

Administration

Human resource management and development

At the end of 1998, the Bank had a total staff of 1,966 coming from 44 of its 57 members. The total comprised 673 professional staff¹ and 1,293 supporting staff, of which 150 staff² were located in representative offices and resident and regional missions. During the year, there were 75 appointments and 61 departures of professional staff, while 51 supporting staff joined the Bank, and 60 left. At the end of 1998, the number of women professional staff was 129, or 19 percent of total professional staff.

In January 1998, the Bank's Training and Development Division was merged into the Human Resources Division to enhance coordination of human resource activities. The integration of training and development within an enlarged Human Resources Division also improved the service quality of training.

Human resource management activities in 1998 concentrated on the formulation of responsive human resource policies and strategies, including the nine-point Gender Action Plan to reduce gender disparities at all levels in the Bank. In support of the Bank's redefined role as a broad-based development institution, attention has focused on managing the Bank's desired skills mix through deploying administrative positions to operations, recruiting new skills such as financial economists and capital market specialists, terminating weak performers, reviewing anticipated competencies, and introducing collaborators from other areas of the Bank in a more rigorous recruitment exercise. A major focus in 1998 was the initiation of the procurement process for an integrated human resource management information system (HRMIS). Implementation of the new system package—which is expected to expand the human resource management services available to Management and staff—will begin in 1999 and be completed in 2001.

A Bankwide training needs assessment was conducted to determine the training and development priority directions of the Bank. Based on the assessment, several new training activities were conceptualized and implemented in 1998. These activities included technical training (such as macroeconomics, governance, and capacity building), and managerial and supervisory training.

Emphasis was given to training for senior management staff, managers, and mission leaders to enhance and upgrade their scenario planning, leadership, and managerial skills. A set of training curricula for executive assistants was developed and established. These include specific development steps and training programs. This exercise is also being undertaken for other job streams.

1 Includes the President, Vice-Presidents, and staff on secondment and special leave without pay, but excludes Directors' Advisors.

2 Includes 37 professional staff, 47 national officers (locally recruited professional staff), and 66 supporting staff.



Staff coming from 44 of ADB's 57 members work together to improve the welfare of the people in the region.

In its capacity-building activities, and involving the cooperation of many departments and offices, the Bank again conducted the Orientation Program for Developing Member Country Officials to help participants better understand Bank operations. The Bank's internship program was resumed after a hiatus of two years. The program, offered to master and doctoral students from accredited universities, provides interns with an opportunity to learn about all facets of the Bank's operations during a two-month internship.

Compensation and benefits

The Bank approved a 4.3 percent salary structure increase for professional staff effective 1 May 1998, and a 15.9 percent salary structure increase for supporting staff effective 1 April 1998, in response to changes in market salaries. In line with the revision of the performance management system, the system for distributing the pay increase budget was refined. A preliminary review of staff benefits was undertaken, and rationalization measures were adopted for some items, which reduced benefit costs. A more extensive review is planned for 1999. A pilot test commenced in January 1998 to evaluate a flexible work hours scheme for staff. As a result, flexible work hours have been adopted by the Bank. Staff now have the option of a number of work periods, with some staff starting work at 7:00 a.m. and others finishing at 6:00 p.m.

Administrative services

In line with the Bank's efforts to streamline business processes, simplify work procedures, and automate enhancements, measures were undertaken to rationalize the Bank's administrative services and enhance their cost-effectiveness.

In the area of administrative services, such measures included the computerization of various work processes. For example, use of electronic file exchanges between user-departments and the Printing Unit expanded the production capability of the Unit. A records management study to develop guidelines for electronic document management was undertaken; and a computerized index system, which enhances access to the Bank's official and historical records, was developed.

During the year, a redesigned methodology for taking inventory of the Bank's equipment was implemented. This resulted in reducing the commitment of staff resources for the physical inventory, strengthening the equipment accounting system, and improving the quality of the equipment inventory database. Recommendations from a study on the vital records protection program were implemented to ensure protection of the Bank's vital records. In addition, procurement exercises to replace the Bank's telephone system, and acquire and install integrated software and related hardware were begun.

