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# **Report on the Implementation of the New Human Resources Strategy**

Asian Development Bank

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## ABBREVIATIONS

ADB	–	Asian Development Bank
ADC	–	Assessment and Development Center
BPHR	–	Human Resources Division (of ADB)
BPHR-LD	–	Human Resources Division, Learning and Development Unit
BPMSD	–	Budget, Personnel and Management Systems Department (of ADB)
DMC	–	developing member country
ESP	–	Enhanced Separation Program
GAP	–	Gender Action Program
HR	–	human resources
LS	–	local staff member
NO/AS	–	National officer/administrative staff member
MTS II	–	ADB's second Medium-Term Strategy
PDP	–	Performance and Development Plan
PS	–	professional staff member
RM	–	resident mission

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## EXECUTIVE SUMMARY

The Human Resources (HR) Strategy establishes a merit-based effective system that supports ADB's vision and strategies. This represents a major cultural change and commits ADB to improve the effectiveness of its human capital, introduce a new performance management and rewards system, and disseminate widespread leadership throughout ADB. ADB made good progress during the first two years of implementation.<sup>1</sup> At the end of the implementation period, ADB will conduct a staff engagement survey which will provide relevant feedback.

To improve the effectiveness of ADB's human capital, ADB developed a comprehensive competency framework as the foundation for an internally consistent and coherent HR system, drafted job descriptions to accurately reflect the scope and complexity of work responsibilities, revised the selection panels, and accelerated the organization's natural turnover by strategically reducing the workforce through a separation program. This allowed the flexibility to adjust the composition of ADB's workforce by reallocating and recruiting resources in areas of strategic priority. ADB is developing sequential comprehensive programs to reflect the changing needs for learning and support staff career progression. As technical talent is critical to ADB's effectiveness, a non-managerial career path was introduced to recognize and retain highly valued technical talent. The increased representation of women staff overall and at senior levels reflects the progress ADB has made following the implementation of the Gender Action Program II. However, the recruitment of women staff continues to be a challenge.

The new performance management system supports an integrated approach toward organizational effectiveness by aligning results-based performance, desired behaviors, rewards, and support for development. The new performance management system represents an important initial step towards a result-oriented culture. It also enables ADB to develop more mature and accountable managerial leaders. A systematic talent management process will leverage the Assessment and Development Center as a foundation for the development of ADB's future managers.

The active participation and ownership by ADB's managerial leaders is a necessary condition for the successful implementation of its strategy. To enable them to take on the more demanding roles, ADB has provided learning and development support of managerial and leadership skills and increased the dissemination of widespread accountability and responsibility throughout the organization.

ADB has implemented a significant number of activities to support the enhancement of organizational capability and the establishment of an effective performance management system. The strengthening of leadership and accountability is an ongoing process which requires a more long term implementation period. In 2007, ADB will continue to address the remaining challenges for the complete implementation of the HR Strategy.

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<sup>1</sup> For more details, see the standalone paper "Report on the Implementation of the New Human Resources Strategy."

## I. INTRODUCTION

1. This paper provides a progress report on the 2005–2006 implementation of the Asian Development Bank’s (ADB) Human Resources (HR) Strategy approved by the President on October 15, 2004. The HR Strategy is a key element of ADB’s Reform Agenda; its objective is to establish a merit-based, transparent, effective HR management system that supports ADB’s mission.

2. *HR strategy background:* In 2003, ADB conducted a staff engagement survey. The results provided an important starting point for establishing an internally consistent and coherent HR system built on three pillars (see Table 1).

**Table 1: HR Strategy’s Three Pillars**

PILLARS	QUALIFYING ACTIVITIES	EXPLANATION
1. ENHANCING ORGANIZATIONAL CAPABILITY	Competency Framework	Improve the quality of personnel through workforce reevaluation; recruitment and selection; training and development; and the establishment of a learning culture
	Job Descriptions	
	Enhanced Separation Program	
	Quality and Timeliness of Recruitment and Selection	
	Learning and Development	
	Technical Career Stream	
	Gender	
2. ESTABLISHING AN EFFECTIVE PERFORMANCE MANAGEMENT SYSTEM	Performance and Development Plan	Improve the management of personnel and ensure a system that links performance to assessment and remuneration
	New Incentive System	
3. STRENGTHENING LEADERSHIP AND ACCOUNTABILITY	Leadership Development Programs	Support division and country directors with education and leadership initiatives to be accountable as ADB’s primary agents of organizational change.  Establish a talent management process to develop a leadership pipeline for pre-managerial level staff.
	Talent Management	
	Disseminating Authority and Accountability	

3. *Current status:* The HR Strategy implementation has progressed on schedule and will continue throughout 2007 (see Appendix 1 for more details). Following implementation, a staff engagement survey will be conducted to provide relevant feedback. The survey will also be important for internal communication by providing a comprehensive view of ongoing changes.

## II. ENHANCING ORGANIZATIONAL CAPABILITY

4. *Highlights:* The following actions represent the significant efforts undertaken to improve ADB's human capital.

- A comprehensive competency framework now provides the foundation for an internally consistent and coherent HR system.
- New competency-based job descriptions for all professional staff (PS) positions were drafted. Job descriptions for local staff (LS) positions were also updated. This facilitates the evaluation of candidates.
- Selection panels were reviewed to provide a more efficient means of recruitment and selection. .
- The Enhanced Separation Program (ESP) provided PS and LS, whose careers had plateaued, an opportunity to retire. It was successfully implemented and provided ADB the opportunity to achieve the desired skills mix; Staff were separated without operational disruptions or repercussions on staff morale.
- The new Learning and Development Unit of the Human Resource Division (BPHR-LD) reviewed existing technical training to support a learning organization aligned with ADB's business needs.
- A dual-career ladder recognizing the value of the technical expertise of PS was introduced.
- ADB continued to optimize its human resources through the 2003-2006 Gender Action Program.

