

TC DOCUMENT

I. Basic Information for TC

▪ Country/Region:	REGIONAL
▪ TC Name:	Digitalization of Human Resources Management (HRM) and Professionalization of Public Officials from the Korean Experience
▪ TC Number:	RG-T3876
▪ Team Leader/Members:	Lafuente, Mariano (IFD/ICS) Team Leader; Konate, Takady Mamadou (IFD/ICS) Alternate Team Leader; Aguilar Blandon, Maria Alejandra (IFD/ICS); Almeida Oleas, Natalia (LEG/SGO); De Leon Miranda, Jorge Clemente (IFD/ICS); Kim, Seong Youn (IFD/ICS); Mosqueira Medina, Edgardo (IFD/ICS) Lafuente, Mariano (IFD/ICS) Team Leader; Konate, Takady (IFD/ICS) Alternate Team Leader; Aguilar Blandon, Maria Alejandra (IFD/ICS); Almeida Oleas, Natalia (LEG/SGO); De Leon Miranda, Jorge Clemente (IFD/ICS); Kim, Seong Youn (IFD/ICS) Oleas, Natalia (LEG/SGO);
▪ Taxonomy:	Client Support
▪ Operation Supported by the TC:	.
▪ Date of TC Abstract authorization:	22 Jul 2021.
▪ Beneficiary:	Government of Uruguay: National Civil Service Office Government of Ecuador: Ministry of Labor
▪ Executing Agency and contact name:	Inter-American Development Bank
▪ Donors providing funding:	Public Capacity Building Korea Fund for Economic Development(KPC)
▪ IDB Funding Requested:	US\$400,000.00
▪ Local counterpart funding, if any:	US\$0
▪ Disbursement period (which includes Execution period):	30 Months (24 months for execution)
▪ Required start date:	October 2021
▪ Types of consultants:	Individual consultants and Firms
▪ Prepared by Unit:	IFD/ICS-Innovation in Citizen Services Division
▪ Unit of Disbursement Responsibility:	IFD/ICS-Innovation in Citizen Services Division
▪ TC included in Country Strategy (y/n):	No
▪ TC included in CPD (y/n):	No
▪ Alignment to the Update to the Institutional Strategy 2020-2023:	Institutional capacity and rule of law

II. Objectives and Justification of the TC

- 2.1 **Objective.** The objective of this Technical Cooperation (TC) is threefold: (i) to support governments in the Latin American and Caribbean (LAC) region in strengthening their human resources management; (ii) to diagnose the current state of human resources management information system in the selected countries; and (iii) to provide a specific set of policy proposals to improve the effectiveness of participating countries' personnel management systems through building an integrated e-HRM information system (hereinafter, IHRMIS).
- 2.2 **Justification.** In 2018, on average, public employment represented 11.9% of total employment in the LAC region. Also, wages and salaries represented a substantial expense for governments in the region – on average, LAC countries spent 8% of Gross

Domestic Product (GDP) which was equivalent to 29% of total public expenditure which is higher than 24% in Organisation for Economic Co-operation and Development (OECD) countries. This expenditure also represented 40% of tax revenues. The importance of public employment as a proportion of total employment and its fiscal impact goes hand in hand with its weak level of institutional capacity. According to the IDB's Civil Service Development Index, countries in the LAC region had only reached 38 points out of total of 100.¹ These numbers evidence the importance for strengthening public personnel systems to ensure the well-functioning and effectiveness of the State.

- 2.3 On the other hand, the COVID-19 pandemic has forced countries to promote the adaptation of digital technologies to ensure the continuity of public institutions. This situation has highlighted the benefits that digital transformation can deliver to governments. Nonetheless, the pandemic has also shed light on the gaps that exist for implementing such transformations. The lack of adequate human talent and a clear strategy for strengthening its capacity has been a factor behind the poor promotion of digital transformation efforts all over the LAC region, adaptation of digital tools. In 2017, only 7% of citizens in the region indicated they have completed a transaction through the internet and only 3 out of 26 countries had more than 50% of transactions initiated online.² According to the 2020 UN E-Government survey, LAC countries ranked 90th on average out of 193 countries.³ These numbers show that despite the efforts taken by the countries in the region, their level of digital transformation is lagging. An IDB study finds that there are three main reasons that explain this challenge: (i) the lack of digital professionals in the labor market; (ii) lack of budget; and (iii) challenges in civil service management (recruitment, career development, salaries, among others).⁴
- 2.4 As a response to these challenges, this TC will support governments in the region in strengthening their public personnel systems through the promotion of digital innovation and the professionalization of the public officials. So far, the Bank has been supporting efforts for civil service reform through multiple projects (3121/OC-JA, 4374/OC-JA, 4920/OC-BA, 1622/OC-CH, 5315/OC-DR, 1776/OC-PR, 1772/OC-UR), and has achieved great progress especially in the institutional modernization, HRM transformation, and the conceptualization of the HRMIS. However, as a result of focusing on innovation in urgent and high-impact areas such as performance and compensation, the lessons learned were derived that it is necessary to upgrade to a more open system in strategic alliance with other central ministries. Meanwhile, Korea's HRM system is structurally the successful practical reference that has been developed into a cloud-based open integrated model that enhances interoperability

