutions will elaborate their organograms and staff distribution with departments and other organizational units and submit the details to the Government for approval. Job descriptions for each department and organizational unit are submitted.
- The Ministry of Finance certifies that proposals are financially viable.
- The CSB:
  - a) Analyzes and certifies that the organization conforms to prescribed standards.
  - b) Certifies the proposed functions are not currently implemented by another public institution and do not represent a duplication of functions.
  - c) The distribution of staff in the organizational structure is efficient and ensures that the discharge of functions is done effectively.
  - d) The staff registered in the waiting list could not be accommodated in the new structure.
- The Government makes its decision based on a proposal from the institution and the opinions expressed by the Ministry of Finance and the CSB.

Currently, the CSB has no capacity to implement this function. In the short term, the CSB can implement only functions "a" and "d" above and, in the mid-term (two-to-three years), and also start to implement functions "b" and "c." These functions can be implemented only for the ministries. The CSB can work with the human resources units in the ministries to increase their capacities as well as advise the institutions and LEPLs under their authority in the cases of reorganization. In this manner, the implementation of this function will consume fewer resources for the CSB.

In mid-to-long term, the CSB will be able to implement **functional review exercises** for the Government. These exercises are used to create the inventory of the functions implemented by all public administration institutions and to analyze overlapping and the effective use of resources related to institutional mandates. These exercises are usually done every five years with the aim to increase the efficiency of delivery of public services.

#### 4.4. Job Descriptions, Job Evaluations and Remuneration Policies

Each of these three sets of **functions is new** for the CSB. Currently, they are implemented by the individual institutions (ministries and agencies) without standardized procedures. In the future, when the Concept is implemented and new legislation approved, the CSB will exercise not only a policy design role but also a monitoring function. Recommendations in this section rely on the business processes elaborated in detail in the other consultancies supported by the G3 project; namely, Georgian Civil Service Classification Scheme, “Capacity Development of Civil Servants” and “Functional Review of Legal Entities of Public Law”.

The activities of preparing job descriptions and evaluating the jobs are, in fact, stages of the same process. We would recommend the CSB elaborate a **single regulation for the job description and job evaluation methodology** and advise the institutions to implement concomitantly both activities. The capacities needed for these functions are the same and the staff involved should also be the same.

Best practice recommends the **creation of commissions** to supervise the elaboration of job descriptions and the evaluations of the jobs. We recommend the creation of a commission at the CSB level that will set the standards and supervise the evaluation process, in general, and the creation of commissions in each institution to supervise the elaboration of job descriptions and implement a job evaluation methodology.. We agree with this proposal and recommend the CSB to follow this approach. It is important that the **CSB elaborate a comprehensive training course** to form a core number of job analysts in all of the institutions that will be able to implement these processes.

##### 4.4.1. Job Descriptions in the Civil Service

Job descriptions are currently elaborated by the institutions based on models developed individually and which do not reflect uniform classification factors. The CSB will have an important role in implementing this function:

- a) The CSB should elaborate the methodology, standard regulation and format for the job descriptions that will be used across all civil service institutions in Georgia.
- b) The CSB should elaborate implementation guidelines for the job description methodology.
- c) The CSB will support all institutions in creating capacities for elaborating job descriptions based on the methodology.
- d) The CSB should closely monitor the quality of the job descriptions prepared by the institutions and, if necessary, request them to be modified in order to match the standards.



The quality of job descriptions directly influences the job evaluation process and salary level. Job descriptions also remain the basis for recruitment and promotion procedures. Further, job descriptions will be used as the basis for discussions on the reorganization of institutions along with registration of civil servants held on the waiting list.

The CSB should hire and create a team of job analysts who will work to develop capacity for job descriptions and evaluation procedures. They will support the job analysts in all the institutions and also provide advice to the job evaluation commission during the decision-making process.

#### **4.4.2. Job Evaluations in the Civil Service**

The job evaluation process should be led by the CSB and a uniform system should be implemented in all of the institutions. The preparatory phase is very important and at this stage the CSB should improve the internal capacities to be able to implement the recommendations. The implementation of this function entails the following for the CSB:

- a) Elaborate the methodology and standard regulation for the job evaluation process that will be implemented across all civil service institutions in Georgia.
- b) Elaborate implementation guidelines for the job evaluation methodology.
- c) Support all institutions in creating capacities for evaluating the jobs based on the methodology.
- d) Closely monitor the quality of the process. The commission created at the CSB level will not only have a consultative role but also can request the institutions review the job evaluation or intervene directly in order to ensure the uniformity of the implementation in all institutions.
- e) Draft a transitional plan for implementation. It is important to plan enough time for the institutions to shift from the current classification system to the one that will be elaborated. This is a difficult process because some positions might undergo salary reductions. A phased implementation of this process is recommendable. The process can be piloted in one or two institutions; continue with the ministries and gradually extended to all other civil service institutions for a period up to two years.
- f) Elaborate a communications outreach strategy targeted to civil servants on the new job evaluation approach and implementation of the new salary scheme.

#### **4.4.3. Remuneration Policies**

To date, the remuneration policy in Georgia has been elaborated and implemented by individual institutions and no uniform standards applied. One of the main new functions of the CSB will be to elaborate and lead the remuneration policy for the Government. In this process, close cooperation ties should be established with the Ministry of Finance. The Ministry of Finance has responsibility over the overall value of the government-wide wage bill. The CSB is interested in the composition of this wage bill; namely, in the structure of salaries. Salary is the most important motivation mechanism for all civil servants and directly influences the efficiency of the civil service. The CSB's role is management of salaries to ensure the implementation of the principles on the basis of European salary systems.

Designing the salary and other reward schemes requires capacities that currently do not exist in the CSB. It is of paramount importance to start the creation of these capacities as soon as possible. The CSB should recruit a group of analysts specialized in financial analysis but also possessing knowledge of human resources management. These economists should work together with the job analysts to simultaneously create the job evaluation and remuneration models.

