The World Bank
Civil Service Modernization and Human Resources Management in the Philippines (P168235)

Project Information Document (PID)

Concept Stage | Date Prepared/Updated: 06-Jun-2019 | Report No: PIDC26185

BASIC INFORMATION

A. Basic Project Data

Country	Project ID	Parent Project ID (if any)	Project Name
Philippines	P168235		Civil Service Modernization and Human Resources Management in the Philippines (P168235)

Region	Estimated Appraisal Date	Estimated Board Date	Practice Area (Lead)
EAST ASIA AND PACIFIC	Oct 21, 2019	Mar 31, 2020	Governance

Financing Instrument	Borrower(s)	Implementing Agency	
Investment Project Financing	Government of the Republic of the Philippines, Department of Finance	Civil Service Commission	

Proposed Development Objective(s)

To strengthen the organizational effectiveness of the Civil Service Commission and selected government institutions.

PROJECT FINANCING DATA (US$, Millions)

SUMMARY

Total Project Cost	100.00
Total Financing	100.00
of which IBRD/IDA	100.00
Financing Gap	0.00

DETAILS

World Bank Group Financing

International Bank for Reconstruction and Development (IBRD)	100.00

| Environmental and Social Risk Classification	Concept Review Decision
Low	Track II-The review did authorize the preparation to continue

B. Introduction and Context

Country Context

1. **Since the 1990s, the Philippines has put its economic house in order with a combination of structural reforms and institutional stability.** Over the past decade, the country has experienced robust growth that has helped to reduce the national poverty rate. Average annual growth in 2010-2017 was 6.4 per cent, surpassing the average of its regional peers. The poverty rate in the Philippines has declined from 26.6 per cent in 2006 to 21.0 per cent in the first semester of 2018 but it remains high and the pace of poverty reduction has been slow compared with other East Asian countries. Economic growth also led to shared prosperity, with the bottom 40 per cent of the population seeing more rapid growth in incomes over the period 2006-15 than the average for the country. However, inequality remains high in the Philippines: the Gini coefficient is over 40, placing the country in the top third of economies globally, for which recent data are available, and above many others in East Asia.

2. **Building on the achievements of the past two decades, the Government of the Philippines (GoP) has adopted a long-term national vision** (the *AmBisyon Natin 2040*, NEDA 2016) that sets out the country's aspiration to become a "prosperous middle-class society where no one is poor" and where "competitive enterprises offering quality goods and services at affordable prices" are the norm. Under the *AmBisyon Natin*, a "middle class" society is understood as offering "a strongly rooted, comfortable and secure life, where Filipinos enjoy a stable and comfortable lifestyle, secure in the knowledge that we can plan and prepare our own and our children's future. Our family lives together in a place of our own, and we have the freedom to go where we desire, protected and enabled by a *clean, efficient and fair government*." Both the *AmBisyon Natin 2040* and the Philippine Development Plan (PDP), 2017-22 acknowledge the important, facilitative role that the government will have to play in bringing about the transformation across various sectors of the Filipino economy and society.

3. **Despite its positive economic performance, institutional reforms have lagged behind.** It is not that there have been no institutional reforms but, rather, that these have been slow to catch up. For example, the country remains a challenging place for private investment: the Philippines ranked 124th out of 190 countries on ease of doing business according to the Doing Business 2019. The business environment is less favorable than in neighboring countries like Malaysia (15), Thailand (27), Vietnam (69), and Indonesia (73). Starting a business (topic rank 166) is especially cumbersome, given the time and number of procedures needed. For many firms, multiple operating permits and licenses are required from unrelated agencies that need to be renewed on an annual basis. The government has recently taken steps to overcome the regulatory burden that restricts trade, competition and private investments in an effort to improve the ease of doing business in the country. In May 2018, Congress passed the Ease of Doing Business and Efficient Government Service Delivery Act, which created a government body, the Anti-Red Tape Authority (ARTA), that is intended to focus on the enhancement of the government's ability to issue permits in a timely fashion and to analyze business regulations. The law requires the shortening of processing time of most licenses to 3, 7, or 20 days depending on the complexity, the greater use of automation to facilitate the application processes and minimize the face-to-face contact between citizens and government officials.

4. **The government has also incrementally strengthened the public financial management (PFM) framework, and improvements in transparency and regulatory arrangements are evident**. A new financial management information system has been developed and is being implemented across all agencies, and this is expected to improve the reliability and timeliness of financial information. Legislation was submitted to Congress in March 2018 seeking to reform the budget and financial management arrangements through adoption of a more rigorous basis for budget management and accountability. The Bill also includes measures to establish a basis for fiscal responsibility and clearer roles for central agencies and line agency management. Yet there remain areas where additional reform has further potential, particularly in budget utilization, procurement, financial reporting and parliamentary oversight of financial management.

