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Progress report on human resources reform – a people strategy for IFAD

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For: Information

Note to Executive Board Directors

This document is submitted for the information of the Executive Board.

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Progress report on human resources reform – a people strategy for IFAD

I. Introduction

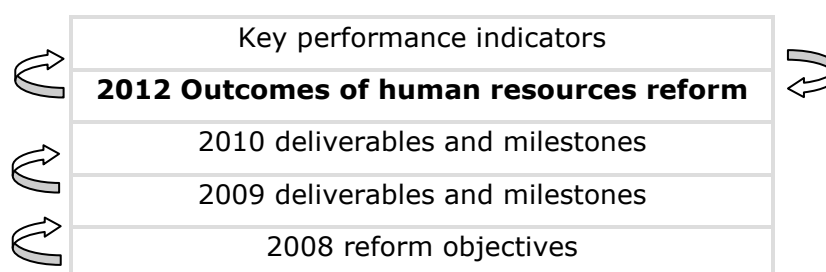
1. IFAD's Action Plan for Improving its Development Effectiveness was approved by the Executive Board in December 2005, and the final progress report was submitted to the Board in December 2007. An assessment of the Action Plan, commissioned in early 2008 by three IFAD Member States,¹ found evidence that the Action Plan was leading to improvements in IFAD's development effectiveness. However, while the assessment was positive overall, it also identified areas where continuing diligence would be essential, including (a) accelerating progress in effectively dealing with human resource management, and (b) maintaining and improving staff morale while effectively realigning human resources.
2. An outline of the approach to human resources reform was presented to the third Replenishment Consultation session in July 2008 and was discussed with the Executive Board at an informal seminar in September 2008. A paper was presented to the Executive Board in December 2008 setting out the aims, objectives and deliverables for human resources reform for 2009 and 2010 within the framework of the existing Human Resources Policy.
3. This information paper provides an update on the progress made in implementing IFAD's human resources reform programme, including in implementing a voluntary separation programme. It also sets the priorities for 2010, among which is an approach to reviewing the current and developing competitive conditions of service and compensation, rewards and benefits. Section II describes the context of the reform, and section III discusses its outcomes, as set out in the Eighth Replenishment Consultation report. Section IV gives a detailed update on progress in reform delivery in 2009. Section V provides background and details on the key performance indicators, while the final section looks ahead to the deliverables in 2010 and beyond.
4. Human resources reform is never easy and it always takes time. In the case of IFAD, this is particularly true because the reform it has embarked on is so extensive, reaching the very core of human resources management. It involves (a) reviewing human resources practice and developing new staff rules relating to all staff and non-staff; (b) reformulating human resources processes and procedures (from recruitment and contractual arrangements, learning and career development, performance and incentive systems, to staff mobility within and outside of IFAD and separation); (c) improving existing tools and systems and developing new ones to achieve efficiency gains and reduce the transaction costs of manual processes; (d) strengthening the professional capacity of the Human Resources Division; and, most of all, (e) changing the culture of IFAD and the way it conducts its business from a headquarters-based to a country-based business model.
5. IFAD has taken concrete steps to implement the human resources reform and there have been significant accomplishments, particularly on systems development, business process reviews, and learning and development, which will provide the foundation for other changes. The reform is challenging and while it entails some risks, it also represents an opportunity for IFAD to develop a workforce that is relevant to and coherent with its new operating model. In doing so, IFAD continues to learn from the experiences of other international financial institutions and United Nations organizations.

¹ Canada, the Netherlands and Norway.

