

I. INTRODUCTION

A. The Public Service Commission

1. **Mandate.** In accordance with the Constitution of the Republic of the Marshall Islands, Article VII, Sections 1 and 9, and the Public Service Commission (PSC) Act of 1979, the PSC is the employing authority of the government charged with the responsibility for developing, coordinating, regulating and administering all personnel matters relating to and affecting the Public Service. In this regard, the PSC is required to conduct efficiency and economy reviews of all the ministries, agencies, and offices of the government. It is also required to submit an annual State of the Public Service report to the Cabinet at the end of each calendar year. While the PSC is responsible to the Cabinet for carrying out its duties and exercising its functions and powers, as well as in informing and advising the Cabinet in matters affecting the Public Service, *it has autonomous power and responsibility in all matters relating to individual employees.*

2. **Commissioners.** The three Commissioners make joint decisions in dispensing its mandated functions, as stipulated in the Constitution and the PSC Act. Aside from its consultations with the Cabinet, the PSC works consultatively with the heads of the Public Service (PS) departments and agencies in collaboration with the Chief Secretary, who is the Head of the Public Service. To address individual Public Servant personnel actions, the PSC follows established legislations, regulations and procedures that promote the principles of Good Governance¹ including proper ethical practices. Basically, the three major Public Service functions are: Human Resource Management, Human Resource Development, and Housing/Insurance Benefits.

3. **Work Organization.** Aside from its role in the overall management of the PS human resources, the PSC is presently organized into two functional sections – 1) Personnel and Training, and 2) Administration and Housing. Its offices are located in Majuro and in Ebeye, and, through four (4) designated HR managers (personnel officers), a leased housing manager, and an administrative officer/management information specialist; the PS management is linked to the human resource (HR) and appropriate units that exist in PS departments and agencies. Directly responsible to the PSC is a Deputy Commissioner who supervises two Assistant Commissioners who individually head these two PSC functional sections or divisions. These two Asst. Commissioners, plus an Asst. Commissioner in Ebeye, provide individual support to the two Commissioners who are each assigned to be responsible for the respective divisions.

4. **Committees.** For the PSC to avoid conflict-of-interest situations in dispensing its duties and finalizing personnel decisions, it had established two Committees to deal with the selection of Public Servants and the settlement of appeals. While responsible for the establishment of administrative regulations and guidelines for the Public Service Human Resource Management System, the PSC needs to perform ethically in the process before making final decisions on

¹ The nine major pillars of Good Governance are: Accountability, Transparency, Responsiveness, Equity & Inclusiveness, Effectiveness & Efficiency, Participation, Consensus Orientation, and Effective Planning.

individual personnel actions whether they are appointments, terminations, retirements, resignations, extensions/renewals, training/certification, delegations, transfers, disciplinary actions, reclassifications adjustments, reallocations, promotions, step increments, and authorized leaves.

WHAT IS HUMAN RESOURCE DEVELOPMENT (HRD)?

Human Resource Development is the integrated use of training, organization, and career development efforts to improve individual, group and organizational effectiveness. HRD develops the key competencies that enable individuals in organizations to perform current and future jobs through planned learning activities. Groups within organizations use HRD to initiate and manage change. Also, HRD ensures a match between individual and organizational needs.^[3] (http://en.wikipedia.org/wiki/Human_resource_development)

WHAT IS HUMAN RESOURCE MANAGEMENT (HRM)?

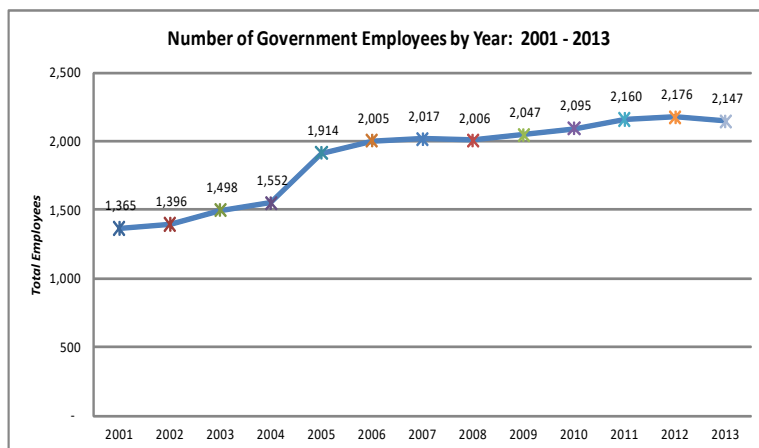
Human resource management (HRM, or simply HR) is the management of an organization's workforce, or human resources. It is responsible for the attraction, selection, training, assessment, and rewarding of employees, while also overseeing organizational leadership and culture, and ensuring compliance with employment and labor laws. In circumstances where employees desire and are legally authorized to hold a collective bargaining agreement, HR will typically also serve as the company's primary liaison with the employees' representatives (usually a labor union).

(http://en.wikipedia.org/wiki/Human_resource_management)



B. The Public Service Over the 12 Year Period.

1. Expansion of the Public Service. Since 2001, the size of the Public Service workforce increased by a total of **782** workers, a 57% growth. *Graph A* and *Table I* show the growth over the 12-year period. While the Census between 1999 and that of 2011, a 12-year period, indicated a population growth of only 4%, with a high migration rate, indeed, the population growth would seem irrelevant to that of the workforce. Nonetheless, the influx of domestic mobility with urban concentration should have significant bearings on the workforce growth as evident by the higher growth in the areas of education and health.



**National Government Employees under the Purview of Public Service Commission of RMI
by Ministry & Agency: 2001 - 2013**

Ministry/Agency	Number of Employees												
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Auditor General	8	9	9	8	9	9	9	6	8	8	8	8	13
Cabinet	10	9	10	10	11	14	14	14	10	10	11	13	12
Land Registration Office	-	-	-	3	4	3	3	2	2	2	2	1	1
Customary Law Commission	-	-	-	-	-	-	1	1	1	1	1	2	2
Office of Chief Secretary	17	15	17	17	18	7	8	11	10	9	12	7	6
EPPSO	6	6	6	7	7	7	6	6	20	18	23	5	4
OEPPC	-	-	-	-	-	2	3	2	3	4	3	7	8
WEATHER	-	-	-	-	-	10	12	10	9	9	12	12	12
Council of Iroij	3	2	2	3	3	3	3	3	4	4	4	4	4
Education	632	669	705	693	957	1,015	1,038	1,053	1,065	1,066	1,140	1,157	1,138
Finance	56	48	52	63	74	77	76	76	79	87	83	81	84
Banking Commission	-	-	-	3	3	3	3	3	3	3	3	3	2
Foreign Affairs	32	20	23	23	26	28	27	26	30	30	28	29	28
Health Services	368	377	407	479	528	553	550	535	520	563	542	578	590
Internal Affairs	48	49	58	55	65	63	66	60	68	67	69	53	59
Justice	14	25	36	29	34								
Justice - Attorney General						25	25	24	25	26	25	27	21
Justice - Public Defender						8	7	8	7	6	7	7	5
Nitijela	11	12	12	21	24	29	28	28	28	29	29	23	25
Public Service Commission	7	8	8	10	10	12	11	12	12	12	12	12	13
Public Works	115	108	111	99	108	101	91	91	103	103	101	101	74
Resources & Development	29	29	32	21	24	26	26	25	29	27	31	32	33
Transportation & Comm.	9	10	10	8	9	10	10	10	11	11	14	14	13
Total	1,365	1,396	1,498	1,552	1,914	2,005	2,017	2,006	2,047	2,095	2,160	2,176	2,147
Increase/Decrease in (%)		2.3%	7.3%	3.6%	23.3%	4.8%	0.6%	-0.5%	2.0%	2.3%	3.1%	0.7%	-1.3%
Increase/Decrease in number		31	102	54	362	91	12	(11)	41	48	65	16	(29)

2. PS Growth Rationale. The growth rate of the Public Service workforce spiked in 2005 due to changes in Compact II, as in –

- Incorporating or “cashing out” former federal grant programs such as Head Start Program and the Workforce Investment Act Program under the Ministry of Education Supplemental Education Grant (SEG) allocations;
- Investing in higher education programs (World Teach, Dartmouth, BYU, USP and CMI) to both upgrade teacher education and training and to provide quality teaching particularly at the elementary level;
- Investing in building new education facilities lending to the increase in the number of classroom teachers to fill both the primary and secondary posts throughout the Republic, with newly established public secondary schools in Laura and in Kwajalein; and,
- Investing in institutional capacity building measures necessary to best respond to the ever mounting needs to provide quality education and health care.

