

Cabinet Decision Document: Approval of an Updated Medium-Term Pay Reform Strategy

Civil Service Agency June 23, 2014

CABINET DECISION REQUESTED

1. This document seeks Cabinet approval of an Updated Medium-Term Pay Reform Strategy and accompanying implementation plan.
2. The pay reform agenda put forward in the 2008 Civil Service Reform Strategy and 2009/10 Medium Term Pay Reform Strategy remains largely unfulfilled. The updated strategy builds upon these documents and incorporates new developments.
3. The updated strategy is aligned with the Agenda for Transformation (Governance and Public Institutions pillar), and with credits that the Government has negotiated with development partners. It incorporates feedback from multiple rounds of review within government (led by the Civil Service Agency) and by development partners.

Need for Government Action at this Time:

4. Cabinet approval of the Updated Medium-Term Pay Reform Strategy **by June 30, 2014** is required for disbursement of USD 10 million and USD 680,000 from the Poverty Reduction Support Credit (World Bank) and the Public Sector Modernization Project (SIDA, USAID, World Bank), respectively.

REFORM FRAMEWORK

5. The 2008 Civil Service Reform Strategy articulates the vision, objectives and principles for pay reform:

Vision

Remuneration policies and packages that attract, retain and motivate competent employees to work in a productive and efficient manner, delivering high quality services to the public, and a pension system that ensures that retired civil servants are paid decent compensation and benefits to allow for a decent retirement experience.¹

Objectives

- *Provide Civil Service compensation that is adequately competitive to attract and retain personnel with the requisite competencies (knowledge, skills, abilities);*
- *Motivate and influence the work habits, productivity and performance of Civil Service*

¹ This and subsequent quotes are from *Civil Service Reform Strategy*, Government of Liberia, 2008.

employees in such a way that is consistent with and supports the achievement of the civil service reform objectives;

- *Enable the Government to manage compensation in a sustainable, structured and consistent manner within its national budget; and*
- *Provide timely, honorable and adequate post-service compensation and benefits to retired civil servants.*

Principles

Affordability, equity, transparency, competitiveness

COORDINATION AND OVERSIGHT

6. The Government is convening a High Level Task Force for Wage Bill Management to ensure coordination and oversight of this challenging agenda. Its members are:
 - Civil Service Agency – Director General (Co-chair)
 - Ministry of Finance – Deputy Minister for Budget (Co-chair)
 - Ministry of Finance – Deputy Minister for Expenditure & Debt Management (Co-chair)
 - Ministry of State – Representative
 - Additional members to be chosen from among ministries, agencies and commissions.
7. The development partners providing support in this area will have advisory status: the World Bank, IMF, USAID, and SIDA.

MACRO-FISCAL PARAMETERS FOR THE WAGE BILL

8. The Agenda for Transformation places priority on increased investment to infrastructure to promote economic growth, and on creating fiscal space in the budget for these priorities.
9. The fiscal rules introduced in FY2012/13 include limiting personnel costs to not more than 34 percent of the budget. Macroeconomic projections call for Liberia's wage bill to be 10.7-10.8% of GDP for the period 2014-2017.

NEED FOR PAY REFORM: THE STATUS QUO

10. *Wage bill affordability is an ongoing struggle.* The Government has been unable to consistently meet its fiscal rule that the wage bill not exceed 34% of the budget. Employment and payroll controls remain problematic. Unknown numbers of individuals are "hired" informally and paid off-payroll. Lobbying for larger allowance budgets and discretionary decisions regarding the size of allowances paid to individuals put upward pressure on expenditures.
11. *Disarray in pay and grading undermines equity and transparency.* There is substantial misgrading, and position titles may not match the job that is done. Base salaries as actually paid diverge from official rates. Monetary and in-kind allowances (coupons for gas/fuel and cellular airtime) are a parallel pay system of significant size and opacity. Allowances payments are disconnected from the payroll and personnel systems.
12. *Government is a dominant employer in the small formal job market.* Working conditions in government compare favorably to other sectors. Furthermore, pay at lower levels (e.g.

