IFAD
INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT
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REPORT OF THE PRESIDENT ON THE
HUMAN RESOURCES MANAGEMENT STRATEGY

I.   INTRODUCTION

1.   Three years ago, IFAD embarked on a major review of its human resources management function in order to sustain its preceding re-engineering efforts. The team of human resources management consultants that was recruited to assist in devising policies aimed at consolidating the results of this endeavour presented its report last April, and completed its work two months later. The mandate of the human resources management strategy (HRMS) team was the latest initiative in a continuing process that gained impetus, especially in the past six years, to adapt the organizational structure and staffing resource levels of the organization to a changing environment and to realign policies in order to improve the efficacy of the Fund's operations. The purpose of this report is to inform the Board of the organization's activities in this area.

II.   BACKGROUND

A. Report of the Rapid External Assessment of IFAD's Activities – July 1994

2.   Following a resolution adopted by the Governing Council at its Seventeenth Session in January 1994, a rapid assessment team of outside consultants was established to assess: (a) the extent to which the Fund was fulfilling its mandate to address rural poverty and hunger; (b) the Fund's strengths and weaknesses, compared with other multilateral and bilateral institutions assisting the poorest in the agricultural sector; and (c) the Fund's relative cost-effectiveness, including the ratio between administrative costs and lending levels; and (d) the extent and nature of cooperation with other institutions, including their policies and strategies.

3.   Among its findings, the team pointed out the need for the Fund to:

- improve its capacity to monitor and supervise the implementation of its projects;
- develop its personnel policies, including rotation policies; and
- carry out a re-engineering of its organizational and budgetary structure in order to ensure better resource allocation.

4.   As a result, an internal reorganization was undertaken in 1994 for the purpose of enhancing the institution's ability to develop a longer-term strategy and to better support implementation activities. IFAD developed a strategic management system, linking the definition of the long-term objectives of the organization with the means it required to implement them. In the same year and with the assistance of a group of specialized consultants, IFAD began a major effort to re-engineer its core business processes, by creating working groups to review existing processes in the area of corporate strategy articulation, resource mobilization, project development cycle, document management and publications, and the internal procurement of goods and services. By mid-July 1995, all but two of the working groups had presented their recommendations to a special task force made up of the Fund's three Assistant Presidents. The working groups on information systems and human resources were to present their reports at a later date. The task force submitted its recommendations to the President in September 1995, and a detailed action plan on the Follow-Up to the Report of the Rapid External Assessment of IFAD's Activities was presented to the Executive Board at its September session in document EB 95/55/R.50. Subsequently, a number of re-engineered processes and further changes to the organizational structure were implemented.

5.   The re-engineering working group on human resources presented its report in March 1996. It recommended, *inter alia*, that a thorough human resource assessment be initiated, including the development of detailed job descriptions, a skills-assessment and the organization of a training programme to develop or strengthen skills required to implement the re-engineered processes. It further recommended that IFAD be assisted in this major endeavour, by obtaining the services of experts in the areas of work-load surveying, job classification, performance appraisal, career development and training, organizational development and human resource planning.

B. Review and Adoption of a New Human Resource Management Strategy

6.   Thus, it was on the strength of the recommendations of the working group on human resources that in August 1996, a team of consultants was asked to lead the process. In August 1996, it submitted its proposals to the President for a comprehensive and integrated human resource management strategy. Intensive work ensued over a period of two and half years, including: (a) a detailed analysis of job competencies, unit structures and work distribution, and staff skills; (b) a distinct training programme to assist management and staff in adjusting to the new culture of change that was being introduced, in order to meet emerging needs, which was to be integrated into an overall corporate training programme; and (c) the design of a new personnel policy framework that would include the review and development of policies for recruitment, performance appraisal and merit/recognition.

7.   In April 1999, the HRMS team presented a report consisting of a summary of work completed and new policy proposals. The contents of the report have been reviewed through an intensive process of internal consultations that enabled the adoption of new procedures and policies in a number of areas. While some of the proposals of the HRMS team are built on work already underway in the Personnel Division, other recommendations represent new procedures and policies that will be applied in such areas as staff employment, promotions and rewards, and improvement in general working conditions.