2.1 Countermeasures, such as aggressive placement of qualified public servants and increased pay scales for certificated degree holders throughout the Public Service, were launched to best mitigate and reverse the poor, non-effective performance trend. Strategic hiring of administrative and managerial personnel, including heads of schools, became the focus. This requirement for institutional capacity building, as in performance-based budgeting capability, was further demanded to meet Compact-related obligations and commitments.

2.2 Another important feature of the 2011 Census is the decreasing number of residents of the Outer Island Population (around 20%). Out-migration and urbanization, spurred by transportation constraints and weak cash economy, further exasperated the delivery of needed and quality services in both the urban and the outer island communities. Much of the Public Service workforce has been situated in the urban centers, and the members distributed throughout the twenty-two outer island communities are mostly elementary school teachers and health aids. The sub-urban outer islands of Jaluit and Wotje have more employees because they have high number of school teachers, national policemen, and electricity power plant workers.

2.3 In a series of economic reports by the ADB, the World Bank, the IMF, EPPSO (*Juumemej*, 2006), a Cabinet-established Task Force (*Comprehensive Adjustment Plan – CAP*), and the USDA Graduate School (Economic Report, 2011, it was pointed out that the number and thus the cost of the Public Service was high, costly and thus unsustainable. An ADB personnel audit of the Public Service is a more recent study (2011-2012) conducted to direct reformation and improvement of the Public Service. Its recommendations are to be addressed in CY 2013 onward.

II. STATE OF THE PUBLIC SERVICE

A. Managing the Public Service Workforce

1. *The Public Service Profile 2013.* This Annual Report summarizes the activities carried out by the Public Service Commission during CY 2013. The summary of activities and findings contains accompanying statistical information as the Public Service

Table 2: Profile of the RMI Public Service, 2013

Profile of the RMI Public Service for 2013					
Category	Number	Percentage	Cost in Millions	Percentage	Ave. Cost Per
All Employees	2161	100%	\$26,748,655	100%	\$12,263
Female	936	43%	\$11,607,827	43%	\$11,859
Male	1225	57%	\$15,140,818	57%	\$12,571
Retirees	175	8%	\$2,839,956	11%	\$18,286
Marshallese	1955	90%	\$22,536,290	84%	\$11,304
Expatriates	206	10%	\$4,212,365	16%	\$21,359

is profiled in *Table 2* with respect to size (2161), cost (\$26.7 million with per average of \$12,263), gender (female: 43% of the workforce, with average \$11,859 per; with a total cost of \$26.8 mil., a minor drop from last year; male: 57% of the workforce, at \$15.1 total cost, averaging of \$12,571 per, a 3.5% increase from last year, 2012), retirement: (8% of the workforce, with an average wage of \$18,286 or a trivial increase from last year); and citizenship (Marshallese: 90% of the workforce with a wage average of \$11,304 per, a slight increase comparatively; expatriates: comprised a 10% with wage average of \$21,359 per, an increase from last year). In 2013, the size of the Public Service was 2161, a decrease of 15 workers but gain of 64) over the 2011

Table 3: National Public Servants Ranking by Cost 2011 - 2012

Ministry/Agency	2011		2012		Diff (+/-) 2012 over 2011		Average Wage Per Ministry/Agency		
	Emps	Ttl Cost	Emps	Ttl Cost	Emps (+/-)	Cost (+/-)	2011	2012	Diff (+/-)
Education	1,140	\$11,707,892	1,157	\$12,189,910	17	\$482,018	\$10,270	\$10,536	266
Health Services	542	\$6,665,115	578	\$7,195,170	36	\$530,055	\$12,297	\$12,448	151
Finance	83	\$1,345,090	81	\$1,381,370	-2	\$36,280	\$16,206	\$17,054	848
Public Works	101	\$1,229,026	101	\$1,239,261	0	\$10,235	\$12,169	\$12,270	101
Internal Affairs	69	\$967,730	53	\$783,340	-16	-\$184,390	\$14,025	\$14,780	755
Foreign Affairs	28	\$602,385	29	\$623,355	1	\$20,970	\$21,514	\$21,495	-19
Justice - Attorney General	25	\$446,500	27	\$505,500	2	\$59,000	\$17,860	\$18,722	862
Resources & Development	31	\$436,590	32	\$423,615	1	-\$12,975	\$14,084	\$13,238	-846
Nitijela	29	\$360,130	23	\$318,855	-6	-\$41,275	\$12,418	\$13,863	1445
Public Service Commission	12	\$252,070	12	\$267,285	0	\$15,215	\$21,006	\$22,274	1268
Transportation & Comm.	14	\$228,485	14	\$227,890	0	-\$595	\$16,320	\$16,278	-43
Cabinet	11	\$190,440	13	\$227,460	2	\$37,020	\$17,313	\$17,497	184
Chief Secretary-WEATHER	12	\$204,550	12	\$204,550	0	\$0	\$17,046	\$17,046	0
Justice - Public Defender	7	\$170,440	7	\$172,440	0	\$2,000	\$24,349	\$24,634	286
Chief Secretary	12	\$177,735	7	\$147,735	-5	-\$30,000	\$14,811	\$21,105	6294
Chief Secretary-OEPPC	3	\$40,980	7	\$141,345	4	\$100,365	\$13,660	\$20,192	6532
Auditor General	8	\$113,310	8	\$113,310	0	\$0	\$14,164	\$14,164	0
Chief Secretary-EPPSO	23	\$288,287	5	\$104,850	-18	-\$183,437	\$12,534	\$20,970	8436
Finance-Banking Commission	3	\$69,435	3	\$69,435	0	\$0	\$23,145	\$23,145	0
Council of Iroij	4	\$66,495	4	\$67,200	0	\$705	\$16,624	\$16,800	176
Customary Law & Language Comm.	2	\$33,935	2	\$33,935	0	\$0	\$16,968	\$16,968	0
Land Registration Office	1	\$14,230	1	\$14,230	0	\$0	\$14,230	\$14,230	0
Total	2,160	\$25,610,850	2,176	\$26,452,041	16	\$841,191	\$11,857	\$12,156	299

figures, but at the cost of \$26.5 million, which was \$841,000 over the 2011 personnel costs. The loss in number was in short-term workers hired for the National Elections 2011, the 2011 Census, and the EU water project, as detailed in Table 3.

2. 2011-2012 Costing by Ministry & Agency. Comparing CY2012 with CY2011, *Table 3* further details as it prioritizes the worth of the Ministries and Agencies commencing with the most expensive to the least. The Ministry of Education expended over \$12 million for 1157 employees in 2012. It almost doubled the figures for the Health Ministry even though the average annual earnings by comparison were \$10,270 for MOE to \$12,297 for MOH in CY 2011, and in CY 2012 it was \$10,536 for MOE to \$12,448 for MOH in CY 2012, showing an MOE increase of \$266 and MOH \$151. These two averages were **not** the highest, however. Except for the R&D Ministry, the Ministry of Internal Affairs (MIA), and the Ministry of Transportation and Communication (MTC), all other average wages were on the rise. The higher increases were in the following Agencies: EPPSO (\$8,436), OEPPC (\$6,532), Chief Secretary (\$6,294). The averaged increases were for Nitijela (\$1,445) and PSC (\$1,268). The other increases were in the Ministry of Finance and the Public Defender, the annual averages for both 2011 and 2012 were \$16,204 and \$17,054 for MOF – a difference of \$848, and for the Public Defender’s \$24,349 and \$24,674, a difference of \$286. The Ministry of Public Works (MPW) averaged for 2011/2012 were \$12,169/\$12,270, and for the Ministry of Resources and Development (MRD) \$14,084/\$13,238. Although EPPSO, the Chief Secretary and the Nitijela lost workers in 2012, the average wages were still higher in 2012 over 2011 figures. The rationale for inconsistencies had to do with upgrading of posts and wages in across the Public Service, but particularly in the professional and management levels.

3. 2012 Personnel Activities Review.

Reviewing the 961 types of actions conducted in 2012 in *Table 4*, the numbers that would lend to the higher number of personnel in 2012 were in new appointments (117), re-hires (4), special and short-term contracts (23), but minus the number of resignations (36), retirements (25), and terminations (55).

3.1 The following are actions that added to the personnel costs: step increments (54), promotions (57), re-classifications (42), and salary adjustments (13). These actions, together with the new personnel, resulted in the additional personnel cost of \$841,191 to make the 2012 total of \$26.5 million.