5. **The inability of the civil service (or the bureaucracy) to effectively perform its policy/program implementation and service delivery functions is also a cause for concern.** This is reflected in the country's low scores and poor performance on a range of governance indicators, most notably the government effectiveness indicator on the Worldwide Governance Indicators (see Figures 1 and 2). This indicator shows a sharp decline from 2014, and then in 2016 the Philippines was overtaken by Indonesia and Vietnam, reflecting improvements in the other two economies while the Philippines has stagnated. The bureaucracy's reputation has become tarnished and it is a matter the government is keen to address. Figure 1 compares the performance of the Philippines with five other Southeast Asian countries and the regional average, while Figure 2 shows both the Government Effectiveness and Voice and Accountability indicators for the East Asia region.
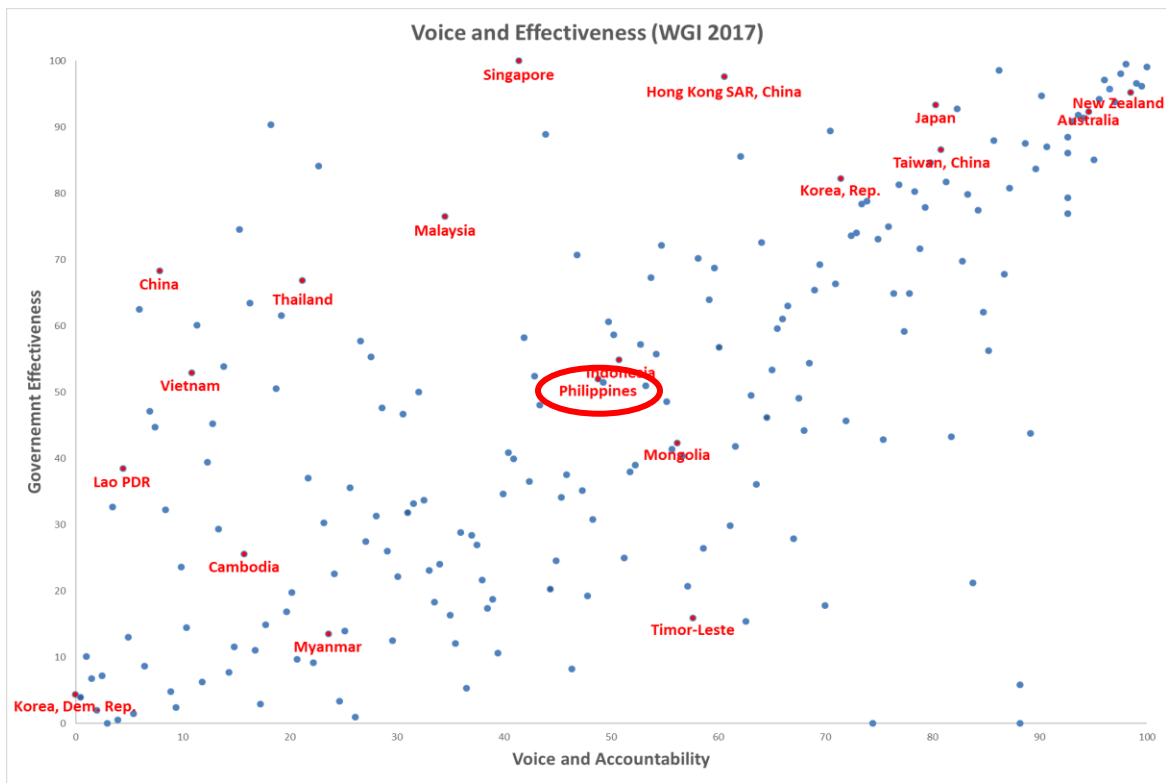
Figure 1: Government Effectiveness
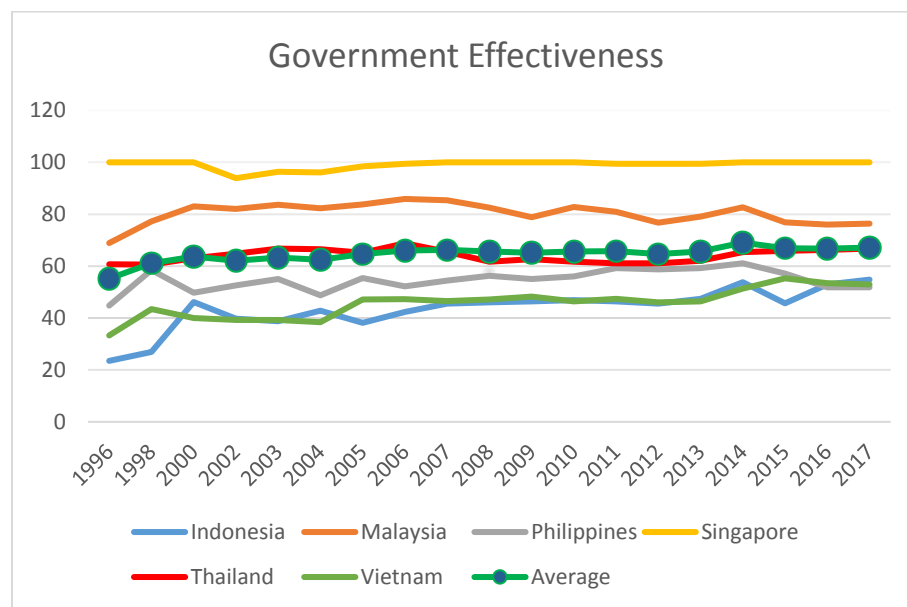
Source: Worldwide Governance Indicators, World Bank

**Figure 2: Government Effectiveness/Voice and Accountability in East Asia**

Source: Worldwide Governance Indicators, 2017

6. **There has been a political realization, therefore, that to achieve the goals of the *AmBisyon Natin* and the development plan, there needs to be a significant improvement in the bureaucracy and the way it delivers services.** The PDP 2017-22 acknowledges the role of governance in the achievement of the national goals and aspirations set out in both the *AmBisyon Natin 2040* and the development plan itself. Strategies to improve governance explicitly fall under the Malasakit pillar of the 2017-22 PDP. They include achieving seamless service delivery, enhancing administrative governance, and strengthening the civil service on which the delivery of services relies. These strategic thrusts signal the recognition, for the first time, the importance of strengthening the civil service to the achievement of the goals of the PDP, 2017-22. It also clearly shows that service delivery and HRM&OD are closely intertwined and are key components in the PDP. Figure 3 below, extracted from the PDP, aptly illustrates GOP's goals in relation to governance and the inter-linkages between improved administrative governance, an improved civil service and seamless service delivery. The proposed project will support the operationalization of core aspects of Chapter 5 of the PDP, specifically the circled, lower right-hand quadrant headed 'Civil Service Strengthened.'