II. Context

6. IFAD is changing to meet the new challenges of an expanded programme of work, delivered through an operating model where the focus is on country-led, directly supervised projects and programmes. The external environment is uncertain and ever-changing, and the demands placed on the IFAD workforce are changing with it. Today and in the future, a workforce that is flexible, mobile and diverse, and has the motivation and capacity to learn and respond to the changing environment is essential.
7. The legal framework for IFAD's human resource management is provided in the Agreement Establishing IFAD (article 6, section 8) in the following terms:
 - (d) The President shall head the staff and, under the control and direction of the Governing Council and the Executive Board, shall be responsible for conducting the business of the Fund. The President shall organize the staff and shall appoint and dismiss members of the staff in accordance with regulations adopted by the Executive Board.
 - (e) In the employment of the staff and in the determination of the conditions of service, consideration shall be given to the necessity of securing the highest standards of efficiency, competence and integrity as well as to the importance of observing the criterion of equitable geographical distribution.
8. To deliver on the human resources reform programme, IFAD Management has identified outcomes measured through key performance indicators. Each indicator has associated milestones and activities and also identified risks that may prevent or delay delivery. The relationship between the components is shown in figure 1.

Figure 1 – Human resources reform delivery chain



9. The Human Resources Policy, approved by the Executive Board in 2004, continues to provide the framework within which the human resources reform will be carried out. It empowers the President to lead and manage IFAD to deliver results for poor rural women and men.

"IFAD exists in a rapidly changing political, economic, social and technological environment. It needs to adapt to diverse and changing requirements by continuously developing organizational capability, improving performance by empowering staff, stimulating their creativity, rewarding risks and innovation and investing in continuous improvement through knowledge sharing and training.

The Human Resources Policy provides guiding principles of the various human resource management processes, in accordance with which the President shall manage the employees of IFAD."

III. Outcome of the reform process

10. The overall outcome of the reform is to optimize the delivery of IFAD's results by having the workforce in the right place at the right time, with the necessary skills and experience.
11. By the end of the next Replenishment period, IFAD will have:
 - A workforce with high levels of engagement and motivation
 - A more flexible workforce
 - A more diversified workforce with different and enhanced skills and knowledge
12. Human resources reform involves the entire workforce (both staff and consultants). It is as relevant for supervisors and managers in headquarters and in country offices as it is for the Human Resources Division. IFAD's approach to people management is rooted in its core values and will enable the Fund to optimize the contribution that its workforce makes for the benefit of poor rural women and men.

IV. Progress on deliverables in 2009

13. The core requirement of the human resources reform is to drive a programme of change that delivers tangible results in support of IFAD's strategic objectives.
14. IFAD has achieved milestones in all four components of the human resources reform in 2009. IFAD Management has been reviewing and extensively redesigning core human resources processes (still within the context of the existing human resources policy), and has proposed changes to contractual arrangements, performance management (including the management of underperformance) and promotion. These changes will be codified in staff rules and a new staff handbook in 2010. The top-level rules are currently being reviewed by the Executive Management Committee, and staff and their representatives are also being consulted in this process.
15. To deliver its rapidly growing programme of work, IFAD needs more than ever to:
 - Move resources to the highest priority areas in order to maximize the impact of the programmes and projects it finances
 - Create flexibility and agility to respond to the rapidly changing agenda
 - Improve efficiency in all functions to support this shift
 - Build and sustain effective leadership and management capacity

A. Resources to the highest priority areas

16. IFAD is beginning to shift resources to the "front line" of its work. Its operations are changing rapidly to respond to an increasing focus on agriculture and to support the shift to country presence and direct supervision. Necessarily, any such shift requires lead time, including accurate information on the composition of the workforce, effective strategic workforce planning, and appropriate tools and methods to reskill, redeploy and release staff in line with business requirements. The first holistic strategic workforce planning process has been undertaken and, by December 2009, IFAD will have finalized its strategic workforce plan (SWP) in line with the development of the new corporate medium-term plan for 2010-2012. Building on divisional and departmental medium-term plans, the SWP will set out a change agenda for implementing the shifts in staff location, skills, numbers and diversity required in the medium term. However, since the broad direction of the reform process is clear, some changes have already been implemented.
17. Data provided in the programme of work and budget² show that the overall staffing level has been tightly managed to deliver a constantly rising volume of work with the same or fewer staff in all areas – except for the programme area, which has