The future functions of the CSB related to this topic are listed below:

- a) Elaborate the salary structure for the civil service. This includes the design and definition of all elements that comprise salary (the report produced by the G3 project, the Concept and SIGMA's comments contain a number of recommendations related to the elements and their weights in overall salary. The basic salary should be the main element of the structure). A specific law to regulate salaries is necessary.
- b) Elaborate bonuses that can be distributed to civil servants with criteria for their award for Government approval. The discretion of the institutions in approving alternative criteria or bonuses should be reduced to the minimum.
- c) Cost out the new salary structure in cooperation with the Ministry of Finance and prepare an implementation plan for the civil service institutions. This plan should be the same as the one related to job classification procedures.
- d) Supervise the implementation of the new salary structure in all of the civil service institutions.
- e) Organize capacity-development activities combined with outreach/information campaign for civil servants.
- f) Decide when the application of bonuses based on performance appraisal should start in the civil service institutions. As described in the previous sections, it is advisable not to start the application of bonuses immediately with the introduction of the new salary scheme and in the first years of the application of performance appraisal. The CSB should allow the use of performance bonuses only after these processes have been consolidated.

There are public institutions that do not enter into the scope of the civil service or categories of staff within civil service institutions that are not civil servants. The government should elaborate remuneration policies for these categories as well. The **recommendation** is for the **CSB to become a unique institution for elaborating job evaluation and remuneration policies for all of the public administration institutions** and all categories of public employees in Georgia. This can be achieved within the second phase after full implementation of a reformed system of civil service. The Government can benefit in having only one institution dealing with this issue across the board. In this way, the policies will be consistent and the same principles applied with capacities also being concentrated at one institution. This should be a long-term objective for the CSB.

## 4.5. Ethics, Disciplinary and Appeal Functions (Mediation)

### 4.5.1. Ethics in the Civil Service

The CSB should develop the Code of Ethics (or Code of Conduct) in the Georgian civil service and supervise its implementation. In general, this calls for an effort that is focused more on principles than on procedures. The ethics concepts are usually contained in rules/regulations and although a

legal document does exist, most of the provisions and recommendations are contained in good governance practices manuals. The CSB should develop these manuals as the lead HR management institution in government.

The position of an “ethics counselor” has been created within many organizations throughout the world. This position is usually created within human resources units. The main tasks of the position are to provide advice to employees, managers and heads of institutions on how to act or react in different situations based on the ethical standards provided in the code of ethics. In the case of a breach of ethical principles, the counselor advises the manager or the disciplinary commission on measures to be taken. This position/role should be created in the civil service institutions in Georgia.

A network of ethics counselors should be created with the CSB as the head of this network, providing specialized advice, coaching and training for network members. Periodical meetings should be organized and specific cases of breaches of ethics discussed. Manuals are periodically updated and common decisions on how to react in specific cases are adopted. As a summary, the role of the CSB will be to:

- a) Develop the Code of Ethics in the civil service and good governance practice manuals.
- b) Create the network of ethics counselors in human resources units at all government institutions.
- c) Organize periodical meetings of the network and share good practices.
- d) Organize broad trainings and information campaigns on ethical standards and the importance of ethical behavior in the civil service.

#### **4.5.2. Disciplinary and Appeal Functions (Mediation)**

The need to develop uniform procedures related to disciplinary measures in civil service institutions is contained in the Civil Service Reform Concept. The CSB should develop these procedures and determine the types of disciplinary measures to be implemented as well as the procedures for appeals.

The disciplinary proceedings are the domain of the institutions. The central human resources unit such as the CSB cannot interfere in the merits of the case although there are cases when the central human resources unit is used as an appeal or advising body regarding disciplinary measures (in most cases, this is left for only important measures of demotion or dismissal from the civil service). The international practice provides two examples from other countries related to this role as follows:

- In one case, the central human resources unit receives the entire file related to the disciplinary proceeding and issues a non-mandatory recommendation to the institution. Thereafter, the central body examines the procedure and makes sure all steps are correctly followed as well as examining the proportionality of the measures with the breach. The role of the central body is perceived mostly as tutorial with the aim of guiding institutions on what they did wrong and providing them with the possibility to review the act before it goes to the litigation stage.
- In another case, a permanent commission is created at the central human resources unit to examine all complaints of civil servants related to disciplinary cases. This is a decision-

making body and the decision is made mandatory for institution. The commission's members are from the central human resources unit and human resources managers from important institutions and trade unions, and external experts while membership is renewed periodically.

The CSB intends to establish a mediation role related to civil service issues in general. This mediation role will be between the government, institutions and trade unions (in cases where they exist) for general cases and procedures although it can also be extended to individual cases. We would recommend the CSB adopt the first of the two aforementioned models because the role of the CSB is to ensure that procedures are correctly and consistently implemented across the civil service but with decisions ultimately belonging to the institutions themselves. The CSB should have a guiding role and distribute good practices while also transforming these good practices into policies and mandatory standards. In the case of litigation, however, the CSB should stay clear from involvement in the case of court hearing or other instances.

The CSB can create a two-tier system if the first model is adopted:

1. The CSB examines only the cases related to ministry staff and top management in other institutions.
2. The ministries examine the cases related to staff in the institutions or LEPLs under their responsibility.

The CSB will not be overloaded with many cases within this model but able to set the standards and serve as an example for the ministries in their advisory role.

#### **4.6. Training and Capacity-Development**

Training and capacity-development is an overarching function for the CSB. The new procedures related to the implementation of the Civil Service Reform Concept have been mentioned in previous sections. The CSB should elaborate training programs and conduct intensive capacity development interventions for all of these new procedures which involve not only human resources managers in institutions but also the heads of the institutions, different managers and other key staff. One important element is that the CSB should develop the capacity of its staff and create capacities within the CSB to design and implement the reforms.

The CSB and the Government of Georgia are embarking on a challenging but very difficult process of reforming the civil service and the remuneration system in public administration. In themselves, these reforms contain several mini-reforms all of which are of a major importance within larger reforms. For this reason, the CSB should undertake the role of "change manager" through:

1. Elaborating a civil service communications campaign able to create supporters in the institutions and with the public.
2. Elaborating a clear and detailed transition/implementation plan, allowing sufficient time for successful implementation.
3. Designing and managing a broad training program for different levels of public officials in order to make them able to understand and implement the reform.