3.2 In 2012, the 31 extensions and 303 renewals were two actions held by the

Table 4: Personnel Activities 2007 - 2012

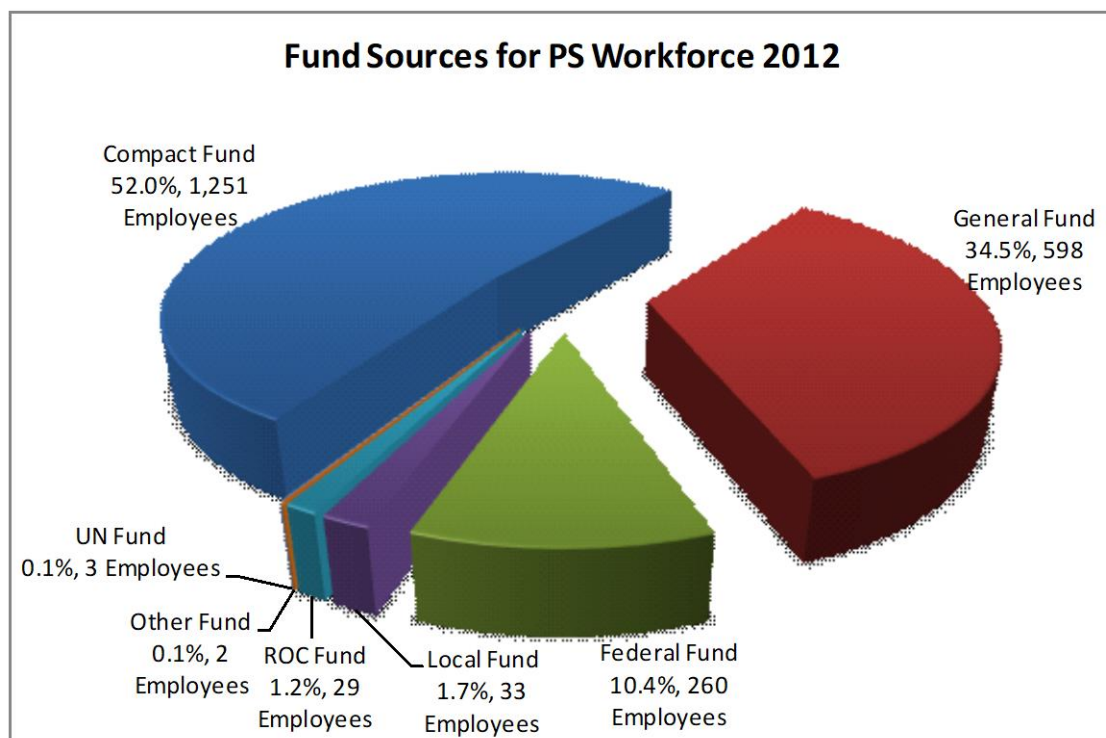
Activities	Year					
	2007	2008	2009	2010	2011	2012
Amendments	14	8	28	12	7	29
Appeal	-	1	-	-	-	
Appointment	184	103	109	113		177
Change of Status	-	-	3	2		
Change of Account						4
Conversion	-	-	24	12	26	80
Extension					135	31
Correction	-	-	7	-		3
Pay Adjustment	38	19	-	13		
Increments					4	54
Promotion		12	19	21	26	57
Reclassification	37	10	59	47	77	42
Renewals	87	165	153	158	352	303
Replacement					158	-
Resignation	27	35	39	29	72	36
Relocation/Reassignment						19
In-service/Educational Leaves						
Retirement	-	-	10	12	13	25
Reinstated/Rehired						4
Relocation/Reassignment						
Salary Adjustment						13
Short Term Contract						10
Special Contract						3
Suspension	-	4	-	9	4	1
Termination	42	10	54	26	75	55
Transfer	38	53	27	34	31	15
TOTAL PERSONNEL ACTIONS	467	420	532	488	980	961

expatriates (10% of workforce, \$4.4 million) and the retirees (10% of workforce, \$3.2 million). Most retirees and expatriates have had their employment contracts renewed every year.

3.3 The cost of personnel is expected to rise, considering the increasing number of Marshallese degree holders whether they are associate degrees, bachelors, or masters' level. The PS Regulations (approved in 2008) recognized the need to promote particularly masters' degree holders and other professional areas including doctors, lawyers and engineers, and this initiative was promoted by the raising of their salary grades. Additionally, the mandated certification for credentialing teachers to teach in RMI by the Ministry of Education is expected to add to the personnel cost. While the aim has been to improve quality of services, the other aim has been to replace expensive expatriates and retirees, and filling upcoming new expertise as well.

4. Sources of Fund 2011-2012. Table 5 shows the size and cost of the Public Service by sources of funds between 2011 and 2012. The Compact and the US Federal Funds paid 62.0% of personnel costs in 2011 and 62.4% in 2012, an increase of .4%. The General Fund and Local Fund paid for 35.8% in 2011 and 36.2% in 2012, an increase of .4%. The increase of overall cost was by \$841,191. The increase has already taken into consideration the 17 fewer employees, costing around \$167,000, who were defunded in 2012 due to the completion of the water project. The average cost per Public Servant for 2011 was \$11,852 and in 2012 it was \$12,178, an increase of \$326. For the 16 additional personnel in 2012, the increased cost would be around \$194,848. Deducting from the \$841,191 overall increase, which would produce an estimated difference of \$646,343, it would be surmised that this balance resulted from the cost of other types of personnel actions that took place in 2012.

Graph B: Fund Sources for PS Workforce 2012



B. Composition of the Public Service

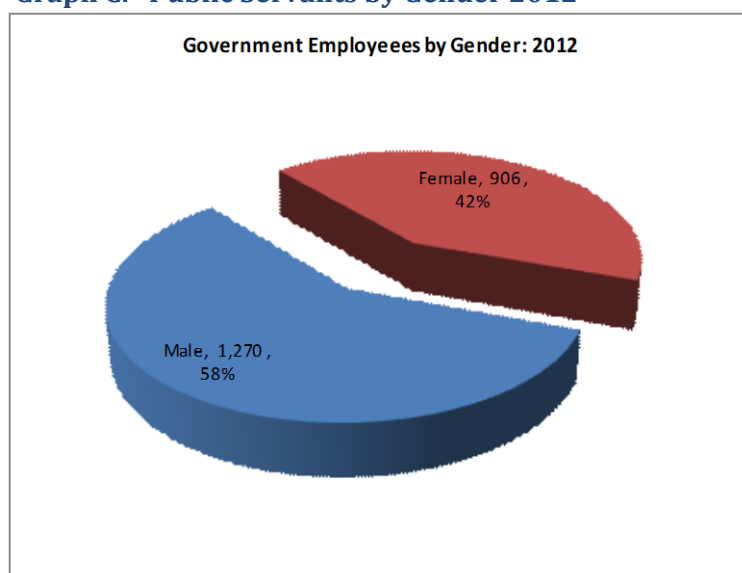
1. Gender Participation. Table 5 details the number of employees by gender per Ministry or Agency for 2011 and 2012. The additional 16 workers in 2012 were eleven (11) men to five (5) women. There are more women in Health by 26, in Nitijela by 9, Banking by 3, Auditor General by 2 and the following by one for the Foreign Affairs, EPPSO, Land Registration, and Cabinet. More gender imbalance is in the **Education Ministry** by 213, **Public Works** by 89, **Finance** by 27, **R & D** by 22, **Justice** by 15, **Weather** by 12, **Internal Affairs** by 9, and **Transport & Communication** by 6. Overall, the ratio was .72 to 1 (men) in 2011, the 2012 ratio was .71 to 1 (men).

1.1 As stated earlier, the average salary for women working in the Public Service is \$12,252 versus men at \$12,126, a difference of \$126. Women need to increase their levels of skills in the areas considered “non-traditional” which are mainly in engineering and electronics, financing, agriculture, meteorology and maritime. There is still a stark difference in balancing gender participation in the Public Service – a clear base for more conscientious efforts in dismissing myths about non-traditional employment against women, and in providing more affirmative actions and more professional and skills development for women.