² EB 2009/98/R.2 IFAD's 2010 results-based programme of work and administrative and capital budgets, and the Office of Evaluation's three-year (2010-2012) rolling work programme and 2010 resource issues.

grown to achieve the expanded volume and enhanced quality targets of the Seventh Replenishment. Against the background of an average annual programme of work increase of approximately 10 per cent, IFAD's budgeted staffing level grew at an average of less than 1 per cent per year in 2007-2009. This very small overall increase obscures important internal staff realignment to reflect the emphasis on strengthening country programme and project operations and to achieve efficiencies in other areas. Thus between 2007 and 2009, the Programme Management Department (PMD) staffing level rose by over 13 per cent, while the Finance and Administration Department (FAD), External Affairs Department (EAD) and the Office of the President and the Vice-President (OPV)³ levels fell. In 2010, an increase of 3.2 per cent in the overall staffing level is planned, with gains almost exclusively in PMD (involving 16.5 full-time equivalent staff positions). In the PMD expansion, 80 per cent will be at the country presence level, with only a very small increase at headquarters in Rome. Table 1 and figure 2 present the evolution of the staffing level and its distribution by department. The overall ratio of General Service to Professional staff in IFAD, excluding short-term staff, is 0.82:1, of which 0.53:1 in PMD; 1.08:1 in EAD; 1.26:1 in FAD; and 0.72:1 in OPV.

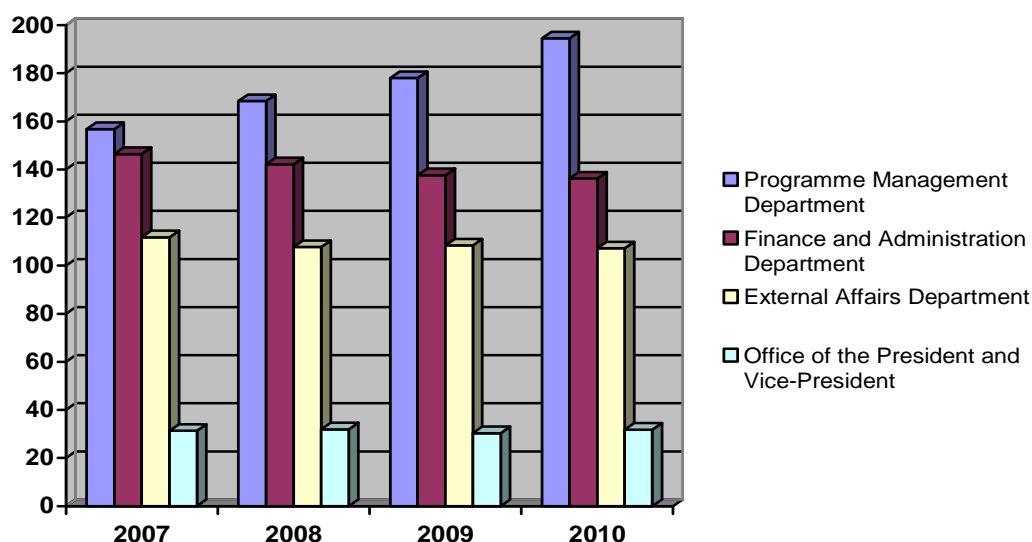
Table 1
Budgeted staffing level
(Full-time equivalents)

	2007	2008	2009	Percentage change 2007-2009	2010	Percentage change 2009-2010
External Affairs Department	111.8	107.7	108.4	(3.0)	107.4	(0.9)
Finance and Administration Department	146.4	142.1	137.6	(6.0)	136.2	(1.0)
Office of the President and the Vice-President	31.3	31.9	30.3	(3.2)	31.8	5.0
Programme Management Department	156.8	168.4	178.1	13.6	194.6	9.3
Total	446.3	450.1	454.4	2.0%	470.0	3.4%

18. The recently implemented paperless hiring system for international consultants provides improved data on the consultant component of IFAD's workforce. Over the coming months, historical data will be uploaded into the system to allow for a more complete understanding of this component. More than 87.3 per cent of the resources spent on consultants is within PMD. These consultants primarily support country teams and programmes.

