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Investing in rural people

## People, Processes and Technology Plan: Update

### Note to Executive Board representatives

Please note that this document, which was posted "for information" earlier, has been revised to present the item to the Executive Board "for review".

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**For: Review**

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## Abbreviations and acronyms

BPR	business process re-engineering
DSWP	divisional strategic workforce plan
ERM	enterprise risk management
HRD	Human Resources Division
KPI	key performance indicator
PPTP	People, Processes and Technology Plan

# People, Processes and Technology Plan: Update

## I. Introduction

1. The Executive Board approved the People, Processes and Technology Plan (PPTP) at its April 2020 session (see EB 2020/129/R.3/Rev.2). The PPTP is a key enabler of the Twelfth Replenishment of IFAD's Resources (IFAD12) business model. It aims to ensure that IFAD has sufficient human resources with appropriate capabilities, efficient corporate processes and the technological solutions required to expand and deepen IFAD's development results.
2. The objective of this paper is to report on the implementation progress made since April across each of the workstreams (i.e. people, processes and technology). The document also provides an update on the PPTP time line, key performance indicators (KPIs), risks and change management plan.

## II. Update on people, processes and technology workstreams

### A. People

3. The objective of the people workstream is to ensure that IFAD has the right people, with the right skills, in the right roles and at the right times and places. Activities under this workstream are intended to help IFAD build and manage an agile workforce able to effectively deliver current and future programmes of work. Within this workstream, one-time investments in four areas were envisaged as part of the PPTP. The progress made in each area is presented below.

#### (i) Divisional strategic workforce plans

The aim is to devise divisional strategic workforce plans (DSWPs) for each division, building on the outcome of the second phase of the Analytical Human Resources (HR) Study on IFAD's Current and Future Workforce Composition (HR Study – Phase II), completed in April 2020. This exercise will be supported by McKinsey & Company, who were contracted at the end of July 2020 following rigorous negotiations on scope and cost. This work is expected to continue until November 2020. The output will be a medium-term staffing plan for 2021–2024, covering both capacity and capability.

As part of the DSWP exercise, Management is also preparing an organization-wide job audit, in which all job descriptions will be reviewed and classified.

#### (ii) Targeted training for upskilling/reskilling

To bridge identified skill gaps, work has been under way since the end of July 2020 to design tailored reskilling and upskilling programmes for existing staff for critical generic roles, including country directors, technical specialists, procurement officers, and monitoring and evaluation officers. This approach will create an opportunity for staff to enhance their skill sets and career development opportunities. For very specialized skills, such as in highly specialized legal or financial areas, where it has been determined that the skills gaps cannot be filled through upskilling and reskilling, the approach will be to seek this expertise externally.

To support this work, the Human Resources Division (HRD) has: (i) created a granular database of skills at position level; and (ii) conducted an in-depth analysis of the skills gaps for critical roles. These were identified by comparing the anticipated increased demand for skill groups with the most significant gaps identified through interactive workshops with the divisions. Initial priority will be given to strengthening skills for critical roles before broadening efforts to other roles in the organization. Even with significant support for staff during the upskilling/reskilling initiative, some staff may not be ready or able to acquire new or different skills, or some staff may reject

upskilling or reskilling training. For these latter cases, Management has agreed on the principles that would apply, and the separation programme is now being designed.

In addition, HRD has launched the first component of the new Talent Management Platform, in collaboration with the Information and Communications Technology Division, to support the 2020 reassignment exercise. The exercise comprises 127 staff and 146 positions, of which 26 are already based in the field (others may be transferred at a later stage). This component, integrated into the current PeopleSoft system, extracts information (including talent profiles on staff members' skills, qualifications, experience, etc.) to assist in identifying talent matches during the reassignment process.

**(iii) Performance management – dedicated management training and support**

Management is redesigning the end-to-end performance management process to support supervisors in managing performance and proactively addressing underperformance. This includes changes to annual goal-setting, a more effective system for rating against goals and tracking of continuous feedback. As part of the effort to change the performance culture in IFAD, the new rating system and a redesigned process for managing underperformance will be introduced in 2021.