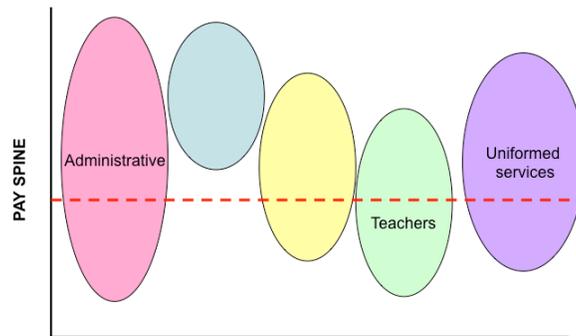
cleaner, security guards) exceeds that in micro, small or even medium enterprises, also. For professionals and executives, competition is largely limited to niche skills. Organizations outside government typically prefer to promote from within, and do not perceive civil servants as attractive candidates due to performance and work culture issues.

13. ***The current pension system creates a double burden.*** It is unaffordable to government and yet civil servants resist retiring due to insufficient pension size. This limits opportunities to hire and promote motivated, skilled staff.

THE WAY FORWARD: A PHASED APPROACH THAT IS MANAGEABLE AND AFFORDABLE

14. Reforms will be phased in order to mitigate inherent fiscal and technical risks, namely:
- Pay reform requires substantial time and sustained effort in order to make progress.
 - It entails costs, due to increases in pay for jobs that are underpaid plus transitional protection to workers who are overpaid.
 - Progress on related administrative and civil service reforms – most fundamentally, the size and distribution of employment – also affects costs.
15. The first phase will focus on ministries participating in the Public Sector Modernization Project, which will get technical support and financial incentives tied to their progress on pay reform (Annex 1). The ministries are: Education, Finance, Foreign Affairs, Health & Social Welfare, Information, Culture & Tourism, Internal Affairs and Justice.
16. This positions Liberia to receive USD 6.12 million in disbursements under the Public Sector Modernization Project, and disbursements of approximately USD 10 million per tranche under the Poverty Reduction Support Credit series (FY2013/14 to FY2016/17), which has conditions that are aligned with the Public Sector Modernization Project.
17. Reforms will progressively expand to cover additional ministries and agencies, chosen by government in accordance with priorities and objective criteria.² The prospect of moving to an improved compensation structure will be an explicit incentive to engage bodies that are not included in phase 1. Phases will progressively encompass the key bodies and cadres funded from the wage bill over a period of two to five years.
18. The first phase will focus exclusively on civilian positions on the regular payroll and regular civil service scale. Service providers in health and education will be scheduled for later phases, given the serious challenges with employment and grading in these sectors.
19. In the long-term, phased reforms will achieve a coherent system that has evaluated and fixed the value of all wage bill-funded jobs relative to each other, with salaries that correspond to the job's relative value. The diagram below illustrates this framework of horizontal and vertical equity.

² The Government may draw upon the selection criteria used for the Public Sector Modernization Project. These are (1) willingness to reform, measured via explicit indicators; and (2) the number of civil servants employed.



Three Immediate Priorities to Lay the Foundations for Pay Reform

- 20. **Rationalize grading of jobs:** Proper grading is the foundation for ensuring pay equity across government, and for knowing how the workforce is distributed. The current grading exercise will assign jobs to the appropriate grade of the 10-grade structure developed in 2009/10 by evaluating jobs against the definitions of these grades. **A small team of civil servants will be created to support the grading advisor and engage with ministries to complete this task.**
- 21. **Generate accurate earnings data:** Liberia currently lacks reliable data on total? earnings of jobs, which are required to develop salary scale options and test their affordability. Ministry of Finance and the Civil Service Agency are jointly launching a revised allowances payment template that will enable systematic generation of such data.
- 22. **Create fiscal space for pay reform:** A freeze on allowances will restrict further changes in allowances payments, in order to prevent gaming in advance of reforms and help ensure affordability. This measure follows from the Civil Service Agency circular of February 26, 2014, and a Presidential directive nullifying previous Executive decisions with regard to allowances. Progress on related measures to ensure that employment levels are under control is also crucial to fiscal space.

