

# Administration

## Human resource management and development

**A**T THE END of 1997, the Bank had a total staff of 1,956 coming from 44 of its 56 members. The total comprised 658 professional staff<sup>1</sup> and 1,298 supporting staff. During the year, there were 51 appointments and 54 terminations of professional staff, while 67 supporting staff joined the Bank, and 57 left. The Bank remains committed to increasing the representation of women professional staff in the Bank. At the end of 1997, the number of women professional staff was 111.

A major focus, started in 1997, is the development of a revised human resource management information system. The system — which will be built around an integrated and user-friendly database that will improve and expand the human resource management services available to Management and staff — will be implemented between 1998 and the year 2000.

Human resource management activities in 1997 concentrated on the introduction of individual career advisory services, formulation of a plan to manage staff performance problems, improvement in skills mix and competencies for the Bank, implementation of the Sexual Harassment Policy, and the introduction of noncash incentives as recognition for work excellence.

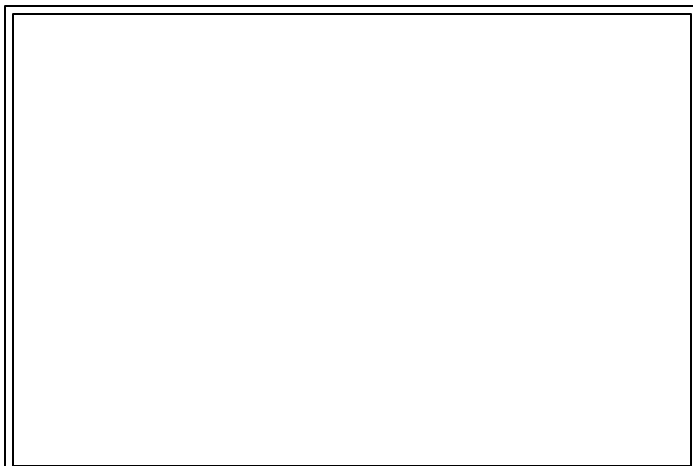
Significant initiatives during the year included the Management Development and Mission Leadership Programs, high-profile training activities offered to managers as well as mission leaders to enhance leadership and managerial efficiency. Also in late 1997, an Orientation Program for Developing Member Country (DMC) Officials was conducted to help participants better understand Bank operations and upgrade their skills in development planning and project management.

The Bank has continued to provide career development opportunities and has encouraged participation of staff in short-term external learning events, including assignments to executing agencies and international organizations. Study visits have been considered significant opportunities for staff as they review and learn from past and ongoing project experiences in selected sectors and member countries.

The demand for information technology training has risen significantly over the past year. With the introduction of new computer systems and software programs, there has been a substantial increase in the number of training courses and tutorials for upgrading staff proficiency in the use

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<sup>1</sup> Includes Management, i.e., the President and Vice-Presidents, but excludes Directors' Assistants.



*ADB staff and consultants review the progress of projects to ensure their satisfactory performance.*

of these new technologies. Increasing use was also made of self-instructional resources for information technology training through computer-based instruction, in-house development of course materials, and acquisition of commercial products.

### **Compensation and benefits**

The annual review of professional and supporting staff salaries was completed in July 1997. Based on the review, the Bank's professional staff salary structure was increased by 4.3 percent and an overall pay increase of 6.3 percent was distributed, effective 1 May 1997, based on individual staff performance. For

headquarters-based supporting staff, the salary structure was increased by 8.3 percent and an 11.4 percent overall pay increase was distributed, effective 1 April 1997, on the basis of their performance assessments. The multicurrency and multi-account payment schemes for professional staff were also implemented on 1 January 1997.

Work processes were streamlined to reduce turnaround time and enhance client responsiveness. This included the on-line availability to staff of information on the various benefits they are receiving and the use of this system to simulate housing, pension, dependency allowance, insurance, leave, beneficiaries, and other data. Direct assistance to help professional staff find suitable housing was also introduced.

### **Representative offices and resident and regional missions**

Through its representative offices and resident and regional missions, the Bank achieves strengthened representation in donor countries and broader and more direct access to the Bank's constituencies. To this end, in 1997, the Bank opened one resident mission in Sri Lanka, and approved the establishment of two others: Kazakhstan and Uzbekistan, both of which will be inaugurated in 1998.

With these new missions, the Bank will have three representative offices, ten resident missions, and one regional mission with a total staff strength of 149 positions, including 36 professional staff and 47 national officers.

### **Administrative services**

In line with the Bank's thrust on streamlining business processes, simplification of work procedures, and automation enhancements, several measures have been adopted to rationalize the Bank's administrative services and enhance cost-effectiveness.

