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IFAD

INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

Consultation on the Seventh Replenishment of IFAD's Resources – Third Session

Rome, 5-7 July 2005

HUMAN RESOURCES MANAGEMENT

1. At the Second Session of the Consultation on the Seventh Replenishment of IFAD's Resources held on 21-22 April 2005, the issue of human resources management was recognized as important in the context of the replenishment negotiations. This paper provides information on the ongoing human resources management reforms.

Background

2. On 27 September 2001, the President established an internal Review Committee for modernizing human resources (HR) policy and procedures. The objective of the review was to propose a modern, clear and transparent set of rules, policies and procedures that supported the Fund's overall objectives. The committee had the mandate to review four distinct areas of HR policy and procedures: recruitment; career development; performance evaluation; and recourse and appeals. The committee concluded that modernizing HR practices should be supported by three pillars: (i) a dynamic and strategic HR function; (ii) modern policies and procedures; and (iii) quality and leadership capacity of managers. In 2003, the Office of Human Resources (FH) submitted an action plan to senior management on the approach to and the timing of the work on the three pillars. Given the changes that staff have experienced in the last decade, an incremental approach was taken to implementing the reforms recommended by the Review Committee. In order to address the three above-mentioned pillars, the following actions have been taken:

(i) Develop a dynamic and strategic human resources function

The development of a dynamic and, most of all, strategic HR function requires a progressive shift in the range of services and in the approach that the HR function needs to provide to IFAD by moving towards new services that do not have a primary administrative focus, but support strategy implementation.

Some progress has been achieved in shifting to a strategic focus and improving HR function credibility in this role through such initiatives as: HR officers have enrolled in training courses to improve their skills, complemented by coaching sessions and involvement in new initiatives; and competencies have been introduced in the selection process and/or in training.

To enable the shift towards a dynamic and strategic HR function, the following variables are being monitored continuously and addressed:

- building strategic competencies of HR professionals;
- ensuring that the HR management system has strategically aligned policy and procedures;
- supporting behaviours aligned and focused to strategy; and
- reducing the burdensome transactions that the division processes, creating time for it to focus on its strategic role.

(ii) Modernize human resources policies and procedures

In its new strategic role, the HR function will maximize the contribution that human resources make to development effectiveness. It is the ability to embed HR management within the Fund's larger strategy implementation process that will have the greatest influence on development effectiveness.

IFAD is addressing this requirement by, among other actions, providing the competencies demanded by strategy implementation; linking selection and promotion decisions to competency development; designing and implementing compensation and reward policies that attract, retain and motivate high-performing staff; and ensuring that the work environment is supportive and enabling.

Since presenting the HR action plan to senior management, HR policy and procedures have been aligned. The HR policy was reviewed and simplified to direct HR management at IFAD towards high performance and create a coherent whole. A consultative process led to the formulation of the HR policy: draft policy and procedures were circulated to all staff for comments; comments were reviewed and changes were incorporated, where applicable. Policy and procedures are a part of the HR system that, when implemented consistently, will guide staff behaviour, thereby leading to a cultural transformation over time.

The Executive Board approved the HR policy on 9 September 2004. Procedures to support the policy have been developed and will be issued in 2005. HR policy, procedures and practices have great leverage on the moulding of a corporate work culture. Workshops are therefore being organized to create awareness and

understanding of the new policy and procedures, and to foster a corporate culture.

IFAD has, in particular, focused on and delivered major streamlining activities, which have been integrated with the introduction of new methodologies on the following processes:

(a) Managing a sound recruitment process

HR procedures provide for a planning and needs assessment mechanism based on strategic and operational needs; opening of all vacancies to all staff; and necessary checks and balances to ensure timely, fair and transparent recruitment.

IFAD management has developed an IFAD management competency framework for recruitment and development purposes.

To improve the recruitment process, IFAD is using Targeted Selection methodology, which is a competency-based technique that helps interviewers make objective and sound selection recommendations.

(b) Creating, managing and monitoring a career development system for all staff

The HR function has addressed this area by creating a specific career development focus within the HR policy, putting competencies and the means to assess competencies in place, identifying strengths and weaknesses, and enabling staff mobility and secondments.

IFAD has enabled secondments and allowed staff to take special leave without pay to work at other United Nations agencies, the World Bank, the European Commission and Consultative Group on International Agricultural Research centres.

(c) Introducing performance-based evaluation for all staff

To implement the HR management strategy successfully, IFAD needs to ensure that an effective performance management system is in place to:

- devise fair and consistent methods of measuring performance against agreed measures, targets and standards;
- integrate performance management from corporate to departmental to divisional to individual planning and objective setting, and finally to monitoring and evaluation;
- develop clear guidelines on pay progression and cost control;
- measure and rate performance;
- have joint assessments, agreements of performance and individual development needs; and
- reward good performance while dealing with poor performers.