Transparency & Equity: A New Approach to Salary and Allowances

- 23. To instill transparency and equity, reforms will move Liberia towards a system in which:
 - Salaries constitute the bulk of pay, with a new base salary scale. The primary path to higher earnings over a career will be via promotion to a higher grade. Outstanding performance will be required for any in-grade pay progression.
 - Allowances are limited to those with a clear rationale and demonstrated need, are time-bound (temporary) and limited to a modest share of the wage bill. These are:
 - Market premium allowance – to mitigate any skills shortages that result directly from higher pay in organizations that actively compete with government
 - Relocation to remote or hardship postings – to mitigate skills shortages
 - Performance-based award – decided at the level of each body, and capped at a modest percentage of the wage bill for the body and cadre.
 - Daily subsistence allowance rates are capped so as not to exceed international benchmarks, namely UN and US government published rates.

24. To promote buy-in, a suitable degree of protection will be offered to job-holders whose pay under the new system would be lower. Subject to acceptability and affordability, this may (1) guarantee pre-reform earnings for as long as the individual stays in the same post, (2) reduce excess earnings gradually over one to three years until they reach the new level, or (3) provide a lump sum compensation and adjust the salary immediately.

Competitiveness and Affordability

25. Liberia will adopt international good practice with respect to competitiveness. Recognizing the advantages of public sector employment, pay policy will not aim to fully match (and certainly not lead) the compensation packages offered in other market segments. The Civil Service Agency will establish in-house capacity to monitor labor market developments and conduct periodic pay surveys, to inform pay policy decisions.
26. Fiscal impacts analysis will model the costs of different options for new pay scales, allowances and protection. This will be done in conjunction with the World Bank, which has considerable expertise and resources in this area.

Implications for Pensions Liabilities

27. The long-term future of post-service compensation for civil servants will ultimately be determined in the context of national-level pension reforms. Pay reform adds an additional, pressing challenge to this agenda. Current pensions entitlements are unaffordable, and introducing improved salary scales would increase government's liabilities.
28. The Government will seek specialized advice regarding measures to mitigate these potential impacts in the near to medium-term. In the immediate term, the Civil Service Agency will pursue improvements to existing administrative processes related to civil service pensions.

Outreach and Communication

29. A range of communication tools and messages will be developed to suit the role and information needs of different sets of stakeholders. These will draw upon the Government's rich experience in managing communications for other change processes

Annex 1: Public Sector Modernization Project: Disbursement Linked Indicators

Date	Ref.	PSMP Component	Action (refers only to ministries participating in PSMP)	Potential disbursement per ministry	Disbursement to GOL upon 100% achievement	Total potential disbursement
June 30, 2014	DLI-4	(1) Improve pay management	CSA has submitted Pay Strategy to Cabinet for approval	\$40,000	\$400,000	\$680,000
June 30, 2015	DLI-7	(2) Strengthened payroll management	PSMP ministries have issued employment appointment letters to all staff on personnel listing	\$40,000	\$400,000	\$680,000
June 30, 2016	DLI-5	(1) Improve pay management	At least 30% of P1-4 and E1-3 civil servants assigned to relevant pay grades	\$40,000	\$400,000	\$680,000
June 30, 2016	DLI-6	(1) Improve pay management	At least 30% of TAS1-3 civil servants assigned to relevant pay grades	\$40,000	\$400,000	\$680,000
June 30, 2016	DLI-3	(3) Improved performance	PSMP Ministries have completed one annual cycle of performance appraisal for P1-4 & E1-3 civil servants	\$40,000	\$400,000	\$680,000
June 30, 2017	DLI-1	(1) Improve pay management	70% of P1-4 & E1-3 civil servants have been paid according to approved grades for > 6 consecutive months	\$40,000	\$400,000	\$680,000
June 30, 2017	DLI-8	(2) Strengthened payroll management	PSMP Ministries no longer have any "supplementary payrolls"	\$40,000	\$400,000	\$680,000
June 30, 2018	DLI-2	(2) Strengthened payroll management	Discrepancies between payroll and personnel listing reduced to < 5% of records	\$40,000	\$400,000	\$680,000
June 30, 2018	DLI-9	(3) Improved performance	PSMP Ministries have completed three annual cycles of performance appraisal for P1-4 & E1-3	\$40,000	\$400,000	\$680,000
Disbursements, USD				\$320,000	\$3,600,000	\$6,120,000

Source: PSMP Project Appraisal Document dated January 15, 2014

Note: The series of Poverty Reduction Support Credits agreed with the World Bank for FY2013/14 through FY2016/17 includes additional conditions that are aligned with those in the Public Sector Modernization Project. Each disbursement is expected to be approximately USD 10 million.