³ The nominal increase in staff in OPV reflects a transfer of budget responsibility for staff already working under OPV supervision in 2009 and before.

Figure 2
Budgeted staffing level
 (Full-time equivalents)



B. Flexibility and agility

19. To become more flexible and agile, IFAD recognized that it needed a new approach to recruitment, deployment, development and release.
20. **Recruitment.** Management have set themselves the ambitious target of reducing the time lapse between advertisement and offer to 100 days by 2012. Progress has already been made towards this objective, with the average time for completed recruitments now down to 119 days. IFAD has entered into a partnership with the United Nations Development Programme for the provision of global payroll and other human resources services for IFAD's country presence staff. Internal talent management is also an important means of filling vacancies. In the context of changes to staff rules, IFAD intends to move to promotion through internal competition for available posts. This does not mean that IFAD Management is moving away from external hiring. There will be a balance between the need to offer career development to and reward existing staff and the need for a continual refreshing of the workforce. Within the context of the human resources reform, IFAD Management has integrated country presence staff into human resources processes including performance management and training.
21. IFAD Management remains committed to recruitment on merit and to the goal of diversifying IFAD's workforce by increasing the percentage of its workforce from Lists B and C and the number of senior women professionals. In 2009, the percentage of staff from Lists B and C grew by 1.5 per cent to 33 per cent for the workforce as a whole. The percentage of senior women professionals has increased slightly. More needs to be done, including additional outreach efforts and search activities to broaden the candidate base. In line with the agreed deliverables, IFAD Management has intensified its efforts to provide opportunities for young professionals early in their careers to learn alongside more experienced staff. It also recognizes the need to diversify its consultant workforce.
22. **Deployment.** Historically, moving staff between functions, i.e. "rotation", has been challenging, not least because staff have felt their personal contractual base was predicated on the funding source for their position. While the existing contracting arrangements did and continue to offer the possibility for movement, IFAD is exploring the option of explicitly delinking people from the funding source. This would support flexibility and movement.

23. **Development.** One way to encourage movement is to provide knowledge and skills to build employability in other roles. The learning and development agenda has also emphasized technical skills development, with programmes on procurement, portfolio and programme development. IFAD's investment in leadership and management development has been sustained.
24. In 2009, IFAD developed a talent management programme for its General Service staff – Breakthrough. The parallel programme for Professionals – Springboard – has already enrolled a second cohort. An evaluation of the first cohort found that the programme had a positive impact on personal effectiveness and leadership skills. IFAD Management considers these talent management initiatives as important investments in staff capacities and corporate capability-building.
25. Progress has been made in other staff development areas as well. IFAD has entered into a number of partnerships with academic institutions to broaden learning possibilities. It continues to invest in language skills. It has arranged numerous open events and presentations, which have enabled staff to gain knowledge from across the organization. In 2009, its investment in learning and development exceeded US\$1.2 million. To achieve better value for money, IFAD has adopted a strategy whereby courses are developed and delivered in Rome rather than elsewhere. It has also continued its close working relationship with other Rome-based agencies, which includes, among other activities, shared training on procurement procedures and sustainable procurement and on leadership and management through the management development centre.
26. A review of performance management was undertaken in 2009 – in addition to a change in the tool IFAD uses (see section c). Following an intensive process of consultation and engagement, IFAD has introduced changes and provided training across the organization. A key objective has been to strike a balance between a comprehensive, objective process and a "lighter touch" approach focusing on performance conversations rather than evaluations. Over 300 staff attended workshops on this new approach.
27. **Release.** In 2009, the first phase of the voluntary separation programme was delivered. IFAD Management identified a target of 40 releases over a two-year period. The Executive Board endorsed the need for special expenditures to implement the programme, and the Governing Council approved US\$5.5 million for a two-year period (phase 1 in 2009 and phase 2 in 2010). This was intended to facilitate early separation in the interests of both the staff member and the organization. The programme is important strategically: it accelerates turnover, and provides opportunities to review roles and activities and to update skills at IFAD.
28. Ten staff members, all women, confirmed their applications to separate under the programme by the deadline of 31 May 2009. Of these, 70 per cent were from the General Service category and 80 per cent from non-operational areas. The release of a much higher proportion of General Service staff in itself meant that a disproportionate number of women would be released. Colleagues from List C were also overrepresented. The majority of vacancies created by the programme will result in the redesigning of work and functions to match IFAD's expected future requirements more closely. Management will assess the programme and develop a more focused approach.