Figure 3: Strategic Framework to Ensure People-centered, Clean, Efficient, and Effective Governance, 2017-2022
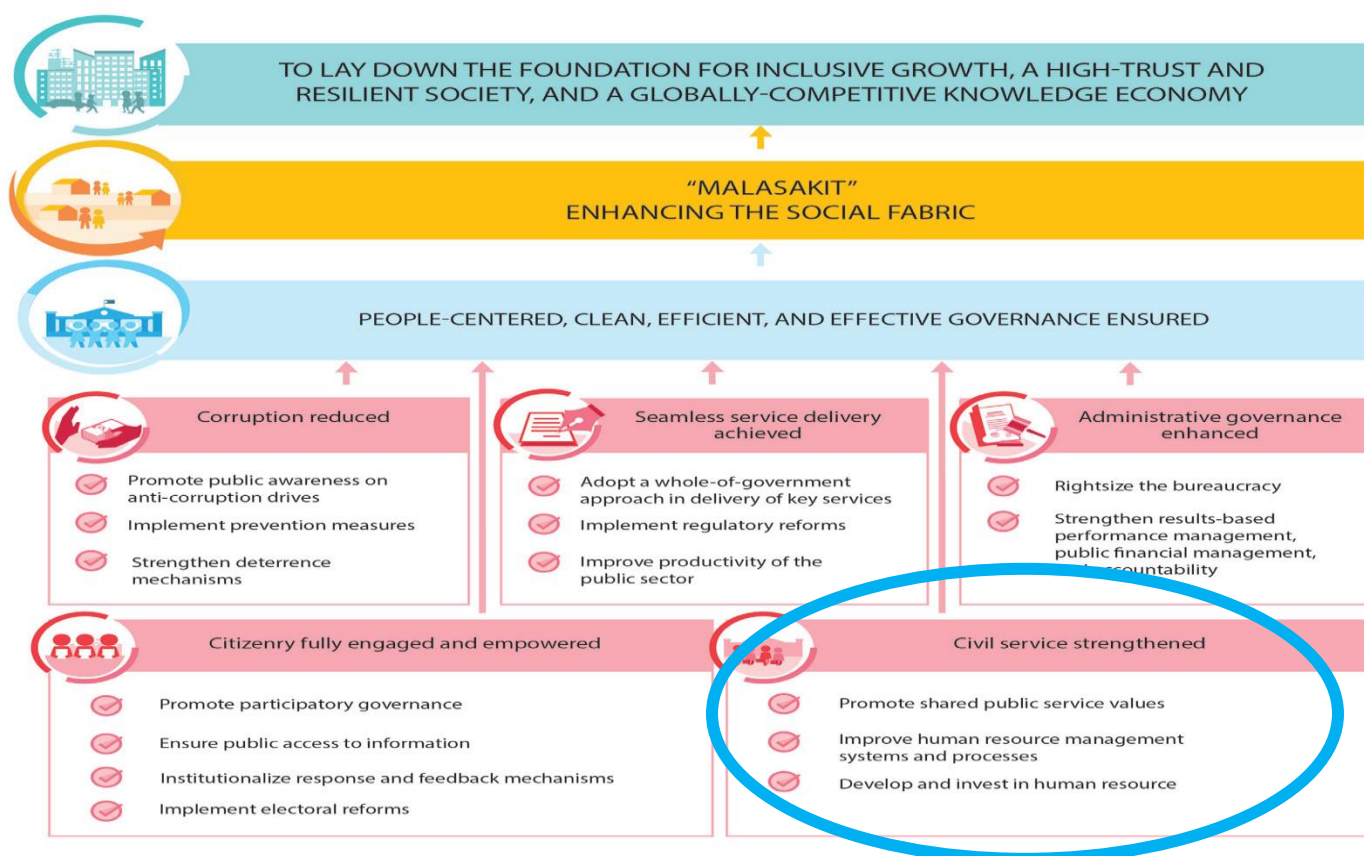
Source: Philippines Development Plan, 2017-2022

Sectoral and Institutional Context

7. **Analytical work carried out by the World Bank in FY18 concluded that the civil service suffers from institutional fragmentation, politicization, low digital penetration and administrative risks**. The main finding was that there is a need to modernize the civil service if it is to play the role expected of it in a country that aspires to be an upper/higher income economy in the next two decades. There are five key areas where action is needed: (a) modernizing the legal framework for the civil service through the introduction of a modern civil service law; (b) strengthening the executive leadership and improving management practices to boost productivity, morale and motivation; (c) professionalization of the human resources management function; (d) rationalizing and improving training and development; and (e) deepening the penetration of IT in the bureaucracy for efficient and effective delivery of administrative and other services, functions and processes.

8. **The connection between institutional quality and economic growth is a well-established. Strong public institutions underpin successful economic growth and development, and recent research has also demonstrated the relationship between a merit-based civil service and economic growth.**[1] The Philippines bureaucracy has served the

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[1] See, for instance, Evans, Peter and James E. Rauch. 1999. Bureaucracy and Growth: A Cross-National Analysis of the Effects of

country well to this point but, as the government aspires to transform the economy and society into an upper-middle-income economy and middle-class society by 2040, this places new demands on the bureaucracy and calls for reforms to make it ready for the challenges of the future. Some have characterized the situation as a "middle-income trap," a scenario where the bureaucracy has served an economy well as it moves from low to (lower-) middle income, but yet not be adequate to support a transition to (upper-) middle or high income.[2]

9. **While East Asian countries have enjoyed relatively good economic governance, the challenges of enhancing the effectiveness of public institutions are now more significant than they were at earlier stages of development.[3]** Enhancing state effectiveness is defined as improving the capacity of government to set objectives and priorities, and to attain them. The argument is as follows: as East Asian countries seek to transition from lower-middle to upper-middle or high-income status, they will face both old and new governance challenges as well as increasingly rigorous demands on state institutions. Additionally, as policy makers seek to build increasingly affluent, middle-class societies, they will face increased demands for more and better-quality services.[4] Rising affluence triggers higher societal expectations about the range and quality of services delivered by the state. Enhancing state effectiveness is, therefore, an integral part of making a successful transition to the type of upper-middle income status and "middle class society" that the Philippines aspires to. With the growing middle class, the risk of failure to transform to a capable and responsive state bureaucracy could lead to frustration and declining citizen trust in government.