ANNEX 2: IMPLEMENTATION PLAN

- Activities and timeline in this implementation plan are aligned with the Public Sector Modernization Project (PSMP). Specific PSMP milestone and disbursement-linked indicators are listed as appropriate. Full details of PSMP activities and time line are in the PSMP Project Appraisal Document of 15 January 2014.
- The phased reform strategy means that for each activity in the implementation plan, priority attention is given first to those bodies selected for the next phase of expansion (i.e. The seven ministries and agencies participating in PSMP in the first phase; then the second group of ministries and agencies that will be identified, and so on.)

Theme	Ref.	Activity	Indicative Timeframe	Responsible Parties	Resource implications	Notes
Oversight & management	1	<p>Establish and operationalize High Level Task Force on Wage Bill Management</p> <ol style="list-style-type: none"> 1. Convene first quarterly meeting of core members 2. Invite additional members 3. Establish secretariat function within CSA 4. Schedule quarterly meetings, in advance of and coordinated with quarterly multi-stakeholder forums taking place under PSM Project <p><i>Result: Creation of effective high-level coordination mechanism to oversee and guide reforms civil service-wide</i></p>	May 2014 and ongoing	CSA, MOF, MOS		First meeting held May 2014.
Oversight & management	2	<p>Cabinet approves Medium Term Pay Reform Strategy (2014 Update)</p> <ul style="list-style-type: none"> • <i>Potential disbursement of USD 680,000 to ministries and GOL upon achievement of target under PSM Project and USD 10,000,000 to GOL under PRSC II</i> <p><i>Result: Approved updated strategy and implementation plan.</i></p>	By 30 June 2014	Cabinet, CSA	Disbursement linked indicator for PSMP and PRSC II	
Rationalized grading structure	3	<p>Rejuvenate grading and classification structure. Activities include: review classification of civil service jobs, place all jobs into appropriate grades, prepare list of standardized job titles and prepare job descriptions, develop approved establishment lists, establish hierarchies among job classifications, and assist MACs in reviewing their employment needs</p> <p><i>Result: All jobs and staff assigned to proper grades. Clarity about allowed job titles, job content and types/numbers of staff needed. MACs have improved staff plans</i></p>	Autumn 2013 to Autumn 2015	CSA, USAID GEMS, teams in participating MAC	USAID GEMS grading advisor is funded and active	Any additional needs to be discussed in context of PSMP
Pay	4	<p>Introduce standardized template for allowances payments as basis for MAC</p>	1. April	MOF, CSA	Modest costs for	

Theme	Ref.	Activity	Indicative Timeframe	Responsible Parties	Resource implications	Notes
management and fiscal space		submissions to MOF 1. Draft template with standard format, introducing new fields for payroll number; ID number; department; location; and standardized formula for calculating deductions (<i>completed</i>) 2. Pilot template in 2-4 MACs and prepare final format based on feedback 3. Hold workshop with relevant staff (comptrollers and team) in all submitting bodies to introduce new template and explain its proper use 4. Launch mandatory use of new template for all allowances payments requests. MOF analysts vet all new submissions against existing payroll and personnel records to ensure entries in newly-introduced fields are correct (estimated three month transition period) <i>Result: Better ongoing data on allowances payments serves as basis for developing options for new salary scales and ensuring affordability via fiscal impacts analysis.</i>	2014 (completed) 2. May 2014 3. June 2014 4. July 1 - Sept, 2014		half-day workshop	
Pay management and fiscal space	5	Freeze size of general allowances payments made to individuals , using an appropriate pre-announcement month as the baseline for amounts. Any subsequent changes or allowances for new hires will require review and approval by the CSA in conjunction with MOF, which receives and processes allowances payments. <i>Result: Additional fiscal space created for pay reform including safeguarding affordability by restraining future costs of protecting pre-reform earnings of any losers.</i>	July 1, 2014	CSA, MOF		CSA General Allowance Policy circular of 26 Feb. 2014 reconfirmed CSA determines all general allowances.
Redesign of compensation arrangements	6	Conduct 2014 baseline pay comparator analysis of compensation in the civil service and a sample of other micro, small, medium and large-sized employers <i>Result: Expanded understanding of Government position in labor market and nature of competitiveness challenges is used to inform pay policy.</i>	Nov. 2013 - April 2014 (completed)	CSA	Funded under the Civil Service Reform Project	
Redesign of compensation arrangements	7	Adopt international benchmark Daily Subsistence Allowance (DSA) rates as maximum cap for GOL DSA rates for official travel abroad. Options: United Nations or United States federal government rates, both of which are published online and updated at least annually. <ul style="list-style-type: none"> Annually, as part of budget process, update official GOL International DSA rates to ensure they are at or below current rates as published by the chosen source (UN or US). <i>Result: More efficient travel expenditures, improved transparency of pay, and</i>	July 1 2014 with annual updates	MOF	No funding required	