C. Improved efficiency

29. In 2009, the focus has been on increasing efficiency in two core, but very different, processes through the use of PeopleSoft. Initiatives have been funded from the 2008 capital budget approved by the Governing Council in February 2008. First, the hiring of consultants: in any one year, IFAD's human resources team process and dispatch about 2,000 consultancy contracts, and medical services screen a fair proportion of the consultants involved. Each of these contracts is initiated in PMD by programme assistants. In 2009, IFAD moved to a paperless workflow including dispatching contracts by e-mail. Benefits realized will include savings in time and

paper and gains in effectiveness. In addition, increased data are now available to manage the consultant component of IFAD's workforce more effectively.

30. Second, IFAD has moved the performance management system from paper to PeopleSoft. The approach was piloted in FAD and, following evaluation, was rolled out across IFAD. Again the main benefit will be in time savings.

D. Effective leadership and management capacity

31. Since 1 January 2008, nine new Directors have joined the IFAD management team. All underwent assessment for leadership and managerial competence before appointment. Five of this new generation are women. Five come from other international financial institutions, one from the wider United Nations family, one from another international organization, and two from bilateral aid agencies. The appointment process for all these and many other positions now includes a management assessment and a presentation to peers and colleagues, as well as written tests and a selection panel.
32. IFAD's workforce has been further enhanced in two important ways – the extension in 2009 of the talent management programme Springboard (focused on the Professional staff) to the General Service staff (Breakthrough) and the delivery of learning targeted at the assessed areas for development identified in the extended 360-degree feedback and the biannual general staff survey.
33. To summarize, in 2009 IFAD has:
- (a) Trained 300 staff in the new approach to performance management, and 500 staff in e-performance
 - (b) Implemented electronic processing of consultants contracts (which will involve the paperless processing of about 2,000 contracts a year)
 - (c) Implemented electronic processing of the performance management system (about 690 performance evaluation forms)
 - (d) Initiated the development of staff rules and a staff handbook to include:
 - Streamlined recruitment procedures
 - New arrangements for management of performance
 - A change to promotions on a competitive basis
 - Changes to contractual arrangements to increase movement and flexibility
 - Disciplinary measures
 - Dispute resolution
 - Staff assessment
 - Mandatory retirement age
 - (e) Drafted the strategic workforce plan for 2010-2012
 - (f) Started to integrate country presence into core human resources processes
 - (g) Completed the first tranche of the voluntary separation programme and prepared for a more focused second tranche
 - (h) Completed the pilot programme for the enhanced Associate Professional Programme (as agreed during the Consultation on the Seventh Replenishment of IFAD's Resources)
 - (i) Began preparation of a new internship programme

V. Measuring results

34. IFAD measures the results of the reform using the level 4 indicators in the Report on IFAD's Development Effectiveness (RIDE) as reported in table 2. Overall, they show limited change over 2008 to 2009, except for the proportion of the workforce in cluster 1 (country programme development and implementation), which registered a 5 percent rise in the course of the year.

Table 2.