In addition to these activities to be undertaken immediately within the framework of the Concept, the CSB should create capacities to manage the general training process for the civil service. The functions related to this objective are described in details in the Capacity Development consultancy report issued by the G3 program.<sup>8</sup> We agree with the recommendations provided in this report. The CSB will have the following responsibilities in the future:

- a) Design the Training Needs Assessment (TNA) methodology and enable the institutions to implement the methodology during the performance appraisal procedure. This methodology and training standards are to be developed in consultation with human resources departments/training centers. Based on the results of the monitoring, the CSB can address training needs for improvements in human capacities.
- b) Develop standards to monitor the quality of the training design, delivery and testing as well as an action plan to implement the monitoring of the standards. The standards are to be developed in consultation with human resources departments/training centers and or contracted private training providers. Based on the results of the monitoring, the CSB can address any needs for improvements.
- c) The CSB will be responsible for designing training programs for management and top management positions in the civil service.
- d) The human resources departments/training centers continue to identify general short-term training needs. The CSB will summarize the results of the needs analyses and, in cooperation with human resources departments/training centers, determine the priority needs as well as the required resources and amount of donor funding to support the development of capacity within civil service. Training centers continue to be responsible for identifying specialized training needs, coordinating donor resources to meet these needs and for undertaking the administrative arrangements for the delivery of the training.
- e) The CSB will set out the process and criteria for the accreditation of institutions/private training providers and the courses selected in consultation with human resources departments, training centers and Georgian training providers. Once the process and the criteria are developed, the recommendation is that the accreditation be phased in over time.
- f) The CSB develops the Training Impact Assessment methodology and implements the methodology in all of the institutions in cooperation with human resources departments/training centers.

The G3 report suggests that the existing training centers in the ministries and other institutions continue to operate but that they share information with the CSB regarding training activities. The CSB will be the focal point for the development of general training, especially for the top management level. The implementation of this training, however, may be outsourced to existing centers, institutions of higher learning or private service providers. The CSB should create its own training coordination capacity although it should not take on the role of a training center.

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<sup>8</sup> Capacity Development and Sustainable Training, Linda Buchanan, May 2014.

#### 4.7. Asset Declaration

Asset declaration is currently one of the two main pillars in the activity of the CSB. The asset declaration function was not initially under the scope of this consultancy as it is not related to the implementation of the Civil Service Reform Concept. Following a request by the head of the CSB, we provide some recommendations related to this function in order to complete the functional review of the CSB in all of its aspects. The recommendations will be based entirely on the report commissioned by GIZ<sup>9</sup>.

Currently, the CSB has a limited role in the asset declaration procedure. The CSB is responsible for:

- Determining the categories of public employees obliged to submit asset declaration.
- Creating the infrastructure for submitting the declaration.
- Monitoring the timely submission of the declaration and if the declaration submitted is fully completed.

The CSB does not currently perform any verification related to the accuracy of the declaration or the legitimacy of the wealth declared. It is foreseen in the CSB Charter that the CSB will:

- *Analyze the data provided in the asset declaration of public officials.*
- *Request necessary information from state agencies and public officials to carry out assigned tasks and obtain more specific information on the data provided in the asset declaration.*<sup>10</sup>

Interviews with CSB staff indicated that these functions are not currently being implemented by the CSB and there is no legal requirement for it to conduct this type of review.

The GIZ report suggests that the CSB should add an auditing/monitoring function for asset declaration in the future. This opinion is also shared by the management of the CSB. The CSB should perform an initial audit of the declaration and report the case to other competent institutions for further investigations in light of any irregularities.

In fact, this function has not been thoroughly discussed and agreed with the CSB and other relevant bodies. The CSB has hitherto not decided on the shape of this function. There are several options to be considered in the GIZ report. All of these options are possible and functions will vary considerably depending on the one selected. Staff engaged in implementing this function will also depend on the solution selected. Our preference is to support the recommendation found in the GIZ report and, that is to add two financial analysts/auditors to the current organization of the Asset Declaration Department in order to prepare the CSB for the implementation of this function in the future.

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<sup>9</sup> Verifying Income and Asset Declaration of Public Officials in Georgia, Dr. Tilman Hoppe, March 2014.

<sup>10</sup> Article 3 of the CSB Charter.

## 5. CSB Proposed Organization and Capacities Required

This chapter provides recommendations related to the future organization of the CSB and the capacities needed in each department for discharging all of the functions and duties. The future activities of the CSB can be sequenced in two stages:

Stage 1: Design the policies and systems that will lead to the elaboration of the new laws and by-laws on the civil service and on salaries (i.e., design the framework to implement the Concept).

Stage 2: Implement the procedures as described in the laws.

The first stage is expected to take at least one year while full implementation of all activities will last several years. The CSB should be able to achieve the objectives of these two stages. On the other hand, absorbing new staff and making the staff able to implement all of the functions and activities foreseen in the job descriptions is a lengthy process. We will sequence the transformation of the CSB in two stages in order to follow the two stages of reform:

Stage 1: Reorganize the CSB as an institution that is able to design the systems and elaborate the laws and procedures.

Stage 2: Create the capacities to implement the procedures as described in the laws.

### 5.1. Proposed Organization for the CSB

We are faced with two options for reorganizing the CSB:

1. Leave the organization as it is with the Department for Civil Service Reform and Development (DCSRD) in charge of the development of policies and the elaboration of the laws and procedures to implement the first stage's objectives. The Administrative Department will remain as providing administrative support and will not have substantive functions.
2. Immediately reorganize the CSB based on the future functions and create those departments foreseen for the implementation of the objectives of both stages of implementation of civil service reform.



We selected the second option in elaborating our recommendations for the following reasons:

- The reorganization of the departments based on new functions will favor and call for the specialization of existing staff;
- It will be easier and faster to train and increase the capacities of existing staff in new the CSB business processes;
- A core group can be created and used to train and coach the new recruits directly in their areas of responsibilities within the departments;
- There is no risk of creating "tunnel vision" during the first stage due to the small number of employees and the application of effective communication and the dissemination of materials (joint meetings, shared materials, etc.) and;
- The transition to the second stage will be easier.

The key principles at the basis of the recommendations are as follows:

- Similar functions or different stages of the same process are grouped as much as possible in the same department. There is no fragmentation of functions in different departments.
- There is a clear division between substantive functions and support functions. The Administrative Department will deal exclusively with support functions.
- The experts maintaining all websites and IT systems of the CSB are grouped in one division within the Administrative Department.
- An acceptable management plan will exist for each manager.

