

Document: EB 2010/101/R.49
Agenda: 21(b)
Date: 6 December 2010
Distribution: Public
Original: English

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Enabling poor rural people
to overcome poverty

Progress report on human resources reform

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Executive Board — 101st Session
Rome, 14-16 December 2010

For: **Information**

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Abbreviations and acronyms

CPM	country programme manager
CPO	country programme officer
CSSG	Corporate Services Support Group
ECSA	Executive Committee of the IFAD Staff Association
e-PES	e-Performance Enhancement System
FAD	Finance and Administration Department
FAO	Food and Agriculture Organization of the United Nations
FTE	full-time equivalent
HR	human resource(s)
HRD	Human Resources Division
HRPM	Human Resources Procedures Manual
ICO	IFAD Country Office
ICSC	International Civil Service Commission
ICT	information and communications technology
IFI	international financial institution
MTP	Medium-term Plan
PMD	Programme Management Department
RIDE	Report on IFAD's Development Effectiveness
RMF	Results Measurement Framework
SWP	Strategic Workforce Plan/strategic workforce planning
UNDP	United Nations Development Programme
VSP	Voluntary Separation Programme
ZBB	zero-based budgeting

Progress report on human resources reform

I. Introduction

1. During the Consultation on the Eighth Replenishment of IFAD's Resources, IFAD made a commitment to further implement its human resources (HR) reform through a series of measures. A paper was presented to the Executive Board in December 2008 setting out the aims, objectives and deliverables for HR reform in 2009 and 2010, within the framework of the Human Resources Policy. In December 2009, an information paper was presented to the Board reporting on progress in implementing the HR reform, including a table of deliverables as presented as annex I of document EB 2009/98/R.18.
2. The present information paper provides an update on progress made in HR reform, including implementation of a Voluntary Separation Programme (VSP), development of a Strategic Workforce Plan (SWP), and review of the current conditions of service, compensation and benefits
3. As indicated to the Executive Board in December 2009, HR reform is never easy and always takes time. This is even truer for IFAD, as the reform is deeply rooted in the organization's culture and operating model. It involves: (a) reviewing HR practices and developing new staff rules relating to all employees, including staff and non-staff, and taking country-based operations into account; (b) improving HR processes and procedures, including a wide range of issues from recruitment and contractual arrangements to staff development, performance evaluation, incentive systems, mobility and separation; (c) improving existing tools and systems, while developing new and enhanced ones to achieve efficiency gains and reduce transaction costs; and (d) strengthening the professional capacity of the Human Resources Division (HRD) itself.
4. This paper provides concrete steps and measures taken by Management to achieve further progress in the HR reform agenda. It presents significant accomplishments realized by the organization in 2010, while also providing a look ahead to the deliverables in 2011 and beyond.

II. Strategic workforce planning

5. SWP to support implementation of the results agenda is a relatively new development in IFAD, where HR management has historically been focused on workforce (and particularly staff) administration issues.
6. The objective of integrating workforce planning and management into the evolving IFAD Results Measurement Framework (RMF) has been fully established, and a detailed analysis of the fit between the existing workforce and strategic requirements has had to synchronize with both the evolution of the Medium-term Plan (MTP) and zero-based budgeting (ZBB).
7. The first phase of the exercise, leading to development of a corporate plan for our workforce, has now been completed. This phase consists of stocktaking of our current staff composition, with a full analysis presented in the annex.
8. Results of the first phase show that the IFAD workforce fluctuates numerically from month to month. As of October 2010, there are 506 staff full-time equivalents (FTEs) at IFAD headquarters and 53 staff (FTEs) in IFAD Country Offices (ICOs), reflecting the fact that the process of decentralization and of integrating the ICO workforce contracted through third parties and under consultancy arrangements is proceeding apace. In addition, an equivalent of 196 FTE consultants are currently contracted by IFAD.

9. Of headquarters staff, 243 are in the Professional (P) and 263 in the General Service (GS) categories – representing about 52 per cent of total staff FTEs. Due to the nature of departmental work, PMD employs the bulk of P staff, while FAD employs a large number of GS staff relative to its size. As expected, consultants are heavily concentrated in PMD, where the consultant workforce (178) was considerably larger than the total departmental P workforce (127), thus achieving a particularly high ratio to the IFAD staff who manage them.
10. With regard to alignment of the workforce with IFAD's RMF, its actual distribution by results cluster is in line with achievement of the RMF target of 65 per cent of the workforce in the country programme development and implementation area by 2012: 62 per cent of the workforce (headquarters and ICO staff and consultants) are indeed in the cluster 1 area; 23 per cent in the cluster 3 area (corporate management, reform and administration); 7 per cent in the cluster 2 area (high-level policy dialogue, resource mobilization and strategic communication); and 8 per cent in the cluster 4 area (support to Member States' governance activities).
11. On gender and regional diversity, the IFAD P staff category is dominated by List A (63 per cent), followed by List C (31 per cent). A similar distribution is observed for the GS category. In terms of gender distribution, overall there are 62 per cent women and 38 per cent men at IFAD, with men accounting for 54 per cent of the P category, while women represent 77 per cent of the GS category, with 62 per cent in high GS levels (G-5 – G-7).
12. Across grades and job-family clusters, there is a disproportionality in both directions, depending on the grade level and cluster. Women are prevalent mostly in the lower grades: GS category and lower P grades, while the opposite is true for grades P-4 and upwards. In terms of job-family clusters, there is a clear prevalence of men in the leadership and management cluster, as well as in operational clusters such as country programme manager (CPM), national country programme officer (CPO), portfolio manager and rural development specialist. In the GS category, women are prevalent across all job-family clusters, except for security assistant. The revised RMF for the Eighth Replenishment period (2010-2012) established an improvement target for gender balance at the senior level of 35 per cent women in 2012. Fulfilment of this objective is affected by the demographics and incidence of senior retirements and departures (which have been weighted towards women in 2010) and the opening of new senior posts. The objective and its strategic value remain clear and will be factored into recruitment decisions in 2011 and 2012. While the results of this first phase are encouraging and provide a good overview of staffing levels at IFAD, Management is cognizant of the high ratio of GS staff. This issue is high on the reform agenda and should be addressed critically during the second phase of the SWP exercise.
13. The second phase, to be completed by 31 December 2010, will provide an overview of staff composition, aligned with the horizon of the MTP. This means that the projected staff and skills mix will be presented to the Executive Board for information in the course of 2011.
14. In the meantime, it is worth noting the following:
 - (a) A list of job families has been developed to create career streams and classify staff according to their jobs and functions.
 - (b) Management has begun addressing the concern over the high ratio of GS staff by imposing a freeze on external recruitment, so as not to further increase the headcount. This means that all justified vacancies are being managed internally.
 - (c) A full audit of GS staff jobs has been commissioned, with a view to streamlining.

- (d) All managers have been requested to develop a clear vision of their respective staffing needs in the context of the changing environment of our business, taking into account the skills mix currently needed at IFAD.
- (e) Management recognizes that an increase in IFAD's programme of work and lending portfolio may mean an increase in staffing needs – as a consequence of the related increased attention to ICOs and the number of transactions to be handled by each staff member. However, the increase in staff numbers is not proportional to that of the programme of work, with much of the increase taking place in PMD.

III. External assessment of HR management

15. During its ninety-seventh session, held in September 2009, the Executive Board noted the following: "To better align staff incentives with the institutional performance by September 2011, Management undertook to present the December Executive Board with an approach paper for an external assessment of HR management in IFAD, which would examine: results-based incentive systems, and compensation and entitlement systems (ICSC), including the desirability and feasibility of adopting alternatives, particularly the financial and system implications".
16. As reported in the Change and Reform: Implementation Report (EB2010/100/INF.5), after a competitive tender, IFAD contracted the services of a specialized international consultancy (Birches Umeå AB) to carry out the assessment.
17. The external assessment has conducted a comparative study of IFAD conditions of service with eight organizations in the community of international financial institutions (IFIs) in order to examine current compensation at IFAD as established for the United Nations Common System by the International Civil Service Commission (ICSC).
18. The focus of the external assessment was to examine the advantages or otherwise to IFAD of continued adherence to United Nations system compensation policies and levels. Beyond actual levels of pay, the assessment also examined the manner in which compensation is structured and the degree of flexibility and control that approaches pursued in the IFI community provide to each organization. Finally, in considering possible alternatives to the current system, both possible new structures apart from the United Nations system and flexibility within the current system have both been examined.
19. The findings of the external review indicate that the present structure and compensation policies of the United Nations Common System are not well suited to supporting IFAD in meeting its objectives of improving overall staff composition, morale and career development and of ensuring efficiency and a results focus in staff management. The system is rigid and presents a narrow compensation framework that is unable to accommodate the introduction of flexible results-driven compensation or an incentive-based approach to staff recognition and rewards. In comparison with the practices of the IFI community, the United Nations Common System's compensation structure is overly complex and not conducive to a modern competency-based approach to valuing work and individual contributions.
20. Of particular concern, according to the external assessment, is the present level of remuneration for GS category positions. The review found this difficult to justify when compared with the remuneration levels of P staff, the remuneration levels of the GS category at other United Nations duty stations, and those of other major international public-sector employers working in Rome.
21. The findings of the external review raise questions regarding the current market position of GS category salaries that has been established for Rome. While a

complete market study of Rome has not been conducted, a comparison with the World Bank and the United States Embassy in Rome – the two most frequently surveyed comparator employers worldwide for GS remuneration – indicates a wide gap in relation to IFAD GS salaries, with the latter significantly in the lead with respect to the other two employers. Equally unusual, the relationship between GS and P salaries in IFAD shows a degree of overlap not found in any other United Nations headquarters duty station, or even in high-cost market locations such as Copenhagen and Tokyo.

