

## 13.6 Compensation of civil servants

Expected remuneration is one of the factors people consider when applying for a job, and also when deciding whether to remain in a post. Governments also consider this factor, as public resources are limited and should be invested in a well-prepared workforce that can meet societal demands. At the same time, candidates expect competitive salaries that reflect their preparation, effort and responsibilities, and that are fair across the administration and the wider labour market. Factors such as political interference, limited resources, inadequate budget allocation and limited human resource management capacity might contribute to disparities in pay and benefits among civil servants. These may deter highly qualified individuals from pursuing an opportunity in the public service. A competitive remuneration system that creates certainty for those involved and operates under clearly established rules increases the attractiveness of public employment. Furthermore, clear and fair criteria for salary increases help to retain civil service personnel.

In 10 of the 14 surveyed Latin American and Caribbean (LAC) countries with data available (71%), all central government ministries and agencies have the same pay structure, rules and scales (Figure 13.11). If well designed and clear enough, a centralised salary system allows for transparency, which should provide certainty and potentially attract talented individuals to join the public sector. Only in Uruguay, does each ministry determine its own criteria for remuneration rules and scales remunerated on top of a basic structure that applies to the whole administration. Chile has standards and special rules for each ministry, which coexist with common rules for the entire public sector.

In addition to pay structures, LAC countries use other criteria to define the base salary for public positions. By 2022, 9 out of 15 surveyed countries (60%) used job families and grade tables to set base salaries for their civil servants. It is less common in the region for base salaries to be set considering job and market evaluations (2 out of 15, 13%), or educational attainment or local living expenses (3 out of 15, 20%) (Figure 13.12). Not considering the wider labour-market conditions when setting public sector pay may lead to premium pay for some public sector jobs (in particular administrative and support jobs) and substantial pay gaps for others (for example, digital roles), leading to an inadequate workforce.

Pay increases are important for retaining talent in the public sector. Criteria for wage increases vary across countries in the LAC region. The most commonly used in the LAC region are automatic step increases (5 out of 15, 33%) and step increases based on performance (4 out of 15, 27%). These step increases

are based on different considerations. For instance, in Uruguay, they reflect negotiations between the government and unions, and in Honduras, they take into account annual minimum wage adjustments. Likewise, there are countries like Ecuador that do not have systematic increases, but base increases on annual inflation. Other countries grant performance bonuses instead of having fixed increases, which is the case in Brazil and Colombia (Figure 13.13).

### Methodology and definitions

Data were collected through the 2022 OECD-IBD Public Service Leadership and Capability Survey completed by 15 LAC countries. The survey gathered data on broad trends of public employment and human resources management (HRM) across LAC countries. Respondents were senior officials in central government HRM departments, and the data refer to HRM practices in central government.

Public servants are all government employees who work in the public service, who may be employed through various contractual mechanisms (e.g. civil servant statutes, collective agreements or labour law contracts), on indeterminate or fixed-term employment contracts, but not normally including employees in the wider public sector who are usually regulated under alternative employment frameworks (e.g. most doctors, teachers, police, the military, the judiciary or elected officials).

### Further reading

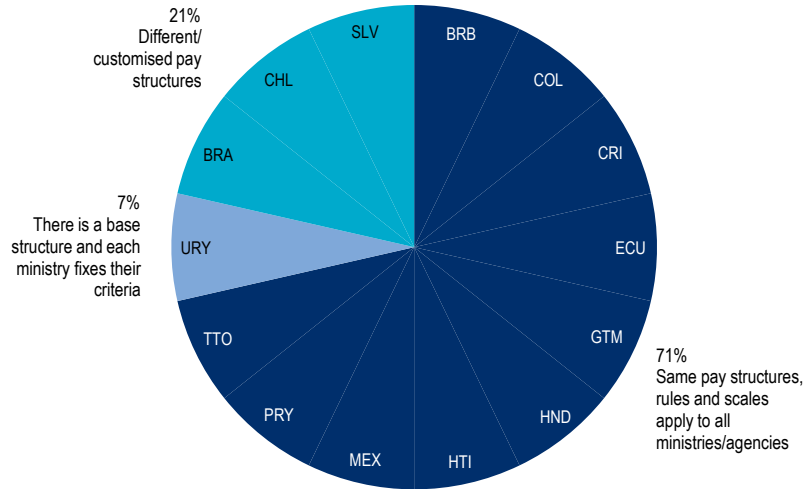
Dumas, V. and M. Lafuente (2016), "Mission impossible? How to achieve better results in health and education through better management of human resources", in *Social Expenditure in Central America, Panama and Dominican Republic at a Glance: 2007- 2013*, Washington, DC, <https://publications.iadb.org/en/social-expenditure-central-america-panama-and-dominican-republic-glance-2007-2013>.

