



Remuneration System of Civil Servants in Georgia

(Comparative analysis – Germany, Great Britain, Finland, Latvia)

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Author: Nino Tsukhishvili

**IDFI Legal Expert/ Recipient of the Open Society
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The effective remuneration system of civil servants is an important precondition in the process of establishing transparent and accountable civil service, which requires preparing a common state policy of civil servants' remuneration and adopting detailed regulations by law. Analysis of international practice shows that states will pay much attention to civil servants' remuneration and ensure detailed legislative regulations of all aspects of civil servants' remuneration. The presented research will provide a comparative analysis of legislations of Germany, the Great Britain, Finland and Latvia to the Georgian legislation with regard to the remuneration of civil servants.

The establishment of civil servants' remuneration system depends on what types of civil service is chosen by the state: based on position or based on career.

The position-based civil service means that a civil servant is working in the same state administration and his or her promotion depends on his or her increased qualification. In this

case, the remuneration of civil servants, besides monthly salary, contains health insurance, allowances defined by law, and performance bonuses, as well as a pension system and a compensation for official expenses.

The career-based civil service means that recruitment of civil servants should be exercised by announcing a vacancy, where all interested persons can participate and the remuneration of civil servants does not include a systematic financial promotion by the state authority.

Georgian civil service, as other Western states like Finland and Latvia,¹ presents a mixed system and contains elements of both systems. The legislative regulation of civil servants' remuneration in Georgia includes elements of position based civil service, such as allowances defined by law and performance bonuses, as well as compensation for official expenses. However, the state does not define a systematic financial promotion system with regard to bonuses, which will be based on an equal performance appraisal of all civil servants.

The legal status of an individual employed in civil service should be considered in defining of the remuneration system, which includes **civil servants and public employees contracted by labor law**. The remuneration of a civil servant is defined in accordance to the limits of the salary established by law and may include a fixed remuneration as well as a remuneration between the high and low levels of the salary. The remuneration of public employees is defined in accordance to individual employment contracts. International practice (Germany, the Great Britain, Finland and Latvia) recognizes both legal regulation systems, but compared to Georgia, they provide more guarantees for public employees contracted by labor law with regard to remuneration, because they require the signing of collective agreements with labor organizations. **In Georgian civil service, individual employment contracts are signed in**

¹ Public Service Bureau; Performance appraisal system of civil servants in Finland; available at http://www.csb.gov.ge/uploads/sajaro_mosamsaxureta_shepasebis_sistemebi_finetSI.pdf;
Public Service Bureau; Performance appraisal system of civil servants in Latvia; available at http://www.csb.gov.ge/uploads/sajaro_mosamsaxureta_shefasebis_sistemebi_latviashi2.pdf

accordance to the requirements of the Labor Code of Georgia, which may result in a possibility of nonequal remuneration between civil servants and public employees contracted by labor law.

The Georgian law on Civil Service contains regulations concerning the remuneration of civil servants, which defines that a civil servant shall have the right to receive remuneration from the day of entry into service to the day of dismissal. Remuneration of a civil servant includes salary, bonus and allowance defined by law.² In accordance to the Georgian Law on Civil Service, remunerations of the President of Georgia, Member of the Parliament of Georgia, Member of the Government of Georgia, Member of the Constitutional Court of Georgia, Member of the Supreme Court of Georgia, as well as officials appointed or elected by the President of Georgia and the Parliament of Georgia pursuant to the Constitution are defined by a law of Georgia.³ At the present moment, the law on remuneration of the Member of the Government is not adopted by the Parliament and the remuneration is defined by the Order of the President.⁴ At the time of adoption of the Order of the President, the President of Georgia was entitled to define the amount of remuneration of the Members of the Government in accordance to article 9 (7) of the Law on Civil Service of Georgia. Although, the Law on Civil Service of Georgia was ammended on 28 th April, 2006 and stated that the remuneration of the Members of the Government should be defined by a law of Georgia. Accordingly, at the present moment, the Order of the President of Georgia #43 does not have a legal ground and the definition of the remuneration of the Members of the Government of Georgia is not in compliance with the requirements of Article 9 (1) of the Georgian Law on Civil Service. **The regulation of the Members of the Governments' remuneration should be renewed and the Parliament should adopt the law regulating this matter.**

The Law on Civil Service confers an authority to the President of Georgia to define upper and lower limits of the remunerations of civil servants according to the grades of civil service

² Georgian Law on Civil Service, art. 37 (1).