22. In terms of P staff remuneration, the external assessment concluded that the methodologies for setting IFAD's salaries currently observed under the United Nations system are ill-adapted to a small organization with the majority of staff in a single location: there is no direct market comparison with either financial institutions or the European market under the current Noblemaire¹ methodology used by the United Nations system; nor is direct comparison possible with the compensation offered by the United States Government in Rome (IFAD currently lags behind United States Government compensation levels in Rome by 19.9 per cent), which is the conventional comparator for United Nations agencies.
23. As a result of these factors, IFAD has a compensation system that is expensive in terms of employing support staff and that fails to provide the flexibility to manage core P staff effectively. The external assessment has outlined options for IFAD's rectification of the situation, both (i) to improve overall staff composition, morale and career development; and (ii) to produce cost savings for the institution.
24. The external review proposes three options for reformulating IFAD's compensation policies. Each requires transitional measures, including the need to: (i) address, in particular, current GS salaries that exceed the new target market position; (ii) identify ways to facilitate, where desired, continued affiliation with the United Nations Joint Staff Pension Fund, and study options for an alternative pension system; and (iii) assess the legality and legal implications of separating, if desired, from the United Nations Common System, and of moving current staff from United Nations compensation plans to IFAD-based plans. During the further analysis required to address the above issues, IFAD is implementing immediate measures to rectify the situation:
 - (a) IFAD has decided to review its GS staff to P staff ratio and, where appropriate and necessary, to move GS to P positions through a reclassification of jobs, where functions, tasks and activities are at a professional level.
 - (b) IFAD has also decided to undertake a GS job audit, for which terms of reference are in preparation.
 - (c) IFAD has implemented a hiring freeze for GS staff to avoid increasing the GS population, except in cases where the advertisement has been made public or where an internal candidate can be identified through rotation.
 - (d) IFAD is implementing a temporary freeze on automatic GS staff salary increases at year-end.
 - (e) IFAD is reviewing the employment of consultants in relation to our core business, and where necessary and appropriate, will convert these into regular staff positions through IFAD's standard recruitment procedures.
25. A more detailed report on the findings and recommendations of the external assessment is being presented to the Executive Board as a separate document.

¹ The level of salaries for P staff is determined under the United Nation's Common System on the basis of the Noblemaire principle, which states that the international civil service should be able to recruit staff – including the highest-paid staff – from all its Member States. The federal civil service of the United States of America has to date been assessed as being the highest-paid national civil service.

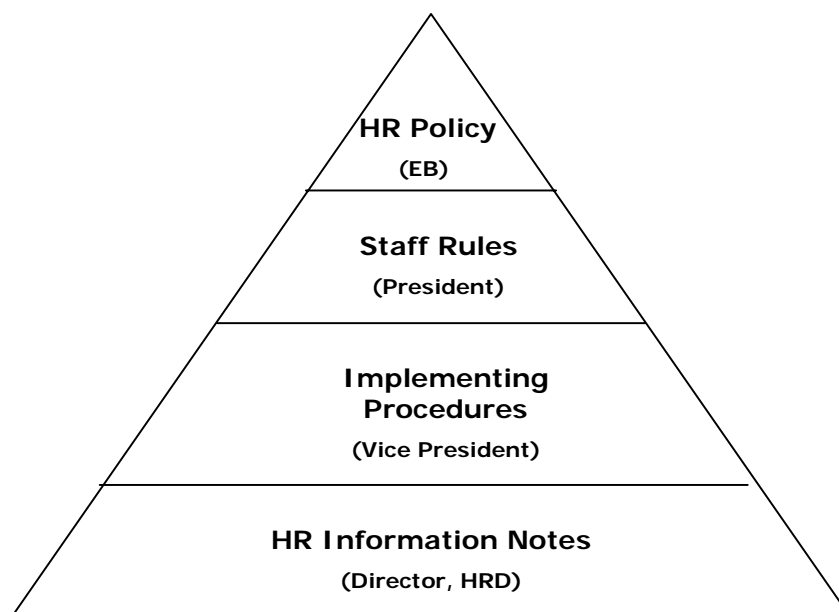
IV. Staff recruitment and retention

26. In the progress report on HR reform presented to the Executive Board in December 2009, a more diversified workforce, with different and enhanced skills and knowledge, was envisaged as part of the deliverables for 2010-2012. This meant scrutinizing the recruitment criteria for all positions, while strengthening the process.
27. IFAD continues to recruit its staff based on merit and the requirements of the position. The driving factor is definition of the responsibilities entrusted to a given position fitting the needs of the concerned unit, division or department, while ensuring a transparent and fair competition.
28. As part of HR reform, the process of recruitment and selection of staff was amended in accordance with President's Bulletin PB/2010/07 (attached as appendix). This bulletin was in turn amended to reflect lessons learned during the first months of implementation, and it reflects the procedure currently in place to ensure transparency, accountability and fairness in the recruitment and selection process.
29. In addition, and in order to reduce the length of time required for recruitment, Management has revived the use of rosters by managers in order to identify suitable candidates within a reasonable time.
30. Historically, it took more than 200 days on average to complete a recruitment process. This time has been fluctuating between 119 days, as reported in December 2009, and the present average of 127 days, due to the high number of recruitments. However, it should be noted that the shortest time achieved in 2010 was 70 days. The target is to stabilize the recruitment and selection process at an average of 100 days by the end of 2011 (a revised realistic target date from 2012), when implementation of automated HR functions such as e-Recruitment will lead to further reductions in the time required.
31. The expansion of IFAD's country presence is a key component of our new operating model. To bring IFAD into line with United Nations practices and lay the foundation for effective country office management, IFAD has moved to standardize staff benefits in the field, managed centrally from headquarters. To date, 18 IFAD contracts have been issued to national P and GS staff. There are currently 11 international P staff members assigned to ICOs.
32. Internal change processes can result in certain staff positions becoming redundant. Redeployment is a process that allows IFAD to retain, where possible, the skills and experience of staff members whose positions have become redundant or where the staff member's skills do not fit any of the redefined positions in a reorganized unit. Successfully redeploying staff reduces the cost and time required to fill vacancies and for induction and training of staff new to IFAD. Along with redeployment comes rotation, which consists of movement of staff, usually to different functions, in the same or different division within the organization, at the same or to a different duty station.
33. To remain relevant and competitive, IFAD is making a conscious effort to reinforce its redeployment and rotation policy to enhance staff mobility and improve effectiveness and efficiency. Guidelines are under development and should be ready by year-end 2010.
34. A review of the promotion policy and guidelines has been undertaken. Guidelines on promotions are now being drafted to be incorporated in the revised Human Resources Procedures Manual (HRPM). It should be noted that the final policy and guidelines on promotions will depend on the outcome of discussions on the findings of the compensation and benefits study being presented to the Executive Board. Equally important, IFAD has developed an award system aimed at providing

incentives to well-performing staff. The first cohort of this reward will be identified by year-end 2010.

V. Staff Rules and the HR Procedures Manual

35. As part of developing adequate systems, tools and processes to support its operations, IFAD has formulated Staff Rules that should guide the revision of the HRPM and align the organization with its comparator market.
36. To support staff and the efficient running of the Fund, it is vital that a clear framework and guidelines are set for all aspects of staff management and development. To this end, IFAD has created a revised Human Resources Handbook setting out the policies, rules and procedures for a staff member's employment at IFAD. It replaces the current stand-alone HRPM.
37. The development of Staff Rules, review of the HRPM and formulation and/or review of HR issues are being conducted in consultation with the Executive Committee of the IFAD Staff Association (ECSA) to take into account concerns raised by staff.
38. The policies, rules and procedures in the HR Handbook set out the conditions of service and the basic rights, duties and obligations of all staff members. Staff members are responsible for carrying out their work and responsibilities in accordance with these statements. By working and managing consistently across the organization, we create a strong foundation for our work in improving the livelihoods of the rural poor.
39. As IFAD adapts to the rapidly changing political, economic, social and technological environment, it will need to make changes in the HR Handbook. This will take place on an ongoing basis. Updates and additions will be announced through President's Bulletins, Information Circulars and HR Information Notes.
40. The HR Handbook contains three main parts:
 - (a) The HR Policy approved by the Executive Board in 2005, which sets out the policy environment for the management of IFAD's HR. This ensures alignment with best practices;
 - (b) The Staff Rules, which constitute an addition to the existing HRPM and provide the guiding principles for its development;
 - (c) The HRPM, which is currently being revised to reflect changes introduced in staff entitlements and benefits, and to clarify its implementation.
41. HR Information Notes may be released occasionally to provide staff with information of an administrative nature. The following figure provides a visual illustration of the HR Handbook structure.



42. The Staff Rules have now been finalized for implementation as of 1 January 2011, by which time 9 of the 12 chapters of the HRPD will also have been finalized and released. The remaining chapters depend on decisions of the Executive Board on the outcome of the External Review.
43. As reported in December 2009, these documents will be web-based and available to staff for full consultation and use by mid-2011.

VI. Performance management

44. Following implementation of e-Performance in 2009, Management has reviewed this process and tool to increase its effectiveness and efficiency and to focus more on performance enhancement.
45. The revised e-Performance System (e-PES), now called Performance Enhancement System rather than Performance Evaluation System, contains the following key changes:
 - (a) Greater emphasis on the responsibility of Directors to provide objective feedback on both performance and development of staff;
 - (b) Ratings provided only by the Management Review Group, with a clear indication from the Director concerned on the future of the staff member within the organization;
 - (c) A completely electronic system, starting with the 2010 exercise, to be completed no later than March 2011. Implementation of the fully automated ePES is expected to reduce transaction costs.
46. The form for 360-degree feedback has been revised, and the number of questions reduced from 50 to 12. In addition, the rating system has been made simpler and is now focused on staff development. The 2010 360-degree feedback was launched in October and the exercise is expected to be completed by year-end 2010. As in the past couple of years, the outcomes of the 360-degree exercise will be used as inputs into the PES conversation.

VII. Staff development and training

47. As reported in December 2009, the training unit is progressing with the new centralized training model, introduced in 2008, which aims to provide an extensive

portfolio of valuable, cost-effective learning opportunities to help build a flexible workforce as a means to support SWP.