A mandatory, tailored training programme is currently being designed and will be rolled out in the fourth quarter of 2020. Approximately 180 managers who directly supervise staff will take part.

A change in culture has already started and managers have taken important steps in managing underperformance of technical skills and/or behavioural competencies. As of June 2020, a total of 12 staff have been placed on performance improvement plans with the objective of supporting staff members in achieving the agreed objectives and competencies. This represents a significant increase in comparison with the annual average of two to three staff over the past five years. These plans include specific operational and/or behavioural objectives to be achieved and expected results over a six-month period, with systematic check-ins at various intervals. Staff and managers are being provided with the support needed to address performance issues, with close monitoring of progress.

**(iv) Employee value proposition**

The HR study confirmed that, with IFAD's current compensation and pension benefits, it is challenging for the Fund to attract highly specialized talent in areas such as legal, finance and treasury services.

Notwithstanding this challenge, Management agreed to work within the scope of IFAD's existing legal and HR frameworks to increase the Fund's attractiveness to such specialized talent as part of its business-as-usual activities. Specifically, HRD has prepared a proposal for specific initiatives aimed at strengthening outreach capacity to attract and retain talent, particularly for highly competitive or technical niche roles in areas where talent gaps have been identified. The proposal focuses on expanding three facets of the existing talent outreach programme: (i) building and strengthening the IFAD employer brand; (ii) enhancing HRD's direct engagement with its audience; and (iii) establishing a network and maintaining continuous dialogue.

**B. Processes**

4. The objective of the process workstream is to ensure that IFAD's underlying business processes are fit for purpose and to provide IFAD with the operational

capacity to meet its objectives, manage its risks and enhance its efficiency. As advised at the April 2020 Board session, of the 68 recommendations made by Alvarez & Marsal in their final business process re-engineering report (November 2019), Management identified 18 “quick wins” and a further 25 priority actions (43 in total) for implementation in 2020, with the remaining 25 recommendations planned for implementation in 2021. In addition, a second comprehensive review to identify additional processes to streamline will be completed in 2020. Three one-time activities were identified in the April Board document, and progress on these areas is set out below.

**(i) Implementation of 18 quick wins**

As of end-July 2020, Management is projecting an 83 per cent completion rate (versus a target of 100 per cent) for the 18 quick wins. This is because the completion of three quick wins was deferred to 2021 to ensure that sufficient detail about business requirements is available to make it possible to cost system changes. Examples of outputs in this area include:

- Virtual training sessions were held with 47 “travel champions” to improve awareness of the travel process (booking tickets, etc.) and to ensure expense reports are processed accurately (“right first time”) and to ease the workload of the central travel team. Estimated savings from this activity: 4,500 staff hours per year.
- Consultation sessions were held with 19 budget holders and 5 delegates with a view to reducing the volume of last-minute travel and automating budget holder approval for some low-value expenses. The travel guidelines were consequently updated and approved. Estimated savings: 700 staff hours per year.
- Best practice process guides were developed, covering pre-screening assessments and scoring to improve consistency across divisions.
- An update to the system for monitoring consultancy days served, 240 days per year/960 days over five years policy for consultancy contracts has been developed to enable better transparency and tracking of consultants to ensure hiring managers can make an informed decision that will avoid transactions having to be reworked in the system. Similarly, a “responsible, accountable, consulted and informed” (RACI) matrix was prepared to provide further clarity regarding expectations from process owners/users. Estimated savings: 1,500 staff hours per year.
- Structured interviews were conducted with staff at six other United Nations agencies and the World Bank to understand best practices for document quality control, resulting in a proposal for a “document quality-control central authority”. This is expected to result in shorter and better-quality Governing Bodies documents, which will reduce internal processing time and translation costs and improve timely delivery to Members.
- System change requirements for travel, consultant management and staff recruitment business processes have also been specified for implementation in 2020.

**(ii) Implementation of a further 25 recommendations and review of additional business process re-engineering (BPR) exercises**

Management has launched a formal procurement process to identify an external service provider to support the implementation of a further 25 recommendations and to review additional business processes in July/August 2020. This procurement process is expected to be finalized so as to allow work to commence at the start of September.