OECD (2019), "Recommendation of the Council on Public Service Leadership and Capability", *OECD legal Instruments*, OECD, Paris, <https://legalinstruments.oecd.org/en/instruments/OECD-LEGAL-0445>.

### Figure notes

Figure 13.11 and Figure 13.13. Data for Peru are not available. Figure 13.12. Costa Rica, Haiti and Peru are not included, because they do not use any of the listed criteria for setting base salary for public servants.

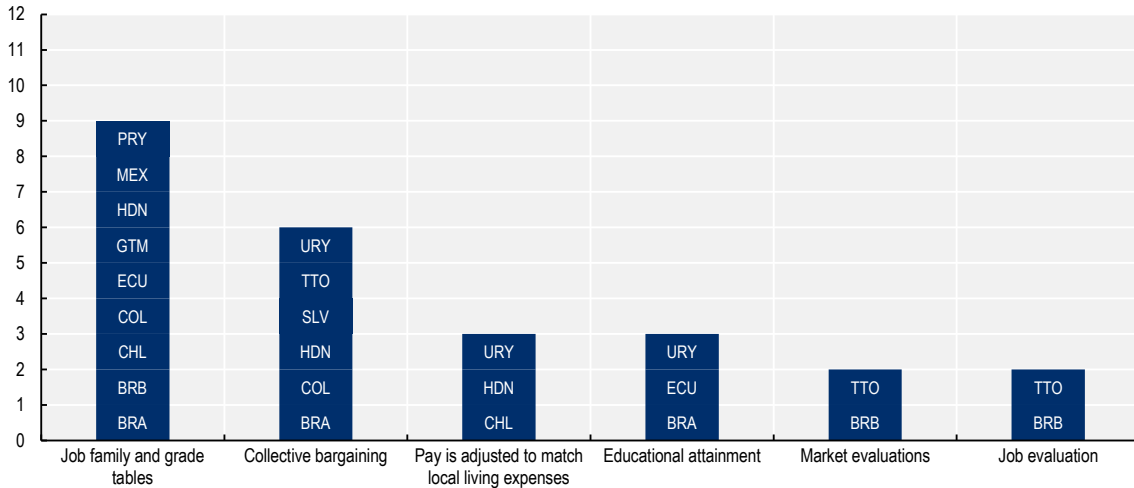
**Figure 13.11. Pay system structures in the central/federal administration, 2022**



Source: OECD-IDB (2022), Public Service Leadership and Capability Survey.

StatLink <https://stat.link/7yx2gp>

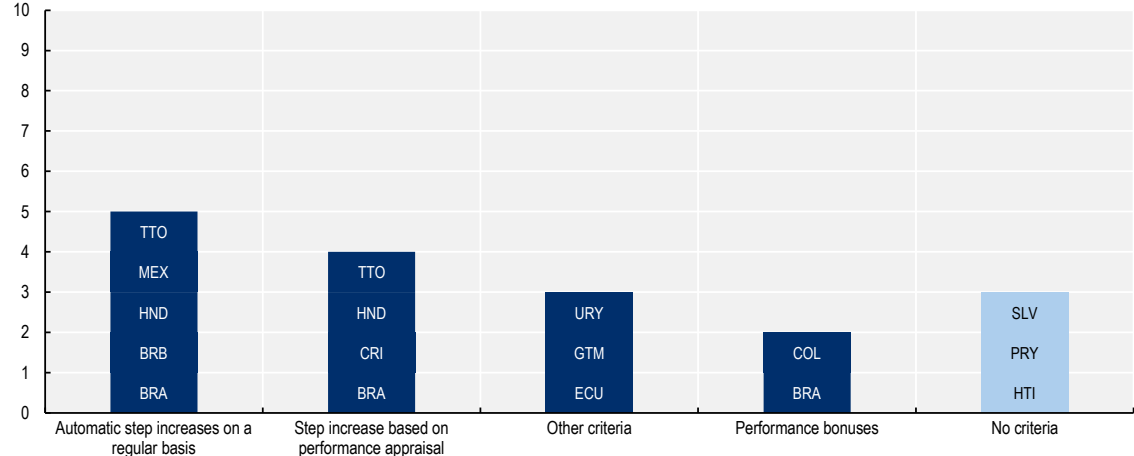
**Figure 13.12. Criteria for setting base salaries in the central/federal administration, 2022**



Source: OECD-IDB (2022), Public Service Leadership and Capability Survey.

StatLink <https://stat.link/ndlw3z>

**Figure 13.13. Criteria for increasing salaries in the central/federal administration, 2022**



Source: OECD-IDB (2022), Public Service Leadership and Capability Survey.

StatLink <https://stat.link/sva3n9>



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