³ Georgian Law on Civil Service, art. 9 (1).

⁴ The Order of the President of Georgia #43, 24 January, 2005.

positions, which will be used by the head of the administrative authorities to define the salary of civil servants.⁵ In **Germany**, Federal Remuneration Act defines the position ranks of civil servants and scales for their remuneration,⁶ which enables the establishment of a common system of remuneration and the head of administrative organ does not have discretion to make a decision. In accordance to the regulations of **Great Britain**, state departments and agencies should consult the Cabinet Office and make their decisions based on its recommendations. **In our opinion, position ranks of civil servants and their remunerations based on ranking should be defined by law and should take into account the recommendations of Public Service Bureau regarding this matter. Only the President of Georgia should not be entitled to make a decision concerning the definition of the remunerations of public officials.**

Georgian legislation does not regulate how bonuses to civil servants should be awarded, except the provision of the Law on Civil Service that states that remuneration includes bonuses.⁷ Public authority did not have regulations concerning awarding bonuses to civil servants and limits of the bonuses. **Therefore, the heads of public authorities have wide discretion in awarding bonuses to civil servants, which is used in practice frequently.** The heads of public authorities make decisions solely based on subjective selection of civil servants under the conditions of non-sufficient performance criteria. In accordance to **German** legislation, public authority may award a one-off and continuous bonus to civil servants. Public authority is entitled to award bonuses to a maximum 15 percent of the total number of civil servants employed in public authority. In case of awarding one-off bonuses, the amount of bonus should not exceed 7 percent of the initial basic salary. The continuous bonus is limited by period of 12 months and 7 percent of initial basic salary.⁸

⁵ Georgian Law on Civil Service, art. 9 (2); art. 9 (3)

⁶ The Federal Remuneration Act of Germany; Art. 19; Art. 27.

⁷ The Georgian Law on Civil Service, art. 37 (1).

⁸ The Federal Remuneration Act of Germany; Art. 42; Art. 42a.

In accordance to the **Great Britain** legislation, bonuses may be awarded for exceptional performance in specific and demanding tasks or situations outside the normal expectations of the post.⁹ Bonuses may not exceed 0.3 percent of the total budget of the public authority.

In accordance to **Finland** legislation, public authorities should award bonuses to civil servants based on performance appraisal system. The Finland legislation defines performance criteria such as carrying out obligations, honesty and a sense of responsibility.¹⁰ In accordance to **German** legislation, performance of civil servants may be evaluated based on work results, working methods, expert knowledge and leadership.¹¹ **Accordingly, Georgia should take into account international practice with regard to awarding bonuses and adopt relevant legislative provisions.**

In conclusion, we will present the following recommendations for establishing effective remuneration system of civil servants:

- **Establishing common state policy to define an effective remuneration system of civil servants;**
- **Providing financial guarantees for public employees contracted by labor law in civil service;**
- **Defining remuneration of civil servants according to their position ranks by the law based on recommendations presented by Public Service Bureau;**
- **Defining bonuses awarding system, the performance criteria of civil servants for awarding bonuses, and limits of bonuses by law;**
- **Providing transparency of information regarding awarded bonuses to civil servants by law;**

⁹ Civil Service Management Code; The United Kingdom.

¹⁰ Public Service Bureau; Performance appraisal system of civil servants in Finland; available at http://www.csb.gov.ge/uploads/sajaro_mosamsaxureta_shepasebis_sistemebi_finetSI.pdf;

¹¹ The Federal Remuneration Act of Germany; Art. 42a.

These recommendations will provide to establish an effective remuneration system of civil servants, stimulate public employees as well as support transparency of the spending of state finances and increase confidence to public authorities in the society.

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