Table 5: Public Service Workforce by Agencies and by Sex for 2011 & 2012

Ministry/Agency	2011			2012		
	Male	Female	Total	Male	Female	Total
Auditor General	3	5	8	3	5	8
Cabinet	5	6	11	6	7	13
Land Registration Office	1	1	2	-	1	1
Customary Law Commission	-	1	1	1	1	2
Office of Chief Secretary	9	3	12	4	3	7
EPPSO	14	9	23	2	3	5
OEPPC	1	2	3	5	2	7
WEATHER	12	-	12	12	-	12
Council of Iroij	3	1	4	3	1	4
Education	675	465	1,140	685	472	1,157
Finance	58	25	83	54	27	81
Banking Commission	-	3	3	-	3	3
Foreign Affairs	15	13	28	14	15	29
Health Services	252	290	542	276	302	578
Internal Affairs	42	27	69	32	21	53
Justice	-	-	-	-	-	-
Justice - Attorney General	19	6	25	21	6	27
Justice - Public Defender	4	3	7	5	2	7
Nitijela	7	22	29	7	16	23
Public Service Commission	6	6	12	7	5	12
Public Works	96	5	101	95	6	101
Resources & Development	26	5	31	27	5	32
Transportation & Comm.	11	3	14	11	3	14
Total	1,259	901	2,160	1,270	906	2,176

Graph C: Public Servants by Gender 2012



2. Expatriate Workers. A demographic analysis on the nationalities representations disclosed that the Filipino employees were of the highest total of **103** active employees, Fijians (**69**), and US Americans (**29**). The remaining **10** employees were from the others nationalities.

2.1 The jobs occupied by the expatriates are mostly in the areas of education, engineering, law, archeology, financing, and health (mostly in medicine, nurses, and dentists). As can be seen in Table 7, the Ministry of Health had the highest number of expatriates with a total of 104, three more than in 2011. Ministry of Education had the next high number of 96, which was 6 more than the 2011 figures. The total number of expatriates, which was 211, included a scattering of number at Public Works, Finance, Internal Affairs, Justice, Nitijela, and Transportation & Communication.

2.2 The Filipino Public Service employees working in MOH work as health professionals and skilled technicians, and in MOE as secondary classroom teachers. The Fijians have increased in number dramatically in 2012 as compared to previous 3 years due a direct bearing on the recently binding agreement entered into between the RMI Government and that of Fiji on the so called the *Fiji Volunteer Service Program*.

Table 6: Number of Marshallese and Expatriates 2011 - 2012

Ministry/Agency	2011			2012		
	Marshallese	Expatriates	Total	Marshallese	Expatriates	Total
Auditor General	8	-	8	8	-	8
Cabinet	11	-	11	13	-	13
Land Registration Office	2	-	2	1	-	1
Customary Law Commission	1	-	1	2	-	2
Office of Chief Secretary	12	-	12	7	-	7
EPPSO	23	-	23	5	-	5
OEPPC	3	-	3	7	-	7
WEATHER	12	-	12	12	-	12
Council of Iroij	4	-	4	4	-	4
Education	1,050	90	1,140	1,061	96	1,157
Finance	82	1	83	80	1	81
Banking Commission	3	-	3	3	-	3
Foreign Affairs	28	-	28	29	-	29
Health Services	441	101	542	474	104	578
Internal Affairs	67	2	69	52	1	53
Justice						
Justice - Attorney General	24	1	25	25	2	27
Justice - Public Defender	5	2	7	5	2	7
Nitijela	28	1	29	22	1	23
Public Service Commission	12	-	12	12	-	12
Public Works	98	3	101	98	3	101
Resources & Development	31	-	31	32	-	32
Transportation & Comm.	13	1	14	13	1	14
Total	1,958	202	2,160	1,965	211	2,176
<i>Increase/Decrease in (%)</i>	<i>3.1%</i>	<i>3.6%</i>	<i>3.1%</i>	<i>0.4%</i>	<i>4.5%</i>	<i>0.7%</i>
<i>Increase/Decrease in number</i>	<i>58</i>	<i>7</i>	<i>65</i>	<i>7</i>	<i>9</i>	<i>16</i>

3. Retirees in the Public Service. In responding to the severe shortage of qualified Marshallese citizens to fill a number of more skilled posts in the Public Service, the Commission has had to take into serious consideration a number of retirement eligibility employment schemes through which employees would be in a better position at providing quality public services across the Public Service. This year, for example, the numbers of granted employment contract extensions, and the frequency rate of contract renewal activities have been the highest of recorded Public Service employment of retirees.

TABLE 7: Employees reaching retirement age 2011 - 2012

Ministry/Agency	2011			2012			
	# of Emps	Ttl Amount	% of Total	# of Emps	Ttl Amount	% of Total	Diff (+/-)
Office of Chief Secretary	1	\$20,000	0.7%	1	\$23,000	0.7%	\$3,000
Council of Iroij	2	\$32,785	1.2%	1	\$9,380	0.3%	-\$23,405
Education	93	\$1,299,022	47.0%	118	\$1,594,210	49.3%	\$295,188
Finance	3	\$36,705	1.3%	3	\$41,680	1.3%	\$4,975
Foreign Affairs	1	\$23,000	0.8%	2	\$40,025	1.2%	\$17,025
Health Services	47	\$839,365	30.3%	53	\$902,610	27.9%	\$63,245
Internal Affairs	4	\$77,070	2.8%	3	\$70,070	2.2%	-\$7,000
Justice - Attorney General	2	\$100,000	3.6%	2	\$56,000	1.7%	-\$44,000
Nitijela	1	\$19,000	0.7%	3	\$73,000	2.3%	\$54,000
Public Service Commission	3	\$75,000	2.7%	3	\$78,000	2.4%	\$3,000
Public Works	15	\$234,455	8.5%	20	\$300,910	9.3%	\$66,455
Resources & Development	-	\$0	0.0%	3	\$44,365	1.4%	\$44,365
Transportation & Comm.	1	\$9,380	0.3%	-	\$0	0.0%	-\$9,380
Total	173	\$2,765,782	100%	212	\$3,233,250	100%	\$467,468

3.1 In 2012, there were **212** Public Service employees who have already reached the retirement age of 60 years old and beyond. The cost associated therewith is amounted to **\$3.2 million** dollars. At the Ministry of Education, there was a total of **118** of such employees, an additional **25** from 2011. The Ministry of Health had acquired the service of **53** members, a gain of **6**; and the Ministry of Public Works retained **20**, a gain of **5** more from last year (Table 8). Between these two ministries alone, MOH and MOE, a total of **173** aging public servants have continued to work, representing about **81 percent** of the entire aging workforce of the RMI Public Service (Table 8).

3.2 As had been the case over the course of the last 3 years, the large majority of the working retirees has been comprised mostly of male employees working at the Ministry of Education (**81**), as outer islands classroom teachers, Ministry of Health (**30**), mostly as Health Assistants and Nurses, and the Ministry of Public Works (**17**), mostly as casual workers and heavy equipment operators. Moreover, the breakdown of the **212** eligible retirees public servants in 2012 has the following breakdown: **69** females and **143** males.

3.3 As noted earlier, the trend is to increase the retention of retirees in the Public Service to perform ongoing needed services. As indicated earlier, the cost of the retirees is 10% of the total workforce. The numbers were in the Ministry of Education by 118 workers which cost the Government \$295,000 (average - \$13,510); the Ministry of Health with the number of 53 costing

\$902,610 (average - \$17,030); and, the Ministry of Public Works with the number of 20 and costing \$300,910 (average - \$15,046). The availability and the preparation of skilled and knowledgeable replacement workers have been lagging behind, and is not only costing the Government more but also it leaves the Public Service in a steady increasing risk of not having young skilled workers to replace the aging workforce.

3.4 Reviewing *Table 8* shows that a total of 146 retiring workers are being funded by Compact-federal grants, and with the reduction of these sources of funds, it is most likely that such funds will not be available for employment in the coming years, particularly after 2023, ten years from the present.

Table 8: Fund Sources/Retiring Workers 2011 - 2012

Fund	2011			2012			
	# of Emps	Ttl Amount	% of Total	# of Emps	Ttl Amount	% of Total	Diff (+/-)
COMPACT FUND	104	\$1,482,892	53.6%	129	\$1,785,385	55.2%	\$302,493
GENERAL FUND	54	\$1,042,980	37.7%	60	\$1,068,030	33.0%	\$25,050
FEDERAL FUND	10	\$148,445	5.4%	17	\$267,370	8.3%	\$0
ROC FUND	4	\$68,465	2.5%	4	\$68,465	2.1%	\$0
LOCAL FUND	1	\$23,000	0.8%	2	\$44,000	1.4%	\$0
Total	173	\$2,765,782	100%	212	\$3,233,250	100%	\$327,543

C. Employment Benefits

4. The Government provides the following benefits to its Public Service employees: a variety of leaves; special pay differentials and leased housing to eligible employees; and voluntary group life insurance coverage.