48. The organization of the unit allows extensive managerial training opportunities in an interdepartmental partnership. In 2010 alone, more than 250 staff members have already benefited from training. This number is expected to reach more than 350 by year-end.
49. In particular, HRD, in partnership with PMD, has organized the following courses:
 - (a) Basic and advanced logframe;
 - (b) Field procurement;
 - (c) IFAD corporate online induction programme. This programme involved the Communications Division (COM) as well.
50. In 2011, HRD and PMD are planning to prepare and deliver the following courses:
 - (a) Institutional analysis;
 - (b) Food security;
 - (c) Rural finance;
 - (d) Climate change.
51. In order to allow staff engagement at the field level, a number of these courses are including preparation of eLearning modules (i.e. food security, rural finance and climate change).
52. The HRD training unit is also looking into the possibility of building learning partnerships with other United Nations agencies, such as the United Nations Development Programme (UNDP) and Food and Agriculture Organization of the United Nations (FAO), in order to organize courses at the country level.

VIII. Strengthening management of HR

53. In December 2009, a reconfiguration of Management's responsibilities and reporting arrangements was shared with the Executive Board. The HR function was elevated, with the Director of the HRD reporting directly to the Vice-President.
54. While recruitment for the Director of HRD remains open, interim arrangements – including recruitment of professionals and designation of an Acting Director – have ensured continuity in the management of the division and in the deliverables determined in the Consultation on the Eighth Replenishment of IFAD's Resources. A task force has now been designated to advance the recruitment of key management positions, including the Chief Finance Officer (CFO); Head, Corporate Services Support Group (CSSG); Chief Development Strategist; Director, HRD; Controller and Director, Controller's and Financial Services Division; and Budget Manager. These positions are expected to be filled by the end of the first quarter of 2011.
55. In improving its management of HR, due consideration was given by Management to communication with staff through various channels. Managers participating in meetings of the Executive and Operations Management Committees are required to convey information to all staff in their respective departments and divisions. In addition, regular town hall meetings involving all staff have been instituted, including specific meetings on HR issues in which staff have the opportunity to interact on issues affecting the organization. Consultations with representatives of ECSA take place on a regular basis, with the HR Director being the focal point for Management.
56. Management identified a need to implement a comprehensive anti-harassment programme – including education, communication and revised procedures and

mechanisms – and to establish a function to deal with issues of harassment and other matters related to business misconduct. The existing setup was deemed inappropriate for providing staff and the organization with the best way possible to address these issues.

57. In line with international standards, a dedicated and independent Ethics Office reporting to the Vice-President was created. The main responsibilities of this office are to: (i) advise managers and staff on actions that may constitute a violation of IFAD's code of conduct and core values; (ii) review allegations of misconduct and/or harassment, suggesting the appropriate informal or formal approach; and (iii) carry out investigations when necessary. The process of recruitment has now been completed and the Ethics Officer is expected to join the organization during the first quarter of 2011.

IX. Staff release or separation

58. In December 2009, it was reported to the Executive Board that 10 staff members, including 7 GS and 3 P staff, were approved and took advantage of Phase I of the VSP. To date, a total of 11 staff members have taken advantage of this programme.
59. The table below provides data on staff approved for the VSP, broken down by category of staff, gender and list of country of origin.

Table
Staff under the VSP

Category	Women		Men		Total	
	Number	%	Number	%	Number	%
General Service	7	64	0	0	7	64
Professional	4	36	0	0	4	36
Total	11	100	0	0	11	100
<i>Department</i>			<i>List</i>			
Ex-EAD	2	18				
FAD	4	37	A		5	45
OPV	3	27	B		0	0
PMD	2	18	C		6	55
Total	11	100			11	100

60. The total expenditure during Phase I of the VSP amounted to US\$1,483,679, representing only 27 per cent of the total budget allocated to this activity. The remaining balance of US\$3,962,321 is to be spent during Phase II of the programme, with US\$3,893,232 available for staff separation costs.
61. A call for the next cohort of VSP has already been issued, and a number of staff have expressed interest. The data are now being analysed for presentation to Senior Management for approval. Implementation of the VSP is expected to extend beyond 2010. However, the budget allocated to this activity is expected to be exhausted in 2011.

X. Deliverables in 2011-2012

62. In view of commitments made to the Eighth Replenishment, the following elements of HR reform will continue to be pursued during the period 2011-2012:
- A workforce with high levels of engagement and motivation, through completion of a dynamic SWP, including further attention to gender and diversity, enhanced skills and knowledge, and an improved ratio of P to GS staff;
 - Competitive conditions of service, with cost-efficient staff compensation, benefits and entitlements;
 - Automated HR processes encompassing a majority of HR functions, including but not necessarily limited to: (i) e-Performance to enable simplification of

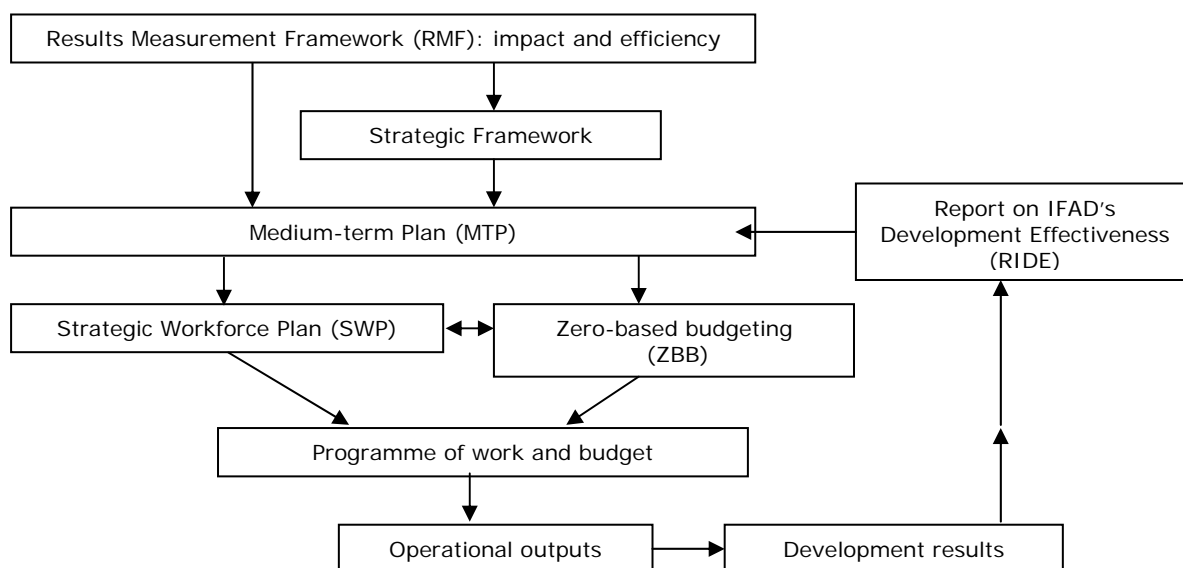
system workflow and tools, in addition to the segregation of administrator roles; (ii) upgrade to PeopleSoft Human Capital Management platform for improved functionality, integration and ongoing vendor support; (iii) e-Recruitment to streamline and automate the recruitment process; (iv) Request for Personnel Action and contract automation to automate several staff entitlements, thereby reducing manual errors; (v) enhanced reporting to improve operational efficiency and aid management decisions; and (vi) training and competency modules to manage and update the competency skill levels of each staff member and to facilitate reporting.

A. Strategic workforce planning for results

Introduction

1. HR management reform in IFAD was under active development in the Seventh Replenishment period, and is a key objective of Management in the Eighth. In the Eighth Replenishment period, however, it is being fully integrated into IFAD's overall results planning, performance enhancement and resource allocation system as a tool that reflects the results to which the organization is directed. The full suite of new planning and management tools required to achieve RMF targets is now being completed:
 - (a) The RMF sets overall institutional objectives and performance measures.
 - (b) The IFAD Strategic Framework 2011-2015 defines in broad terms how IFAD will pursue RMF results in terms of areas of concentration and engagement with development partners.
 - (c) The MTP identifies the outputs and activities required to achieve the RMF targets over a multi-year period.
 - (d) The ZBB allocates budget resources according to results priorities and requirements.
 - (e) The SWP develops and allocates workforce resources according to results priorities and requirements – within the financial parameters of ZBB.
 - (f) The annual programme of work and budget (POW/B) is the authorizing framework for the resources indicated by ZBB and SWP for delivering the MTP and RMF in any given year.
 - (g) The Report on IFAD's Development Effectiveness (RIDE) reports to the Executive Board on progress achieved against the RMF and MTP.
 - (h) The Corporate Planning and Performance Management System provides the platform for everyday review of performance and resource management.

Figure 1
SWP in the IFAD results planning and management process



Background

2. SWP to support implementation of the results agenda is a relatively new development in IFAD, where HR management has historically been focused on workforce (and particularly staff) administration issues. The task in the last two years has been to introduce the corporate strategic results orientation into the mobilization and management of the workforce, going beyond the traditional focus on headquarters staff to include the growing staff and workforce of ICOs, the large number of consultants IFAD mobilizes (largely for country programme development and implementation), and the workforce mobilized under outsourcing arrangements. The point of departure has been the need to optimize the configuration, mobilization and management of the workforce relative to two results:
 - (a) Raising IFAD's development effectiveness; and
 - (b) Raising IFAD's efficiency and value for money.
3. The workforce is critical to both objectives. First, in collaboration with national and international partners, the IFAD workforce produces the project designs and implementation support that generate IFAD's development impact. Second, the workforce is by far the largest component of IFAD's expenditure.
4. The objective of integrating workforce planning and management into the evolving IFAD RMF was fully established only in 2009-2010. Detailed analysis of the fit between the existing workforce and strategic requirements has had to both synchronize with the evolution of the MTP and ZBB and await implementation of an adequate, information and communications technology- (ICT) based tool for describing and analysing the structure and composition of IFAD's workforce.
5. That tool – the HR “dashboard” – was put in place for the first time in the second quarter of 2010, encompassing the entire workforce managed by IFAD, including the important consultant component and, gradually, the ICO workforce. It is updated automatically each month from payroll data and consultant contract and payment data. The dashboard continues to evolve as staff and workforce information is created or updated, notably in the area of individual qualifications and experience, which are critical bases for the management of staff assets to achieve corporate results.

