OVERCOMING SHORTAGES OF SKILLED CIVIL SERVANTS IN REMOTE AND HARDSHIP AREAS

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The maldistribution of skilled civil servants is an intractable policy challenge faced by many large and sparsely populated countries. Skilled teachers and health care providers tend to concentrate in urban areas where working and living conditions are most favorable. The inability to attract and retain capable staff in remote areas constrains the provision of quality services and leaves those in most need—poor, rural, and marginalized individuals and groups—generally underserved.

In developing countries, these challenges are particularly acute in remote areas because conditions tend to be much worse and the relative need greater. Limited capacity for monitoring means that even when people are posted to remote areas, pervasive absenteeism impairs service delivery (Chaudhury et al. 2006). In pluralist and conflict-affected countries, such as Myanmar, remoteness is not the only service delivery challenge. Staff also need specific language and cultural understanding to meet the needs of local populations.

The reasons for the spatial maldistribution of skilled civil servants are multifaceted and complex. Yet deployment policies, such as Myanmar’s hardship allowance, tend to address only a single or partial number of factors with limited success (Lehmann, Dieleman, and Martineau 2008). Drawing on examples from Myanmar and elsewhere, this note proposes a multidimensional policy approach. It combines a short-term focus on targeting financial and nonfinancial incentives to cost-effectively attract and retain people who possess the most valuable skills with a longer-term focus on building a sustainable pipeline of locally available work force with technical skills.

OVERCOMING SKILL SHORTAGES IN THE SHORT TERM

Governments take two broad approaches to overcome the maldistribution of skilled civil servants. Each is widely used and has its strengths and weaknesses. The first is intervening directly to increase supply by compelling workers to relocate. At least 70 countries practice some form of compulsory service program for health workers, sometimes known as “bonding.” Compliance-enforcement measures include withholding full registration until obligations are completed, withholding degree and salary, prohibiting private practice, or imposing large fines (Frehywot et al. 2010). While administratively straightforward, these programs tend to have little impact on long-term retention of workers and are difficult to enforce.

The second approach is to offer workers a financial inducement, such as a hardship allowance, to offset the social and economic costs of living in isolated, and potentially conflict-affected, areas (Lewin 2000). Allowances are advantageous because they supplement wages, which tend to be set centrally for the civil service, but their success has been mixed (see example, Box 1). Predominantly, this trend relates to the inadequacy of the inducement (Mulkeen et al. 2007). Targeting can also be poor. A lack of roads, electricity and water, adequate housing, and restricted access to health and education services imposes considerable costs on individuals.

Further, relocation entails high opportunity costs. Skilled medical personnel—doctors in particular—can earn high rents from private practice in urban areas. Studies from sub-Saharan Africa and Asia show that relocation allowances need to be considerable to meet a doctor’s reservation wage (Lemiere et al. 2011; Chomitz et al. 1998).

Box 1. Myanmar’s Hardship Allowance

Myanmar is a large and sparsely populated country with a sizable civil service and a rapidly growing wage bill. The remote and mountainous areas near its borders are well removed from the urban centers and are poorer than the rest of the country. These areas are also home to ethnic groups distinct from the majority Bamar ethnic group and have been severely impacted by enduring civil conflict.

In 2012, the government of Myanmar introduced an incentive payment to encourage the deployment of civil servants to 110 “socially difficult” townships split across three hardship classifications—fairly hard, hard, and hardest. In 2016–17, allowances were provided to 8 percent of civil servants and cost $45 million—around 3 percent of the total basic civilian staff salary bill. The allowance hasn’t yet overcome the maldistribution of skills. Three shortcomings stand out:

• The allowance is not well targeted. One-third of all townships are classified as “socially difficult.” Civil servants receive allowances regardless of their skill level, home town, or position significance. Of the civil servants receiving the allowance in 2016–17, 81 percent were at the clerical or helper level.
• The focus is entirely on financial incentives. In contrast, a survey of civil servants found that allowances are insufficient to compensate for the difficulties associated with housing, transportation, conflict, and language barriers.
• No long-term government-wide approach sustainably addresses skill shortages.

In fiscally constrained developing countries, such as Myanmar, fully offsetting the costs of relocation with an allowance is not likely to be feasible given the considerable costs involved. With improved targeting of allowances, however, scarce resources may be reallocated to where they are most effective. Myanmar is spending large sums to incentivize some categories of civil servants—helpers and clerks, for example—where no incentive may be needed. Improved targeting can occur across three dimensions:

- **Regularly review the definition of hardship.** Safety and security of government staff should be the most important criteria in determining hardship. Further, travel time is a bigger issue than distance. A new road or bridge, for example, could substantially change travel time. Techniques are available to inexpensively and regularly create fine-grained maps from satellite imagery to capture changes in infrastructure, land use patterns, and economic activity.
- **Focus on the scarcest workers.** Allowances for lower skilled positions should be frozen or removed and replaced with a focus on local hiring to facilitate greater local participation and improve retention. For example, in parts of Pakistan, if a vacancy for a primary school teacher or lower-level health staff arises, only candidates who belong to that cluster of villages, or are married into that cluster, may be hired (Bari et al. 2013).
- **Review the magnitude of allowances.** Better targeting can allow more generous incentives to be directed toward attracting the scarcest and most valuable skills. Younger, though qualified, professionals tend to have lower opportunity costs.