Management will update the Board in December on which processes have been selected and the anticipated benefits. Management will also report on overall institutional actions planned in 2021 to increase business process maturity across the Fund.

Finally, Management is establishing a metrics-based tool to track the estimated savings of 15,000 staff hours and up to US\$1.5 million by 2022, and an update will be provided to the Executive Board at the December 2020 session.

### **(iii) Enterprise risk management (ERM)**

Management has continued to advance the implementation of planned ERM reforms in an integrated manner across the organization since April 2020. The following activities have been completed: (i) development of risk metrics, preliminary qualitative risk appetite statements and thresholds; (ii) a benchmarking exercise and analysis of IFAD's conflict of interest provisions; (iii) review of IFAD's approach to enterprise resilience, based on lessons learned from the COVID-19 crisis, and development of a road map for implementing a robust enterprise resilience framework; (iv) further fine-tuning of IFAD's enterprise risk taxonomy; (v) review of the controllership approach in the assessment of internal controls for COVID-19 flexibility measures; and (vi) development of ERM training materials to support the adoption of the ERM Policy and the Risk Appetite Framework.

## **C. Technology**

5. The objective of the technology workstream is to directly enable the other two workstreams to augment operational capacity and to initiate baseline automation to enhance staff skills and uptake of skills in areas such as digital fluency and data analysis.
6. Activities within the technology workstream have generated considerable staff interest and engagement. The COVID-19 context has reinforced the consensus that IFAD needs to do more with technology to work more smartly. In the area of automation in particular, staff have welcomed the opportunity to learn about and pilot innovative technologies.

### **(i) People**

For the Talent Management Platform, the need for technology to dynamically track staff members' professional development and to link it with anticipated needs within the organization is clear, especially given the current decentralized structure and plans for further decentralization. The approach has been to leverage the existing PeopleSoft platform by implementing missing components and modules (primarily in recruitment, performance management, succession planning and an "employee snapshot" of their talent information) and by utilizing the latest reporting capability for actionable information dashboards. This approach responds to the recommendation in the HR study to discontinue the use of customized platforms and instead to use industry standard best practice processes.

An implementation partner to deliver the Talent Management Platform was identified through a competitive process, and work on the project commenced in early July. As mentioned in paragraph 3(ii) above, the first deliverable, which enables staff profiles to be matched with available positions, has been deployed in support of the 2020 staff reassignment exercise.

In parallel, technical preparation for the subsequent Talent Management Platform deliverable has commenced, allowing the latest features and platform functionalities to be leveraged. The expected completion date for this foundational technical work is the end of September.

**(ii) Processes**

As mentioned above, the first batch of detailed business requirements was delivered at the end of July. Following project preparation and vendor selection activities, it is expected that implementation will start in September.

**(iii) Automation**

**Transactional pilots.** The 2020 activities in relation to automation are primarily focused on “transactional” pilots – i.e. pilots in areas where systems and stable, rules-based processes are in place, but they involve manual tasks that create overheads and potential for errors. Automation in such cases will leverage robotic process automation technology to supplement human effort. As of mid-July, the in-depth (“deep-dive”) analysis for three pilots had been completed. The pilots are in the design phase, with a further three in the advanced planning stage.

One pilot involves a Programme Management Department use case, with robotics used to upload operational reports (including concept notes) into systems. Currently, these reports are created collaboratively and the documents are manually uploaded once completed. The project involves staff from Operational Policy and Results Division and the Latin America and the Caribbean Division.

Three pilots for finance automation use cases have been initiated within Financial Operations Department divisions. The first pilot aims to collate over 20 reports and information points related to project missions, including supervision and audit reports. A robotics process extracts information from a variety of sources, both internal and external, and compiles it into a knowledge kit for the mission team. A second pilot involving the Treasury Services Division automates specific tasks within bank reconciliation processes with the aim of improving visibility on cash positions. Finally, a pilot with the Financial Controller’s Division will automate manual processes for exchange rate management in IFAD’s financial systems.

Additionally, a pilot using “chat bot” technology is being trialled to support improved client and issue management. Several divisions proposed use cases to scale up support operations with a view to providing 24/7 first-level automated support, with staff time reserved only for requests requiring analysis or investigation. Initial pilots will test the technology to gauge its suitability for other IFAD use cases.