5. **Leave.** The Public Service employees took advantage of the following types of leave time: vacation time as in annual leave which incurs 8 hours per 80-hour workweek; and sick leave, which was the employee earned only 4 hours per pay period. Other leave benefits include administrative leave, educational leave, maternity leave, and special/compassionate leave. In 2012, there were issues relating to abuse of sick leave and the poor understanding on the distinctive uses of administrative leave and special leave. The absence of scheduling of vacation time was the most concern when employees were left with “excess hours” in which case the payments were issued to pay these excess hours when such benefit was not financed in the FY2013 Appropriate Act.

6. **Overtime.** The employees can earn overtime, provided that they are eligible to earn such and that they had no choice but to work beyond the 40 weekly hours. The PSC had to ascertain that regular work time was fulfilled before an eligible worker started earning overtime. Issues of conflicts centered on the concerned employees of the Ministry of Finance/Tax & Revenue Division, of the Ministry of Resources & Development/Agriculture Division, and Ministry of Justice/Immigration Office.

7. **Differential Pay.** Ebeye Public Service workers and particular health workers are eligible for stand-by and hardship differential pay. There were issues when these differential pays are abused.

Housing. The government leased housing program continues to try to accommodate a high number of eligible Public Service employees requiring housing units. A number of the new recruits from Fiji are sharing housing units. During the reported period, however, while more housing units were required the number of housing units leased was less than in 2011. In all, a total of 164 housing units were rented out to the government, 16 units less than the previous year, a saving of \$126,600. The cost, however, is still high with over \$1.5 million, and the other associated costs therewith (relocation and transportation expenses, utility and fuel costs, freights) are not included.

Table 9: Government Leased Housing 2010 - 2012

Atolls	2010		2011		2012	
	# of Housing	Total Cost	# of Housing	Total Cost	# of Housing	Total Cost
EBEYE	41	360,000	46	405,000	45	405,000
JALUIT	-	-	-	-	-	-
LIKIEP	-	-	-	-	-	-
MAJURO	130	1,168,200	130	1,170,000	117	1,053,000
MALOELAP	1	4,800	1	4,800	-	-
MILI	1	3,600	1	3,600	1	3,600
NAMU	-	-	-	-	-	-
WOTJE	1	3,600	-	-	-	-
ARNO	1	3,600	2	8,400	1	3,600
Total	175	1,543,800	180	1,591,800	164	1,465,200
<i>Increase/Decrease in (%)</i>	<i>0.6%</i>	<i>0.6%</i>	<i>2.9%</i>	<i>3.1%</i>	<i>-8.9%</i>	<i>-8.0%</i>
<i>Increase/Decrease in number</i>	<i>1</i>	<i>9,000</i>	<i>5</i>	<i>48,000</i>	<i>(16)</i>	<i>(126,600)</i>

6. **Government Group Life Insurance Program.** The voluntary government group life insurance program continues to actively provide insured monetary benefit to a very large majority of the Public Service employees. While the Basic Coverage is matched by the RMI Government with the ratio of **59%** Government to the **41%** paid by the enrolled employees, the **Option 4** fees are paid 100% by those with the coverage.

Table 10: GLI Claim Benefits 2012

Type of Claim	2012	
	No. of Claims	Total
Basic Benefit Claims	17	\$471,000
Spouse Benefit Claims	11	\$340,000
Child Benefit Claims	7	\$34,000
Parent Benefit Claims	26	\$79,000
Parent-in-Law Claims	53	\$159,000
Total	114	\$1,083,000

7. **2012 Insurance Claims.** At present, of the 2,176 total Public Service employees, about 1,445 Public Service employees (66 percent) have enrolled and are fully covered under basic Government Group Life Insurance Policy that is carried by the Individual Assurance Company (IAC). Since January 2012, a total of 114 benefits insurance claims were awarded with a combined sum of about **\$1.083 million** dollars, an average of **\$9,500** per claim. The cost of claims is a little over \$300 more as compared to 2011 total. This figure represents both the Basic Benefits Claims and the Dependent Claims (spouse, child, parent and parent-in-law) as well. Of all the five types of claims, the Parent in Law had continued to generate more claim activities over the others in 2012, repeating practically the same claim activities outputs as was last two years. Meanwhile, the Basic Claim (employee) appeared to pay out a much larger amount combining a sum of about **\$471 thousand** dollars.

7.1 **Insurance Contribution (January – December, 2012).** The total number of contributions made by the RMI government to IAC due date had revealed a total of about **\$1.2 million dollars**. This did not include individual (premium) contributions made by the Sea Patrol, NTA, EPA and others newly enrolled private groups.

7.2 *Insurance Claim Benefits (January – December, 2012).* The annual total amount of insurance benefits claims awarded due date had shown a total of **\$1.083 million** dollars, a notable drop from the 2011 total by a little over **\$124 thousand** dollars. This year's annual total is comprised of the basic coverage, child, spouse, parents and parent-in-laws claim coverage. In all, there were about 114 total claims processed and awarded in 2012, twelve (12) less claims awarded than the previous year.

7.3 By all indications, this year's insurance activities seemed to post a significant benefit disparity on the actual dollar benefit payment to the IAC as opposed to the benefit claims gained by the RMI insured beneficiaries. One of the suspected contributing factors is believed to be the recent implementation of the newly enforced policy on the Coverage Option No. 4, which pushes the eligibility period of about two years further back with monthly deductions being immediately enforced much sooner. This would allow for immediate premium deductions for a two-year waiting period during which there would be no insurance benefit claim to process.

III. PRODUCTIVITY AND EFFICIENCY

A. Job Performance

1. General. From January-December, 2012, the Commission continued its efforts in monitoring the productivity and efficiency of the Public Service through one-on-one consultations with ministries and agencies. Discussed were items related to personnel and performance issues and problems. Aside from these scheduled meetings were also unscheduled site visits to check on employees' attendance and performance. The scheduled and unscheduled meetings were also meant to identify weaknesses that would help design targeted improvement activities. Other assessment methods were used as well.

2. One-on-One Consultations. Before and during the one-on-one consultations with the member agencies of the Public Service, the PSC held several consultations with the Minister-in-Assistance, the Cabinet, and the Chief Secretary. The first Public Service one-on-one consultations held at the end of 2012 were with the Ministry of Health and the Ministry of Education, the two largest Public Service agencies. The consultants addressed the following agenda items: the theme of the Pacific Public Service Commissioners' Conference held in October in Majuro – ***Good-Governance: the way forward for the next 10 years***. The nine (9) principles of Good Governance were discussed; and, the Public Service Code of Conduct was discussed as well. Built on these principles were sections in the Public Service Regulations that were also discussed, with emphasis placed on particular provisions, based on the needs and the conditions of the particular agencies. Also discussed were the findings from the ADB Personnel Audit, the updating of organizational charts, personnel files and job descriptions, and the review on the understanding about and the dispensing of the conditions of work and workers' benefits, including the voluntary group life insurance program. One of the outcomes of these consultations was the re-establishment of the PSC government-radio V7AB broadcasted awareness program.

3. Job Site Visits. The PSC periodic unscheduled site visits to the various ministries and agencies of the Public Service agencies have continued to help elevate the level of understanding about the Public Service Regulations and procedures, and thus the attempt to improve daily attendance enforced also by the use of the time clock. During these site visits and also during the meetings with the Chief Secretary and the heads of Public Service agencies, the use of the electronically finger-reading time clock was promoted for the use of all Public Service agencies.

4. Facility Assessments. To undertake necessary oversight surveillance of its mandated obligations, a small team representing the Commission had conducted a physical survey on all government owned buildings, including school buildings, with the aim at obtaining information necessary to achieve a general view on the maintenance and the required up-keeps of the public properties, including the required environmental monitoring efforts. The outcomes and findings of

the physical survey and the maintenance capacity level on the few visited government owned buildings, including schools (9) and ministries (2) are as follows:

1.1 Need to instill sense of owning and thus caring and maintaining of all government property;

1.2 Need to institutionalize duties in maintaining safe and clean environment for work through collaborations and coordination at all levels and in all sectors, and through the awareness and educational activities.

1.3 Need to provide necessary and adequate resources and capabilities to be able to properly clean the hospital, for example, and to prevent unsanitary conditions; and, for the provision and maintenance of schools furniture and textbooks.