**A BROAD SUITE OF WELL-TARGETED INCENTIVES**

Even with improved targeting of hardship allowances, other mechanisms will still likely be needed to attract the most skilled workers. This can be achieved through a combination of targeted nonwage financial benefits (Table 1) and nonfinancial incentives (Table 2) that are well matched to worker’s intrinsic needs and motivations.

**Table 1. Nonwage Financial Benefits**

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<thead>
<tr>
<th>Mechanism</th>
<th>Pro</th>
<th>Con</th>
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<tbody>
<tr>
<td>Specific cash allowances</td>
<td>Increase quality of life for workers and their families.</td>
<td>Costs: potential of creating a dual economy for housing.</td>
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<tr>
<td>Public housing</td>
<td>Provide quality housing in areas where a private housing market may not exist.</td>
<td>Cost of construction and maintenance. Paying cash may be preferable.</td>
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<tr>
<td>Other in-kind support (e.g., motorcycles)</td>
<td>Reduce the hardship of commuting.</td>
<td>Costs: Can be ameliorated through private ownership, bulk purchasing, and salary deductions.</td>
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Financial support can be provided in the form of cash payments for particular goods and services. While on-budget, such allowances can be useful for targeting specific hardships. In Zambia, for instance, health workers are given a package that includes renovating accommodations, contributing to school fees, providing vehicle or housing loans, and offering support for further education (Lehmann, Dieleman, and Martineau 2008). In Australia and Pakistan, annual return airfares are provided to some employees working remotely, including their families.

Direct provision of in-kind support can also be valuable if private markets can’t meet specific needs, such as housing. Many countries provide a housing allowance (World Bank 2006), but in remote communities, accommodations available through the private market might not meet minimum quality expectations. The government may be able to devise ways to overcome a key barrier.

Benefits can also be strategically bundled. For example, public housing can be built in clusters in regional centers, thus giving skilled civil servants and their families better access to essential services and infrastructure than would be the case if they lived in remote communities. In parallel, workers could also be provided with motorcycles to assist with their commute, similar to a practice in Pakistan (Davidson, Ahmad, and Ali 2001). Costs could be contained by purchasing motorcycles in bulk from the private sector, offering voluntary program participation, and deducting payments from workers’ salaries.

**Table 2. Targeted Nonfinancial Incentives**

<table>
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<th>Mechanism</th>
<th>Example</th>
<th>Pro</th>
<th>Con</th>
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<tbody>
<tr>
<td>Accelerated career</td>
<td>Indonesia</td>
<td>Additional recognition given to graduates who have worked in remote areas.</td>
<td>May result in greater mobility of staff, which could be ameliorated by stipulating a minimum number of years of remote experience to qualify for preferential treatment.</td>
</tr>
<tr>
<td>opportunities</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Specialist training</td>
<td>Australia</td>
<td>Additional leave days provided to attend specialist training courses.</td>
<td>Attendance at courses can be costly and may require absence from duty stations. Distance learning or e-learning could help address this problem.</td>
</tr>
<tr>
<td>Temporary promotion</td>
<td>Pakistan</td>
<td>To move to conflict areas, management staff are offered a posting one step up from their usual grade.</td>
<td>Applies only to career civil servants.</td>
</tr>
<tr>
<td>Additional leave entitlements</td>
<td>Australia</td>
<td>Additional personal and professional development leave days are provided.</td>
<td>Absence from duty stations is required, and replacements are not always available.</td>
</tr>
<tr>
<td>Increased retirement age</td>
<td>South Africa</td>
<td>Retain skilled personnel by offering exemptions from mandatory retirement.</td>
<td>Increased costs, unless staff who delay retirement are no longer eligible for a hardship allowance.</td>
</tr>
<tr>
<td>Spousal employment</td>
<td></td>
<td>Reduce the impact of lost spousal income. Assist women’s mobility.</td>
<td>Cost of employing an additional civil servant and circumventing ordinary recruitment protocols.</td>
</tr>
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In isolation, financial incentives are insufficient to offset the challenges of attracting and retaining skilled civil servants to remote areas. Other, intrinsic and nonpecuniary concerns are also important. Younger workers look for longer-term career prospects, professional development opportunities, and job security (Araújo and Maeda 2013; Lehmann, Dieleman, and Martineau 2008). Older professionals are more likely to prioritize working conditions and lifestyle, while professional women tend to focus on family life (Lemiere et al. 2011; Lehmann, Dieleman, and Martineau 2008). Targeting these motivations can have large payoffs. They are of high value to workers but at a relatively low cost to government. In Indonesia, for instance, deployment programs harness the “altruistic capital” of graduates. They attract their own prestige, which is then linked to promotion and employment opportunities within the civil service.