C. Completed Elements of the Strategy

8.   **Attitude surveys**. A major innovation was the use by the consultants of in-house surveys to solicit the views of the whole staff on the organization's performance in such areas as communication, work planning, staff grievances, staff morale and general working conditions. The survey questionnaires queried staff on individual work assignments, the work unit, the work unit's manager and the latter's own manager. The HRMS team scrutinized the completed questionnaires (which were anonymous), and then collated the results. Upon completion of this exercise, the general

findings were circulated to the staff, but the detailed findings for each work unit were conveyed individually to the respective managers in review sessions conducted by the consultants. The purpose of these sessions was to assist managers in using the feedback from their staff to develop plans of action to address areas requiring serious improvements highlighted by the questionnaires. The managers, in turn, held discussion sessions with their staff.

9.   Thus, management can utilize attitude surveys to obtain feedback on managers' performance, the implementation of a clear set of rules and procedures, and the introduction of innovative policies. The first two surveys were conducted in June 1997 and October 1998, respectively. The results showed, according to the consultants who analysed them, that the staff realized the need to adjust to present changing circumstances, and that management was beginning to be seen as making commendable progress in addressing staff concerns in many areas. Additional surveys will be conducted in the future.

10.   **Competency models**. Another unique feature of IFAD's new HRMS is the development of competency models. Competency models are a compendium of the skills and attitudes needed to perform successfully a given assignment. Since competency models indicate, in concrete terms, the specific traits that an applicant must possess to successfully perform his/her assignment, they, together with the job descriptions, constitute the foundation for hiring decisions. Similarly, they provide both staff and supervisors with examples of performance behaviours on which to base work plans and performance reviews. Finally, competency models provide the basis for establishing training and development plans designed to align actual staff skills with those of the models.

11.   The HRMS team designed and validated 70 competency models through exhaustive discussions and interviews with both staff and managers. The models, which are also essential to the implementation of the new individual performance system (IPS), contain examples of what would be deemed "superior", "successful" and "needs improvement" ratings in the context of the latter. In order for the models to always be in line with the changing nature of IFAD's work and the demands placed on the staff, it was agreed that they should be reviewed periodically to confirm their continued validity and be updated where necessary.

12.   **Unit reviews and classification exercise**. A large portion of the consultants' time was spent conducting organizational unit reviews. The reviews consisted in an analysis of the unit's functions, structure and staffing requirements for current and future needs. This resulted in the clarification of roles and responsibilities, a reduction in reporting levels, and an increase in delegation of decision – making to the lowest level in the unit appropriate with work requirements. It also highlighted units where the current staffing levels were inappropriate – indicating the need for staff redeployment and for re-engineering in the support areas.

13.   In this connection it should be noted that the consultants have identified possible redeployment of posts over a two-year period ultimately leading to the release of some posts in the Secretary's Office, Personnel Division and Office of the Controller as well as the absorption of a number of long-term temporaries (LTTs). The proposals have been actively reviewed but may require more time to implement as they are tied to the re-engineering of processes in the areas concerned and the introduction of automation and computerization of activities that are presently paper- and labour-intensive. These recommendations are linked to the review of information systems technology being presented in another report to this ExecutiveBoard (document EB 99/67/R.25).

14.   The classification exercise was extended to all IFAD posts up to the P5 level and took approximately 18 months to complete. Because it was the first exercise of its kind in the history of IFAD, excluding the one conducted in the early 1980s for General Service staff positions only, it entailed a major redefinition of the functions of a large number of posts that had changed over the

years without the related job descriptions and grades being brought to date. This resulted in a number of reclassifications in 1998 and 1999, particularly in the General Service staff ranks, but also among the Professional staff. They were processed according to existing regulations, and with their financial impact absorbed within available budgetary resources.

15.   In the future, part of IFAD's HMRS will be to keep position descriptions constantly under review and in line with corporate thrusts, and, where applicable, reclassify posts in accordance with applicable UN principles and standards of job classification. To allow more flexibility in career advancement, as well as to reduce the budgetary impact of any upward reclassification where feasible, classifications will be established in terms of bands. This means that the classified level of a post will cover a range of levels, say from P3 to P5, with the actual grade of its incumbent dependent on knowledge, skills and experience that may be acquired over time or through specialized training. This practice is already being applied in the Programme Management Department, the Office of the General Counsel and the Office of Evaluation and Studies. It will be extended to the whole organization.