B. An overview of IFAD's workforce

6. The IFAD workforce situation fluctuates in numbers from month to month. For the purpose of illustration, table 1 presents the IFAD workforce situation in October 2010 within the departmental structure established in the reconfiguration (implemented from January 2010). At headquarters, there were 506 staff FTEs. In the ICOs there were 53 staff FTEs, reflecting the fact that the process of decentralization and of integrating the ICO workforce contracted through third parties and under consultancy arrangements is proceeding rapidly in 2010. In addition, an equivalent of 196 FTE consultants were under IFAD management.
7. Of the headquarters staff, 243 were in the P and 263 in the GS categories. PMD employed the bulk of P staff. FAD employed a large number of GS staff relative to its size. Consultant use was heavily concentrated in PMD, where the consultant workforce (178) was considerably larger than the total departmental P workforce (127), and had achieved a particularly high ratio to the IFAD staff who manage them. With regard to the alignment of the workforce with IFAD's RMF, the actual distribution of the workforce by results cluster (table 2) was in line with achievement of the RMF target of 65 per cent of the workforce in the country programme development and implementation area by 2012: 62 per cent of the workforce (headquarters and ICO staff and consultants) were in the cluster 1 area;

23 per cent in the cluster 3 area (corporate management, reform and administration); 7 per cent in the cluster 2 area (high-level policy dialogue, resource mobilization and strategic communication); and 8 per cent in the cluster 4 area (support to Member States' governance activities).

Table 1
IFAD workforce (FTEs)

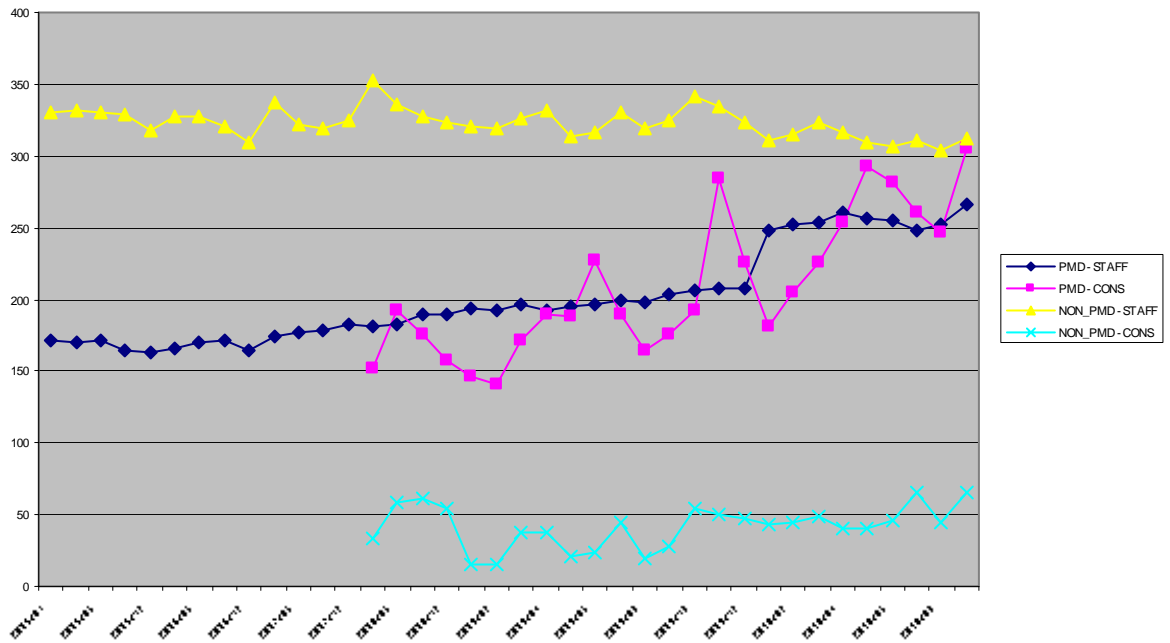
Department.	Staff													Non-staff	Total workforce
	HQ								HQ total		Field				
	Professional				General Service				Professional fixed-term/career	National/service contract	Total	Staff total			
	Fixed-term/career	Non-fixed	APO/SPO	Total	Fixed-term/career	Non-fixed	General Service	Total							
CDS	6			6	3	1	4	10				10	1.11	11.11	
CSSG	57	6	2	65	59.01	18.17	77.18	142.18				142.18	9.89	152.07	
FAD	45	1	1	47	67.44	15	82.44	129.44				129.44	5.86	135.3	
OPV	7	2		9	5		5	14				14	1.31	15.31	
PMD	97.5	11	8	116.5	71	23.34	94.34	210.84	10	43	53	263.84	177.62	441.46	
Total	212.5	20	11	243.5	205.45	57.51	262.96	506.46	10	43	53	559.46	195.79	755.25	

Table 2
IFAD workforce by results cluster (FTEs)

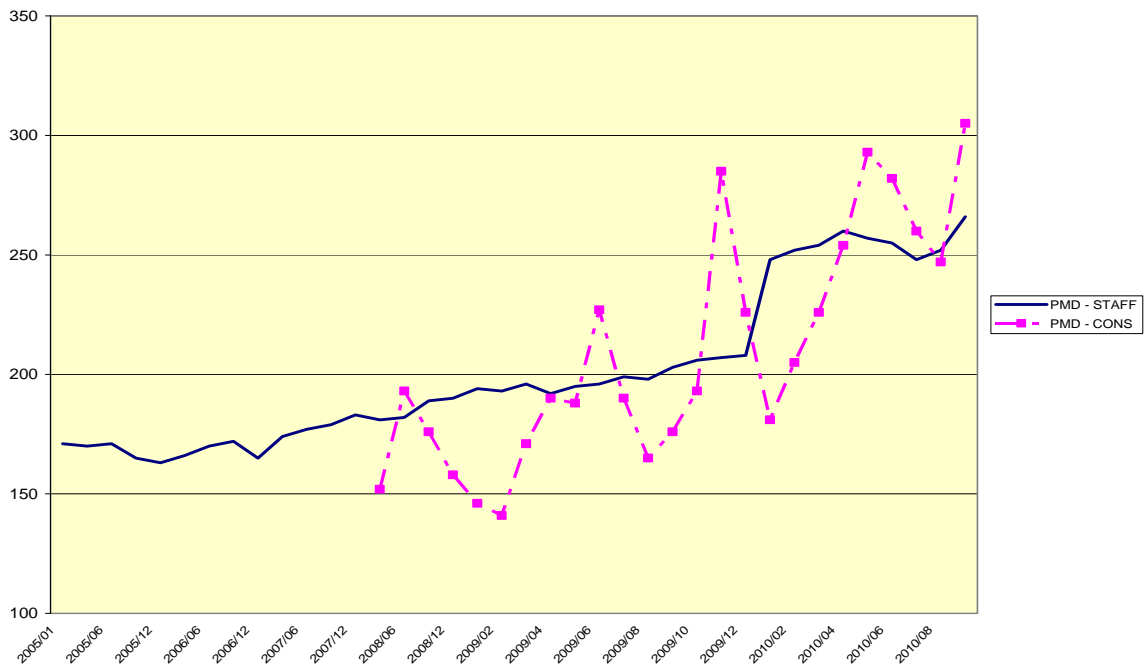
Department	Cluster 1: Country programme development and implementation	Cluster 2: High-level policy dialogue, resource mobilization and strategic communication	Cluster 3: Corporate management, reform and administration	Cluster 4: Support to Member States' governance activities	Total
CDS	-	9.72	-	1.39	11.11
CSSG	13.76	35.10	47.22	55.99	152.07
FAD	12.85	2.99	119.19	0.27	135.30
OPV	2.92	4.59	5.29	2.51	15.31
PMD	441.46	-	-	-	441.46
Total	470.99	52.40	171.70	60.16	755.25
<i>By percentage</i>	62	7	23	8	100%

8. The overall trend in staffing is presented in graph 1, which captures data up to and including September 2010. The PMD staffing level is a good proxy for staff engagement in cluster 1, and it is clear that the policy of strengthening this area has been implemented: the level has been rising consistently and this is quite marked in 2010. The level of non-PMD staffing, on the other hand, has not risen: the curve is flat. In September 2010, the non-PMD staffing level was actually slightly lower than in January 2005, and significantly lower than its peak in the first quarter of 2008.

Graph 1
Trends in staff levels and the consultant workforce



Graph 2
PMD workforce trend



9. Graph 2 highlights the evolution of PMD staffing, indicating both staff growth and the evolution of consultant mobilization, which has risen to high levels since the last quarter of 2009.
10. Table 3 presents the distribution of IFAD staff according to the “job families” that IFAD has developed for recruitment and career-planning purposes. The data refer to staffing at the end of the third quarter of 2010. These job families cut across departments and clusters, and well reflect the fact that IFAD is a rural development and financial institution. Thus 180 positions (32 per cent) involve specialist roles in rural development (country programme and rural development research), and 54 positions (10 per cent) involve specialist financial management and administration roles. While the size of these two groups is consistent with IFAD’s operational focus, the size of the general administration group (24 per cent) is less consistent with best practice in a modern IFI, and suggests a need for process restructuring and business automation to allow for a workforce more focused on high-value-adding activities. This must be an institution-wide objective. Many of the staff in this category are in FAD, but by no means all. An important percentage of GS staff in this department have specialized roles (e.g. in financial operations).

Table 3

Distribution of IFAD staff by job family

<i>Job-family cluster</i>	<i>Total</i>
Country Programme	141
General Administration	137
Finance	54
Rural Development and Economic Research	39
Knowledge Management and Communications	31
Management	29
Information and Communications Technology	27
Human Resources	22
Facilities and Security	19
Editing and Translation of documents	17
Governing Bodies and Member Relations	15
Legal	13
Resource Mobilization and Partnership	11
Oversight	6
Procurement	4
Total	565

Workforce demography

11. The current staff complement from 87 nations is divided into 49.7 per cent of P and 50.3 per cent of GS categories. The distribution by country list shows a prevalence of List A nationals in both categories (see charts 1 and 2). The largest component of the List A group in both categories is Italian nationals (21.9 per cent in P, 39.5 per cent in GS), reflecting the location of IFAD headquarters. Currently, IFAD does not apply a geographical quota system in staffing, but strives to achieve a better balance through broad announcement of vacancies in professional and development networks and Member State ministries. Partly in response to expansion of the ICO system, the percentage of workforce from the List B and C groups (RMF level 5.4 indicator) rose from 33 per cent in 2009 to 36 per cent in 2010.