¹ The Civil Service Development Index derives from the diagnostics of the institutional quality of civil service systems in 23 LAC countries. The IDB supported the design of the methodology which evaluates critical points to assess the civil service system through the analysis of eight subsystems: (i) human resources planning; (ii) work organization; (iii) employment management; (iv) performance management; (v) compensation management; (vi) development management; (vii) human and social relations management; and (viii) HR function organization; and five indexes: (a) efficiency, (b) merit, (c) structural consistency, (d) functional capacity, and (e) integrating capacity.

² Roseth, B., Reyes, A., and C. Santiso, (2018), [Wait No more: Citizens, Red Tape, and Digital Government. Inter-American Development Bank.](#)

³ United Nations, (2020), [United Nations: E-Government Survey 2020. United Nations Department of Economic and Social Affairs.](#)

⁴ IDB, (2021), [Digital Transformation and Public Employment: The Future of Government Work. Inter-American Development Bank.](#)

between ministries and maximizes work efficiency. Through benchmarking and application in a regional context, synergies can be obtained further. Against this backdrop, the program will provide an opportunity for sharing and applying lessons learned from advanced countries, such as Korea. Nevertheless, experiences and experts from other countries will also be explored on the basis of the diagnostic documents and strategic conversations with the beneficiaries. With its head start in the deployment of e-Government, Korea has been well positioned as global leader in e-Government, incorporating innovative public management leveraged on Information and Communications Technologies (ICTs). Korea ranked second on the UN E-Government Development Index – EGDI in 2020. Also, it ranked first on the OECD Digital Government Index (DGI) in 2019. In the personnel management, it ranked the first on “Collection and Availability of administrative HR data in the OECD government at a glance” in 2017. The OECD and IDB have been conducting benchmarking research on HR management systems such as senior civil service (SCS) and mobility in Korea.

- 2.5 In addition, the Korean government has supported the capacity building of public officials in LAC countries through multiple TC projects. In the field of public management with ICT-related specializations, as per the Korean government's scholarship programs (ATN/KP-15009-RG, ATN/KK-17054-RG), two Korean universities have been running master's degree programs for LAC public officials since 2015 and supporting the reinforcement of their competences. In the sector of e-government, the National Information Society Agency (NIA) of Korea has consulting experience for LAC region and recently it is conducting the training projects with IDB through technical cooperation (ATN/KR-17592-RG).
- 2.6 Uruguay and Ecuador scored 52 and 41 out of a 100 in the latest Civil Service Development Index measurement respectively. Although, both countries scored above the average score for the LAC region (38), these indicators demonstrate the need for improving human resources management in several aspects. In the case of Uruguay, only 68% of positions in the Ministries have a description, and it is unclear what skills are required to fulfill the position. Most profiles are registered only in paper format so the information about people's capabilities, development and performance is limited and hinders strategic management.⁵ In the case of Ecuador, the latest diagnostic of the civil service done by the IDB identified three weaknesses: (i) lack of selection criteria based on merit; (ii) remuneration inequality; and (iii) the lack of incentives for career development and good performance.⁶
- 2.7 Thus, in the case of Uruguay, this TC will support the National Civil Service Office (*Oficina Nacional del Servicio Civil – ONSC*) in the implementation of the “Budget and Financial Management Program (4705/OC-UR)” which supports the creation of government resource management system including a HRM system. It will also facilitate technical advisory and knowledge exchange in areas such as business and data architecture, technology strategy, among others; support the creation of a roadmap of how the systems and capabilities should evolve over the medium to long-term to achieve the implementation of an integrated electronic HRM system in Uruguay. The IDB team implementing the program will also participate as an advisory team in the implementation of the activities of this TC to ensure consistency and

⁵ ONSC.