An improved performance management system, developed as part of the HR policy, was introduced in 2003. The new system measures results achieved, competencies developed and client feedback. Client feedback will alternate with competency development and be assessed every other year. Modalities for client feedback have not yet been agreed upon and will be developed in the second half of 2005.

Eighty-five percent of staff attended workshops for skill enhancement in performance management, which were organized in March and April 2004. FH will review impact and evaluate whether further enhancements in performance management are required, especially in the area of competency evaluation.

(d) Managing a sound recourse and appeals procedure

IFAD has developed HR policy and procedures for managing a recourse and appeals process that has been agreed upon with staff.

(iii) Quality and leadership capacity of managers

Work is in progress to:

- identify individual development needs in the Management Development Centre, which will then be collated and addressed by end-2005;
- continue to use IFAD management retreats as forums to discuss management and leadership issues and to agree upon solutions;
- focus all job interviews for managerial positions on managerial competencies using Targeted Selection methodology; and
- plan, after completing the assessments for development needs, to start a management and leadership development programme for staff with high potential.

IFAD is seeking to improve the quality of its management style by having managers who believe in and practice corporate values, are firmly convinced that managing people is the essence of their job, accept and adapt to change, and demonstrate leadership qualities.

Other Major Initiatives

(i) Management Development Centre

3. An additional major initiative in this direction is the decision made by the three Rome-based United Nations agencies to set up a common Management Development Centre to improve managerial competencies among their staff. The centre's objectives are to:

- assess staff competency levels;
- determine staff development needs;
- plan and implement the relevant development; and
- facilitate the building of a more effective management style.

4. The IFAD management competency framework, linking to the International Civil Service Commission (ICSC) Senior Management Service, has been used to develop assessments. To date, 13 director-level and 3 manager-level assessments have been carried out, and the remaining assessments are expected to be completed by end-2005. Following assessments, personal development plans will be put in place so that directors and managers develop in identified areas.
5. Feedback from participants has been excellent particularly with reference to: customization of the Management Development Centre to the United Nations context; the opportunity to interact with participants from other agencies; and the provision of individual feedback to participants.
6. This project was supported by the Department for International Development, United Kingdom, from its design and pilot testing phase to the scheduling of the fourth session. The three agencies will share future maintenance costs.

(ii) Pilot Study

7. IFAD participates in the United Nations common system of salaries and benefits. The ICSC is reviewing the pay and benefits system, and IFAD is participating, together with the Joint United Nations Programme on HIV/AIDS, the United Nations Development Programme (Copenhagen) and the World Food Programme, as a piloting organization (see annex for details of the study). If testing of this model is successful, IFAD will be able to continually develop competencies and pay variable increases to performers, thereby recognizing and motivating good performers. IFAD is pleased to take part in the pilot study and welcomes the opportunity to implement a HR management strategy that would not have been possible under the current pay and benefits system.
8. As a consequence of the pilot study, in 2005 FH will test the pay-for-performance system and introduce the broad-banded pay system to enable the flexible progression of staff through “bands”, minimize hierarchies and encourage self-managed learning through the use of personal development plans as part of the performance management process. Being part of this pilot study is further evidence that IFAD’s HR approach is proactive not only internally but also within the entire United Nations context.

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Pilot Study for the Review of Pay and Benefits**Reforming Job Evaluation**

1. The objectives of reforming the job evaluation methodology were to correct the deficiencies in the previous system and support a more holistic approach to HR management. Substantively, the previous system (a) did not adequately evaluate some highly technical jobs; (b) was too hierarchical and control-oriented, not recognizing teamwork or other forms of organizing work; (c) impeded deployment of staff resources and staff mobility; and (d) did not support competency development. With regard to form, it was: (a) too administratively cumbersome; (b) labour-intensive and time-consuming to use; (c) rigid and inflexible; (d) not sufficiently transparent; (e) slow and unresponsive; and (f) too complex and difficult to explain. It also required too much expertise to run properly (technical experts in job classification were needed at a cost of USD 300 per job) and was too contentious.
2. The new design of the points rating job evaluation system is automated and addresses these problems by: (a) retaining the seven-grade structure while simplifying the process by moving from 6 grade-determining factors to 4 and from 15 evaluation elements to 7; (b) providing direct linkage to organizational structures; (c) simplifying job descriptions, focusing on key deliverables rather than on an extensive list of process-oriented tasks, and including competency profiles; (d) supporting a holistic approach to HR management by integrating performance and competency objectives; and (e) capturing the texture of a new work environment with less emphasis on hierarchy and more value placed on innovation and partnership-building.
3. The new methodology was tested, validated and promulgated effective 1 January 2004. The standard, which is password-protected, is accessible from the ICSC website.
4. IFAD HR officers were trained in this methodology in 2003 and have now changed over to it. This has resulted in a savings of USD 300 per job classified, and also greater efficiency and effectiveness.