In collaboration with Microsoft, a pilot has been set up with the Research and Impact Assessment Division and the Communications Division that employs automation to create meeting transcripts, with translation and textual analysis. If the manual validation of robotics-generated transcripts yields positive results, this technology will be expanded as a corporate tool for several IFAD events.

**Strategic pilots.** Analysis and outreach is ongoing for potential “strategic” pilots, in particular with regard to how information can be leveraged to unlock insights. Discussions are under way with potential vendors to understand the steps involved in order to iteratively test and recalibrate these pilots.

Costs for automation are in line with plans. Where possible, lower-cost frameworks are used for piloting purposes, leveraging investment by experienced vendors, with IFAD staff providing support as a means of building expertise.

### **III. Implementation arrangements**

#### **A. Timeline**

7. The implementation of the plan commenced during the COVID-19 crisis. As agreed at the April Board session, the time line of the project has been extended from a two-year to a three-year period. The updated implementation time lines are set out in annex I.<sup>1</sup> Although the COVID-19 context creates a challenging environment, thus far it has not had a significant impact on progress thanks to the successful use of teleworking. The scheduled 2020 deliverables are on track to be completed on time and within budget, with the exception of the specific areas related to the BPR exercise noted above, which will be deferred until 2021.

#### **B. Key performance indicators**

8. Management proposed a set of KPIs at the April Board session. An update of the eight KPIs, which have time lines ending in the fourth quarter of 2020, is set out in annex II. With the exception of KPI no.18 (implementation of 18 quick wins), all the other KPIs are on track to be delivered by the end of 2020.

#### **C. Key risks and mitigating actions**

9. Management presented five key risk areas in the April Board paper (see table 3 of document EB 2020/129/R.3/Rev.2), in addition to the risk posed by COVID-19.
10. Management has continued to monitor the risks identified and, although it is still early in the implementation phase, none of the risks have materialized in a significant manner. In relation to the specific risks identified in the April Board paper on the "human factor" and the phenomenon of "change fatigue", it should be noted that the current reassignment exercise increases the risk of lower staff engagement in and buy-in to the plan. Management will mitigate this risk through strong engagement with staff on the IFAD12 business model, including with regard to the principles of proximity and adaptability.
11. Specifically in relation to the COVID-19 crisis, it should be noted that the situation has pushed forward and normalized technological advancement in IFAD. Tools to assist remote working have mitigated the business continuity risk.

#### **D. Change management and communication**

12. At the April Board session, Members underlined the importance of strong change management to ensure the success of the plan. Management has addressed this need by developing a high-level change management approach and a dedicated strategy for "change communications" and engagement with internal and external stakeholders.
13. The primary goal of the change management approach is to support awareness, ability and accountability. The draft change management and communications plan developed focuses on helping IFAD colleagues to: (i) be aware of PPTP activities and understand how they contribute to doubling IFAD's impact by 2030 (awareness); (ii) engage in the reform process and gain the skills necessary to be successful in sustaining changes (ability); and (iii) understand how progress will be monitored and long-term benefits reinforced (accountability).
14. The following activities were undertaken to raise awareness:
  - Two all-staff events were held, and six internal blogs and one video message on PPTP-related topics were produced.
  - The minutes of the PPTP working group meetings and documentation disclosed at Executive Management Committee (EMC) meetings were made available on the IFAD intranet.

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<sup>1</sup> The initial time lines can be found in annex I of document EB 2020/129/R.3/Rev.2.



- The IFAD Staff Association was invited to join the working group as an observer in May 2020 to raise staff awareness and ensure transparency.
15. In relation to ability and accountability:
- Two dedicated update events were held with IFAD directors to ensure they are key actors in the change management process. Directors are being encouraged to disseminate key messages about PPTP implementation through their divisional meetings.
  - Senior Management ownership and engagement is assured through the working group's participation in the EMC. The EMC has received three updates from the PPTP working group since the plan's approval in April.