Theme	Ref.	Activity	Indicative Timeframe	Responsible Parties	Resource implications	Notes
		<i>reduction in perverse incentives for excessive travel.</i>				
Redesign of compensation arrangements	8	<p>Develop options for more effective management of goods & services expenditures on (1) telephone and (2) gasoline and fuel, based on operational needs of individual MACs and different cadres of staff (see Strategy annex)</p> <ul style="list-style-type: none"> Data will be drawn from IFMIS records (on allocations to entities and individuals), supplemented as necessary by records from individual MACs. <p><i>Result: Practical, costed options for increasing efficiency of goods & services expenditures and improving transparency of pay by reducing scope for top-ups.</i></p>	July – Sept. 2014	MOF, CSA	No funding required	Analysis by MOF staff with necessary experience and technical skills, in conjunction with CSA
Civil Service compensation analysis	9	<p>Conduct deepened analysis of civil service earnings using robust data from new Allowances Template in order to create current database of each civil servant's actual earnings.</p> <ul style="list-style-type: none"> Match allowances data for civil servants (only) to payroll and personnel listing datasets using ID numbers to get comprehensive earnings data (including CS who earn base salary only) by: position, grade and job-holder; within and across bodies that employ civil servants. Analyze statistically to quantify the range and variation in total monetary earnings (minimum, maximum, average, median, mode and standard deviation). Conduct gender analysis of presence and earnings of women in professional and managerial grades, to probe for any systematic gender bias. <p><i>Output: Accurate data flows on actual earnings of civil service, to be used for next round of modeling and fiscal impacts analysis.</i></p>	Oct. - Nov. 2014	High Level Task Force	CSA and MOF staff with necessary experience and technical skills	Task Force to identify staff with suitable skills for this technical work and oversee their work.
Redesign of compensation arrangements	10	<p>Devise options for pay scale for civil service that incorporate improved data on current earnings made possible by revised allowances template for payment processing.</p> <p><i>Output: Options for pay scale that are based on more realistic information on current earnings</i></p>	Dec. 2014- Feb. 2015	CSA, MOF and representative s of MACs	Technical Assistance needs to be discussed in context of PSMP	
Fiscal impacts analysis	11	<p>First round of modeling of potential fiscal impacts of re-grading and new salary options, incorporating:</p> <ol style="list-style-type: none"> Revised employment levels by grade, reflecting findings from Grading exercise to correct mis-grading and use standard job titles <ul style="list-style-type: none"> Comprehensive earnings data (based on new allowance template) Tests options for new salaries that would best accommodate prevailing pay 	Dec. 2014 – Feb. 2015	MOF, in conjunction with CSA	Technical assistance from World Bank	Use existing World Bank modeling tool plus customized analysis as needed.