Broad-Banding/Performance Pay

5. The new system groups current grades into broad salary bands. Generally there are no steps between the minimum and maximum pay for the band. The system provides for career development streams and enables organizations to use jobs and deploy staff in a manner that is more aligned with programme demands. Accordingly, the broad-banding approach is more responsive to the management of work, including teamwork. It permits managers to shift the duties and responsibilities of their staff to meet new requirements and priorities. It accommodates the simplification and streamlining of the job classification system, requiring a more generic description of work at each level. Accordingly, it reduces the focus on job classification and the need for numerous job classification specialists. Lateral job changes are made without the need to reclassify jobs. Vertical job changes are fewer, since the change in job duties and responsibilities must be significant before a change from one band to another is warranted. Broad-banding involves less central staff control and delegates more in the areas of management development and training. It also places less emphasis on job-to-job comparisons and permits redefinition of pay equity to include a measure of how well a job is performed rather than just ensuring that duties and responsibilities are equivalent.
6. A key reason to adopt broad-banding is to recognize the world of work as it currently exists. The ability to deploy staff in a non-hierarchical structure permits arrangements that

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facilitate the achievement of results. The ability to move staff through bands based on measurements other than time-based ones permits a link to pay-for-performance. Broad-banded systems, where they exist, generally operate in the context of pay-for-performance.

7. At its Fifty-Sixth Session, ICSC decided that only one broad band should be applied to the entire common system. This was necessary to preserve the integrity and cohesion of the common system.

8. The ICSC selected three models to be tested, which were designed to address the individual circumstances of the pilot agencies as shown below.

	Model 1*	Model 2	Model 3
Salary structure	Broad Band Band 1 P1, P2 Band 2 P3, P4, P5 Band 3 D1 and D2	Broad Band Band 1 P1, P2 Band 2 P3, P4, P5 Band 3 D1 and D2	Retain the current 7 grade structure with no step increments
Evaluation for determining pay	- Performance - Competency development - Client feedback	- Competencies - Client feedback	- Competencies - Client feedback
Evaluation and pay decisions	Performance evaluation will be carried out annually and pay decisions made every year , with a fixed and variable percentage increase applying to relevant rating categories	Performance evaluation will be in accordance with the organization's current evaluation cycle, with a fixed and variable percentage increase applying to relevant rating categories	Performance evaluation will be done with a fixed and variable percentage increase applying to relevant rating annually in accordance with the organization's current categories

*IFAD will pilot Model 1.

9. If testing of this model is successful, IFAD will be able to continually develop competencies and pay variable increases to performers, thereby recognizing and motivating good performers.

Attitude survey

10. Since the initiatives in the pilot study represent significant changes in HR sub-systems, implementation needs to be monitored closely and measured to determine success in achieving the planned outcomes and to make necessary improvements where required. To monitor and measure the study's success, IFAD relies on information provided in performance evaluations, increments paid, grievances filed, development programmes and responses received from the attitude survey and client feedback.

11. The ICSC has commissioned third-party evaluators, Attitude Resources, to conduct the attitude survey, and analyse and report on its results.

12. Most data will be collected from FH records. However, staff participated in an attitude survey in late 2004-early 2005. The survey will be conducted annually to monitor progress.

13. The same attitude survey will be administered at all participating pilot organizations; results will be compared, discussions will take place on areas for improvement and lessons will be shared on necessary improvements and approaches.

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14. The success criteria for the pilot study have been discussed and agreed on as follows:

- ease of use of the new system;
- satisfaction of staff with the system/perceived flexibility;
- reduction in the number of grievances/disputes;
- use of competencies for all HR applications;
- perceived relevance of competencies to positions;
- perceived accountability of supervisors;
- perceived fairness of classification authority;
- employee perceptions of quality supervision;
- pay-performance correlations;
- perceived pay-performance link;
- turnover by performance rating category;
- performance rating distribution;
- pay progression by performance rating;
- perceived fairness of performance ratings;
- employee trust in supervisors;
- adequacy of performance feedback, and communication of expectations; and
- linkage of individual performance plans to strategic plans/goals.