16.   **Individual performance system (IPS)**. Introduced in January 1998, this new system replaced the former performance evaluation system that was based on two-year and five-year cycles (depending on the staff member's contract type), which had proven to be deficient in many respects. It may be useful to provide some details on how the new system has been elaborated. The IPS is the fundamental tool for implementing the previously adopted strategic framework of the performance-driven management system. Unlike the old system, it fosters close dialogue between staff members and their supervisors, in order to clarify their respective expectations in areas of work objectives, standards of performance and career development. At the start of the performance year, set from February to March in order to place it in the context of the cycle of the corporate scorecard, supervisors and staff draw up the latter's workplans for the coming evaluation period. They agree on a list of activities and outputs for the coming year, tying individual work assignments directly to the annual workplans of their units. The latter, in turn, form part of IFAD's corporate scorecard for that year. Whenever necessary, the individual annual workplan is accompanied by a practical development plan aimed at enabling the staff member to achieve the expected outputs. The performance year includes a mid-cycle review during which staff members and their supervisors assess progress to date and can adjust, if necessary, the workplan to reflect changing needs. At the end of the performance year, supervisors and staff jointly appraise the latter's performance against the clear objectives and standards of performance agreed upon earlier. Once these appraisals are completed, they are forwarded by supervisors to a management review group (MRG), made up of managers in a given unit. Their task is to review the appraisal recommendations of the supervisors in their units for fairness, accuracy and consistency. The MRG then approves or amends the appraisal. Established at the divisional, departmental and organizational levels, the MRGs ensure that horizontal comparisons are made for organization-wide performance standard setting. The system will be evaluated late in 2000, and refined as necessary. However, one immediate gain is the introduction of clarity in mutual expectations between managers and staff, who will jointly define the objectives and goals to be achieved, and have a common understanding of the manner in which the results will be evaluated.

17.   **Training and development**. IFAD has significantly increased its emphasis on training, as a result of development requirements built into the new IPS, and the greater attention placed on managerial responsibility in the achievement of the organization's strategic goals. This year for the first time, a comprehensive staff training and development programme has been arranged and a catalogue has been published. The training programmes offered are intentionally designed to support the systems implemented in IFAD and to build on the existing knowledge and skill bases. Additionally, attention is being paid to providing the training necessary for those whose jobs have been redesigned.

18.   IFAD believes that only continuous learning sustains cultural change. The new IPS provides the tools needed to make a comprehensive diagnosis and assessment of the needs for improving organizational effectiveness. This has led IFAD to focus its training programme on the improvement of management and supervisory skills, and on team-building, which will continue to play an important role in IFAD's staff development training process.

19.   In this regard, team-building workshops began in late 1998 and continued through 1999. These exercises have been effective in strengthening group cohesion and resolving perceived organizational shortcomings; they will be extended to include cross-unit and cross-departmental interventions. In the past, IFAD relied primarily on external sources to respond to its staff training needs. However, in order to function increasingly as a learning organization, and in order to fulfil the multiple demands for training, IFAD is shifting to a strategy of increased use on internal sources to promote cross-divisional sharing of knowledge and experience. To facilitate this, the training programme will develop the use of audio-visual and computer-based programmes to ensure a systematic dissemination of information within the organization. However, it is clear that external training will continue to be required in updating staff skills. Therefore, the training programme will continue to make use of external experts, consultants and institutional training based on a modest programme of subsidies for university courses.

D. New Policy Elements of the Strategy

20.   **Employment conditions**. In order to achieve its strategic goals, the Fund must follow recruitment policies and offer employment conditions that allow it to successfully match the needs of the organization with the expectations of potential staff. In today's uncertain world, flexibility is the key word in making contractual arrangements, but this must be balanced with care for the needs of the individual as well. Selection and recruitment of staff with the right skills-mix from the outside is still required to ensure that the organization is able to address emerging needs, and, at the same time, to offer adequate career opportunities to internal staff. Similarly, in light of the ageing of its present complement of staff, IFAD needs to begin focusing on hiring, training and developing younger staff, so that they will be able to assume leadership roles in the future.