⁶ Iacoviello, M. (2014). [*Diagnóstico institucional del servicio civil en América Latina: Ecuador. Banco Interamericano de Desarrollo.*](#)

generate synergies between them. In the case of Ecuador, this TC will support the Ecuador's Ministry of Labor in strengthening of the capacities of the Ecuador's HRM through the delivery of diagnostics and policy recommendations to build an electronic human resources management -IHRMIS in the country.

- 2.8 **Beneficiaries.** So far, the team has received letters of request and non-objection from two countries, but other countries may become beneficiaries of this TC. The participation of other countries will be based on the following criteria: (i) commitment of the country to request an IDB loan to finance the recommendations of the technical assistance; and (ii) the team will ensure that these additional beneficiaries submit their corresponding letters of expression and non-objection to become a beneficiary of this TC. The team will also make efforts to ensure that all countries in the region have an equal chance to participate.
- 2.9 **Strategic Alignment.** The work of this TC is aligned with the priority area of the Bank's 2021-2025 Country Strategy with Uruguay (GN-3056) – “public resource management” through the strategic objective of “generate efficiencies and sustainability in public policies” as well as the first priority area of the Bank's 2018-2021 Country Strategy with Ecuador (GN-2924) “strengthening of public finances” through the strategic objective of “generate efficiencies and increase the quality of public expenditure”. In both cases, this TC aims to strengthen human resources management which will have a direct effect in improving the utilization of public resources for the delivery of effective public policy and public services as human talent is the key input for the implementation of policy and production of public services.
- 2.10 The activities of this TC will contribute to the IDB's Vision 2025 which seeks to support the strengthening of good governance and are aligned to the cross-cutting theme of “strengthening institutional capacity and rule of law” of the Second Update Institutional Strategy (UIS) 2020-2023 (AB-3190-2) as it will support the modernization of HRM practices and increase the knowledge about innovative digital solutions which will improve the productivity and performance of public sector's human talent which in turn will improve institutional capacity. Thus, the TC does a direct contribution to the indicator 2.26 of the IDB's Corporate Results Framework: “Agencies with strengthened digital technology and managerial capacity”. This is also aligned to the goals of enhancing commitments on transparency, integrity and governance and convening actors for open government while leveraging technology. In addition, this TC is consistent with the main goals of the Public Capacity Building Korea Fund for the Development (KPC) which aims to strengthen public sector management in all fiscal related sectors through facilitating efficient allocation and use of public sector resources.
- 2.11 It will contribute to the Update of the Strategy for Strengthening and Use of Country Systems (GN-2538-31) in terms of helping countries to close gaps with international standards and to support the use of technology in public personnel management. The program will also contribute to the Bank operational agenda on fiscal policy and management, as it is aligned to the sector framework document (GN-2831-8) in relation to its goal of building institutional capacities to improve the efficiency of public resources.

III. Description of activities/components and budget

- 3.1 **Component I: Knowledge exchange of best practices in public HRM (US\$90,000).** The objective is to support governments in the LAC region to strengthen their human resources management through capacity-building programs. It will aim at benchmarking advanced HRM practices, including, but not limited to reinforcement of

the role of the central personnel agency, digital transformation policies in HRM, professionalization of managerial talents (e.g. Senior Civil Service), national HRD policies, and innovation of mobility policies. Projected outputs are training program and case study, and the activities to be financed in both Uruguay and Ecuador are:

- a. Capacity building program. Through this activity, public officials from multiple (2-5) countries will take capacity building program. The experience and know-how on the establishment and operation of the integrated e-HRM such as the development of legal and institutional mechanisms, technological evolution, and change management will be transferred, and a plan to develop it in the LAC region will be discussed in alignment with the local context and national HRM strategy of the participating countries.
- b. Case benchmarking study. This activity will research on: (i) the background of strategic HRM reform, and the evolution of institutional and technological framework, (ii) system architecture and management process, and (iii) key success factors and the lessons learned. This study will serve as a basis for developing HRM strategies to modernize the participating country's HRM policy and system.

3.2 The expected result from this component is countries with a better understanding of the background of strategic HRM reform in Korea, the evolution of Korea's HRM institutional and technological framework, system architecture and management process, and key success factors and lessons learned. This knowledge can be applied according to each beneficiary country's objectives, capacity, and challenges.

