

## TC ABSTRACT

### I. Basic Project Data

▪ Country/Region:	REGIONAL/IDB
▪ TC Name:	Digitalization of Human Resources Management (HRM) and Professionalization of Public Officials from the Korean Experience
▪ TC Number:	RG-T3876
▪ Team Leader/Members:	Mosqueira Medina, Edgardo (IFD/ICS) Team Leader; Lafuente, Mariano (IFD/ICS) Alternate Team Leader; Kim, Seong Youn (IFD/ICS); De Leon Miranda, Jorge Clemente (IFD/ICS); Almeida Oleas, Natalia (LEG/SGO); Aguilar Blandon, Maria Alejandra (IFD/ICS)
▪ Taxonomy:	Client Support
▪ Number and name of operation supported by the TC:	N/A
▪ Date of TC Abstract:	22 Jul 2021
▪ Beneficiary:	Government of Argentina; Government of Uruguay; Government of Jamaica; Government of Ecuador
▪ Executing Agency:	Inter-American Development Bank
▪ IDB funding requested:	US\$400,000.00
▪ Local counterpart funding:	US\$0.00
▪ Disbursement period:	30 months
▪ Types of consultants:	Individuals; 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 2010-2020:	Institutional capacity and rule of law

### II. Objective and Justification

- 2.1 The objective of this Technical Cooperation (TC) is threefold: (i) to support governments in the 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 In 2018, public employment represented 11.9% of total employment in the LAC region. Also, wages and salaries represented a substantial expense for governments – LAC countries spent 8% of GDP which was equivalent to 29% of total public expenditure which is considerably higher than 24% in OECD countries. 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 region had only reached 38 points out of total of 100. These numbers evidence the importance for strengthening public personnel systems to ensure the well-functioning of the State.
- 2.3 Two of the challenges that governments in the region face to strengthen their human resources management (HRM) are: high levels of discretion in the selection of the senior civil service and the lack of human talent to promote digital transformations including digital HRM. The selection of the senior civil service in LAC countries is done with high levels of discretion, based on political relationships, and following a seniority criterion.

For this reason, it is essential to promote reforms aimed to make such selection be based on the evaluation of competencies and skills for management, and evidence of performance and scope of results.

- 2.4 Despite the relevance that human talent has for the promotion of the digital transformation in public institutions, only 10 out of 22 digital transformation strategies in LAC include actions aimed at strengthening digital skills for human capital, while 7 include developing capacities in advanced digital issues, 3 include specialized recruitment for digital professionals and 1 considers mechanisms to strengthen digital leadership. Public administration requires leaders and officials with a wide range of technological skills who understand how to deploy technology to support the achievement of policy objectives. These skills will allow agencies to be competent in technologically informed decision-making, digital security, data use and governance, user-centered design, product management, ICT acquisition, among others.
- 2.5 The lack of adequate human talent and a clear strategy for strengthening its capacity has also 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. According to the 2020 UN E-Government survey, LAC countries ranked 90th on average out of 193 countries. 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. 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 – as well as the strengthening of adequate skills in digital professionals – and the professionalization of the senior executive service. This TC will provide an opportunity for sharing and applying lessons learned from more advanced countries, such as Korea.

### III. Description of Activities and Outputs

- 3.1 **Component I: Knowledge exchange of best practices in public human resources management (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 the central personnel agency, digital transformation policies in HRM, and professionalization of managerial talents. Multiple public officials of five (5) countries will take this program.
- 3.2 **Component II: Diagnostic study for building an IHRMIS (US \$134,000).** The objective is to examine the existing digital HRM systems in terms of the institutional framework, technological architecture, and HR capacity. It will support two (2) countries to realize their policy objectives of enhancing transparency and effectiveness. The Korean Ministry of Personnel Management will be a crucial partner, which has operated various digital systems including an integrated HRM information platform.
- 3.3 **Component III: Policy proposal for modernizing HRM system: (US \$90,000).** The objective is to provide a specific set of policy proposals to improve the effectiveness of participating countries' HRM systems. The technical assistance and proposal coordination will be carried out in line with component 2. Based on the advanced system review, the diagnostic study, and the local consulting results, strategic policy proposals for each country to address gaps will be prepared.
- 3.4 **Component IV: Dissemination of project results (US\$86,000).** The objective is to disseminate the achievements of components 1, 2, and 3 with the goal of strengthening LAC region's institutional capacity and promoting mutual collaboration. The various outputs will be distributed through the international workshop. In addition, strategies for

the expansion of the IHRMIS will be discussed and collaboration plans for the next business stages will be initiated with potential partner countries.

#### **IV. Budget**

##### **Indicative Budget**

<b>Activity/Component</b>	<b>Total Funding (IDB)</b>
Knowledge exchange of best practices in public human resources management	US\$90,000.00
Diagnostic study for building an IHRMIS	US\$134,000.00
Policy proposal for modernizing HRM system	US\$90,000.00
Dissemination of project results	US\$86,000.00
<b>Total</b>	<b>US\$400,000.00</b>

#### **V. Executing Agency and Execution Structure**

- 5.1 The executing agency for this TC will be the IDB, under responsibility of IFD/ICS.
- 5.2 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. The Bank will contract all the consultancies in accordance with the policies and procedures of the Bank applicable to TCs.

#### **VI. Project Risks and Issues**

- 6.1 Although it is possible to draw a blueprint for integrated e-HRM based on the advanced practice, the beneficiary country may face limitations due to lack of financial resources, and institutional vulnerability. In this project will be proposed financing alternatives and additional capacity building to strengthen the sectoral institutions in coordination with beneficiary country and the IDB.
- 6.2 There are no environmental or social risks associated with the activities outlined in this operation, therefore its classification is "C."

#### **VII. Environmental and Social Classification**

- 7.1 The ESG classification for this operation is "undefined".