Key performance indicators for human resources reform

Staff engagement index	2008 69.6%	2009 68.4%	2012 75%
Proportion of workforce in cluster 1	2008 56%	2009 61%	2012 65%
Proportion of workforce from Lists B and C Member States ^a	2008 31.5%	2009 33%	2012 35%
Proportion of women in P-5 posts and above ^a	2008 30%	2009 31%	Tracked
Average time to fill Professional vacancies (days)	2007 141	2009 119	2012 100
Cost per payslip	2009 To be determined, but approximately US\$90		

^a Full-time equivalents of the workforce does not include Credit Union, Belgian Survival Fund, International Land Coalition, Office of Evaluation, and Global Mechanism nor the following categories: APOs, field staff paid through United Nations agencies, revisers, editors, translators, language teachers, interns and volunteers.

35. **Staff engagement index.** The staff engagement index consists of six questions selected from the larger staff surveys (in 2006 and 2008) that provide feedback on staff perceptions of their working environment. The intention is to provide a snapshot of staff engagement as an indirect indicator of staff performance. The index registered a slight and statistically insignificant decline of 1.2 percent. The survey in 2009 took place in the context of management transition involving ongoing redefinition of roles and corporate management processes. A clear and comprehensive institutional reconfiguration at the end of 2009 and the adoption, for the first time, of a corporate medium-term plan in 2010 will give staff a renewed sense of direction and structure. Similarly, the introduction of appreciative inquiry on a wider scale is expected to boost staff motivation, engagement and performance.
36. **Proportion of workforce in programmes.** As indicated in paragraph 22 and table 1 above, there has been a shift to activities in cluster 1 – country programme development and implementation. Between 2008 and 2009, the proportion of staff engaged in cluster 1 activities has risen from 56 to 61 per cent (table 2).
37. **Proportion of workforce from Lists B and C.** There was only a 1.5 per cent increase in the List B and C workforce between 2008 and 2009. Efforts have been intensified to reach out and circulate vacancy announcements to wider networks and regional newspapers.
38. **Proportion of women in P-5 posts and above.** The proportion of women in P-5 posts and above has increased slightly. However, in 2009, performance in recruitment of women was particularly strong: ten out of eleven professional appointments at the P-2 to P-4 level were women; of the five appointments at the P-5 level and above, including the Director for International Land Coalition, the ratio was 60 per cent.
39. **Average time to fill professional vacancies.** The time required to fill vacancies has improved. In 2007, the number of days between the close of the vacancy announcement and the offer being made was 141; in 2009, that number fell to 119.
40. **Cost per payslip.** The costs of processing the payroll can be used as a measure of efficiency. The cost per payslip is derived from the administrative cost of running the payroll divided by the number of payments made (i.e. the number of payslips). Based on an audit in 2009, the estimated cost is US\$90. During 2010, IFAD

Management will review the workflow and, wherever possible, simplify and standardize to reduce costs.