Theme	Ref.	Activity	Indicative Timeframe	Responsible Parties	Resource implications	Notes
		<p>levels (including cost implications of protection options: full, gradual draw-down, lump-sum) and different assumptions about employment levels.</p> <p>3. Accompanying analysis of implications of new salary structure for tax deductions and net earnings</p> <p><i>Output: Initial estimates of potential wage bill impacts for a range of reform options</i></p>				
Redesign of compensation arrangements	12	<p>Decision regarding type of protection to be offered to individuals whose pre-reform monetary earnings exceed the levels proposed under the new pay scale</p> <ul style="list-style-type: none"> Initial evaluation of options and costs, based upon first round of fiscal impacts analysis and information from Grading & Classification exercise <p><i>Output: (1) Recommendation regarding level of protection to be offered to civil servants who would otherwise lose income under new pay scale. (2) Basis for Policy decision to be made and communicated six months prior to transition to new salary scale</i></p>	<p>1. Dec. 2014 – Feb. 2015</p> <p>2. By end 2015</p>	<p>1. MOF, in conjunction with CSA</p> <p>2. MOF, CSA, Cabinet</p>	<p>Technical assistance may be required</p>	
Rational employment structure	13	<p>Viable, affordable staffing plans for bodies participating in Phase 1 of pay reform:</p> <ol style="list-style-type: none"> Produced via Mandates and Functions Reviews or other mechanisms Implementation has realigned staffing to suit needs and ensured correct grading assignments <p><i>Result: Improved employment structure contributes to more efficient wage bill expenditures</i></p>	<p>1. By Dec. 2014</p> <p>2. By Dec. 2015</p>	<p>GC, CSA, participating MACs</p>	<p>GOL budget funds any redundancy payments that may be required</p>	
Fiscal impacts analysis	14	<p>Second round of fiscal impacts analysis, using near-final data from grading exercise, latest data on allowances payments, and results of employment realignment in seven MACs participating in Phase 1.</p> <p><i>Output: Assessment of fiscal impacts to ensure that reforms are affordable and sustainable.</i></p>	<p>Autumn 2015</p>	<p>MOF, in conjunction with CSA</p>	<p>Technical assistance from World Bank</p>	
Phasing & Transition Policy	15	<p>Identify second group of MACs to be prioritized for transition to new pay scale, based on selection criteria and subject to the MAC completing required measures prior to inclusion</p> <p><i>Result: Decision on expansion of reform allows preparations for next phase to advance.</i></p>	<p>By end 2014</p>	<p>High Level Task Force, Cabinet</p>		
Fiscal impacts	16	<p>Additional rounds of fiscal impacts analysis for each subsequent phase of</p>	<p>To be</p>	<p>MOF, in</p>	<p>Technical</p>	

Theme	Ref.	Activity	Indicative Timeframe	Responsible Parties	Resource implications	Notes
analysis		expansion, focused on the next group of MACs identified for transition to new salary scale <i>Result: Ensures that reforms remain affordable, based on most current data and assumptions.</i>	determined as per phasing	conjunction with CSA	assistance from World Bank	
Redesign of compensation arrangements	17	Devise new, time-bound allowances for (1) Market Premium for scarce skills (2) Remote and hardship posts (3) Performance awards (based upon framework in Strategy). 1. Prepare options, supported by analysis of numbers of posts that may require allowances, potential size of payments, and fiscal impacts estimates. Expenditures for each allowance to be capped at standard percentage of body's wage bill. 2. Policy decision on new allowances 3. New allowance policy comes into effect for bodies that have transitioned to the new salary scale. Actual payment of new allowance will be subject to submission and approval of requests that comply with the required procedures (including justification and related data or staffing, turnover, and costs.) <i>Result: Allowances options provide mechanism to address competitiveness and motivation in a flexible, transparent and affordable manner.</i>	July 2014- June 2015	CSA, MOF	<ul style="list-style-type: none"> • May require technical advice from World Bank. • Cost of allowances (to be specified in policy, as % of relevant wage bill expenditures) 	
Pensions	18	Agree transition arrangements for pensions to ensure that impact of transition to new salary scale on pensionable earnings (and pension liabilities) is managed in a fiscally sustainable manner, in line with GOL policy on pensions. <ul style="list-style-type: none"> • Specialized analysis presents options based on actuarial analysis, including draft amendments to existing regulations. 	Finalize by Dec. 2015	Pensions Committee, MOF, CSA, NASSCORP	Specialized technical assistance necessary. Funding to be identified.	
Currency of payment	19	Periodic adjustments to proportion of salary paid in LD vs. USD , as determined under GOL's De-dollarization policy and budgetary developments. <ul style="list-style-type: none"> • Payroll software to be adjusted as needed <i>Result: Wage bill expenditures incorporate de-dollarization policy in a realistic, non-inflationary manner.</i>	Ongoing	MOF & CBL	Cost of any necessary adjustments to payroll software	
Payroll management	20	Transition arrangements to prepare for paying new salaries in LD and USD. 1. Modification of payroll software platform to incorporate new salary levels, proportional payment in LD and USD (specified by MOF and CBL), and the chosen	Mid-2015 through spring 2016	CSA and MOF	Firm with appropriate software expertise to be	