1.4 On the government facilities visited, need to do major renovation work on many of the government buildings; do arrangement with landowners against closing school facilities.

1.5 Need to manage well the disposal of waste.

2. PSC Annual Performance Evaluation. The Annual Performance Evaluation, conducted at the end of 2012, revealed that the performance capacity levels of the Public Service workforce have continued to remain at a satisfactory level. This conclusion is based on the assessment methodology which is a PSC-prepared questionnaire filled by the supervisor. The filled questionnaire is then confirmed as correct by the head of Ministry, and is agreed to by the employee concerned. An additional self-appraisal is to be filled by the expatriate workers in the professional levels. The evaluations are used as a basis for allowing step increments or pay level upgrades.

2.1 To achieve good data findings, random sampling was used in order to give a more representative picture of the quality of the performance of the Public Service workforce. Of the **518** active Public Service employees examined and evaluated, which represented **twenty-three percent (23%)** of the entire workforce, the results suggest the following:

- One (**1**) employee had received the rating as “Unsatisfactory”;
- Twenty seven (**27**) employees were rated as “Below Average”;
- Two hundred thirty seven (**237**) employees received their ratings as “Average”;
- Two hundred and four (**204**) employees were rated as “Above Average”; and,
- Forty-nine (**49**) employees received their ratings as “Outstanding”.

TABLE 11: Evaluation of Public Servants 2006 - 2012

Description of Rating	Year						
	2006	2007	2008	2009	2010	2011	2012
A Percent of employees evaluated and rated Outstanding	8%	10%	12%	9%	10%	8.9%	9.5%
B Percent of those rated Above Average	48%	49%	43%	47%	51%	38.0%	39.4%
C Percent of those rated Average	34%	41%	44%	43%	38%	45.0%	45.8%
D Percent of those rated at Below Average	1%	1%	-1%	2%	1%	2.2%	5.2%
E Percent of those rated at Unsatisfactory							0.2%

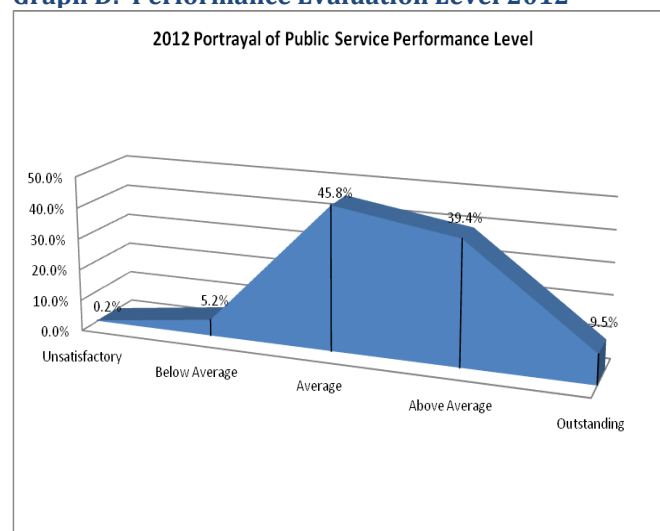
2.2 Compared to prior years, the only difference in rating for 2012 was the .2% of the representative PS Workforce whose performance was rated “unsatisfactory”. Furthermore, there was also an increased “Below Average” rating of 5.2%, doubling the previous year rating. These ratings confirmed the general observation of an increasing number of complaints voiced by people regarding poor attendance and inadequate quality of job performed or service rendered.

2.3 On the other hand, there was consistent high scoring for job performance as can be seen with 9.5% “**Outstanding**” and 39.4% “**Above Average**” job performance. As expected the “Average” rating was highest with 45.8%, the highest rating over the seven (7) year of sampling rating period. Altogether, 94.7% of the sampling group performed their work well.

2.4 As depicted in Table 10, the accompanying chart (*Graph D*) shows a lopsided picture that would trigger the drastic need of 6% of the workforce for training and more targeted capacity building support - needing more supervisory guidance and support to achieve better performance.

2.5 While data depictions may strongly support positive performance of the Public Service, this annual performance methodology is one of several ways used to gauge the overall performance of duties. It provided a general assessment of which strengths are to be maintained and which are the needs for strategic improvement. Of related interest is the ADB Personnel Audit findings and recommendations that challenged or confirmed the expressed areas of training needs, compared to those presented by the respective Ministries and Agencies in these respective performance evaluations and in the PICPA (Pacific Islands Centre for Public Administration) improvement needs assessment.

Graph D: Performance Evaluation Level 2012



B. Assessment of Improvement Needs

Technical Assistance to PSC. During the year, PSC received technical assistance from three sources: the Asian Development Bank (ADB), the Australia PSC (APSC). The availability and the harmonization of these TA partnerships resulted from numerous consultations, conferences, and reports. Framing the training initiatives particularly in the area of Public Administration was the aim of another exercise, which involved the PICPA. Through PICPA, AusAid funded assistance will flow to the various members of the Pacific Islands Forum, which RMI is a member. Being the newly appointed Secretariat for the Pacific Public Service Commissioners’

Conference (PPSCC), additional resources will be made available to provide the types of assistance needed by our Public Service (**See Appendix II on 10th PPSCC Communiqué**). Thus, an improvement needs assessment took place from November to December 2012 to identify three types of needed assistance – technical assistance, capacity building, training/fund.

2.6 ADB Public Service Personnel Audit. In August 2012, ADB submitted a phase 2 summary report on the findings, which were similar to the first phase of the study when only 50 employees were involved from several PS agencies. The phase 2 Audit covered the rest of the Public Service, it would be finalized in early 2013. The report indicated gaps in the administration of the Public Service, as in the outdated organizational charts, missing or outdated personnel files, missing/outdated/wrong job descriptions, inappropriate classifications or grading of jobs. The recommended corrective actions were to be addressed to the PSC for actions. Without job descriptions, an employee and her/his supervisor will find performance evaluation irrelevant.

2.7 Australia PSC Workforce Planning. The aim of this technical assistance has been the planning of the PS workforce to be an efficient and effective Public Service, taking into consideration the status of high number of expatriates and retirees as well as the need to improve the quality of service delivery, which would impact the quality of services provided. The APSC TA project was put on hold for the remainder of the year in order to await the ADB Personnel Audit, since the Audit and the to-be-developed national strategic development plan would provide directions in the improvement and the succession planning needed within the Public Service.

2.8 PICPA Improvement Needs Assessment. A long list of improvement needs was submitted by the various Public Service agencies. This list is detailed in **Appendix III**. The list was broken down into the following 3 categories: technical assistance, capacity building, and training/funding. A good example of a three-purpose assistance from PICPA was the regional Pacific Financial Technical Assistance Center (PFTAC). The expressed needs from the various agencies included –

2.8.1 Technical Advisors. To help with the formulation of policies and procedures, including the development of strategic plan for agencies who have not developed their own or those who needed to update theirs. The development of operational manuals was another area of need. The updating of the Foreign Service Policy for the Ministry of Foreign Affairs was an example.

2.8.2 Capacity Building. In relation to the need to technical advisors was the expressed need to strengthen capacities in each agency to assess technical needs and formulate policies and procedures. The overall need is the ability to do strategic planning, to assess cost effectiveness and be able to re-direct, re-focus, re-create, re-structure as necessary. Of importance is the need to build capacities in the areas of human resource management and human resource development.

2.8.3 Training/Funding. A variety of training needs ranging from overall management to specific areas of relevant training was provided by a majority of agencies that responded to the PICPA survey exercise. The attached list was submitted in the PICPA in November 2012 for review and planning purposes. At the regional PICPA Workshop held in November 2012, joint planning with the rest of the Public Service Commissions and Human Resource Managers (**See**

Appendix IV on PICPA Communiqué). The workshop participants were separated into three groups – heads of finance, heads of Public Service (Chief Secretary or President’s Office staff), and heads of Public Service Commission.