10. **The Philippines bureaucracy is based on the U.S. model and the main tenets of civil service, including the establishment of the Civil Service Commission (CSC), are contained in the 1987 Constitution. The CSC is the main constitutional body responsible for human resources management (HRM) and under Presidential Decree 807, is the central personnel agency of the Government, given the responsibility of overseeing public personnel administration. It has broad responsibilities including promoting and maintaining morale, efficiency, integrity, responsiveness, and courtesy in the civil service.** It also has responsibility for strengthening the merit and rewards system, integrating all human resources development programs for all levels and ranks, and institutionalizing a management climate conducive to public accountability. CSC's responsibilities can be put into four broad categories: merit protection and promotion, capability building or human resource development, quasi-judicial, and organizational development. The jurisdiction of the CSC covers all branches, subdivisions, instrumentalities, and agencies of the government, including government-owned or controlled corporations with original charters. As well as the head office in Manila, the CSC also has 15 regional offices and 16 field offices across the Philippines.

11. **The CSC also shares some human resource management responsibilities with other agencies including the Development Academy of the Philippines (DAP - training and development programs), the Career Executive Service Board (CESB - appointment and management of executive-level civil servants), and the Department of Budget and**

"Weberian" State Structures on Economic Growth. *American Sociological Review*, Vol. 64/5, 748-65; Cornell, Agness, Carl Henrik Knutsen and Jan Teorell. 2018. Bureaucracy and Growth. Unpublished Paper, Lund University.; and Meyer-Sahling, Jan-Hinrik, Christian Schuster and Kim Sass Mikkelsen. 2018. Civil service management in developing countries: what works? Evidence from a survey with 23,000 civil servants in Africa, Asia, Eastern Europe and Latin America. Report for the UK Department for International Development. London: DFID.

[2] Gill, Indermit S., and Homi Kharas. 2007. *An East Asian Renaissance: Ideas for Economic Growth*. Washington, DC: The World Bank; and Indermit Gill, S., and Homi Kharas, 2015. The Middle-Income Trap Turns Ten.' Policy Research Working Paper 7403, Washington, DC: The World Bank

[3] Mason, A., and Shetty, S. 2019. *A Resurgent East Asia: Navigating a Changing World*. Washington, DC. The World Bank.

[4] Ibid, p.215

Management (DBM - establishment controls, payroll management and some elements of agency-level performance management). The exercise of these shared responsibilities requires a cooperative and collaborative working relationship between the agencies and the CSC. The CSC on its own cannot fulfil its legal responsibilities and accountabilities without these other central agencies (see Figure 4 below).

Figure 4: Shared responsibilities in human resource management

Source: Authors

12. **The Philippines civil service system consists of three levels:** the first level (Level I) is made up of employees in clerical, trades, crafts, and custodial service positions (characterized as non-professional and sub-professional work), which do not require a four-year college degree; the second level (Level II) comprises the technical, professional and scientific positions requiring at least a four-year degree; and the third level (Level III) mainly covers positions in the Career Executive Service (CES), entry to which is prescribed by the CESB. In addition, there are temporary (job order), contract and non-career workers. There are just over 1.14 million civil servants employed at the national government level, with an additional 169,000 non-career and temporary workers. Table 1, below, provides a breakdown of the central civil service as at August 31, 2017.[5]

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[5] This is the most recent date for which data are available. The 2018 data have not yet been published.

**Table 1: Breakdown of the Civil Service - National Government
by Level (as at August 31, 2017)**

Level	National Government
Level I	138,076
Level II	1,008,261
Level III (occupied positions)	1,912
Non-career	49,458
Job Orders & Contract of Service	120,273
TOTAL	**1,317,980**

Source: Civil Service Commission, Republic of the Philippines

13. **Achieving the priorities and aspirations in the *AmBisyon Natin* calls for a competent, motivated and modern civil service that is "smart and future-ready."** A smart and future-ready civil service is one in which agencies are more agile and citizen-centric; more technology-enabled and automated; more enabling rather than controlling and regulating; focusing more on performance and results than on activities; where siloes and "turfing" are replaced by partnership and collaboration; where decisions are driven by data and evidence; and in which innovation, design thinking and risk management are routine and institutionalized. From a human resources management and organizational development (HRM&OD) perspective, what this means is that HR processes should be efficient and competency-based, with greater emphasis on merit and fitness in recruitment and promotion, and with a strong value-driven and ethical foundation.[6] A civil service reformed along these lines will require investment in the human resources of the bureaucracy and the development of effective human resource frameworks and systems, and streamlining of processes. It will need to rely upon a capable and effective systems and processes and a cohort of HRM professionals.

14. **HRM capacity appears to be relatively low throughout the civil service. A self-assessment by over 1,200 government agencies identified that only 10 percent of agencies achieved the lowest maturity assessment of 'transactional' HRM, with almost three-quarters of agencies assessed as being below this level.** Based on the framework established under the Program to Institutionalize Meritocracy and Excellence in Human Resource Management (PRIME HRM). This program was supported by the Australian Department of Foreign Affairs and Trade (DFAT) with the aim of strengthening HRM in the Philippines civil service. PRIME HRM has four progressively higher 'maturity levels': (a) transactional, (b) process-defined, (c) integrated, and (d) strategic. Transactional means that processes comply with regulations and guidelines, although they are reactive and may often exceed prescribed timeframes. Processes are not systematized and will rely upon the competence of individuals to be achieved. The aim is to move the HR function in Philippines government agencies towards a more strategic level.