OTHER COST-EFFECTIVE, SUPPLY-SIDE INTERVENTIONS

The supply of skilled workers can be increased while avoiding the challenge of relocation (Table 3). In health care, straightforward technical tasks can be reallocated to already available lower- or mid-level health workers. With adequate training, monitoring, and support, task shifting can be successful, although it remains an incomplete mechanism for overcoming skill shortages (Lemiere et al. 2011). A key barrier is lowering professional standards to allow workers to perform specialized tasks.

Technology can also be used to overcome vast distances to link professionals to each other and to beneficiaries. Virtual networks of professionals can help overcome isolation and facilitate upskilling (Dussault and Franceschini 2006). Telemedicine, for example, can link urban specialists with remote patients. It can also allow female doctors to remain in the workforce after they get married (AFP 2018). Technology can help create virtual classrooms and connect skilled teachers with remote students, which is becoming popular in India. Smartphone technology is also facilitating the implementation of direct monitoring and incentive programs to help overcome problems associated with absenteeism, which are magnified among officials in remote areas (Bolton 2016).

The shortage of skilled workers is a persistent problem that calls for creative solutions, particularly because people who are trained tend to migrate to big cities. Outsourcing to the private or nonprofit sector should be explored. The relative ease of monitoring through information and communication technology allows new kinds of output-based contracting to be created and managed, obviating the need for direct hiring of civil servants.

Table 3. Supply-Side Interventions

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<tr>
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<tbody>
<tr>
<td>Task shifting</td>
<td>Widening the resources available to carry out key health interventions. Can serve as a key motivator by giving lower- level workers more responsibility and scope for professional development.</td>
<td>Potentially reduced quality of care. Limited by local health policy and regulations.</td>
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A SUSTAINABLE PIPELINE OF SKILLS FROM THE LOCAL AREA

A longer-term view must focus on increasing the number of locally available people with professional and technical skills (Table 4). Rural origin is among the most important factors in incentivizing skilled civil servants to remain in rural areas, given their familial connections (Couper 2007). Teachers from the local area also tend to be less absent on the job (Chaudhury et al. 2006). In ethnically diverse countries, such as Myanmar, local cultural connections are essential to both community cohesion and service delivery outcomes.

Financial incentives, in the form of scholarships or lower fees, should be targeted to students from remote areas to help build a local pipeline of skilled workers. Bridging courses or extra tuition could be supplied to candidates from remote areas to ensure they come up to speed with the requirements of their respective university curriculum. For nontertiaried educated positions, such as nursing, local students could be targeted through relaxed entry requirements for vocational training programs.

While these local pipelines are being built, more effective use of data can further support deployment programs. Detailed analysis of recruitment and retention data along with spatial data can help monitor and calibrate various financial and nonfinancial incentives.

Table 4. Building the Longer-Term Pipeline

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<tr>
<th>Mechanism</th>
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<tbody>
<tr>
<td>Subsidized professional development</td>
<td>Promote opportunities and lower economic barriers to willing entrants.</td>
<td>Can be costly.</td>
</tr>
<tr>
<td>Targeted investments</td>
<td>Reduce remoteness and hardship.</td>
<td>Skill shortages are among a range of concerns about the allocative efficiency of capital expenditure.</td>
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CONCLUSION

Overcoming skill shortages in remote areas is likely to present an ongoing policy challenge in developing countries. Indeed, it is the natural corollary of the trend toward urbanization. To ensure that this is achieved at minimum cost, a multidimensional policy response is required.

In the short term, financial and nonfinancial incentives should be bundled and targeted at the deployment of people with specific technical and management skills that are scarce in the local context. By calibrating incentives to each profession, profile, and circumstance, rather than treating skilled workers as a homogenous block, cost savings may also be found. Targeting early career medical professionals, for instance, may place less pressure on the budget than older professionals, given their lower
opportunity costs and larger preference for nonfinancial career development opportunities. The judicious use of technology, outsourcing and task shifting can also support efforts to increase the supply of skills, reduce direct government role and, in some cases avoid the costs of relocation altogether.

Longer term, the focus must be on building a sustainable pipeline of locally available professional and technical skills. While there would be a budgetary impact of such schemes, the benefits should outweigh the costs. Technical skills would be complemented with specific language and cultural understanding to aid service delivery. It will also help pluralism, an important objective, by bringing ethnic communities into government service. Professional standards would not need to be relaxed in the longer term.

REFERENCES


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