IV. CAPABILITIES, CHALLENGES & LIMITATIONS

A. Capabilities

1. Certain areas are still considered to lack the required skills and knowledge to cause sustainable growth and strategic development of the Public Service. There is an urgent need to intensify training programs targeting several areas of general management capability, personnel management, accounting, better coordination and communication skills. It has been noted through close observations, on a number of occasions, that coordination and communication among the Public Service Ministries and Agencies has slightly improved but not to the point where there exists confidence and harmonization within the system.
2. Technological skills needed to develop and maintain a coordinated information system have been gradually on the rise, and with the tertiary learning opportunities (e.g. CISCO training) provided by the higher learning institutions in RMI, further advancement in the better management information systems in all areas will be realized in the near future. Furthermore, in the wake of the current push for “good governance” principles based operation, the momentum to push for compliances and conformity is to be maintained.
3. Other related policy matters worth mentioning are the Commission’s continuing efforts in the reforming a number of its administrative procedures. More attention is given to status of employment announcements and the announcement of expected vacancies. Providing equal opportunity for qualified individuals, including retiring Public Servants, to seek employment within the Public Service is promoted although it is a challenge.
4. Although inconsistencies and limitations continued to pose challenges on the daily operations of the Public Service, some improvement was noted, as reported in the earlier sections of this report. Daily inquiry into the basis for any promotion, any transfer, and personnel action that cost the government additional money, or caused injustice to the worker, have been ongoing.
5. Targeted provision of technical expertise, increasing number of college level degree holders and more advanced vocational skills, established structures and systems, existing national policies and partnerships are conditions in existence in 2012. The strengthening of the Auditor General’s Office would lead toward more intensive review of the governmental functions, structures and programs.

B. Challenges

5. While the overall challenge is to question the existence of PSC itself, there is a growing movement across the Pacific for the strengthening of PSCs and the role they play in promoting and maintaining Good Governance principles and practices. While the Public Service Regulations might be impediment to efficiency and effectiveness, they provide good guidelines that would lead toward efficiency and effectiveness, if followed correctly. Specifically, the major challenges and concerns affecting the performance of the Public Service and therefore needing reform could be categorized as follows:

5.1 Compensation and Benefits: Wage rates in the public sector are not consistently and equitably applied, as evident in the transfers or swapping of staff, or when salary rates are raised in one agency to attract a good worker away from an agency to another. The teaching profession oftentimes loses good instructors due to low salaries. The health assistants are compensated very low compared to administrative workers. As in the case of seasoned and better trained lawyers and doctors, Marshallese professionals work outside the Public Service System and outside of the country due to better compensation packages. Related to these imbalances, there is the ADB Study finding that not all job title holders have job descriptions, and the job descriptions available are not well detailed and their qualification requirements not appropriate or negligent. Other issues are associated with the use of overtime, time attendance, and poor supervision. There were personnel claims that added to the prior year liabilities due to abuse of leave time. Wrong classification of posts, inappropriate transfer of staff, wrong use of stand-by differentials – all these negligence in following Public Service Regulations has cost the Government more than appropriate.

5.2 Institutional Capacity Factors: Institutional capacities remain weak in many of the Public Service Ministries and Agencies, including the Office of the PSC, as indicated in the ADB Personnel Audit. The main problems relate to: clarity of mandates and missions of existing institutions; the efficacy of structures in place; lack of modern and robust management instruments for planning, monitoring and evaluation and budgeting; the inadequacy and competence of personnel; and the adequacy and management of physical and other assets, including ICT. These weak institutional capacities have resulted in low absorptive and performance capacities to plan, budget and utilize allocated resources effectively, and to deliver quality services in a timely manner.

5.3 Governance and Management Factors: It is common belief that poor governance creates an unstable professional environment in the Public Service and usually results in the flight of talent. Poor governance is exemplified in inadequate leadership and the lack of a clear vision at the top, and thus the lack of a strategic plan to move the Public Service and the country toward equitable and sustainable growth. Additionally, costing the Government in principles and financial resources and operational efficiency resulted from interfering in the autonomy and independence of Public Service Commission where personnel actions are concerned, inconsistent application of rules and procedures, and lack of succession planning. Proper communication and coordination is critical to the effectiveness of a Public Servant, a Supervisor, and the smooth operation of a unit and the Public Service. While follow-up on paperwork has been intensified, an

integrated system for issuing and tracking paperwork has yet to be in place. The need to build the spirit of patriotism and nation-building mentality needs strong political leadership, commitment and dedication in order to have a successful reform effort. Reformation at all levels in the Public Service would require the changing of attitude and the working toward for both the common and personal good.

C. Limitations

6. The Public Service has yet to have in place a good performance management information system, as noted in the ADB Personnel Audit Study. The system needs to be interfaced with the Payroll system as well as with the human resource units that need to be designated in each Ministry and Agency of the Public Service. As has been the case, the PSC has had difficulties reconciling the number of employees in the Public Service, the correct classifications and job titles, the correct pay, and related costs. It is because of these limitations that the PSC has been limited in dispensing its Constitutional functions – assessing the economic effectiveness and efficiency of the Public Service. The PSC has pointed out the rising costs of personnel and housing, and in so doing began to review relevant policies, and has made consultations with the Cabinet for relevant related changes.

7. Management issues at PSC are two-fold in that it has to improve its own management and at the same time monitors the general oversight of the whole Public Service. The role of the Chief Secretary, who is the Head of the Public Service, has to included and promoted as PSC reviews and tries to improve the Public Service. A key issue is how to ensure the Public Service provides for and supports sustainable changes in how it manages its human resource so that agencies of all types and sizes can attract and retain employees with the capability to confidently and competently deliver on their core functions. A finding in the ADB Personnel Audit Study pointed out that there is barely any in the whole Public Service any staff trained in Human Resource Management (HRM).

8. Inadequate HRM knowledge and skills has caused the PSC the inability to produce its Workforce Development Plan. The Workforce Training Plan (or Human Resource Development, HRD, Plan) would take into consideration only orientation and induction of workers but also ongoing continuing education and training to elevate the knowledge and performance of the many units of the Public Service. in There have been growing concerns, over the course of the last five years over the rise in the frequency of movement of staff within the Public Service, that it posed new challenges for maintaining continuity and transmitting institutional knowledge. Management capabilities and capacities to address such challenge within PSC and throughout the Public Service and non-Public Service at Public Service wide is an ongoing need. Core programming within PSC and the Public Service will need target good orientation/induction training and proper use of skilled persons, especially those who will be retiring from the workforce in five years time.

8. Another finding from the noted studies indicated the need to review the Classification and Remuneration system for the Public Service. There have been indications that mobility may be

influenced by pay differentials between agencies, between types of occupations, and between levels of pay. Supervisory pay commences at PL 9 while health assistants pay rate is at PL 5. The imbalances in classification and pay resulted from inaccurate or incomplete job descriptions and qualification requirements, or the lack of preparation or ongoing training to ascertain there is quality performance of duties. Works have begun to address the foregoing challenges and limitations.

V. TRAINING & CONFERENCES

A. Limited Training Fund

1. One of the statutory obligations of the Commission is to providing training activities to the public service employees in order to improve skills and performance capabilities required to deliver quality public services, and the government programs to the public. In spite of the fact, lack of such funding has adversely affected the Commission's ability to coordinate and conduct any local training and/or workshop during the year. This would be the 3rd consecutive year that the Commission has had to go without fulfilling such mandated function, leaving a very large segment of the workforce without any opportunity for skills upgrading. Attempts have been made however, to encourage cross-ministerial training opportunities with the aim at maximizing local benefit where possible. Although response has been quite slow, there has been expressed keen interest in pursuing such collaboration where cost-sharing arrangements may be ensued. That way forward management strategy on training scheme has been extensively discussed by the Commission with joined string-pulling efforts by the key government officials with outcomes to be forthcoming early next year, 2013.

B Need for Development Partnerships

2. During the course of the last five (5) years, the Public Service Commission's partnerships with other training providers, domestic or otherwise, have resulted in its ability to coordinate a number of opportunities in which a number of government employees have successfully participated. Unfortunately, that flexibility has been seriously hampered due primarily to the financial constraints which had allowed the Commission to become as conservative as possible in the allocation of its own limited resources. Later during the year, the Commission had reviewed that particular issue with self-sustaining remedial measures already in the making. In fact, a series of meetings and sessions with the appropriate authorities of the government has been held with robust training strategies and other management arrangements scheduled to be launched early next year, 2013. Continue participation in the international training forums and workshops has been a vital capacity engagement of the Commission more so during the year, 2012.

C. Public Service Reformation

3. The 2nd Component of the Technical Assistance Consultant's Report (August 2012), under the **ADB/RMI Project No. TA 7578 (Supporting Public Sector Program)**, laid out two sets of recommendations – one for the general Public Service Workforce and the other for the Public Service Commission administration itself. The first set of eight recommendations included:

- The need for the development of Ministry/Agency strategic plans;
- A structural/organizational review;
- Updated/accurate job descriptions;

- A skill/capacity gap analysis;
- A review of job classification/pay remuneration;
- The development of a Human Resource Management Information System (HRMIS);
- The appointment of HRM focal points in each Ministry/Agency;
- The appointment of a cross-Ministry task force; and,
- The development of a training and development function at PSC.