3.3 **Component II: Assessment of HRM system implementation (US \$134,000).** The objective is to evaluate the current digital HRM systems of participating countries in terms of institutional and technological framework. It will support two countries to realize their strategic objectives of enhancing transparency, efficiency, and effectiveness by building a government wide HRM system. The Korean Ministry of Personnel Management will be a crucial partner. As the central personnel agency, it has been developing and operating a variety of digitalized HRM systems including an IHRMIS. A centralized HRM system called e-Saram is recognized as one of the most advanced government HRM systems. Projected outputs are assessment tool and country report, and activities to be financed in both Uruguay and Ecuador are:

- a. Design of assessment method. An assessment method will be designed by leveraging advanced practices and considering the context of the LAC regions. This method is a tool for assessing the practicality and feasibility of implementing the HRM systems, monitoring the progress, measuring the baseline, and documenting lessons. It will cover governance, policy and law, IT infrastructure and systems with a focus on interoperability with government resource planning tools and standardized whole-of-government solutions.
- b. Gap measurement. With the support of participating countries, relevant qualitative and quantitative information will be collected and analyzed according to the assessment framework developed in Activity 3. It will include: (i) collecting the information through report reviews, interviews, or surveys; and (ii) measuring the gaps in terms of policy, institutional, and technical perspective.
- c. Country report. A country report will be drawn up to identify opportunities for strategic HRM system development in participating countries. It will include: (i) assessing the performance, capacity management, and operational status of current systems; (ii) providing a customized reference to develop the system

design, institutional framework, implementation process, and project execution; and (iii) verifying the practicality and feasibility of IHRMIS implementation.

- 3.4 The expected result from this component is that countries understand the gaps they face for the implementation of an integrated e-HRM system in their given contexts. These countries will be able to design strategic objectives for promoting a government wide HRM system based on the gap analysis.
- 3.5 **Component III: Policy proposal for modernizing HRM system (US \$90,000).** The objective is to provide a specific set of policy proposal to improve the effectiveness of participating countries' HRM systems. The technical assistance and proposal coordination will be carried out in line with component 2. On-site consulting if the conditions allow to conduct missions will be considered. Otherwise, the activity will be executed virtually. Projected output is policy proposal, and activities to be financed in both Uruguay and Ecuador are:
- a. Institutional and technical arrangements for local coordination. This activity is a procedure for quality control of assessment results and proposals. It will include:
 - (i) sharing the results of Component II with participating governments;
 - (ii) conducting the preliminary work to develop proposals such as site visits and focus group interviews; and (iii) discussing the critical issues and strategies with key stakeholders.
 - b. HRM modernization proposal. The specific proposal will be provided. It will include:
 - (i) a long-term vision for strategic HRM policies, such as the new roles of the central HRM agency and each HRM unit in the line ministries; (ii) a roadmap for seamless HRM digital transformation; and (iii) change management and capacity building process.
- 3.6 The expected result of this component is that countries will have specific proposal that will include a long-term vision for strategic HRM policies, a roadmap for a transformation of the HRM function and change management and capacity building process knowledge.
- 3.7 **Component IV: Dissemination of project results (US\$86,000).** The objective is to share the results of components I, II and III with stakeholders and wider audiences to strengthen the institutional capacity of the LAC region and promote cooperation. Projected output is international workshop, and activities to be financed are:
- a. International workshop. The workshop on innovative practices in public HRM and exchanges of experiences among participating countries will be held at the Bank's Headquarters, however, if the condition does not allow, the activity will be executed virtually. This component will support the participation of officials and experts from Korea and targeted countries to share detailed lessons and explore further collaboration opportunities. (Uruguay, Ecuador)
- 3.8 The expected result from this component is to allow multiple governments in the region to gain knowledge from the experience of beneficiary countries in the implementation of an integrated electronic human resources management system in the LAC region. This knowledge exchange can deliver lessons learned for countries and support their own efforts for promoting a digital transformation of the Human Resources Management transversal function.