In consultation with the CSB, we discussed the need to have a separate legal drafting capacity within the Administrative Department, at least for the first stage of the process, when legal drafting will be most important. As explained in the report, we would prefer a solution where capacities are allocated within the departments dealing with the process. In the table below, we try to provide pros and cons for this solution where the cons represent advantages for keeping a separate legal drafting capacity within the Administrative Department:

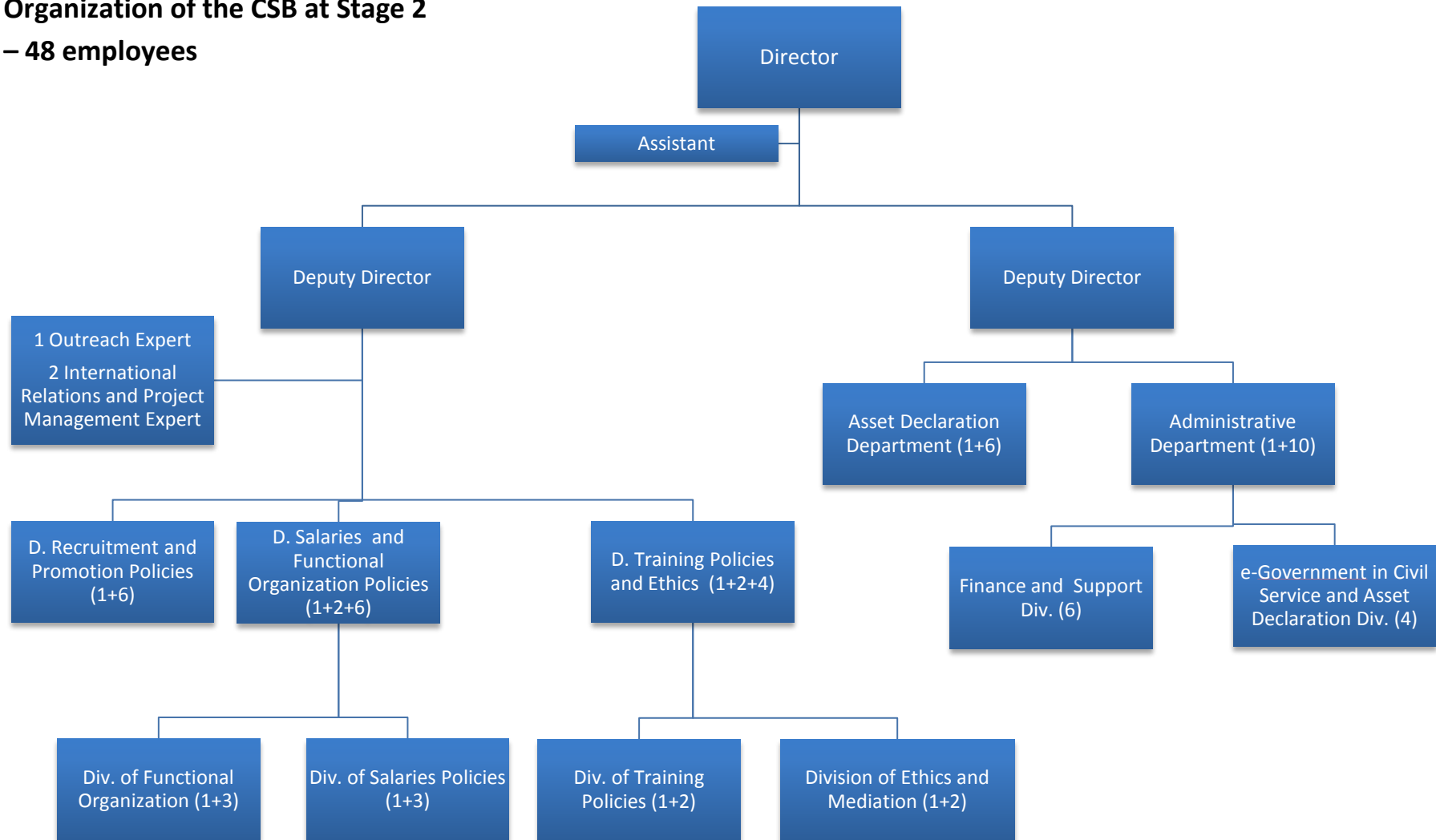
 <ul style="list-style-type: none"><li>- Capacities are concentrated within the same unit dealing with the process</li><li>- Group work between substance staff and lawyers is more efficient</li><li>- There is no confusion in roles</li><li>- Drafting is not seen as a support function but as a part of policy design</li></ul>	 <ul style="list-style-type: none"><li>- During the first stage lawyers will be required to work in more than one procedure and regulation</li><li>- Legal drafting skills are concentrated within the same unit and cooperation is ensured</li><li>- The CSB is not a large organization and internal communication is effective</li></ul>
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The CSB will need to adapt the structure to the new functions foreseen in the Concept at the first stage and aim to add staff and complete the structure with all capacities needed in the coming years. The proposed structure for stage 2 should be the mid-term objective for the CSB.

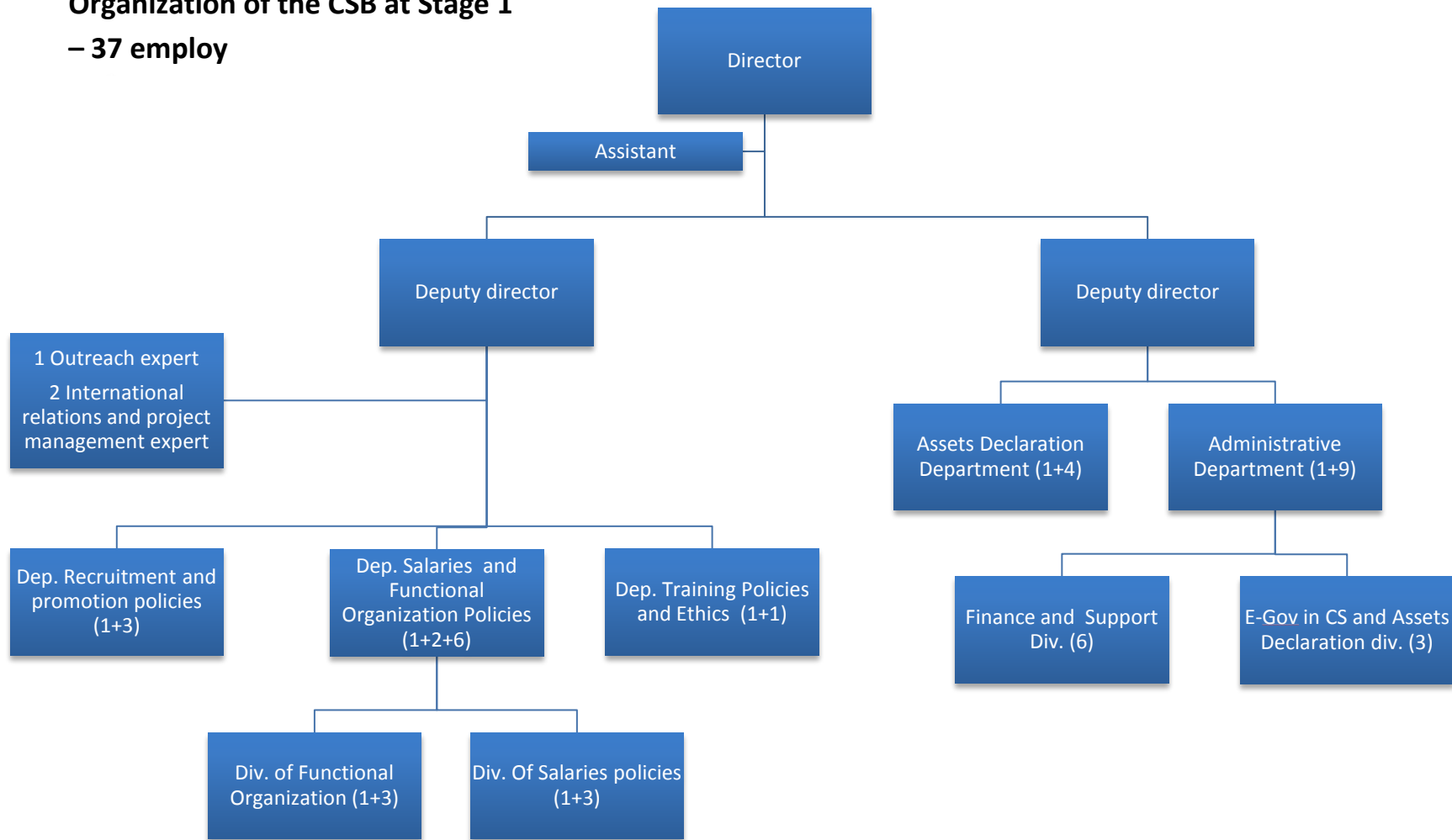
We propose the following organization for the CSB for the two stages based on the abovementioned descriptions of the functions:



**Organization of the CSB at Stage 2**  
**– 48 employees**



**Organization of the CSB at Stage 1**  
**– 37 employ**



## 5.2. Job Descriptions and Capacities Required in Each Department

The functions and main areas of activity for each organizational unit in the CSB in both stages are given in the table below. In this way we have provided a sequenced approach for the transformation of the CSB. It will be important for the CSB to discuss the need for additional staff and capacities with the Government as soon as possible in order to obtain the necessary funds for 2015 to increase its capacities. If possible, using the 2014 budget or funds that can be made available from the Government, the CSB should start recruiting the new staff foreseen for Stage 1 as soon as possible. New staff are absolutely necessary for the Department of Salaries and Functional Organization Policies. The current capacities of the CSB are not suitable for the functions foreseen for this Department.

Recruiting new staff should go in parallel with capacity-development activities for the existing as well as new staff. The CSB can identify training programs from training providers or international specialized institutions. It is difficult to find training providers for some topics within the domestic market. The CSB can send one staff member for these international specialized trainings and then use the capacities of this civil servant to train the rest of the staff on that topic through ToT program, limiting expenses. The CSB can also use international donors to fund training activities for the staff. A detailed training needs assessment should be conducted for the existing and new staff. The following areas of training are necessary for the CSB at this stage of reform implementation based on our analysis and interviews with CSB staff:<sup>11</sup>

Nr	Topic	Duration (Days)	Priority
1	Human Resources Management (General Overview)	2	High
2	Job Descriptions and Job Evaluations Procedures	6	High
3	Recruitment Techniques (Testing and Interviewing Skills)	4	High
4	Organizational Development and Business Process Engineering	6	Medium
5	Salary Systems and Policies	3	High
6	Performance Appraisal Cycle and Motivation	4	High
7	Training Needs Assessment and Training Impact Assessment	3	Medium
8	Training Process Management	2	Medium
9	Ethics in Public Administration	3	Medium

Training should be organized for the staff that will implement the civil service reform processes. In this way, capacities will be developed at a quicker pace alongside the technical needs of the reform (structures, laws, systems, regulations, secondary legislation, etc.) that take place in parallel to capacity development.

The functions foreseen for each department and division for stage 1 are also relevant for stage 2 as continuous improvements of the procedures are expected. Additional functions that will start to be implemented at this stage are listed in the stage 2 column. The general capacities for the staff in each unit are also provided.

The CSB needs to have qualified staff from the first stage of implementation. Our general assessment results show that it is difficult to find the requested human resources management capacities in the Georgian labor market. These procedures are new and not many human resources

<sup>11</sup> This should be considered as minimal training required.

management professionals are currently available. The CSB can recruit new staff and develop capacities while they are in their positions or it can try to attract human resources managers or experts from other government institutions where these capacities exist. One possibility is also to create a group of human resources managers/experts who can be seconded to the CSB for a period of at least six months. In this way the CSB will have the necessary capacities immediately and these human resources managers will also serve as trainers and coaches in different procedures for the CSB staff. This group of seconded officials should stay at the CSB at least until the procedures, laws and by laws have been drafted.

Civil Service Bureau		
	Stage 1 (one year)	Stage 2 (two-three years)
<b>Functions/Areas of Activity</b>	<ul style="list-style-type: none"> <li>- Prepare the framework to implement the Concept</li> <li>- Design procedures and business processes</li> <li>- Elaborate laws and by laws</li> <li>- Create internal capacities and increase capacities in the institutions for the implementation stage</li> </ul>	<ul style="list-style-type: none"> <li>- Implement the procedures foreseen in the legal framework</li> <li>- Monitor implementation in civil service institutions</li> <li>- Ensure the standards, principles and procedures are uniformly implemented</li> <li>- Provide advice to the Government for informed decision-making</li> <li>- Ensure capacities are in place for implementation of the reform</li> </ul>
<b>Capacities</b>	37 employees	48 employees
<b>Office of the Deputy Director</b>		
<b>Functions/Areas of Activity</b>	<p><b>Outreach Expert:</b></p> <ul style="list-style-type: none"> <li>- Prepare communications strategy to support implementation of civil service and salary reform</li> <li>- Design communications tools</li> <li>- Prepare budget</li> <li>- Implement communications strategy</li> </ul> <p><b>International Relations and Project Management Experts:</b></p> <ul style="list-style-type: none"> <li>- Prepare project proposals and project fiches for donor support</li> <li>- Prepare ToR and supervise the activity of external experts</li> <li>- Liaise with donor organizations and coordinate support for the implementation of the Concept</li> <li>- Prioritize the CSB's needs for support</li> <li>- Prepare reports and communicate with international organizations</li> </ul>	<p><b>Outreach Expert:</b></p> <ul style="list-style-type: none"> <li>- Update the communications strategy</li> <li>- Identify non-supportive factors that influence the implementation and design targeted communications tools and campaigns to gain support</li> <li>- Implement communications strategy</li> </ul> <p><b>International Relations and Project Management Experts:</b></p> <p>Idem</p>
<b>Capacities</b>	<p><b>Outreach Expert:</b></p> <ul style="list-style-type: none"> <li>- Education in Communications Sciences or Marketing</li> <li>- Experience in designing and implementing broad communications campaigns</li> <li>- Experience in advertising business and designing communications tools</li> <li>- Excellent communication skills</li> </ul> <p><b>International Relations and Project Management Experts:</b></p> <ul style="list-style-type: none"> <li>- Education in International Relations, International Law, etc.</li> <li>- Further education or training in Project Cycle Management</li> <li>- Experience working with donors and preparing project proposals, fiches, ToR</li> <li>- Good understanding of planning and projects management procedures for different donors</li> <li>- Report writing skills</li> <li>- Excellent knowledge of the English language</li> </ul>	Idem