15. **In addition to weak HRM capacity, there are also weak HRM information systems.** There is no single, comprehensive Human Resources Management Information System (HRMIS) covering the whole Philippines civil service. An assessment carried out by the Bank on the integration of the payroll system with the Budget and Treasury Management Systems (BTMS) in 2018 found that there is no national system for human resources management and payroll, with each agency having its own solution for payroll, *plantilla* management, and personnel management,

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[6] The notion of a "smart and future ready civil service" comes from the CSC itself and the definition in this paragraph draws on the outputs of an internal CSC brainstorming session and a workshop held in January 2019.

using a diverse mix of automated and manual systems. This leads to fragmented and incomplete overall personnel and payroll management. DBM maintains the establishment records of authorized positions for each department and agency (referred to as the *plantilla*) for budget calculations and has recently developed a centralized position management system - an enhanced government manpower information system (eGMIS). The assessment found that the development and implementation of multiple payroll systems by different agencies involves duplication of work and investments, weak payroll controls, and manual transfers of data to reconcile and share information. It concluded that the best option for future payroll management functions would be to implement a centralized payroll based upon a comprehensive, government-wide human resources management system. Past attempts to develop a Government Human Resource Information System (GHRIS) and National Payroll System (NPS) foundered due to procurement issues. CSC has custom-developed a comprehensive HRMIS, called GHRIS, which includes modules like personnel management, payroll management, *plantilla* management, talent management, leave management, employee loan management, among others. However, this is only used internally for CSC employees. While this system has the potential to be rolled out across the country as a centralized HRMS, the institutional mechanism is lacking to coordinate this effort and steer this rollout. DBM is keen to see the GHRIS developed in CSC and rolled out. This strategy should remain the long-term goal and will require strong leadership to manage the huge change management issues. During transition, however, centralizing payroll at the agency level will be a realistic expectation to overcome payroll fragmentation in the short to medium term.

16. **Because of the complexity and long-term nature of civil service reform or modernization programs[7] there are very few bilateral donors willing to accompany a partner country on the journey beyond an initial investment**. There are few, if any, development partners actively supporting civil service reform in the Philippines. The exception has been DFAT, who supported a program between 2000 and 2017 that focused on strengthening human resource management and organizational development. The continued support of PRIME-HRM under this project is recognition of the effectiveness of the previous DFAT program. The Asian Development Bank has provided limited technical assistance for HRM issues, largely to line Departments as part of sectoral projects, in preference to more significant whole-of-government reform. Other donors, such as UNDP, have previously provided technical assistance to limited aspects of CSC's mandate such as citizen service delivery surveys.[8] There is also a range of (generally) overseas scholarships which are available to civil servants (and the public) from bilateral donors. However, the choice of scholarship areas is not driven by, or closely aligned to, the specific capacity needs of government. As the DFAT evaluation of its Philippines-Australia Human Resources and Organizational Development Facility (PAHRODF) observed, "changes in organizational culture and behaviors do not happen overnight and such cascading impacts take even longer." Multilateral donors have had a mixed track record on civil service projects, leading some to focus on particular specialized niches such as public financial management.

17. **The proposed project seeks to help address the HRM&OD constraints affecting the Philippines civil service.** Human resources are an asset not unlike physical assets. It requires investment, periodic upgrading and, occasionally, restoration. In the process, the key institutions that play a role in HRM&OD will be strengthened to better play that role by improving their systems and processes, making them more strategic and effective. In particular, the CSC, as the main constitutional body responsible for HRM&OD, will be supported to modernize and equip itself to enable it to carry out its functions more effectively and to model the behaviors it wants to inculcate across the bureaucracy. This will place the Commission on a sounder footing to lead the required transformation under the PDP. There will

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[7] While World Bank projects typically run for 3-5 years, significant behavior change of the type expected in most civil service modernization projects does not materialize in the short term. Often, it takes at minimum a decade or more – and perhaps several projects - to transform a bureaucracy.
[8] This is no longer part of the CSC mandate with the establishment of the Anti-Red Tape Authority.

also be a focus on introducing digital technologies where appropriate (e.g. standardized information systems) to improve civil service processes and facilitate analytics and evidence-based decision making by CSC management. This will also help to foster innovation within the CSC and, particularly, in the exercise of its regulatory functions and in its daily interactions with government agencies, all of whom rely on the CSC for advice, guidance and approval on mission-critical HR decisions.

18. **There is an inherent complementarity between HRM&OD and administrative service delivery.** The very *raison d'etre* of the civil service, after all, is geared towards the delivery of public services to both corporates (government-to-business or G2B) and citizens (government-to-citizen or G2C). In the case of the CSC, it delivers mainly government-to-government (G2G) services in that its clients are other government agencies. It is the human resources management agency of the entire bureaucracy and must play its role in supporting (i.e. delivering services to) government agencies in their HRM&OD efforts. Under its constitutional mandate, however, CSC also bears some responsibility for G2C services, particularly when it comes to issues of efficiency and responsiveness.[9] CSC also manages the Strategic Performance Management System (SPMS) which is used to rate offices (i.e. divisions or bureaus within the Departments) and individuals (except third level officials, or CESOs, who fall under CESB and use the Career Executive Service Performance Evaluation System), thereby placing the Commission in a pivotal position in relation to the delivery of public services.[10]

Relationship to CPF

19. **The World Bank is still implementing the Country Partnership Strategy (CPS) approved by the Board of Executive Directors in May 2014.** Although it covers the period 2015-18, it was extended to 2019 pending the preparation of a Systematic Country Diagnostic (SCD) and a new Country Partnership Framework (CPF). The CPS, under the theme 'Inclusive Growth, Poverty Reduction and Shared Prosperity', laid out a results chain with five (5) 'engagement areas' (EAs), the first of which is 'transparent and accountable government.' There are three (3) outcomes identified under this engagement area, one of which is 'strengthened public sector institutions. The proposed operation addresses outcome 1.2 under EA1.