Chart 1
Distribution of Professional staff by country list

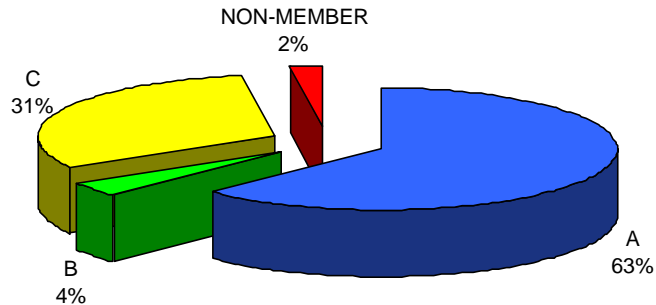
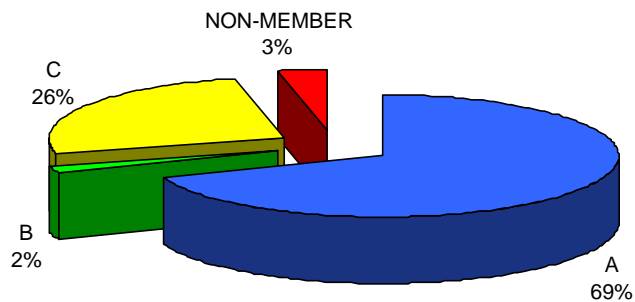


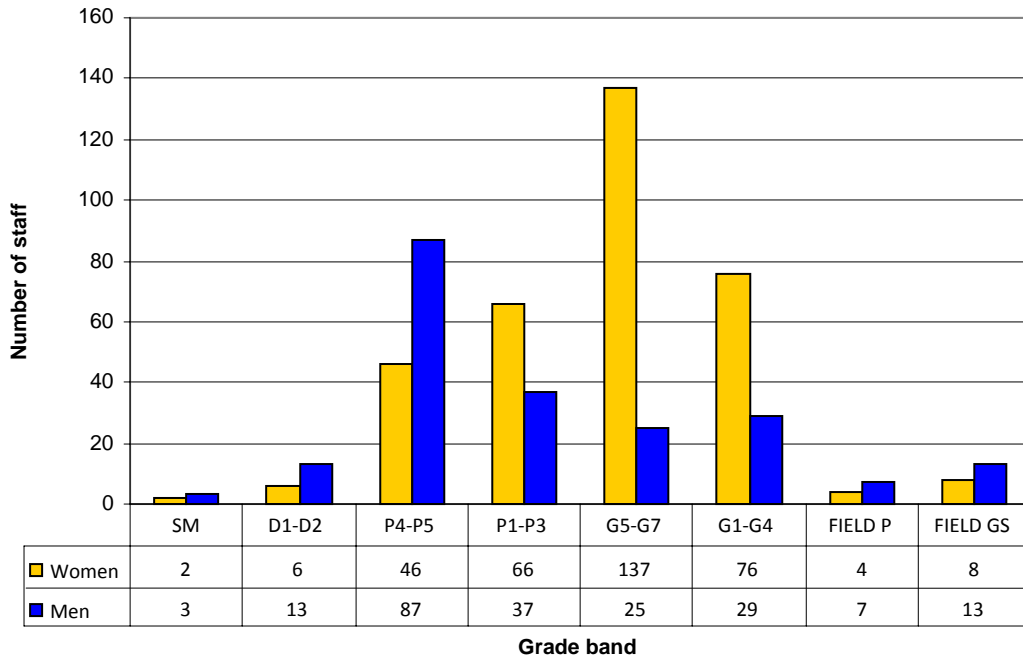
Chart 2
Distribution of General Service staff by country list



Gender disaggregation

12. In terms of gender distribution across grades and job-family clusters, there is a disproportionality in both directions, depending on the grade level and cluster. A prevalence of women is found mostly in the lower grades: GS category and lower P grades, and the opposite is true for grades P-4 and upwards. In terms of job-family clusters, there is a clear prevalence of men in the leadership and management cluster, as well as in the operational clusters such as CPM, national CPO, portfolio manager and rural development specialist. In the GS category, women are prevalent across all job-family clusters, except for security assistant. The revised RMF for the Eighth Replenishment period established an improvement target for gender balance at the senior level of 35 per cent women in 2012. Fulfilment of this objective is affected by the demographics and incidence of senior retirements and departures (which have been weighted towards women in 2010) and the opening of new senior posts. The objective and its strategic value remain clear and will be factored into recruitment decisions in 2011 and 2012.

Chart 3
Gender distribution across grades



Educational profile

13. Table 4 presents the profile of the educational qualifications of IFAD's staff. PMD P staff have the highest educational qualifications: 135 of a total of 146 have master's degrees or doctorates (in total P staff, 228 of 278 have advanced degrees). Among the GS staff, the data available (261 staff) show 101 with a high school diploma as the highest educational qualification. More-recent GS recruits have a higher educational level, with no less than 36 per cent of GS staff on fixed-term contracts having master's degrees. By contrast, among GS staff on continuing contracts (see paragraph 14), only 8 per cent have master's degrees, while 51 per cent have a high school diploma as the highest educational qualification (table 5).

Table 4
IFAD staff by highest formal educational level achieved

Category	Highest academic qualification	Departments					Total
		CDS	CSSG	FAD	OPV	PMD	
GS	Less than high school graduate					1	1
	High school graduate or equivalent		23	40	2	35	100
	College-level certificate			5		2	7
	College-level diploma		9	7	1	10	27
	Bachelor's-level degree		21	14	1	29	65
	Master's-level degree	3	13	11	1	29	57
	Postgraduate diploma	1	1	2			4
	N/A		8	3		9	20
GS total		4	75	82	5	115	281
P	High school graduate or equivalent		3	4	1		8
	College-level certificate		1	2			3
	College-level diploma		2			2	4
	Bachelor's-level degree	1	18	8		8	35
	Master's-level degree	2	38	31	4	105	180
	Postgraduate diploma		3	1		1	5
	Doctorate	4	5	1	3	30	43
	N/A						
P total		7	70	47	8	146	278
Grand total		11	145	129	13	261	559

Table 5
General Service staff by highest formal educational level achieved

Highest academic qualification	Employment class (percentage)			Total
	GCC (continuing contracts)	GFT (fixed-term)	GNM (monthly)	
Less than high school graduate	0.00	0.00	2.38	0.40
High school graduate or equivalent	51.26	27.78	28.57	39.04
College-level certificate	3.36	3.33	0.00	2.79
College-level diploma	9.24	10.00	9.52	9.56
Bachelor's-level degree	24.37	23.33	23.81	23.90
Master's-level degree	8.40	35.56	26.19	21.12
Postgraduate diploma	3.36	0.00	0.00	1.59
N/A	0.00	0.00	9.52	1.59
Grand total	100.00	100.00	100.00	100.00

Staff distribution by contract type

14. Staff are contracted under conditions related to the ICSC system and United Nations practice. There is a strikingly high percentage of staff currently under continuing contracts (i.e. not subject to term limits). Thirty-two per cent of P staff are in this category. At the GS level, 42 per cent of staff (119) have continuing contracts. Focusing only on continuing and fixed-term appointments, 39 per cent of P staff have continuing contracts. Among GS staff, 56 per cent have such contracts (table 6).

Table 6
Staff contract type

<i>Professional and higher contract type</i>	<i>Number of staff</i>	<i>Percentage</i>
Associate Professional Officer programme	12	4
Enhanced Associate Professional Officer programme	2	1
National Professional staff through host agency	9	3
National Professional staff under IFAD contract	2	1
Professional/international/continuing appointment	88	32
Professional/international/higher fixed-term appointment	138	50
Professional/local/monthly appointment	19	7
Professional staff/service contract	7	3
Special Programme Officer programme	1	0
Total	278	100
<i>GS contract type</i>	<i>Number of staff</i>	<i>Percentage</i>
GS local/continuing appointment	119	42
GS local/fixed-term appointment	91	32
GS local/daily appointment	11	4
GS national through host agency	4	1
GS local/monthly appointment	42	15
GS/GSC service contract	14	5
Total	281	100

15. The prevalence of continuing contracts, particularly in the GS staff category, is a factor inhibiting flexibility in workforce management. This constraint on the ability to re-profile the workforce in response to changing requirements is exacerbated by a low level of staff turnover, which is particularly pronounced in the GS category. At 3.88 per cent, the turnover rate is extraordinarily low, and more than 40 per cent lower than the rate among P staff (table 7).

Table 7
Staff turnover rate 2005-2009

<i>Year</i>	<i>2005</i>	<i>2006</i>	<i>2007</i>	<i>2008</i>	<i>2009</i>
Total staff* at the end of each year	442	459	495	494	489
Total separations	17	18	13	20	19
Total retirements	10	12	13	13	7
Total turnover rate	6.11%	6.54%	5.25%	6.68%	5.32%
Turnover Professional and higher	7.01%	8.76%	6.12%	8.76%	6.61%
Turnover General Service	5.26%	4.55%	4.40%	4.53%	3.88%

* Excludes APOs

16. Table 8 presents total scheduled retirements, indicating that in the medium term, the rate of natural attrition of staff will be low, and suggesting that this process will not, on its own, give significant "headroom" for changes in staff allocations and staffing levels.