## Department for Recruitment and Promotion Policies

### Stage 1 (one year)

### Stage 2 (two-three years)

#### Functions/Areas of Activity

- |  |  |
|--|--|
| <ul style="list-style-type: none"> <li>- Develop policies and procedures for recruitment and promotion</li> <li>- Set standards for written tests and recruitment interviews</li> <li>- Set standards for internal promotion</li> <li>- Prepare laws and by laws for recruitment, promotion and internship in civil service institutions</li> <li>- Create database with multiple choice questions for certification procedure</li> <li>- Manage internships</li> <li>- Publish vacancies</li> <li>- Create capacity-building program for human resources managers and certification procedures</li> </ul> | <ul style="list-style-type: none"> <li>- Coordinate human resources planning in civil service institutions, including job shortages</li> <li>- Manage recruitment procedures – entry-level</li> <li>- Participate in recruitment procedures</li> <li>- Manage waiting list</li> <li>- Register decisions at the end of probation period</li> <li>- Monitor recruitment procedures organized by institutions and provide advice for improvement</li> <li>- Register decisions for confirmation at the end of probation period</li> <li>- Issue authorization to organize open competition</li> <li>- Prepare implementation manuals and guidelines</li> </ul> |
|--|--|

#### Capacities

- |  |   |
|--|---|
| <p>1 director + 3 experts</p> <ul style="list-style-type: none"> <li>- Education in Law, Human Resources Management, Social Sciences, Psychology or other related field</li> <li>- Desired training in recruitment skills and career development</li> <li>- Experience in recruitment procedures, designing recruitment tests, interviewing skills</li> <li>- Good understanding of human resources management philosophy and procedures</li> <li>- Excellent drafting skills</li> <li>- Excellent presentation and report writing skills</li> </ul> | <p>1 director + 6 experts (2 experts in reserve depending on the involvement in the recruitment procedure)</p> <p>Focus on implementation skills and continuous development of recruitment and promotion procedures. New experts should be drawn from the pool of graduates from human resources management or social sciences.</p> |
|--|---|

## Department for Salaries and Functional Organization Policies (9 employees)

### Division for Functional Organization

#### Stage 1 (one year)

#### Stage 2 (two-three years)

#### Functions/Areas of Activity

- |   |   |
|---|---|
| <ul style="list-style-type: none"> <li>- Develop policies, system, procedures and methodology for job descriptions and job evaluations</li> <li>- Set standards for the internal organization of public administration institutions</li> <li>- Prepare regulations for job descriptions and job evaluations as well as for the internal organization of the institutions</li> <li>- Elaborate implementation manuals for all procedures</li> <li>- Create a capacity-building program for human resources managers</li> <li>- Create a central Job Evaluation Commission and support its activity</li> <li>- Prepare a transitional plan for implementing the new job classification system</li> <li>- Collaborate with the outreach expert to prepare a communications strategy</li> </ul> | <ul style="list-style-type: none"> <li>- Supervise the implementation of the job evaluations methodology in all civil service institutions based on the transitional plan</li> <li>- Provide advice to all institutions during this stage of the reform process</li> <li>- Ensure the standards for job descriptions and job evaluations are observed by all institutions</li> <li>- Evaluate and certify that the internal organization proposed by the institutions is in line with standards set</li> <li>- Certify the proposed functions are not currently implemented by another public institution and do not represent a duplication of functions</li> <li>- Ensure that the distribution of staff in the organizational structure is efficient and the discharge of functions is done effectively</li> <li>- Certify that the staff registered in the waiting list could not be accommodated in the new structure</li> <li>- Implement functional reviews of government ministries and agencies</li> </ul> |
|---|---|

#### Capacities

- |   |  |
|---|--|
| <p>1 head + 3 experts</p> <ul style="list-style-type: none"> <li>- Education in Law, Management, Human Resources Management, Social Sciences, Psychology or other related field</li> <li>- Desired training in job analysis procedures and organizational development</li> <li>- Experience as job analysts or business process engineers</li> <li>- Good understanding of human resources management philosophy and procedures</li> <li>- Excellent training and communications skills</li> <li>- Drafting skills (legal and reports)</li> </ul> | <p>1 head + 3 experts (1 expert in reserve depending on the involvement in the functional organization procedure)</p> <ul style="list-style-type: none"> <li>- Excellent skills in organizational development</li> <li>- Broad knowledge of institutional framework in Georgia</li> <li>- Excellent skills in business process re-engineering</li> </ul> |
|---|--|

**Department for Salaries and Functional Organization Policies (9 employees)**

**Division of Salaries Policies**

Stage 1 (one year)

Stage 2 (two-three years)