20. **Prepared and approved during the time of the previous (Aquino) administration, the CPS, while acknowledging that there had been significant improvements in the country's ranking on external indices relating to governance and corruption, recognized that poor governance remained a major impediment to inclusive growth and poverty reduction.** The WBG therefore sought to mainstream governance across its program, investing in understanding the

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[9] The administration of the modern civil service is rooted in Article IX (B) of the Constitution which vests overall responsibility for the civil service in the CSC. Under Article IX, the CSC, "as the central personnel agency of the government, **shall** establish a career service and adopt measures to promote morale, efficiency, integrity, responsiveness, progressiveness, and courtesy in the civil service." It also has responsibility for strengthening the merit and rewards system, integrating all human resources development programs for all levels and ranks, and institutionalizing a management climate conducive to public accountability. The service covers all branches, subdivisions, instrumentalities, and agencies of the government, including government-owned or controlled corporations with original charters.

The underlined items give the CSC a wide mandate that includes aspects of service delivery (efficiency and courtesy) and citizen/client satisfaction (responsiveness) issues, as well as combating corruption (integrity and institutionalizing a management climate conducive to public accountability). 'Progressiveness" is almost a catch all that could include all things that look towards the future of the civil service.

[10] This is mandated under Section 33, Chapter 5, Book V of Executive Order No. 292.

political economy and institutional constraints to achieving stronger pro-poor outcomes and improved service delivery, while systematically identifying and addressing the gaps in the Bank's knowledge base. The CPS also committed the Bank to building government capacity for reform prioritization, sequencing, and implementation, with the overall goal of putting the government in a stronger position to leverage private sector and civil society coalitions for reforms.

21. **The Performance and Learning Review (PLR) of the CPS, completed in mid-2017, took stock of the change in administration that occurred in 2016 and changing priorities of the new government.** The PLR noted that despite the continued high economic growth rates, progress on poverty reduction still lags behind other East Asian economies, including Indonesia and Vietnam, and the country remains one of the most unequal in Asia. Governance that promotes inclusive growth and shared prosperity, and enhances the social fabric, therefore, continues to be a priority in the Philippines.

22. **This is echoed in the Concept Note for the Systematic Country Diagnostic (SCD) currently being prepared.** Governance issues are core issues and cut across a complex mix of challenges and imposes primary impediments to addressing the key constraints to growth identified in the analysis. More specifically, the country faces several of public administration challenges. Business needs a favorable, fair and predictable operating environment, citizens need to obtain services and contribute to the cost of government efficiently and in ways that enhance their confidence and satisfaction with government. Simply put, if the Philippines is to progress towards upper middle-income status, it needs to sustain and extend improvements in governance and effective delivery of public services and infrastructure. Thus, improving civil service capability and effectiveness are among the priorities listed in the SCD Concept Note and, in this regard, improving HRM&OD and service delivery are urgent and critical.

C. Proposed Development Objective(s)

> To strengthen the capacity of the Civil Service Commission and key human resource management (HRM) institutions, and to improve the HRM capacity of line agencies to support improved organizational effectiveness.

Key Results (From PCN)

- Improved perceptions of the Civil Service Commission among government departments and agencies (measured by a perception survey of departments and agencies)

- Integrated, nationwide Human Resources Management Information System (HRMIS) developed and in use.

- National HR and Strategic Workforce Planning framework for the Philippines civil service developed, adopted and being implemented.
- Increased professionalization of the HR cadre across the Philippines civil service (measured by the number of HR professionals who have met established competency standards).

- Increased number of government departments and agencies that have achieved Level 1, Level 2 and Level 3 certification under the PRIME-HRM framework.

D. Concept Description

23. **The following focus areas have been identified as components of a program to improve the functioning of the civil service**: (a) Strengthening human resources, (b) Strengthening the Civil Service Commission and other key human resource management institutions and systems, and (c) Improving organizational effectiveness. Technology and innovation are key cross-cutting enablers in modernizing the Philippines civil service that considers the future of public sector employment. Figure 5 illustrates the three components and their linkages to the key outcome, i.e. building a smart and future-ready civil service.