21.   **Management succession planning**. Over the past several years, the vacancy rates have allowed for the introduction of staff from the outside, equipped with the new skills and competencies required. While IFAD had, over the past five years, averaged 19 openings per year (13 of which were at the Professional level), this trend will slow, with only 16 vacancies expected between now and the end of 2005, an overall average of four per year. Therefore, it is necessary to adopt innovative policies that will enable the organization, with such a small number of vacancies, to continue to obtain the skills it requires in the future. In terms of the Professional staff in particular, IFAD will enlarge the worldwide distribution of its vacancy notices, as well as engaging in an earlier search for potential recruits. It will also try to identify future managers from among its own staff. A special initiative in this regard was undertaken recently, on the recommendation of the HRMS consultants, to utilize the IPS system as one means to capture and create a pool of highly successful P4 and P5 staff members. Future managers would then be groomed, trained and subsequently selected from this group to fill some of the vacancies that are expected to arise. The procedures that will govern this new policy are presently under consideration.

22.   **Review of career appointments**. Given the recruitment situation described above, a review was carried out to determine whether the above purposes were served by IFAD's current policy of granting career extensions to staff upon completion of seven years of service on fixed-term appointments. The Executive Board approved the policy of granting career contracts at its Twenty-Eighth Session, in September 1986, as a significant improvement to the conditions of service,

aligning the organization's personnel policies with those prevailing in the United Nations system. It has also provided the organization with the high cadre of competent staff needed, through the adoption of comparable employment practices. This policy has served the organization well, and will be continued in the forthcoming years. However, the issue of granting career appointments to IFAD staff must be reviewed periodically, in order to give the organization the flexibility it needs to acquire staff with the mix of skills that it may require in the face of a changing environment.

23. **Impact of post-classification**. The recent classification exercise and the related staff promotions have rendered necessary the re-examination of the concept of career development at IFAD. Before the post-classification exercise, promotions were expected to occur on a regular basis by staff intending to remain with the organization for their entire working life. This will still be the case when post-banding is generalized throughout the organization, which will then allow the flexibility of appointing staff at the lower levels of their grade band, and carefully nurturing their careers through the higher levels. IFAD is confronted today with the challenge of continuing to offer career development prospects to staff, the majority of whom hold career appointments and are graded at the level of their posts. The situation is not facilitated by the prospect of the low turnover expected in the early years of the new millennium. In the immediate short term, the organization will therefore need to adopt an innovative forms of career development.

24. **Rotation and reassignment**. Presently, a large number of IFAD staff have reached the classified level of their posts, and thus they have limited possibilities for further grade advancement. When this is coupled with the prevailing conditions of no-growth budgets, low staff turnover and flatter organizational structures, creative ways must be found to offer staff the opportunities to grow and develop. Moving staff laterally through a managed programme of rotation, reassignment and/or secondment to outside agencies is one possibility, with a view to creating additional opportunities for professional advancement. However, while there are many opportunities for rotation in the operations areas, they are more limited in service areas. Nevertheless, a successful rotation system can be introduced as a by-product of careful succession planning. Recent experience has shown that in order to be successfully applied, a rotation/reassignment policy must take into account the concerns of the organization for achieving its programmed outputs and the legitimate interests of staff for career development. As a result, a policy review is currently underway. It is expected to lead to the adoption of a new policy in this area in the near future.

25. **Contracts for Time-Bound Activities (TBA)**. The Board was informed at its Sixty-Second Session held in December 1997 that the organization was endeavouring to resolve the problem of "long-term temporaries (LTT)". These are employees recruited initially for short-term employment, but who remained employed, for a variety of reasons, for many years. All are now carrying out long-term functions for which supplementary or other funding was available, but no posts were established. Given the strict observance of the no-growth budget policy, it will take many years for these employees to be absorbed on vacancies arising out of attrition. At present, there are twenty-eight such employees, and new policies need to be introduced and enforced to prevent an increase in their numbers.