Table 8
Scheduled retirements 2010-2017

<i>Scheduled retirements</i>	2010	2011	2012	2013	2014	2015	2016	2017	Total
	6	10	14	13	16	18	3	6	86

C. Implications

17. IFAD's analysis of its overall workforce situation is deepening, and will continue to do so, as the scope and capabilities of the HR dashboard tool expand. Nonetheless, a number of preliminary conclusions have been drawn:
- Notwithstanding growth in the cluster 1 workforce, the staff element of the workforce directly engaged in country programme development and implementation (i.e. cluster 1 of IFAD's results and activity matrix) remains small relative to the demands of an expanding and innovative programme of work of projects and grants (as well as the important requirements of direct supervision). The staffing increase has not kept pace with the work level of the cluster, and the – in part – compensatory rapid increase in the consultant workforce is not a fully satisfactory solution.
 - The ICO component of cluster 1 staff needs to increase and be better integrated into IFAD's staff Performance Enhancement System.
 - The consultant element of the workforce needs to be realigned to ensure that all key development management tasks are in the hands of IFAD staff.
 - Although IFAD has been very successful in maintaining the non-PMD workforce on a no-growth basis for several years – in spite of the growth of the general level of activity driven by an expanding programme of work – the support staff component of the workforce (and particularly the general administration component) is almost certainly too large in absolute terms in proportion to the workforce directly engaged in country programme development and implementation.
 - The unit cost of the staff workforce in support roles (and particularly the GS component) is probably high relative to reasonable market comparators (as indicated by the very low staff turnover rate, particularly in the GS staff category).
18. In short, preliminary analysis indicates that the overall workforce profile could be better aligned with development effectiveness and efficiency imperatives, and that achieving this will require a different approach than trying to respond to new demands through managing the incremental component of staffing. It also suggests that IFAD's very comprehensive staff Performance Evaluation (now Enhancement) System, which is the envy of the United Nations system in terms of its inclusiveness, needs to be revisited to play a more effective and central role in the management of the workforce, involving a shift towards a focus on performance enhancement and away from contract management, which requires different and separate tools.
19. In this first iteration of IFAD's SWP, there are three major thrusts: (i) those that immediately bear on strengthening the workforce's capacity to raise IFAD's development effectiveness; (ii) those that bear on the efficiency and cost of support services; and (iii) those that support 1 and 2 together.

D. Next steps

Raising development effectiveness through the SWP

20. As indicated above, increasing the size and operational capacity of the workforce engaged in country programme development and implementation is essential to

delivering a rapidly expanding programme of work and supporting its implementation to achieve development results.

21. Key steps planned and implemented towards meeting this objective are:

- **Expanding the staff in development roles in cluster 1.** In the context of the programme of work, the now full implementation of direct supervision – in which responsibilities previously assumed (under contract) by cooperating institutions are now in the hands of IFAD staff (principally, but not exclusively, of PMD) – and the need to ensure that key development management roles are in the hands of staff rather than consultants, the most immediate workforce requirement for raising development effectiveness is building a larger cadre of CPMs, associate CPMs and programme financial managers (supporting fiduciary aspects of supervision). The cluster 1 budget was increased significantly in real terms in 2010, and another significant real increase is proposed for 2011. Although the number of senior (P5) CPMs is probably too small, particularly in the context of planned retirements, the fact that skills supporting IFAD's special approach to smallholder development are not immediately available on the market prompts a more strategic approach to development and succession planning for the CPM cadre, privileging the recruitment of more-junior staff (P-2 – P-4) – within an approach to skills development that focuses on supervised work under senior CPMs and Directors, including rotation among divisions and from headquarters to ICOs and back. Notwithstanding the expansion of budgets to hire new programme management professionals, the rate of actual expansion has been relatively slow – an issue linked until recently to delays in recruitment processes. In 2010 these processes have been streamlined and will be improved further in 2010-2011, including through the development of rosters for less-cumbersome recruitment and the shift to a web-based recruitment administration platform.
- **Expanding the staff of ICOs and outposting CPMs.** IFAD's development model requires closer country-level partnerships and close support for project implementation by national partners. In this context, local recruitment of staff (under more economical terms than internationally recruited and headquarters staff) will be a priority for staff expansion in cluster 1 in 2011 and beyond. To improve ICO staff management, the workforce previously contracted through third parties (e.g. UNDP and FAO) is being shifted into direct contracts with IFAD. The level of ICO staffing is increasing rapidly (to 53 in October 2010 – expressing not so much a numerical expansion in the workforce as the integration into the staff of elements of a workforce previously mobilized on a consultancy or third-party contract basis). At this point, the level of outposting of internationally recruited staff is modest (10). In 2011 it is planned to introduce changes to contracts indicating that outposting will be a normal and expected element of career development for CPMs, and special incentives will be provided for CPMs outposted to manage ICOs.
- **Developing a more formal and structured approach to capacity and career development in the area of country programming and implementation.** CPMs are at the heart of IFAD's development-value proposition, and given IFAD's specific approach, high-performing CPMs are not immediately hired from the outside, but are *developed* within IFAD itself. The strategic significance of the role requires a highly structured approach to recruitment, training, rotation and performance, and in 2011 IFAD will prioritize the development and implementation of a career development and performance plan for CPM and associated roles, including firm integration into IFAD's evolving knowledge management system.

- **Improving consultant alignment and management.** IFAD mobilizes a large number of consultants to support country programme development and implementation, and, in general, this is both efficient and effective (in terms of cost and bringing specialized knowledge to bear). Nonetheless, there is insufficient corporate oversight of consultant performance, and in some areas there has been a use of consultants for what should be staff functions of leadership and management, particularly at the critical country level. In part, this reflects the “lagged” recruitment of new P staff in cluster 1, and the ad hoc filling of gaps by consultants. In 2010 IFAD established a more comprehensive and real-time system for tracking consultant use, and a faster process for consultant recruitment. In 2011, it will establish clearer guidelines for the roles that consultants can be recruited to play and a performance enhancement system analogous to that used for staff.
 - **Establishing divisional level workforce tables and recruitment schedules.** Workforce recruitment and management will be more closely aligned with corporate results and norms. In 2010 departments developed workforce and recruitment plans, the implementation of which will depend, in part, on the yet-to-be-approved level of the administrative budget. At the beginning of 2011, and in the context of the approval of the administrative budget, each group within cluster 1 (as, indeed, throughout IFAD) will finalize recruitment and staffing plans for 2011, estimates for 2012 and projections for 2013. These plans will be subject to corporate approval and will provide the approval framework for all recruitment activities.
22. Table 9 presents a summary of the principal actions and schedules for managing the workforce to support increased development effectiveness.

Table 9

Strategic workforce alignment in country programming and implementation

	<i>2010</i>	<i>2011</i>	<i>2012</i>
Cluster 1 budget for Professional staff increased	Implementation	Implementation	Implementation
Approved divisional-level workforce recruitment and management plans	Preparation	Implementation	Implementation
Recruitment process for cluster 1 staff streamlined and accelerated	Implementation	Implementation	Implementation
ICO staff recruitment and integration prioritized	Implementation	Implementation	Implementation
Definition of job families and career structure for Professionals in cluster 1	Preparation	Preparation and implementation	Implementation
Contracts include expectation of outposting	Preparation	Implementation	Implementation
Incentive system for outposting of senior CPMs		Preparation and implementation	Implementation
Lower proportion of support staff in cluster 1	Implementation	Implementation	Implementation
ICT-based system for streamlined consultant recruitment	Implementation	Implementation	Implementation
Corporate system for oversight of consultant roles and performance		Preparation and implementation	Implementation

Strategic workforce planning for increased administrative and support efficiency and cost competitiveness

23. The objective of cluster 1 is to directly achieve development impact. The objective of the workforce in all other areas is largely to provide the platform for cluster 1 to do its work effectively. This work is often critical – for example, management of IFAD's assets and disbursements, HR management itself, planning and oversight – but the key criteria of success are that services are provided at industry standard and that they are provided at the lowest price possible for that level of quality. In IFAD, these processes involve large numbers of staff at a high unit labour cost. The objective of SWP in these areas is to reduce the amount of labour used and the resources expended, while maintaining accurate and timely service to cluster 1 operations. Key thrusts of the strategic plan include: (i) reduction of workforce requirements in support roles through process streamlining; (ii) process automation; (iii) aligning staff costs with more valid comparators; (iv) further outsourcing of functions to lower-cost service providers; and (v) rotation of qualified support staff into roles in country programme development and implementation, raising the levels of academic and work experience required for vacant positions (particularly in the GS category), and aggressive recruitment of staff with the skills to work in a fully automated environment:

- **Reduction of workforce requirements in support roles.** IFAD has kept staffing at zero real growth levels in all key administrative areas, notwithstanding the major growth in the volume of activities that has arisen from the expanding programme of work and the corresponding operations in cluster 1. Reducing the workforce or even maintaining it at the current level is hardly feasible within current processes and levels of automation (which are relatively low). An integral part of workforce planning is review of labour-intensive business processes, an audit of staff responsibilities and functions, and a systematic programme of process automation. Among the major users of workforce in the support area are financial services and management, and document production and translation for governing bodies. Labour input has already been reduced in the documents area, and this is reflected in the proposed cluster 4 budget for 2011. Also in 2011, IFAD intends to explore further reduction through dialogue with the Executive Board on its document and translation requirements. In 2010 the entire financial management area is under an external structural and process review (including of internal resource use) initiated by Management, which is expected to give rise to significant restructuring in 2011, with potential labour savings.
- **Process automation.** A key component of workforce reduction will be office automation. Investment in this area has been limited historically, with the exception of the PeopleSoft system, which did not result in material staff savings, partly because of a failure to redesign processes at the moment of automation. Main areas of capital investment for increased efficiency and reduced labour input include consultant recruitment (completed), document management (ongoing), staff recruitment (scheduled for 2011), and the new Loans and Grants System (ongoing and scheduled for completion at year-end 2011 or the beginning of 2012).
- **Aligning staff costs with more valid comparators.** The level of staff costs in IFAD's administrative budget has two main drivers: the number of staff and the standard costs of staff as shaped by the recommendations of the ICSC, to which IFAD aligns itself by policy decision of the Executive Board. Key questions are whether the standard costs represent those strictly necessary, and whether there are opportunities for mobilizing staff at lower costs that are still sufficiently attractive to mobilize them at the numbers and qualifications required for IFAD operations. This issue seems to be particularly relevant for GS staff (which tends to be more concentrated in support services). A very

low turnover rate in this segment suggests that the terms of employment are markedly advantageous relative to local market conditions. In 2010 IFAD commissioned an external review of IFAD's remuneration and incentives system, the conclusions of which will be discussed with the Executive Board in December 2010. It is planned that, subject to the outcome of these discussions, IFAD's approach to remuneration and incentives will be made more flexible in 2011, with a more differentiated approach to different segments of the workforce, reflecting conditions in relevant labour markets. This may represent a major opportunity to control costs and raise efficiency in terms of value-for-money.