VI. Deliverables in 2010 - 2012

41. IFAD made a commitment in the Eighth Replenishment to review the results-based incentive systems of other international organizations and to report to the Executive Board by September 2011. In addition, at the Executive Board in September 2009, the President agreed that IFAD would provide the Board with an approach for reviewing the organization's staff costs and entitlement system, including examining options other than the International Civil Service Commission (ICSC) common system and the implications in terms of costs, benefits and risks. This is attached as annex III.
42. In view of these commitments, expected outcomes of the human resources reform for 2010-2012 are now as follows:
 - A workforce with high levels of engagement and motivation
 - A more flexible workforce
 - A more diversified workforce with different and enhanced skills and knowledge
 - Competitive conditions of service and more cost-efficient compensation and benefits and entitlements
43. In summary, the work will be in four phases:
 - **A workforce with high levels of engagement and motivation.** This objective will be achieved by ensuring that, wherever possible, staff performance is assessed relative to IFAD's operational outcomes; that incentives are aligned to results, with good performance rewarded and weak performance challenged; that there is a clear and transparent approach to the accountability of managers; that feedback from staff is acted on; and that career development opportunities for staff are available.
 - **A more flexible workforce.** To be achieved by continuing the "rightsizing" of the organization to better achieve its strategic objectives (both through the hiring of talented professionals to sustain its competitive advantage and through the second round of the voluntary separation programme); aligning people to corporate priorities; deploying staff in country offices; internal movement; and strategically prioritizing the functions to be performed by IFAD staff, consultants and service providers.
 - **A more diversified workforce with different and enhanced skills and knowledge.** IFAD will step up its efforts to diversify the applicant pool for externally advertised vacancies. To supplement the existing web and print media, it will create advertising networks in academic and research organizations. Further, IFAD Management hopes to provide junior consultantancies in-country, giving talented local professionals an opportunity to join supervision missions. IFAD will be refreshing its consultant talent pool in 2010 and will seek to attract a more diverse group. It will also sustain its investment in capacity-building, and in technical and specialist skills to meet the development challenges it faces.
 - **Competitive conditions of service and more cost-efficient compensation, benefits and entitlements.** IFAD will complete the review and development of new staff rules and procedures handbook to set out clearer guidelines for administering human resource processes, including conditions of service. It will also conduct a review of compensation, benefits and entitlements with the intention of developing a system that is cost-effective for IFAD and materially contributes to the performance and results cluster of the organization.

Human resources reform objectives and indicative deliverables – 2009

<i>Objective</i>	<i>Deliverable in 2009</i>	<i>Progress</i>
IFAD has the right organizational structure and profile to meet its objectives	Run the voluntary separation programme (phase 1) ^a	Voluntary separation programme (phase 1) completed (see annex II)
	Publish the Strategic Workforce Plan 2010-2012	First draft available (paragraph 16)
	Make proposals on the optimum contractual status	Currently being reviewed as to its implications, consultation with staff representatives to follow (paragraph 21)
IFAD has an open and empowering culture that supports its core values and mission	Scrutinize recruitment criteria for all posts and remove unnecessary requirements in relation to language skills, post-graduate qualifications and length of experience	In progress (paragraph 20)
	Develop and implement enhanced opportunities for internships and work placements for List B and C candidates	Executive Management Committee currently reviewing proposed changes and their implications, consultation with staff representatives to follow (paragraph 20)
IFAD develops all staff to achieve their potential through investment in learning	Launch a refreshed and simplified performance management approach, including an extended 360-degree evaluation	Delivered (paragraph 25)
	Sustain delivery of learning and development for managers, supervisors	Delivered (paragraph 23)
	Extend the talent management programme from Professional to General Service staff	Delivered (paragraph 23)
	Intensify efforts for technical skills and knowledge development	Delivered first phase (paragraph 22)
IFAD has the right people systems, tools and processes to support its mission	Launch a simplified set of web-based staff rules	Executive Management Committee currently reviewing proposed changes, consultation with staff representatives through to December (paragraph 31)
	Benchmark a core human resources practice to support alignment with results	Country presence human resource management being integrated into IFAD's human resources processes (paragraph 19)

^a As presented in EB 2008/95/R.60

Update on the voluntary separation programme – phase 1

1. As part of the human resources reform, the Executive Board endorsed the need for a special expenditure for IFAD's voluntary separation programme, and the Governing Council subsequently approved US\$5.5 million for a two-year period (phase 1 in 2009 and phase 2 in 2010). This was intended to facilitate early separation in the interest of both the staff member and the organization and the updating of skills at IFAD.
2. President's Bulletin 2009/03 on the voluntary separation programme, issued on 30 March 2009, provides the framework and procedures for implementation of this programme.
3. Twenty-three expressions of interest were received within the deadline of 30 April 2009. Of these, ten staff members confirmed their application to separate under the programme within the deadline of 31 May 2009. Seventy per cent were from the General Service category and 80 per cent from non-operational areas. The release of a much higher proportion of General Service staff in itself meant that a disproportionate number of women would be released. Colleagues from List C were also overrepresented. The majority of vacancies created by the programme will result in the redesigning of work and functions to match IFAD's expected future requirements more closely. Management will assess the programme and develop a more focused approach.
4. The panel constituted under paragraph 2 of President's Bulletin 2009/03 to consider applications under this programme was convened and made recommendations to the President.
5. The panel considered each application in the light of its value for money to the organization and the future workforce requirements in relation to skills, knowledge, values and competencies.
6. All applications were approved
7. Data on applications by category (General Service or Professional), gender, department and List (A, B, C) are presented below.
8. The total cost under the programme for these separations in phase 1 is US\$1,236,658. This represents about 22.5 per cent of the total funds made available for this programme.