<b>Functions/Areas of Activity</b>	<ul style="list-style-type: none"> <li>- Develop policies and design salary system for Georgian civil service institutions</li> <li>- Develop remuneration policies for civil service institutions</li> <li>- Elaborate legal framework for salaries in the civil service</li> <li>- Determine the categories of bonuses and conditions for award</li> <li>- Elaborate economic models and calculate the impact</li> <li>- Create a capacity-building program for human resources managers</li> <li>- Prepare a transitional plan for implementing the new salary system</li> <li>- Collaborate with the outreach expert to prepare a communications strategy</li> </ul>	<ul style="list-style-type: none"> <li>- Supervise the implementation of the salary scheme in all civil service institutions based on the transitional plan</li> <li>- Provide advice to all institutions during this stage of the civil service reform process</li> <li>- Decide when performance bonuses can be applied in civil service institutions</li> <li>- Elaborate policies to develop salary schemes in other non-civil service institutions</li> <li>- Lead government policies related to remuneration in public administration institutions</li> </ul>
<b>Capacities</b>	<p>1 head + 3 experts</p> <ul style="list-style-type: none"> <li>- Education in Economics, Financial Analysis, Statistics</li> <li>- Desired training in human resources management procedures</li> <li>- Experience in designing salary schemes and calculating impacts</li> <li>- Good understanding of human resources management philosophy and motivation techniques</li> <li>- Excellent analytical skills and good knowledge of Georgian institutional framework</li> <li>- Preferred experienced as a salary expert for other large schemes (education, health, etc.).</li> </ul>	<p>1 head + 3 experts</p> <p>Idem</p>



## Department for Training Policies and Ethics

### Stage 1 (one year)

### Stage 2 (two-three years)

#### Functions/Areas of Activity

- Develop policies and design Training Needs Assessment and Training Impact Assessment methodologies
- Develop standards to monitor quality of training provided by training centers
- Develop performance appraisal procedures
- Design and implement capacity-development activities for human resources managers and other stakeholders in performance appraisal and conduct a Training Needs Assessment and Training Impact Assessment
- Develop the Code of Ethics for the Georgian Civil Service

#### Division of Training Policies:

- Design training program for top civil servants
- Determine the priorities and funding sources for generic training
- Set out the process and criteria for accreditation of training centers
- Supervise the performance appraisal process
- Supervise the implementation of Training Needs Assessment and Training Impact Assessment methodologies and collect information

#### Division of Ethics and Mediation:

- Develop manuals of good practices
- Provide advice in cases of ethical breaches
- Create the network of ethical counselors in the institutions and manage the activity
- Provide recommendations to the institutions in the cases of important disciplinary proceedings
- Create a capacity-building program on ethics and disciplinary proceedings

#### Capacities

- 1 director + 1 expert
- Education in Law, Human Resources Management, Social Sciences
  - Desired training in human resources management procedures and ethical standards
  - Experience in designing training programs and performance appraisal systems
  - Good understanding of human resources management philosophy and motivation techniques
  - Excellent training and communications skills
  - Excellent report writing skills

#### Division of Training Policies (1 head + 2 experts):

- Education in Human Resources Management, Social Sciences, Psychology
- Desired training in human resources management and training procedures
- Experience in designing training programs
- Previous experience in performance appraisal systems
- Good understanding of human resources management philosophy and motivation techniques
- Excellent training and communications skills
- Excellent report writing skills

#### Division of Ethics and Mediation (1 head + 2 experts):

- Education in Law, Social Sciences, Psychology
- Desired training in ethical standards
- Previous experience in dealing with disciplinary measures and administrative law
- Good understanding of human resources management philosophy
- Excellent training and communications skills

## Department for Asset Declaration

### Stage 1 (one year)

### Stage 2 (two-three years)

**Functions/Areas of Activity**

- Develop policies and procedures related to asset declaration
- Determine categories of public employees obliged to submit the declaration
- Create the infrastructure for submitting the declaration
- Monitor the timely submission of the declaration and if the declaration submitted is fully completed
- Analyze options and provide recommendations for the new auditing function

- Develop the auditing/monitoring function based on Government decision
- Prepare implementation manuals and guidelines

**Capacities**

- 1 director + 4 experts
- Same as currently

- 1 director + 6 experts

- Education in Economics, Financial Analysis, Accounting, Auditing
- Previous experience as financial inspector, auditor, tax inspector
- Certificate in auditing procedures

## Administrative Department

Stage 1 (one year)

Stage 2 (two-three years)

<b>Functions/Areas of Activity</b>	<p><b>Division for e-Governance in Civil Service and Asset Declaration:</b></p> <ul style="list-style-type: none"> <li>- Develop databases and IT systems related to CSB activity</li> <li>- Maintain the systems</li> <li>- Provide technical support to CSB staff</li> <li>- Serve as a “help desk” for technical issues for systems users</li> </ul> <p><b>Division for Legal, Financial and Support Services:</b></p> <ul style="list-style-type: none"> <li>- Provide legal support to the CSB in contractual issues</li> <li>- Represent the CSB in courts</li> <li>- Provide financial services for the CSB</li> <li>- Organize and conduct procurements for the CSB</li> <li>- Maintain the archive and other clerical activities for the CSB</li> <li>- Provide other support services to the CSB</li> </ul>	Idem
<b>Capacities</b>	<p><b>Division for e-Governance in Civil Service and Asset Declaration (3 experts):</b></p> <ul style="list-style-type: none"> <li>- Education in Computer Sciences</li> <li>- Previous experience as software developer and database administrator</li> <li>- Web design skills</li> <li>- Network administrator skills</li> </ul> <p><b>Division for Legal, Financial and Support Services (6 employees):</b></p> <p>1 legal expert, experienced in contractual issues and court proceedings            1 procurement expert            1 accountant            1 archive/clerical expert            1 material/technical support staff            1 office cleaner</p>	<p><b>Division for e-Governance in Civil Service and Asset Declaration (4 experts):</b></p> <p>1 additional IT developer for the other systems to be created in the CSB (asset declaration system)            Same qualifications</p> <p><b>Division for Legal, Financial and Support Services (6 employees):</b></p> <p>Idem</p>

## 6. Estimated Costs of Transforming the CSB under Civil Service Reform

Implementing the proposed functional review of the CSB requires the allocation of additional resources from the Government. At this stage of the reform it is important to consider the costs that are associated within. The Government should adopt a decision approving the costs associated with the transformation of the CSB in principle. Otherwise, it will be difficult for the CSB to deliver on the reform objectives in the next years. The Government should also consider the costs related to the implementation of the Civil Service Reform Concept. Here, we are not considering the costs associated with the new classification and salary scheme because these should be calculated separately. We are only considering the costs associated with stage 1 of the Concept's implementation; that is, preparing the framework for implementing the procedures foreseen in the Concept.