- **Further outsourcing of functions to lower-cost service providers.** IFAD already sources many functions, particularly administrative functions, outside the staff workforce. As noted above, consultants are a major component of the workforce in cluster 1, and provide an effective and efficient complement to the staff component of the workforce. In the administrative area, a major part of active financial asset management, elements of security, building maintenance and services, printing and visa services are completely outsourced. Parallel to anticipated reforms in the remuneration and incentive systems, in 2011 IFAD will explore further outsourcing of processes susceptible to industry-standard management (e.g. payroll and entitlement management) – to the private sector or to sister institutions potentially enjoying economies of scale reflected in costs. In addition, in 2011 IFAD will further explore decentralization of a number of administration-related functions to ICOs and their regional hubs, benefiting from the lower cost profile of the large majority of the workforce in ICOs. A pilot operation is already being implemented involving greater engagement in loan administration in the IFAD ICO/regional hub in Nairobi.
 - **Rotation of qualified support staff into roles in country programme development and implementation.** The relative inflexibility of the staff contracting framework signifies that actual cost reduction in the support area can often be realized in the short-term only through relocation of staff to the cluster 1 area. Cluster 1 is, as noted above, a workforce growth area, and IFAD is rotating qualified support staff into that area both to change the focus of corporate resources and to accelerate the response to the recruitment needs of cluster 1. This is, naturally, a highly selective process, against a background in which the need in cluster 1 is largely for experienced staff with strong educational qualifications. This is not the profile of many staff in the support areas.
24. Table 10 presents a summary of the principal actions and schedules for managing the workforce to support efficiency and cost containment in the support area.

Table 10
Strategic workforce management for increased efficiency and cost containment in the support area

	2010	2011	2012
Revision of labour intensive processes – documents and translation	Phase 1 implemented	Phase 2 prepared	Phase 2 implemented
Review and reorganization of financial service structures and processes	Review ongoing	Reforms implemented	Implementation
Automation of consultant recruitment processes	Implementation	Implementation	Implementation
Automation of document management	System design ongoing	Implementation	Implementation
Automation of staff recruitment		System design phase	Implementation
New Loans and Grants System	Design	Preparation	Implementation
Audit of staff responsibilities and functions	Preparation	Implementation	
Review of IFAD's remuneration and incentive system	Implementation		
Revision of IFAD's remuneration and incentive system		Preparation	Implementation
Further outsourcing of processes and workforce	Pilot exploration	Preparation and implementation	Implementation
Selective rotation of support staff to operational roles in cluster 1	Implementation	Implementation	Implementation

Towards a strengthened corporate platform for strategic management of the workforce

25. Previous sections described some key issues to be addressed in workforce management to support IFAD's results and the priority steps that are under way and planned to deal with them. The objective is to have a detailed workforce plan for each department and division by the end of 2010, reflecting the initiatives and measures outlined above and, of necessity, fully aligned with the administrative budget and MTP as endorsed by the Executive Board in December 2010.
26. These plans will provide the basis for all recruitment, retention, development and rotation activities in 2011 and beyond, as annually updated on a rolling basis. Effective implementation of these plans to achieve improved corporate results will be partly dependent on key cross-cutting processes, in particular: further improvement of the workforce Performance Enhancement System; further development of manager performance and accountability; introduction of Staff Rules strengthening IFAD's effective ability to manage the workforce; introduction of a meaningful incentive system for exceptional performance; further facilitation of voluntary separation; and establishment of a more gender-balanced platform of staff talent and leadership.
- **Improvement of the workforce Performance Enhancement System.** Changes under way and planned will result in a solid alignment of workforce resources with results. However, the impact on results also depends on the level of individual staff performance. IFAD operates one of the most comprehensive staff performance evaluation systems in the United Nations system. This system, whose operation involves significant inputs from staff and managers, has suffered from a conflation of performance enhancement, on the one hand, and contract and remuneration management functions on the other. In order to produce a lighter and more effective system for

performance management, IFAD placed it in a more robust ICT framework in 2009, and has streamlined and focused the system in 2010. In 2011 it will further focus the system on performance (and productivity) enhancement, providing the point of articulation between corporate, departmental and divisional results management – and management support for the ability to deliver at the individual staff level. In the context of the shift of much of the ICO workforce into the IFAD regular staffing structure, performance enhancement of the expanding ICO staff will be strengthened, and the performance of the consultant workforce will be underpinned by a more corporate system of evaluation.

- **Manager performance and accountability.** Neither the SWP nor HRD directly manage IFAD's workforce; IFAD's staff managers and supervisors do. Their performance is essential to both development effectiveness and efficiency. From 2011, they will implement corporately approved divisional and unit-level SWPs, and their success will be reflected in their own PES results. In addition, the 360-degree staff survey, which covers staff assessments of the competencies of managers and supervisors, will, in its third iteration in 2010, include *all* staff playing a supervisory role directly or indirectly.
- **New Staff Rules.** The formal structure of IFAD's framework for performance management and contract administration is composed of a high-level policy, on the one hand, and a highly detailed manual of procedures, on the other. Nowhere has there been a sufficiently clear, forceful and binding statement of the principles of employment, and the approach that IFAD will take to managing staff for results, including management's right to insist on performance for results and on staff mobility to satisfy corporate requirements at headquarters and in ICOs. At year-end 2010, IFAD will issue the new Staff Rules, effective in 2011, and will follow this with detailed amendments to the manual of procedures, shifting IFAD's staff management from a focus on entitlements and contracts to one on performance and results.
- **Introduction of performance incentives.** A key factor in improved effectiveness and efficiency is the demonstration effect generated by high performers. IFAD currently has few means of incentivizing and immediately rewarding exceptional performance. In 2011, apart from new approaches to incentive payments that may arise from comparison with the practices of other IFIs, IFAD will establish a meaningful performance-based recognition and award system.
- **Further facilitation of voluntary separation.** It is foreseen that, in a number of cases, reaching both effectiveness and efficiency targets may require retrenchment. The contractual inflexibilities arising from the fact that a high percentage of the staff are on continuing contracts make the employment of a mechanism for agreed separation essential. In 2009-2010 IFAD implemented the first tranche of the VSP. A second tranche of implementation is being prepared for 2010-2011. In the context of the progress achieved over the past year on SWP, this second tranche will be more directly targeted at the discrepancy between the "as is" and "must be" workforce profiles.
- **Improved gender balance.** IFAD operates a strictly merit-based system of workforce recruitment, retention and promotion. Past workforce management decisions, as well as the demographics of workforce supply, have created a situation in which women are in the significant majority at the GS staff level, have a more or less equal representation in the P-1 to P-4 P grades, but are underrepresented at more senior levels (P-5 and above), where women

represent about 30 per cent of the total. The RMF for the Eighth Replenishment established an improvement target for gender balance at the senior level of 35 per cent women in 2012. Fulfilment of this objective is affected by the demographics and incidence of senior retirements and departures (which have been weighted towards women in 2010) and the opening of new senior posts. Nonetheless, the objective and its strategic value remain clear and, other things being equal, will be factored into recruitment in 2011 and 2012.

Table 11
Strengthening the corporate framework for managing the workforce for development effectiveness and efficiency

	2010	2011	2012
Detailed SWPs aligned to administrative budget	Preparation	Implementation	Update and implementation
Streamlined ICT-based PES	Implementation and revision	Implementation	Implementation
PES focused on performance enhancement	Preparation	Implementation	Implementation
Manager implementation of SWP monitored in manager PES	Preparation	Implementation	Implementation
Extension of 360-degree surveys to include all staff with workforce management and supervision roles	Preparation	Implementation	Implementation
New staff rules established	Publication		
Procedures manual revised	Preparation	Preparation and implementation	Implementation
Performance rewards established in revised remuneration and incentive system		Preparation and implementation	Implementation
Accelerated voluntary separation to reflect changed functional and performance requirements	Preparation and implementation of second tranche	Implementation	
Better gender balance achieved at senior levels	Planned	Implementation	Implementation

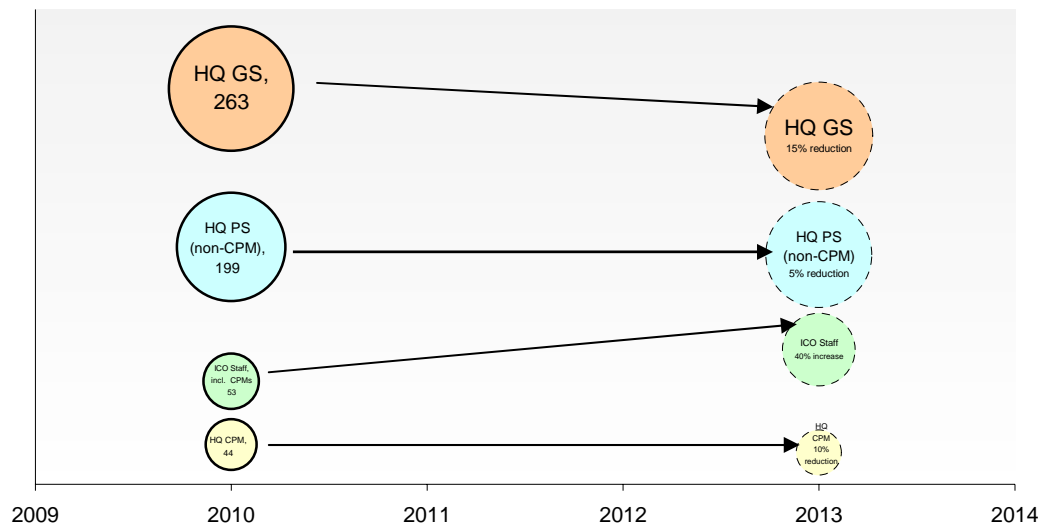
Indicative workforce plans and projections

27. Workforce realignment is a medium-term objective, the various elements of which will be put in place at very different speeds, depending, for example, on the level of dependence on process changes and automation. In 2011 the highest priority will be on development effectiveness – on ensuring that cluster 1 has the capacity to deliver and support the implementation of the expanded programme of work. Thus the 2010 budget already provided for an increase in the cluster 1 staffing level, which is supporting accelerated recruitment of CPMs, associate CPMs and programme financial managers. The proposed 2011 staffing level under the administrative budget provides for a further major increase in the cluster 1 budget, with an important objective being building the capacity of the ICO staff in the strategic interests of strengthening the local interface and capitalizing on the cost advantages of the ICO system.
28. Indicative medium-term staffing plans are in preparation that will govern rotation, release and recruitment, subject to staffing audits as necessary. The major directions are clear: a significant reduction in headquarters GS staff (a freeze on new vacancy announcements for GS staff is already in place); a slight reduction in headquarters P staff; a reduction in the CPM and related P programme staff at

headquarters; and a major expansion of decentralized staff (including outposted CPMs), capturing the benefits of proximity to operations and the lower cost profile of nationally recruited staff. Chart 4 presents the medium-term trajectory of change.