Figure 5: Building a Smart and Future Ready Civil Service in the Philippines
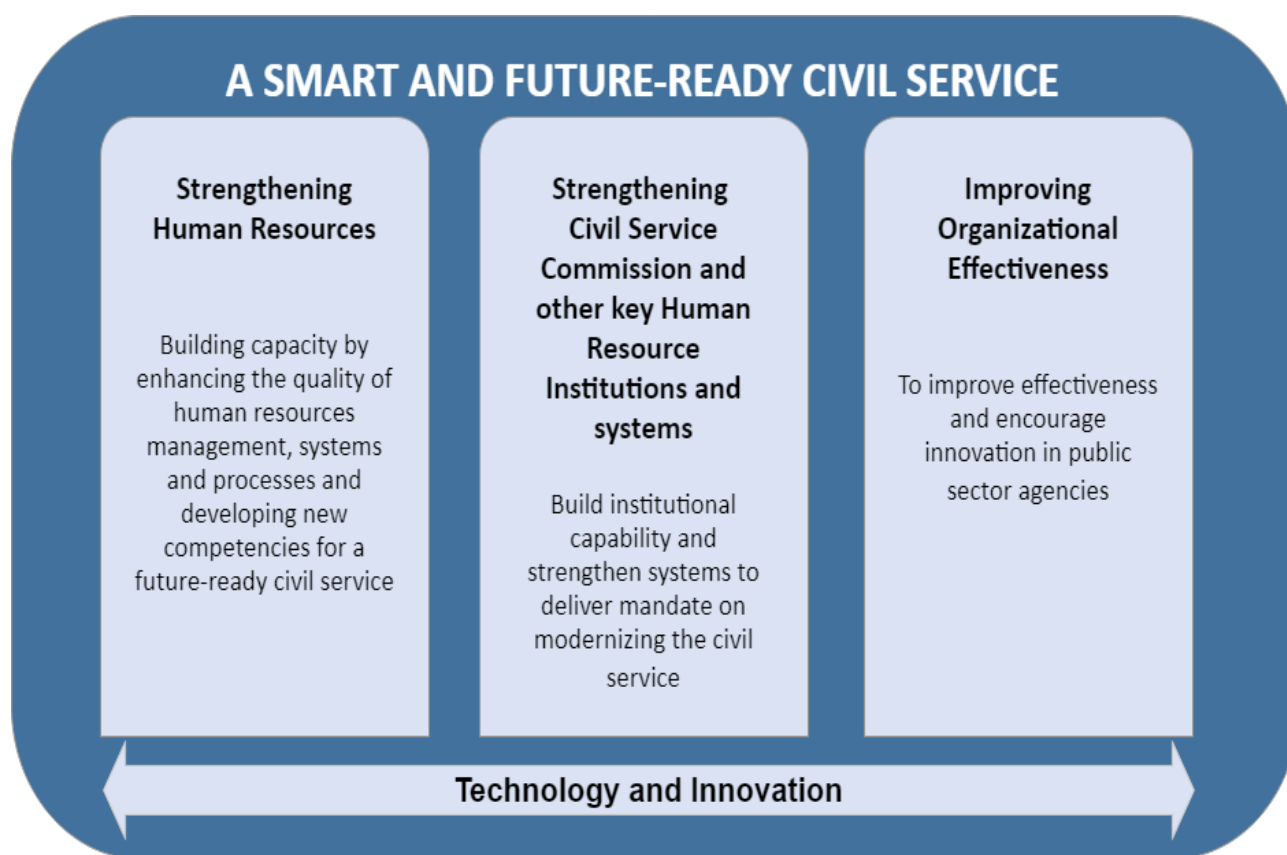
24. **The proposed project has been designed to support and complement the work of other related World Bank Group (WBG) interventions**. There are related activities in other ongoing operations that are complementary to the PDO in this proposed project. For example, some elements of the third component (Improving organizational effectiveness) are either already included in operations, such as the passage of the Act Promoting the Ease of Doing Business (EODB) and Efficient Delivery of Government Services – RA11032 – which is a prior policy action in the DPL series, while the establishment of the Anti-Red Tape Authority (ARTA) with leadership and structure in place is a trigger in the DPL series under DPL 2; or are contemplated under planned WBG interventions such as the planned IFC support to the ARTA with technical assistance to strengthen business regulations and practices and to pilot the implementation of the anti-red tape agenda under the afore-mentioned Act, with funding support from the U.K. Prosperity Fund. The

proposed project, however, focuses on activities that are not being addressed through upcoming Bank interventions and that fall explicitly under the CSC's mandate.[11]

25. The components of the proposed project are as follows:

a.   **Component 1: Strengthening human resources**

   Objective: To build human resource capacity by enhancing the quality of human resources management, systems and processes, and developing new competencies for a future-ready civil service.

   The following activities will be supported:

   i.   ***Strategic Approach to Human Resource Planning****: Building a strategic approach to human resource planning to prepare and develop an innovative and tech-savvy civil service of the future by:*
      - Developing a strategic workforce planning framework and pilot this across selected agencies including the creation of relevant action plans to respond to key skills gaps.
      - Developing and implementing a holistic talent management strategy to support the recruitment and retention of high performers, including strategies for attracting talent to highly technical positions, strengthened approaches to performance management and rewards, and clear priorities for employee learning and development.
      - Establishing and operationalizing within CSC an ongoing employment and workforce futures research unit to examine the future of public sector employment in the Philippines, to inform and guide future policy decisions. Immediate priority topics for this unit would include reskilling of the

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[11] For example, the CSC is specifically mandated under Section 16 of the EODB law to maintain an Anti-Red Tape Unit at its central and regional offices; to utilize report card survey findings for purposive and integrated government-wide human resource systems and programs toward efficient delivery of government services as contemplated in the Act; and to receive, hear, and decide on complaints on erring government employees and officials for non-compliance with provisions of the Act. The new/proposed ARTA regulations published on April 12, describe (the revised) CSC role to be:

Section 1. CSC Anti-Red Tape Unit

The CSC shall maintain an anti-red tape unit, not lower than a division, in its central and regional offices, which shall have the following functions:

a) Serve as the focal office for service delivery initiatives in the civil service;

b) Provide assistance on the conduct of the Report Card Survey (RCS);

c) Coordinate with the Authority relative to the implementation of the Act;

d) Receive, analyze, and utilize RCS results from the Authority, and recommend enhancements on service delivery improvement in the civil service;

e) Receive and review service delivery-related complaints from the Authority;

f) Receive and review service delivery-related feedback from CSC stakeholders and interested parties;

g) Cascade information and updates on programs and activities related to the Act to CSC stakeholders and interested parties;

h) Establish partnerships with key implementers/government agencies, national and international institutions to ensure effective implementation of CSC's role as stated in the Act; and

i) Perform other CSC-approved roles in relation to the implementation of the Act.

Section 2.