<i>Category</i>	<i>Percentage</i>		<i>Gender</i>	<i>Percentage</i>	
General Service	7	70.0	Female	10	100.0
Professional	3	30.0	Male	0	0.0
Total	10	100.0	Total	10	100.0
	Department		List		
EAD	2	20.0	A	4	40.0
FAD	4	40.0	B	0	0.0
OPV	2	20.0	C	6	60.0
PMD	2	20.0			
Total	10	100.0	Total	10	100.0

Approach for external review of aligning employee benefits to results

A. Introduction and context

1. Like the International Bank for Reconstruction and Development (World Bank), International Development Association, International Finance Corporation and the International Monetary Fund, IFAD is a specialized agency of the United Nations. However, unlike these other global international financial institutions, IFAD has opted to follow the United Nations for determining staff remunerations and benefits. In this regard, the current Human Resources Policy adopted by the Executive Board on 9 September 2004, specifies that "the salary and benefit levels shall follow the methodology followed by the United Nations Common System, as applied to various duty stations" (paragraph 9.3). The Common System represents common standards, methods and arrangements being applied to salaries, allowances and benefits for the staff of the United Nations, those specialized agencies that have entered into a relationship with the United Nations, the International Atomic Energy Agency and a number of other international organizations. The Common System, which is based on the recommendations of the International Civil Service Commission (ICSC), is designed to avoid serious discrepancies in terms and conditions of employment, to avoid competition in recruitment of personnel, and to facilitate the interchange of personnel. ICSC was established by the General Assembly of the United Nations in 1974 to regulate and coordinate the conditions of service of the United Nations Common System.
2. Through its endorsement of the Report of the Consultation on the Eighth Replenishment of IFAD's Resources, the Governing Council recognized, as part of IFAD's human resources reform agenda, the need to review the results-based incentive systems of other international institutions and report to back to it in September 2011 with options to better align staff incentives with institutional performance.
3. In this regard, Management undertook to present to the December 2009 Executive Board an approach paper concerning an eventual external assessment of human resources management at IFAD (including compensation and entitlement systems), which would contain advice on the desirability and feasibility of adopting alternatives, particularly for the financial system. The present paper represents the first steps in this undertaking.

B. Work to be undertaken by an external provider

Phase 1

4. A benchmarking exercise of results-based incentive systems and compensation and benefits of both internationally hired and local staff at Headquarters.
5. The quantitative benchmarks will include:
 - Base pay, other salary-related benefits – post adjustment/cost of living
 - Other benefits, including those incentives or results-based payments
 - Costs to develop, maintain, and support the systems and all the related business processes.
6. The qualitative benchmarks are to include the methods of aligning incentives to results, and the approach to the management of underperformance and excellent performance.

Phase 2

7. Following the presentation of the report on the benchmark data, an option appraisal on possible changes to the current results-based incentives, remuneration and benefits package may be undertaken. In the development of this report, there will

be an articulation of current best practice in relation to alignment of incentives with results within the international development context.

8. The option appraisal should reflect the institutional arrangements, benefits, costs and risks of each option and should include transitional arrangements for any change recommended and the related transitional and future costs of supporting and maintaining these.

Phase 3

9. Depending on the outcome of the option appraisal, a review of the Human Resources Policy will be undertaken and presented to the Executive Board in September 2011 in line with the Replenishment commitment.