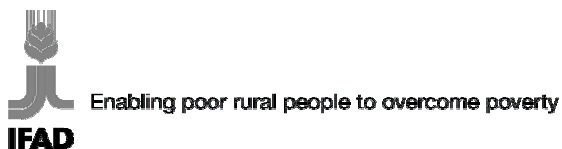
Chart 4

Principal directions of planned change in staffing levels and location by major category of staff



E. Conclusions

29. The effectiveness of the HR management reform, which has occupied the Executive Board and IFAD Management since the Independent External Evaluation, depends on a focus on what IFAD must achieve. In the Eighth Replenishment the targets were set very clearly: greater development effectiveness and impact, on the one hand, greater efficiency, on the other. The SWP is designed to provide a framework that strengthens the contribution of HR management to achieving these, identifying both what has to be achieved and how it will be done: in the country programme operations that directly deliver development results; in the support areas that make country programme operations possible, but that objectively compete for resources with them within the finite overall resource envelope; and in the corporate framework for strategic resource planning and management.
30. The SWP sets the general directions for change in the workforce and its management; and it is explicitly and necessarily a rolling plan. Precise numbers will change over time in response to the pace of implementation of the actions indicated in tables 9, 10 and 11 – as well as to financial resource availability. An important area in which the SWP will be developed in future iterations is financial and asset management, which is subject to an ongoing external analysis, and which may need to be strengthened in some areas to respond to the volatility of asset markets and a broadening approach to resource mobilization and management.
31. The SWP has a reciprocal relation to zero-based budgeting. It establishes required workforce levels according to results and is, therefore, one budget driver – among many. Equally, however, concrete workforce planning must be consistent with the overall financial resources available, as finally endorsed by the Executive Board and approved by the Governing Council. This mutual accommodation is still in process. When an administrative budget for 2011 is endorsed by the Executive Board, the definitive parameters for the workforce will be established – with corresponding recruitment, rotation and release plans. The SWP is an element of IFAD's MTP. As such, progress in implementation and further development will be reported within the reporting framework for the MTP as a whole.

**THE PRESIDENT**

24 June 2010

PB\2010\07

PRESIDENT'S BULLETIN**Originator: Human Resources Division****Distribution: All Staff****Subject: Recruitment and Selection of Staff**

As part of the HR Reform Programme, IFAD is evaluating its current staff rules, policies and procedures. Pending finalization of new Staff Rules and Procedures, amendments to the Human Resources Procedures Manual (HRPM) are necessary to support our ongoing work.

The current procedures on recruitment and selection of staff are hereby amended and clarified, and the attached procedures are effective as of the date of this Bulletin.

A revised version of the relevant provisions in Chapter 1 and Annex 2 will be issued as part of the new Human Resources Manual.

Kanayo F. Nwanze

ATTACHMENT TO PRESIDENT'S BULLETIN

RECRUITMENT AND SELECTION OF STAFF

A. General

1. When a vacancy arises, the hiring manager together with the department head will formally provide HRD with justification for initiating the recruitment process, including a job description, confirmation of budget availability and the unit's organigramme indicating how the position fits into the unit's structure. The position should be in line with the Strategic Workforce Plan.

B. Vacancy Announcements (VAs)

2. If in the opinion of the hiring manager and the Director, HRD a position may be filled through an internal rotation, the process shall be started as per HRPM 1.23.

3. If a candidate cannot be identified either through redeployment or rotation, HRD shall proceed to advertise the position.

4. Vacant positions at IFAD are advertised internally and/or externally.

5. Positions at professional and higher levels are subject to international recruitment. These are positions for which global mobility and international experience are essential requirements. Vacancies may be advertised anywhere from two weeks to 45 days. Positions advertised internationally are always advertised for at least 30 days.

6. Positions at the General Service (GS) level are subject to local recruitment and as such are normally announced only within the duty station. Upon the request of the hiring manager, Rome-based GS vacancies may be distributed worldwide to improve the geographic and nationality diversity of the candidates. However the selection of a candidate outside commuting distance from Rome does not alter the appointment conditions, which are local/Rome only. Although national staff members are not subject to mobility, they may compete for positions based in Rome at the GS level as external applicants.

C. Selection

7. Both internally and externally advertised positions shall go through the same selection process.

8. After a vacancy announcement closes for applications, selection procedures are started: a long list of candidates is prepared by the Human Resources Division and submitted to the hiring manager who compiles a short list of candidates for review by HRD.

D. Pre-screening

9. For pre-screening purposes, the hiring division in collaboration with HRD may conduct informal pre-interviews (through audio/video connections) or other pre-screening assessment tools in order to collect more information on potential candidates' experience, skills and/or behavioural competencies. The hiring manager decides on the composition of the informal pre-screening group, in consultation with HRD.

E. Assessment Tools

10. The hiring director and/or the direct supervisor, together with HRD, must consider and agree on the assessment technologies to be used for the recruitment exercise prior to any interview. If a technical test is desired by the hiring division as one of the methods of assessment, it shall be created and agreed upon prior to the interviews. Such tests should be administered anonymously and evaluated by a previously selected technical expert. Other assessment tools may include, but not be limited to, online tests, panel presentations and targeted case studies.

11. Upon finalization of the short list, HRD, in consultation with the hiring manager, arranges the interviews by contacting candidates and finalising the composition of the Interview Panel.

F. Composition of the Interview Panel

12. The Interview Panel is responsible for recommending candidates for the advertised position in order of priority, providing justification for the recommendations. It shall be constituted as per HRPM 1.11 (Chapter 1), with a number of amendments as below.

13. The Chairperson of the Interview Panel shall not be the hiring manager. For professional and managerial positions, the Chairperson will be selected by the Director, HRD, and will normally be a member of the IFAD Management Team (IMT). For GS vacancies, the hiring manager may nominate the chairperson in consultation with HRD.

14. The hiring manager, the direct supervisor or her/his representative is a voting member of the Interview Panel and cannot assume the functions of the chairperson.

15. In accordance with Annex 2 of the HRPM which defines the roles of the members of the Interview Panel, the ECSA representative participates fully in the interviews, but is not a voting member. If the ECSA representative has important issues related to the process, she/he may bring these to the attention of the Director, HRD, prior to the approval of the final recommendation.

16. The Human Resources Division, in consultation with the hiring manager, may request the inclusion of an additional technical expert or a key client (internal or external to IFAD). This expert shall be a non-voting member of the Panel, who is present to provide additional technical advice. She/he shall submit a written evaluation of the technical profile of the candidates as an annex to the report of the Panel. The written evaluation shall be used by the Panel as a contribution to the evaluation of the candidates.

17. All members of the Interview Panel shall participate in all interviews and deliberations--whether they are physically present or connected by audio/video link - in order for there to be a valid recommendation.

18. A valid recommendation shall be reached by consensus of the voting members of the Interview Panel. HRD, with input from members of the Panel, shall prepare the recommendation memorandum, which will be signed by the Chairperson and all voting members. Voting members and observers (excluding the technical expert), if not in agreement with the content of the recommendation, may inform the hiring manager or the President (as applicable) of their concerns, in writing, prior to a final decision.

19. In the event of the Interview Panel failing to reach a consensus among the voting members, the Chairperson shall inform the hiring manager or the President (as applicable) for a decision on the next steps.

G. Final selection process for positions at General Service level

20. The Interview Panel makes its recommendations to the hiring manager. In the event the Interview Panel submits (in order of priority) more than one candidate, the hiring manager would communicate the selection decision—made in accordance with the priorities set by the Interview Panel—to the HRD Division in writing and provide full justification.

21. If the selected candidate is no longer available, the hiring manager may authorize the selection of another candidate recommended by the Interview Panel without reverting to a new vacancy announcement.

22. Should the Interview Panel fail to identify a candidate(s), this is to be clearly stated in the minutes of the Interview Panel, with the recommendation to the hiring manager that the recruitment action is closed and a new advertising campaign be initiated.

H. Final selection process for positions at Professional and Higher Levels

23. The Interview Panel recommends the selection for professional positions, including at D1/D2 level, to the Appointments Board. The Appointments Board is an advisory body to the President, and is composed of all interviewers (the Interview Panel). The President normally chairs the Appointments Board for Professional and higher level. However, the President may delegate his authority to preside the Appointments Board as follows:

P3 and P4 positions: - The Vice President

P1 – P2 positions: - A Member of the EMC, selected by the President

24. The Interview Panel presents its report and recommendations to the Chairperson of the Appointments Board, which approves or does not approve the recommendation. In the event the Interview Panel submits (in order of priority) more than one candidate for selection, the Chairperson of the Appointments Board may authorize with justification the appointment of any of the recommended candidates.

25. If the selected candidate is no longer available, the Chairperson of the Board may authorize the appointment of another candidate recommended by the Interview Panel without reverting to a new vacancy announcement.

26. Should the Interview Panel fail to select a candidate(s), this is to be clearly stated in the minutes of the Interview Panel, with the recommendation to the Chairperson of the Appointments Board that the recruitment action is closed and a new advertising campaign is initiated.

27. In the event of disagreements or disputes during the final selection process, the President will make a decision based on a review of all the facts.