- 3.9 This TC will generate knowledge products that will be the intellectual property of the IDB and published in the IDB website using the institutional guidelines, licensing and internal approval processes.
- 3.10 **Budget.** The total funding required for the program amounts to US\$400,000 and will be provided by the Public Capacity Building Korea Fund for Economic Development (KPC). The budget for this technical cooperation is presented in the following table:

Indicative Budget (US\$)		
Activity/Component	Description	Total Funding (IDB)
Component I	Knowledge exchange of best practices in public HRM	90,000
Component II	Assessment of HRM system implementation	134,000
Component III	Policy proposal for modernizing HRM system	90,000
Component IV	Dissemination of project results	86,000
Total		400,000

IV. Executing agency and execution structure

- 4.1 At the request of the beneficiaries (Annex I), this TC will be executed by the Bank's Innovation in Citizens Services Division (IFD/ICS) in coordination with the respective Country Office and IFD/ICS Specialists in the participating countries. In accordance with OP-619-4 Annex 2, Bank execution - including selection and contracting of consultancy services on behalf of the beneficiary - is justified because for several years, the Bank has partnered with governments in the region on their challenge to improve service delivery through innovative public management. While interventions have encompassed many sectors, IFD/ICS has been the unit responsible for the management aspects of these interventions. Due to the focus of this TC on the Korean experience, the Bank will work in close coordination with the Korean Ministry of the Personnel Management.
- 4.2 The activities to be executed under this operation have been included in the Procurement Plan (Annex IV) and will be executed in accordance with the Bank's established procurement rules, namely: (a) Hiring of individual consultants, as established in the AM-650 standards; (b) Contracting of consulting firms for services of an intellectual nature according to GN-2765-4 and its associated operating guides (OP-1155-4) and (c) Contracting of logistics services and other services other than consulting, according to policy GN-2303-28 .
- 4.3 The TC will contract the consulting firms via single source selection according to Policy GN-2765-4, because only these firms have the experience of exceptional worth for this assignment and they present a clear advantage over competition. For Activity 1, Capacity Building Program, the Graduate School of Governance (GSG) of Sungkyunkwan University (SKKU) was identified as having a clear advantage given its experience in successfully carrying out the Korea-LAC Scholarship Program (Master Program in Public Management) through TC (Korea-LAC Scholarship Program - RG-T2579), as well as in supporting the personnel policy advisory functions through Knowledge Sharing Project (KSP) of Korean government. Also, the GSG has been offering a master's degree program that specializes on e-government and e-policy since 2008, sponsored by Korea International Cooperation Agency (KOICA).
- 4.4 For other activities including benchmarking, developing an assessment tool, assessing the current state, and making policy proposals, through our preliminary research,

Korea IT Consulting (KITC) and Into Data System (IDS) are identified to be in a unique position, and the reasons are as follows. KITC has exceptional experience in a similar consulting project for the Honduran government in 2015, commissioned by the Korean government, and has accumulated decades of e-government consulting experience with LAC governments through multiple KSPs. This will not only provide beneficiaries with customized reports but also help them overcome technical barriers and move in a strategic direction. IDS has a strong group of experts who have been working with the MPM from the establishment of e-HRM in 2000 to the recent development of integrated HRM. Based on the over 20 years of experience in how the development of the public HR policy is reflected in the system, IDS will be the right partner to help beneficiaries modernize the e-HRM system without making similar mistakes. Accordingly, these two companies will form a KITC consortium to provide the optimal technology required and the government-customized design experience, which are unique and powerful properties to allow us to transfer hands-on knowledge and lessons learned to the less-explored realm of integrated HRM digitization in the LAC region.

V. Major issues and risks

- 5.1 Although it is possible to draw a blueprint for integrated e-HRM, the beneficiary country may face limitations due to lack of financial resources, and institutional vulnerability. This project will propose financing alternatives and capacity building to strengthen the sectoral institutions in coordination with countries and the IDB. Other risks for this project may be: (i) the lack of political decisions to advance the implementation of the activities may delay the execution of the TC, this risk can be mitigated by financing communication and change management activities as part of the fourth component of this TC; and (ii) the remote work in response to the COVID-19 pandemic may limit the ability to carry out diagnoses and activities related to this TC, this risk is already considered to be low as the counterparts are already working with the IDB using alternative work platforms and mechanisms. In addition, the IDB will leverage lessons learned from working in HRM topics with other countries to provide alternative work solutions with the local counterparts and the Korean supporting agencies.

VI. Exceptions to Bank policy

- 6.1 This TC does not identify any exceptions to Bank policy.

VII. Environmental and Social Strategy

- 7.1 Given the nature of the activities this TC does not represent any environmental or social risk. In accordance with the Environment and Safeguards Compliance Policy (OP-703), the TC has been classified as Category “C”. See Environmental Safeguards Filters, Safeguard Policy Filter ([SPF](#)) and Safeguard Screening Form ([SSF](#)).

Required Annexes:

[Request from the Client - RG-T3876](#)

[Results Matrix - RG-T3876](#)

[Terms of Reference - RG-T3876](#)

[Procurement Plan - RG-T3876](#)