Budget

Actual internal administrative expenses (IAE) for 1998 amounted to \$193.8 million, a saving of \$11 million against the original budget of \$204.8 million. The

saving was mainly due to the impact of the depreciation of the Philippine currency; additionally, greater emphasis was given to both selectivity and flexibility in the allocation of internal resources during a year when additional resources were required for new policy initiatives and various efforts associated with the Asian financial crisis. The Bank will maintain a tight budgetary approach.

The IAE budget for 1999 of \$207 million (*summarized in Appendix 8*) has been formulated with continued focus on economy and efficiency, while enabling the Bank to support the needs of its developing member countries (DMCs) and provide a broad range of development services. In response to the broader role of the Bank, the budget for 1999 provides for 15 new professional staff positions—the first such staff increase since 1994—yet reflects the lowest nominal budget growth in the Bank’s history. In achieving this low-growth scenario, the Bank will intensify its focus on business process reforms and efficiency measures, and will continue its efforts on rationalizing work activities, redeploying staff positions, and improving the staff skills mix.

Financial and human resource management information systems

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 applications systems. The initiative will take from five to six years to complete. As a preparatory step, the Bank’s accounting and accounting-related business processes and systems were analyzed, and opportunities for improving, streamlining, simplifying, and automating the current processes were identified. 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 be replaced. In this connection, a procurement process for the acquisition and implementation of the systems, together with the establishment of the necessary hardware platform, was initiated through international competitive bidding. Eligible bidders have been shortlisted, and bidders’ proposed solutions are being evaluated. 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 Office of the General Auditor (OGA) conducts periodic, independent, and objective appraisals of Bank activities to ascertain the adequacy and effectiveness of controls, and to identify the means of improving economy and efficiency in the use of resources in carrying out the Bank’s development mission. OGA reports directly to the President. Its activities are reviewed by the Audit Committee of the Board of Directors.

In 1998, OGA participated in the Task Force for formulating and implementing the Bank's Anticorruption Policy. As assigned under the policy, OGA made preparations and took on the new role of serving as the point of contact within the Bank for receiving and processing allegations of corruption, fraud, and abuse in headquarters as well as in all Bank-funded projects. In this regard, OGA initiated steps to collaborate with supreme audit institutions to achieve the common objectives of promoting good governance and undertaking anticorruption efforts in the Bank's member countries.

Also in 1998, OGA assumed responsibility for the Bank's regional technical assistance to strengthen auditing capabilities in its DMCs. It provided assistance in audit capacity building to individual DMCs on a selective basis. It also conducted training on the Bank's project accounting, reporting, and auditing requirements at a regional seminar on project implementation and administration held at headquarters.

To further its interaction with other multilateral development organizations and to comply with the requirements for the professional practice of internal auditing of the Institute of Internal Auditors, OGA undertook an exchange of peer reviews with the European Bank for Reconstruction and Development in 1998 and, as a result, made procedural changes to enhance the quality of its work.

OGA provided an audit perspective to a number of Bankwide efforts, including (i) acquisition of the new financial resources management system and HRMIS; (ii) conversion of all Bank computer hardware and software to ensure the ability to process correctly dates from 1 January 2000 onward; and (iii) modification of Bank software, business procedures, and external depository bank and counterparty arrangements to enable trading in the euro beginning on the first workday of 1999. Activities in 1998 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 1998 led to recommendations for (i) enhancing the security of the Bank's internal network and Internet connection; (ii) reducing the cost of information technology (IT)-related services at headquarters; (iii) reducing the extent to which IT-related problems might delay the accomplishment of the Bank's work; and (iv) increasing efficiency and effectiveness by accelerating the disposal of Bank records, reducing the Bank's use of paper-based documents, and expediting decision making within the Project Administration Units as well as facilitating follow-ups on the submission of progress reports and audited financial statements.

By focusing the approach and streamlining the processes related to audits of consultants' contracts conducted in 1998, OGA was able to achieve significant cost saving to the Bank, both in terms of lower audit fees and through the recovery of overclaims. These audits also resulted in more effective control procedures for selecting consultants for Bank-financed technical assistance projects.

Expert consultants assisted OGA in conducting in-depth reviews of the financial instruments in the Bank's investment portfolio, investment performance, and, as part of the Bankwide Study on Internal Controls, internal controls over the procurement of goods and services under loan projects.

OGA also provided integrated assistance to its external auditors, PricewaterhouseCoopers LLP (International Firm).