26. The contractual status of another category of employees, the "Non-Staff Professionals (NSPs)", is in need of review. This category of employees was introduced in May 1988 to ensure the services of development expertise for computer innovation technology and other similar functions that were considered time-bound. Currently, there are 18 such employees, covering many skill categories beyond those originally envisaged. As their terms and conditions of employment have been created outside of the prevailing compensation norms applied in the United Nations system, any effort at establishing a cohesive personnel policy throughout IFAD requires the gradual phasing out of this category.

27.   To prevent the re-emergence of new LTTs and to phase out the category of the NSPs, a new type of contract called "contract for time-bound activities" is being considered. This will enable IFAD to clearly define the conditions of employment of both Professional and General Service staff required by the organization for a limited period of time (i.e., from 6 months to a year), renewable yearly for a maximum total period of four years. This time-frame is consistent with the concept of employment for a specific project, and is short enough to eliminate any expectation of continued employment. The new policy aims at harmonizing the terms of employment of such employees with those of other United Nations agencies, and clearly establishing a time-bound limit for such a type of appointment. Contracts for time-bound activities will henceforth be the tool for recruiting qualified employees for assignments of a finite duration, to be agreed upon at the outset of the contract. The conditions of genuine short-term employees will remain unchanged.

28.   **Use of Interns.** Interns are good potential source of future staff. Internships offer talented university graduates the opportunity to gain experience and apply their knowledge in a challenging work environment. The new internship programme formalized earlier this year gives a more structured and active approach to the use of interns than has prevailed to date. Under the new procedures, the terms of reference for the short-term assignments for interns (one to six months) are clarified and the selection of candidates is subject to well-defined rules.

29.   **Recognition and rewards**. Recognition and rewards are used to support and reinforce the behaviour that the organization wishes to encourage. They presently consist of: (a) the normal "within-grade-staff-increments" (WIGSI) granted, based on satisfactory service; (b) promotions to a higher grade, based on the availability of a post and appropriate seniority in grade; and (c) cash awards. The WIGSI is so routinely applied (except in circumstances of exceptionally poor performance) that it no longer holds much meaning as a reward. It was stated earlier that the recent classification of posts resulted in a large number of the incumbents of these posts being promoted to the new levels of the posts. New staff members are now generally appointed at the advertised level of the posts except where a band allows flexibility. Thus, the organization must explore other means of recognizing outstanding service. Henceforth the amount available for tangible awards has been significantly increased.

30.   Beginning next year, a reformed system of individual and team awards linked to the IPS exercise will be introduced. It will be based on the recognition of a superior performance by an individual, or, in the case of a team of workers, the impact of the team's work on the achievement of corporate strategic objectives. The objective of the awards will be to encourage excellence in individual performance and foster teamwork, both inter and intra-divisional, and to encourage replication of the kind of group collaboration that the organization needs. Eligibility criteria will be transparent and linked to corporate thrusts. Related awards will be in the form of cash awards and various other forms of public recognition.

31.   **Quality of work life initiatives**. In addition to introducing new policies and procedures, IFAD has devised a number of innovative staff management initiatives that can be listed under this heading. They include flexible working hours, part-time employment, facilitation of spouse employment and provision for the recruitment of a staff counsellor and even an ombudsman, on an experimental basis, in order to see if this could contribute to accelerating the settlement of staff grievances and raising staff morale.

III.   CONCLUSION

32.   IFAD has searched constantly over the years to design a system of policies and procedures to maximize the use of its human resources, while simultaneously engaging in the re-engineering of its operational activities. With the completion of the work of the HRMS team, and the expected completion by the end of this year of the re-engineering of the support processes still awaiting this exercise (namely the Administration and Protocol Services, the Personnel Division and Controller's Office), IFAD will have spent the last decade re-engineering its activities and processes and reviewing its human resources management procedures. It is now time to take stock and consolidate what has been accomplished. Therefore, it is proposed that in the area of human resources management, the next two years be a period of consolidation, during which time IFAD will evaluate the implementation of the IPS system and establish durable personnel policies and procedures. This will be completed by the publication of a handbook on human resource management.