Theme	Ref.	Activity	Indicative Timeframe	Responsible Parties	Resource implications	Notes
		<p>Protection option for individuals whose current earnings exceed levels under the new salary scale.</p> <p>2. Prepare for dual currency payments: ensuring individuals' banking arrangements are in place and communicated to payroll. Make all necessary adjustments to payroll software for paying salaries split between LD and USD in specified proportions.</p> <p>3. Training of relevant payroll and payments processing staff</p> <p><i>Result: Payment mechanisms and staff are prepared for implementation of new salary scale.</i></p>			contracted.	
Outreach	21	<p>Communication and awareness campaign: Outreach to civil servants, and other affected parties (including labor unions and the general public) regarding grading cleanup, transition to new pay scale, and shifts in currency of payment, using a variety of channels of communication (e.g. brochures, radio, peer counselors)</p> <ul style="list-style-type: none"> • Periodic surveys of civil servants in participating bodies confirm increased awareness of pay reform and grading changes <p><i>Result: Affected parties understand the reasons and actions involved in each stage of pay reform.</i></p>	Phased, to accompany stage of preparations,	CSA and participating ministries. Supported under PSMP	Supported under PSMP	
Redesign of compensation arrangements	22	Training of CSA Employment Services staff in new salaries scale and grades	Autumn 2015	CSA		
Redesign of compensation arrangements	23	Approve and publish new salary scale	2016	CSA and MOF		
Disbursement linked indicator	24	<p>At least 30% of Professional- and Executive- grade civil servants (top 7 grades) in ministries under PSMP are assigned to appropriate pay grades</p> <ul style="list-style-type: none"> • <i>Potential disbursement of USD 680,000 to ministries and GOL upon achievement of target, under PSM Project</i> 	June 30 2016	CSA, MOF, participating ministries & agencies	Disbursement linked indicator for PSMP and PRSC	
Disbursement linked indicator	25	<p>At least 30% of Technical and Support-grade civil servants (bottom 3 grades) in ministries under PSMP are assigned to appropriate pay grades</p> <ul style="list-style-type: none"> • <i>Potential disbursement of USD 680,000 to ministries and GOL upon achievement</i> 	June 30 2016	CSA, MOF, participating ministries & agencies	Disbursement linked indicator for PSMP and PRSC	

Theme	Ref.	Activity	Indicative Timeframe	Responsible Parties	Resource implications	Notes
		<i>of target, under PSM Project</i>				
Payroll integrity	26	<p>Audit of Civil service payroll is completed</p> <ul style="list-style-type: none"> • <i>Potential disbursement of USD 680,000 to ministries and GOL upon achievement of target, under PSM Project</i> 	By June 30 2016	GAC	Disbursement linked indicator for PSMP	
Staffing aligned with needs	27	<p>Review employment funded exclusively via general allowances in each individual MAC, and any other workers not presently on any payroll nor covered by the payroll clean up / biometrics exercise.</p> <p><i>Output: Costed options for managing these workers (as a group, and individually), including regularizing their status or terminating their employment.</i></p>	2015	CSA & MOF		
Rational employment structure	28	<p>Options for transitioning Development Partner-funded health workers onto standard terms and conditions for GOL-funded health workers.</p> <ul style="list-style-type: none"> • Analyze numbers, payments to individuals, and aggregate expenditures for DP-funded employment <p><i>Output: Realistic, costed options and priorities for transitioning in a phased, fiscally sustainable manner in line with available resources and budget constraints</i></p>	2015	CSA, MOH		