#### **IV. Way forward**

16. The PPTP is a critical enabler in supporting IFAD's ambitious vision for the future, its decentralized structure and the IFAD12 business model. Management is committed to maintaining momentum during implementation. Key elements of the plan will be scaled up in the third and fourth quarters of 2020 (e.g. the next phase of the BPR and DSWPs).
17. Management will provide the Board with a further update in December 2020, at which point Members will be asked to approve the drawdown of funding set aside for 2021.

## Revised implementation schedule 2020-2021/2022

	2020				2021				2022			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>People</b>												
Strategic workforce planning: development of divisional plans												
Targeted upskilling/reskilling training												
Job audit												
Review of existing human resources arrangements to enhance employee value proposition												
Redesign of the end-to-end performance management process												
Support for performance management redesign												
Dedicated management training and support for supervisors												
<b>Processes</b>												
Implementation of 18 "quick wins"												
Implementation of additional 25 recommendations												
Implementation of remaining 25 recommendations												
Business process maturity assessment and follow-up actions												
Analysis of new business processes (in addition to the initial 7 ones)												
Implementation of selected recommendations												
<b>Enterprise Risk Management Framework integration</b>												
<b>Technology</b>												
Talent management system: design, testing, roll-out and post-launch support												
Implementation of 24-phase-1 business process re-engineering technology changes and solutions												
Validation of potential cases for automation (deep-dive analysis)												
Implementation of pilots of automation use cases (transactional)												
Implementation of pilots of automation use cases (strategic/data-driven)												
<b>Investment in IFAD Country Office upgrades</b>												

## Progress against key performance indicators (KPIs)\* as of mid-July 2020

Indicators	Targets	Baseline	Status	Timeline
<b>Outcome indicators</b>				
1. Staff engagement index (Global Staff Survey [GSS])	80%	GSS 2018: 72%		2021
2. Decrease capability gaps	25% gap reduction	Skills gap survey 2019		2022
3. Percentage of job offers accepted as a % of offers made	>95%	92%		2021
4. Staff successfully exiting underperformance cycle	> 90% of staff underperforming			2022
5. Decrease in time to fill Professional vacancies (days)	90 days	100 days		2021
6. Decrease total overtime expenditure per year	15% reduction	2019: US\$300,000		2022
7. Staff hours saved per year	15,000 hrs/year	2019		2022
8. Increase staff perception on the efficiency of internal procedures and processes	50%	GSS 2018: 27%		2023
9. Reduction of relative costs of institutional functions, services and governance	25%	2019: 27%		2022
<b>Output indicators</b>				
<b>Strategic workforce planning</b>				
10. Targeted staff with capacities upskill or reskill	250 staff			Q4 2021
11. All positions reviewed (job audit)	100%			Q4 2022
<b>Performance management</b>				
12. Performance management process redesigned	Completed		On track	Q4 2020
13. All supervisors trained in performance management	100% Directors and supervisors			Q4 2021
14. Tailored performance management system in place	Completed			Q1 2021
15. Underperformance management handbook released	Completed		On track	Q4 2020
16. Review of the rebuttal process finalized	Completed		On track	Q4 2020
<b>Employee value proposition</b>				
17. Review of compensation mechanisms within policies finalized	Completed		On track	Q4 2020
<b>Business process re-engineering</b>				
18. Quick-win reforms completed (18)	100%		83% completion	Q4 2020
19. Additional prioritized reforms completed (25)	100%		Work planned for Sep-Dec 2020	Q4 2020
20. Review of additional business processes completed	Completed		Work planned for Sep-Dec 2020	Q4 2020
21. Implementation of selected recommendations	100%			Q4 2021
<b>Enterprise Risk Management Framework</b>				
22. Regular quarterly risk reporting in place and actions followed up	Quarterly risk reporting			Q1 2021
<b>Automation</b>				
23. Staff engaged in automation	5% of Professional staff		On track	Q4 2020
24. Automation pilots mainstreamed	25%			Q4 2021

\* Only the status of KPIs due for delivery in 2020 are provided in this update.

Note: Changes to KPIs presented to April Board – strikethrough indicates deleted text, underline new text. No. 2: Decrease ~~capacity~~ capability gaps; No.11: All Professional positions reviewed (job audit).