4. The second set of recommendations targeted the strengthening of PSC management, with recommendations be included in the to-be-developed rolling 3-year PSC Strategic Plan in early 2013.

D. Pacific Public Service Commissioners' Conference

5. The RMI Public Service Commission was tasked to host the 10th Annual Pacific Public Service Commissioners' Conference (PPSCC), 23-25 October 2012, in Majuro, RMI. It was a great honor and a learning opportunity since the RMI Government, and more particularly the RMI PSC, hosted high level Public Service Commissioners from throughout the Pacific, and the conference itself was complex, requiring both intensive coordination and collaboration regionally and nationally. Both RMI and PSC met the challenge showcasing Marshallese hospitality, uniqueness and competence.. With the conference theme: "Good Governance – the roadmap for the next 10 years", the issues, exchanges and discussions, including the Way Forward and Targets and Actions, have set the stage and direction for both regional and national developmental strategies, particularly in the effective implementation of PSC mandates throughout the region.

6. For RMI, implementing the various Conference's Recommendations has already been set in motion with the aim at revitalizing the entire Public Service reform process commencing in January, 2013. These recommendations included the following:



The 10th Pacific Public Service Commissioners' Conference, 23-25, October, 2012, Majuro, Republic of the Marshall Islands. Theme: "Good Governance: roadmap for the next 10 years". Hosted by PSC/RMI Government. Participated: Public Service Commissioners, government GEOs and regional funding donors and partners across the Pacific region.

E. Pacific Islands Centre for Public Administration (PICPA)

7. For example, active participations at the regional organization such as the newly established Pacific Islands Center for Public Administration (PICPA), Pacific Public Service Commissioners Conference (PPSCC), and the Human Resource Managers Networking (HRMN) have been seriously taken to a new height with expected outcomes of significant institutional boost. For instance, last November, 2012, the RMI Public Service Commission, joined by the Ministry of Finance, participated in a regional conference hosted by PICPA (Pacific Islands Center for Public Administration), Suva, Fiji, with the aim at initiating the process of negotiating and obtaining guidance for Pacific Countries (PICs) on its forward work plan and country partnership agreements.

8. The key objectives of the Conference were to:

- Brief participants on PICPA, and highlighting services that can be offered, including training and accredited learning opportunities offered by the University of the South Pacific and other providers which could be funded by PICPA
- Provide an opportunity to Pacific Island Country (PIC) representatives to contribute to the design of PICPA's forward work plan and governance structure;
- Engage PIC representatives to identify specific activities to be included in respective country partnership agreements with PICPA;
- Identify common sub-regional and regional priorities that PICPA could potentially deliver; and,
- Provide an opportunity for development partners to indicate potential areas of partnership with PICPA to deliver on work plan priorities.

9. The key component of the Conference was the delivery of country presentations to help identify and prioritize training needs that PICPA could support bilaterally. To that end, bilateral discussions were held between PIC delegations and PICPA to help clarify support possibilities and understand nature of country needs.

10. In short, the Targets and Actions set forth in the Communiqué of the 10th PPSCC are as follows:

10.1 The Conference Protocol document, endorsed at the 2010 (Vanuatu) conference will be updated by the Secretariat to reflect the decisions made at the 2012 conference as documented in the Day Two record of Proceedings – Agreed Conference Future Directions.

10.2 The Terms of Reference Working Group to continue and two new working groups established.

10.3 The funding of the full time and permanent Secretariat is to be resolved between the APSC and PICPA. The employment or transfer of the serving Secretariat is to be formalized between PICPA and the Tonga PSC and assisted as required by the Conference Chair.

10.4 Establish a HR Management Network, which includes CEOs. The Conference Terms of Reference Working Group is to consider options and make a recommendation for the timing of an annual conference for this Network, including the viability of running it consecutively to the PPSCC.

10.5 Countries to look into establishing in-country support/secretariat units.

10.6 Commissioners to provide updated contact details for themselves and their personal assistants to the Secretariat.

10.7 The conference Secretariat to investigate future alternative funding sources.

10.8 Countries to provide bids to the Secretariat for hosting in 2013 by 30 November 2012, with first preference being given to Palau. The Conference acknowledged the offer from Samoa to host in the event that Palau is unable to be the host.

10.9 Australia and New Zealand to seek approval from their governments on the conference's proposal that they be optional hosts for the conference on alternate years.



VI. WAY FORWARD

1. The Commission continues to develop the capability of the RMI Public Service by delivering leadership, and seeks to contextualize learning and development products and programs that meet the current and emerging needs of agencies and ministries of the government with an eye on formulating the One-Stop Shop concept.
2. The Commission continues to support the Government's objectives of accountability, transparency, ethics and integrity of the RMI Public Service through implementation of PSC Values and Code of Conduct; policy advises on and promotion of systems and approaches to deliver the Government's objectives; and placing a greater emphasis on ethical decision-making as based on Good Governance principles and practices.
3. The Commission's enabling strategies are to develop and implement Workforce Planning Strategies that position the Commission to be as agile and responsive. That effort has increasingly attracted the participation of the stakeholders and direct involvement of the government wide. The Commission continues to build the Public Service leadership capability, and works actively with ministries and agencies in order to best influence and provide the needed services that meet their daily business and operational demands.
4. The PSC Annual Report 2011 called for the following actions for CY2012: recruit qualified Marshallese to replace expatriates at positions in the Public Service; do a comprehensive review of the Leased Housing Policy in an effort to adopt a suitable mean to reduce the current spending on rental housings; establish a practical, user-friendly mechanism to better guide the delivery of government programs and services for efficiency and economic purposes; and take a closer look at the Public Service workforce and the increasing number of public servants who have already reached the retirement age without replacements. These recommendations are still valid for CY 2013, and they are to be merged with the recommendations for CY 2013.
5. The Commission is to capitalize and maximize the use of its own resources and those of its development partners to ascertain that the Public Service Workforce is effective as it implements its Constitutional Mandate. Human resource development is of great importance to make the workforce effective.
6. The Commission continues in its assessment of the efficiency of the Public Service System regarding its structure and work process to better streamline services and reduce bureaucratic impediments.
7. The Commission promotes accurate recordation and provision of workforce statistics necessary to better target employment and economic policies and actions.

VII. RECOMMENDATIONS

- 1. Development of a PSC Strategic Plan for 2013-2015.** Strengthen institutional capacity within PSC and the overall Public Service for policy formulation, human resources development, coordination and monitoring of public sectors management and programs.
- 2. Development of PSC Workforce Development Plan.** The aging of the Public Service workforce requires a robust succession management strategy, which would focus on the identification and development of the talented members of the workforce, for the purpose of sustaining the RMI Public Service Workforce to readily respond to the brain-drained dilemma. The Plan would address an immediate and a well coordinated national response to the severe lack of appropriately qualified Marshallese to fill many of the key/technical positions in the Public Service. This may require a robust team effort by all parties concerned including a very strong political will.
- 3. Review and Promote Understanding of Public Service Legislation, Regulations, and Organizational Structure.** Improve the governance and management of the Public Service to ensure transparency and accountability and promote ethical values and standards in order to create a merit-based system within the Public Service system. Improve the Public Service remuneration package so as to retain highly trained and professional staff within the Service. Provide an awareness program that will instill in the members of the Public Service the purpose of the Public Service and the guide, organization and leadership to effectuate such mandate.
- 4. Development of Public Service Human Resource Management Information System.** The new challenges for electronic records management to complement the existing paper-based system would be pursued, especially after programs on reform efforts are in progress. This will promote transparency and accountability for all government procedures and transactions service-wide and will timely usher in a “e-government” operational system.
- 5. Developing Manual of Operation.** The Commission will aim to have that each agency within the Public Service has in place respective manuals of operation so that workers have clear directions to follow in conducting their work. Incorporated in the manual will be the Paper Routing Protocol Guide to better monitor and where appropriate escalate and resolve administrative matters affecting the efficient and effective implementation.
- 6. Improving Government Housing Program.** A comprehensive review of the government Leased Housing Policy with the aim at restructuring the current Rental Cost Scheme by exploring other viable rental cost payment regimens suitable to the current economic trend. For example, rental cost rates ought to be structural size-based only. This would significantly save the government a whole lot of rental dollars.