We tried to calculate the costs associated with the transformation of the CSB based on the recommendations presented in stages 1 and 2. We calculated the salaries for additional staff as a part of these costs as well as the proportional operational expenditures, the equipment for the staff and the costs related to the initial capacity-building for staff that should be added. These capacity-development activities should be considered as the *minimum* for the staff to be able to start work for designing the procedures and drafting regulations. We based these calculations on the price list of one of the best Georgian training provider companies. For data related to training interventions we based the calculation on the RIPA International (UK) price list given the fact that Georgian training providers are not able to deliver this type of training. These calculations, however, should be considered preliminary and a suggestion to the CSB for their future negotiations with the Government:

Item	Value Stage 1 GEL	Value Stage 1 USD	Value Stage 2 GEL	Value Stage 2 USD
<b>Salaries and Bonuses</b>	148,200	84,205	326,400	185,455
<b>Operational Expenditure</b>	31,967	18,163	82,200	46,705
<b>Equipment</b>	13,112	7,450	19,800	11,250
<b>Capacity-Development for CSB Staff</b>	135,908	80,402	40,000	23,255
<b>System design/Systems</b>	40,400	23,488		
<b>Total</b>	<b>369,587</b>	<b>213,708</b>	<b>468,400</b>	<b>266,665</b>

We also tried to provide an initial costing for some of the business processes which the CSB will have to undertake during the first stage of the implementation of the Concept. These expenses should be considered as indicative and discussed with the Government or become part of the requests for technical assistance support from donors. We calculated the cost of drafting the new Law on Civil Service and the new Law on Salaries for the Civil Service together with associated by laws. For these activities, we propose a combination of CSB staff with international experts:

Item	Value Stage 1 GEL	Value Stage 1 USD
Communications Strategy and Awareness-Raising Campaign	90,400	52,558
Creating Recruitment Database (Certification)	47,520	27,000
Legal Drafting	344,960	196,000
Logistics Related to the Drafting Process	52,800	30,000
Capacity-Development for Human Resources Managers and other Stakeholders	440,000	250,000
Intranet for the CSB	8,800	5,000
<b>Total</b>	<b>984,480</b>	<b>560,558</b>

## Annex 1 - Functional Review Requirements and Methodology

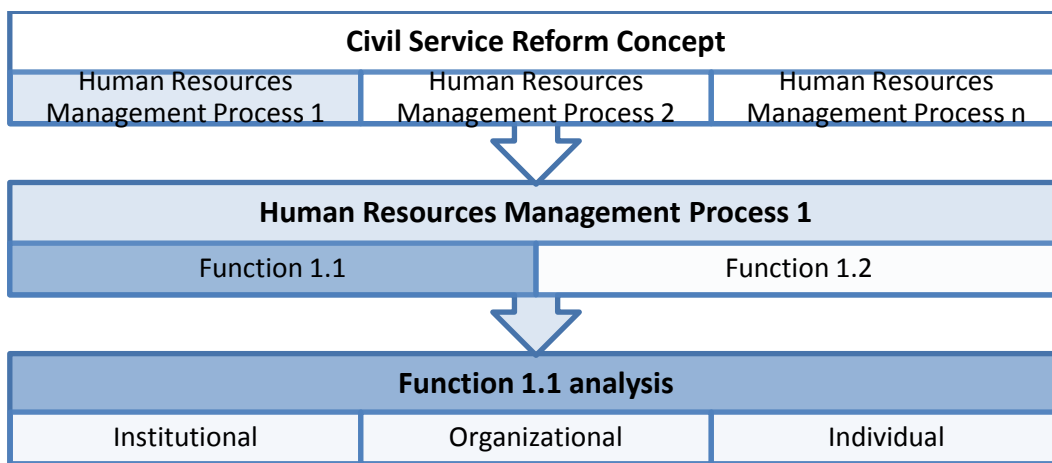
### 1. Functional Review Requirements

The objective of this consultancy is the examination of the current operational structures, staffing and processes of the Civil Service Bureau (CSB) including its relationships with other governmental entities in relation to the new mandates and functions proposed in the Civil Service Reform Concept. The functional review will provide the Government of Georgia with proposals on how to organizationally revise the structures, staffing and processes at the CSB to accommodate the needs for a central management body to implement the reforms envisioned under the Civil Service Reform Concept. This review will take place on three levels:

- Institutional level
- Organizational level
- Individual level

### 2. Functional Review Methodology

The starting point in conducting the functional review of the CSB will be the human resources management processes described in the Concept. CSB functions will be extracted from these processes. An analysis will be conducted for each function based on the three dimensions: institutional, organizational and individual:



#### Functional Review Steps:

1. *Human Resources Management Processes Inventory:*

The first step in the review process was the inventory of all of the human resources management processes described in the Concept. All of the processes will then be divided into their functions for the CSB. The functions will be grouped into:

- Existing functions
- New functions

2. *Business Process Mapping:*

The mapping of business processes was prepared for each function. For the existing functions, the current business processes and existing resources were assessed in view of the Concept. In

all cases the assessment covered the three aforementioned dimensions: institutional, organizational and individual.

3. *Assigning Functions to Organizational Units:*

Functions will be assigned to organizational units in the CSB. The grouping of the functions was done using the main purpose of the function: policy development, regulatory and monitoring and service delivery functions

In assigning the functions, careful attention will be paid in order that business processes related to each function are discharged within the same unit. The selection of the assignment method will be done in cooperation with the CSB.

4. *Quantitative Analysis:*

All functions and business processes were assessed from a quantitative point of view to determine as exactly as possible the number of staff required to effectively discharge the function based on the identified business processes.

5. *Capacities Analysis and Recommendations:*

The existing capacities in the CSB were assessed to determine the ability to discharge the identified functions and business processes. The assessment was done against the required capacities.

6. *Sequencing of Activities and Staff Allocation:*

Given the complexity and the amount of work involved to fully implement the Civil Service Reform Concept, a staged approach for the transformation of the CSB was provided. Functions were prioritized and the resources required to discharge this first group of functions were identified. Sequencing the reorganization is beneficial from two perspectives:

- b. The CSB might not be able to get all of the requested resources within the first year.
- c. Increasing capacities of the existing staff and absorbing new staff into the organization require a significant amount of time and cannot be achieved in the short term.

7. *Cost Estimations:*

The cost estimations related to additional staff required were provided based on the sequencing of activities and related recommendations.

**Assessment Methods:**

A combination of different assessment methods was used to complete the review. A desk review of various documents was combined with structured interviews with key stakeholders including CSB staff and key informants from main ministries. Special attention was paid to the recommendations on business processes as prepared by the three other consultancies (training system, recruitment system, job classification and remuneration). Presentations on findings and recommendations were organized for the CSB and their comments were included in the final version of this report.