The CSC, through its Anti-Red Tape Unit, shall receive, review, hear and decide on complaints on erring government employees and officials and non-compliance with the provisions of the Act and subject to the existing civil service laws, rules and regulations.

current workforce in response to automation, digitization and other technological innovations, as well as changing structures and processes.

ii. ***Improving Human Resource Management policies and practices***: *Scale up PRIME-HRM to improve agency human resource management policies and practices and professionalize the HR function through targeted capacity building. Specifically, this will include:*
- Supporting civil service agencies to achieve improved recognition of HR systems and practices under the PRIME-HRM framework
- Professionalization of the HR function through targeted capacity building, implementation of technical HR competency framework and creating networks for information exchange and sharing on improved and innovative HR practices
- Expand and improve integration of competency-based HRM, including through strengthened talent management approaches and providing relevant training and technical advice.

iii. ***Strengthening Values-driven Leadership***: *Nurture future leaders with essential characteristics and capacity to steer the civil service of the future*:
- Support the establishment and operationalization of the Civil Service Academy including through more effective coordination of learning and developing modules that utilize technology and innovation.
- Developing contemporary approaches to leadership talent management including implementation of a targeted, merit-based scholarship program utilizing local and international short and medium-term learning programs. The program will include a reintegration learning plan and will not replicate existing scholarship programs but will be based on identified key government strategic workforce and service delivery priorities
- Strengthening the ethics and integrity competencies of civil servants and promoting the shared vision of a "future ready civil service" including the shared values of service excellence, ethics, transparency and integrity. This will include a review of existing training on public service ethics and revision and/or development of new training modules and codes for different levels of civil servants.

iv. ***Supporting the efficient collection and use of HR data***: *Develop an integrated, nationwide Human Resources Management Information System (HRMIS)*:
- Prepare a requirements analysis and technical specifications for a future-ready "talent management and deployment system" (=HRMIS 2.0)
- Support the technical design and rollout of an integrated web-based HRMIS (may be purchased off the shelf/customized, or bespoke build), through a phased approach with participating government agencies
- Provide capacity building in the use of digital tools for HR data analytics and decision support to be used in workforce planning and management.

Key Results:
- Better, more effectively managed civil service based upon an integrated, nationwide Human Resources Management Information System (HRMIS) developed and in use;

- A national HR and strategic workforce planning framework for the Philippines civil service developed, adopted, and in use; and
- Professionalized HR functions across the Philippines civil service.

b. **Component 2: Strengthening Civil Service Commission and other key Human Resource Institutions and systems**

Objective: To build institutional capability and strengthen the systems required to deliver on the mandate of modernizing the civil service.

The following activities will be supported:

i. *Legislative and regulatory review, including*:
   - Inventory and review of existing laws, Executive Orders, Administrative Orders, Presidential Decrees and other rules governing the civil service to identify inconsistencies, duplication and revisions that would be necessary to modernize the civil service management framework to support a "smart and future-ready civil service"
   - Drafting of an updated, comprehensive and consolidated civil service law and regulations to lay before Congress.
   - Preparation and publication of law and regulations in user-friendly formats, leveraging technology platforms to support wide dissemination.

ii. *Civil Service Commission internal process improvement: Build a strategic approach to human resource planning to prepare and develop an innovative and technology-enabled civil service of the future:*
   - Review and streamline internal business processes to simplify and enhance efficiency with use of automation where necessary.

iii. *Project Management: Support the establishment and operation of a dedicated Project Implementation Unit (PIU) to oversee and coordinate project implementation up to the time the project closes.*

iv. *Change Management and Communications: Support the development and implementation of a change management strategy, as well as a communications strategy.*
   - Develop and articulate an effective change management program, both within the CSC and across the wider bureaucracy, to support the transformation and rebranding of the civil service. This component may include employee engagement surveys to enable CSC to monitor the effectiveness and impact of the reforms.[12]

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[12] Change management is a process of helping people understand the need for change, and to motivate them to take actions which result in sustained changes in behavior. It is seen as being critical for civil service reforms, which aim to produce significant behavior change. Change management does not only refer to a set of basic tools or structures intended to keep the change efforts under control. More importantly, it is about adaptive leadership (or change leadership) for addressing non-technical challenges, by evaluating and managing risks, (further) empowering a group of leaders in the government and mobilizing a large number of people with a shared vision to introduce sustainable changes in social and organizational culture. With change management realized, better results can be achieved faster and more sustainably.

- Develop and execute a communications strategy to support efforts to transform and rebrand the civil service, as well as to communicate more broadly to key stakeholders and the public on the move towards a smart and future-ready civil service.

Key Results:
- Review of existing laws, orders and decrees carried out and a comprehensive draft bill prepared for submission to Congress.
- Enhanced efficiency of the Civil Service Commission because of streamlined and strengthened organizational systems and processes.
- Project execution effectively managed by a well-functioning PIU, with a change management strategy and communications plan rolled out to manage stakeholder expectations.

c.   **Component 3: Improving Organizational Effectiveness**

Objective: To improve organizational effectiveness and encourage innovation in public sector agencies. The following activities will be supported:

i.   *Reducing Red Tape:*
- Strengthen the Anti-Red Tape Unit in the CSC to play its mandated role in supporting and complementing the work of the newly-established Anti Red Tape Authority (ARTA).

ii.   *Innovative solutions in the civil service:*
- Development of a problem-driven innovation fund to encourage and incentivize innovative solutions and approaches to identified challenges and wicked problems. Proposed solutions will be sought from agency-led initiatives and will be competitively assessed by a committee of senior officials.

iii.   *Improved organizational performance management:*
- Strengthen the Results-Based Performance Management System (RBPMS) and the approach to performance-based bonuses (PBB) by implementing recommendations from a review of PBB and considering the development of technology-based solutions to better track and document performance goals and progress at both organizational and individual levels.
- Review and strengthen the performance management framework applied to CESOs.

Key Results:
- CSC equipped to play its complementary role supporting the ARTA in the implementation of the Ease of Doing Business Act.
- Innovative solutions to identified challenges designed, tested and scaled up, improving client satisfaction.
- Performance management systems strengthened.

Legal Operational Policies	Triggered?
Projects on International Waterways OP 7.50	No
Projects in Disputed Areas OP 7.60	No

Summary of Screening of Environmental and Social Risks and Impacts

Based on the overall assessment of the environmental and social aspects of the project, the Environmental and social risks and impacts are low.

Note To view the Environmental and Social Risks and Impacts, please refer to the Concept Stage ESRS Document.

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