The measures undertaken in the administrative area include computerization of various work processes. The Printing Management Information System resulted in increased operational efficiency through the use of computer systems for planning, scheduling, job tracking, monitoring staff productivity, and costing. The computerized Travel Request Processing System was developed to enable electronic transmittal of various travel-related documents for processing. This is expected to speed up processing of travel documents and improve the efficiency of travel services to Bank staff. Process improvements included on-line sourcing and document delivery, automation of serials control, and elimination of manual processes for material circulation. The development of the Shipment Monitoring System was completed. The system is expected to improve the quality of services and the control and monitoring of the large number of shipments of the Bank and its staff. A computerized Vehicle Management System was developed. This provides a database for the Bank's vehicles and enables staff to request vehicle bookings electronically.

## **Budget**

Internal Administrative Expenses (IAE) for 1997 amounted to \$190.361 million, an underrun of \$9.136 million against the original budget of \$199.497 million. This underrun was realized despite substantial unanticipated expenses arising from new initiatives taken during the year. The IAE budget for 1998 of \$204.817 million (*summarized in Appendix 7*), which was formulated within a framework of a zero real growth scenario, represents one of the lowest budget increases in the Bank's history. Accordingly, the 1998 work program, inclusive of new initiatives in responding to the financial sector reform in Asia and implementation of various policy initiatives, will be realized with greater emphasis on resource redeployment, as well as economy and efficiency measures.

## **Review of financial management systems and streamlining**

The Bank is introducing changes in its financial, administrative, and operational areas through the use of an information system that will eventually replace most of the Bank's existing computer application systems. As anticipated, the initiative will take about five to six years to complete. As a preparatory step, the accounting and accounting-related business processes and systems were analyzed. Opportunities for improving, streamlining, simplifying, and automating the current processes were identified through leveraging information technology. As a result, an overall business process framework and concept were formulated, including systems infrastructure, to support a fully integrated system.

In the first phase, it has been proposed that the core financial management (including general ledger, budgeting, and procurement), treasury/banking, human resources, and project/program management systems will

be replaced. To this end, a request for the acquisition and implementation of the systems together with the establishment of the necessary hardware platform, was initiated and was substantially completed in 1997. The new systems are expected to streamline, automate, and integrate the business processes in these respective areas, making them more efficient by reducing staff time and expense.

### **Internal audit**

The Bank's internal audit function conducts periodic, independent, and objective appraisals of Bank activities to ascertain the adequacy and effectiveness of controls, and to identify means of improving economy and efficiency in the use of resources in carrying out the Bank's development mission. The internal audit function reports directly to the President. Its activities are reviewed by the Audit Committee of the Board of Directors.

The Bank's internal audit function undertook initiatives during the year to improve the cost-effectiveness of its activities through the customized training of its staff in risk-based auditing and control self-assessment. It also began a continuing dialogue with sister organizations, with a major goal of identifying and adopting best practices in auditing, by conducting study visits and exchange audits. In addition, it conducted business process reform studies of its own activities that led to the streamlining of its annual review of the status of outstanding audit recommendations, as well as to the reformulation of the selection criteria and audit approach to be used for its annual auditing of consulting services contracts. To improve its efficiency and effectiveness in auditing the Bank's client-server application systems, it acquired a proprietary data analysis software tool.

To gain firsthand knowledge of problems and issues confronting the Bank's operations in the field, the internal audit function reviewed and discussed audit-related issues concerning selected Bank projects with officials of audit and executing agencies. This led to the formulation of more practical and effective recommendations for the Programs and Projects Departments, as well as improvement of the Bank's project administration policies and procedures. It also allowed the audit function to identify opportunities for improving accountability for the proper utilization of loan funds, and for improving project-related financial reporting processes.

The Bank's internal audit function provided an audit perspective to a number of Bankwide studies, including the reengineering of business processes, the development of an information systems strategy, the formulation of an anticorruption policy, the development of a new staff performance management system, and the acquisition of new financial management and human resource management information systems. Its activities in 1997 included design reviews of new computerized systems to ensure their effectiveness and efficiency, as well as the presence of adequate controls to protect data integrity and reduce the risk of loss.

Internal audits conducted during 1997 led to recommendations to improve the Bank's procedures for administering its technical assistance projects; enhance the security, effectiveness, and efficiency of a number

of the Bank's computerized application systems; institute risk-management measures in the Bank's treasury operations; and increase the use of domestic experts as consultants in the Bank's loan projects.

Expert consultants supported the internal audit function by conducting in-depth reviews of the Bank's financial derivative investment operations; the security of the Bank's internal computer network and of its *Internet* connection; and, in continuation of the prior year's efforts, the internal controls attendant to business processes Bankwide.

The Bank's internal audit function participated in the technical assistance projects provided by the Bank to the Lao PDR and the Maldives during 1997 to help these DMCs strengthen their governmental audit function.

The Bank's internal audit function also provided integrated assistance to its outside auditors, Price Waterhouse (International Firm).