### A. Competency Framework

5. Competencies are broad dimensions or aspects of performance that are necessary for individual success and for a high performing organization. ADB's five core competencies and three managerial competencies are achievement-oriented clusters of outcome-related knowledge, skills, and abilities (see Table 2). These competencies ensure that ADB has the required skills to produce, deliver, and support its products and services that achieve goals and meet client needs. The competency framework provides the foundation for a streamlined, uniform, and transparent approach to HR management.

**Table 2: The Asian Development Bank's Competency Framework**

CORE COMPETENCIES		
1.	Application of Technical Knowledge and Skills	Demonstrates breadth, depth, and leadership in own area of technical expertise. Maintains up-to-date knowledge in concepts and practices related to area of work. Produces useful analyses, reports, and recommendations. When appropriate, develops other specialists in the Bank and client organizations.
2.	Client Orientation	Provides prompt, effective, and customized products and services. Adapts approach to understand different client needs and concerns. Meets client needs and evaluates the degree to which client needs are met. Treats clients fairly, consistently and with respect.
3.	Achieving Results	Is proactive and acts to achieve results. Commits to concrete, timely, and cost-effective courses of action. Keeps trying to

		achieve goals even when it gets difficult. Exercises sound judgment when managing risk and keeps larger institutional objectives clearly in mind. Balances analysis and decision making towards an appropriate course of action.
4.	Working Together	Commits to workgroup goals and works effectively with individuals of different views, culture, and gender. Develops collaborative relationships both within and outside the Bank. Fosters a positive environment and manages conflict. Is persuasive and communicates workgroup goals clearly and consistently. Seeks or offers help when needed and acknowledges others' contributions.
5.	Learning and Knowledge Sharing	Open to new ideas. Constructively challenges the status quo and creates innovative changes to improve work processes. Builds networks with others for the effective communication and exchange of knowledge and feedback. Develops new skills and abilities in self, and others where appropriate, in response to new demands or client needs.
<b>MANAGERIAL COMPETENCIES</b>		
1.	Managing Staff	Makes valid staff selection and promotion decisions. Manages staff performance and development effectively through formal appraisal, informal feedback, and recognition. Creates a supportive environment for maximizing staff performance. Assigns workload fairly while optimizing staff resources.
2.	Leadership and Strategic Thinking	Inspires commitment to the Bank's mission and vision. Focuses on ADB's strategy and how it fits in the big picture for development effectiveness. Understands how the Bank's structure, products, and services can best meet the region's needs.
3.	Inspiring Trust and Integrity	Establishes, maintains, and increases trust. Demonstrates the highest ethical standards and develops an ethical organization. Upholds ADB's reputation by exemplifying in professional and personal conduct the highest standards of honesty and integrity. Complies with ADB rules and procedures.

## **B. Job Descriptions**

6. Nearly 400 draft PS job descriptions have been completed. They accurately reflect the scope and complexity of work responsibilities, they include the competency framework, and they ensure bank-wide consistency at each level. The draft job descriptions are currently being implemented as vacancies arise. Appendix 2 provides an example.

## **C. Enhanced Separation Program**

7. The ESP was implemented between 1 July 2005 and 30 June 2006 with effective termination dates in 2006 and 2007. The program was used to separate 32 PS and 85 LS whose careers had plateaued and whose skills were no longer considered of strategic importance to ADB. The ESP was implemented in a fair manner and on schedule. It complemented the sequestration of 30 PS positions as part of the 2006 budget exercise; these

positions were reallocated to key operations departments and the Risk Management Unit based on the second Medium-Term Strategy (MTS II).

8. The ESP also enabled the opportunity to achieve the desired skills mix through internal promotional opportunities and external recruitment. An information paper on ESP implementation and results was provided to the Board. Appendix 3 has an update on the staffing and skills mix.

#### **D. Quality and Timeliness of Recruitment and Selection**

9. *Review of external selection:* The interview process for PS in levels 3–6 was revised from a series of individual interviews to two structured panel interviews. The panel interviews focus on technical skills and knowledge assessment and the potential for wider employment at ADB. Several training workshops in interviewing skills were conducted to better prepare panel members by explaining competencies, job descriptions, and gender and diversity sensitivity. Departments using the panels have reported high satisfaction with the quality of the interviews and with their ownership of decision making.

10. *Review of internal selection:* Management approved staff representation on internal selection panels for PS levels 3–6 and national officer/administrative staff (NO/AS) levels 5–9. Staff participation increased awareness of the decision-making process and enhanced transparency. The composition of both internal and external selection panels and the roles of each panel member are detailed in Appendix 4.

11. *Strategic recruitment and selection:* During the third quarter of 2006, a strategic recruitment campaign aligned with MTS II and coordinated with heads of departments/offices was launched to identify gaps in talent and skills. Addressing the gaps will require innovative recruitment and selection processes. The processes include strategically choosing appropriate recruitment channels and developing fast-track procedures for selecting panels.

#### **E. Learning and Development**

12. *Establishment of the Learning and Development Unit:* The Learning and Development Unit was formally established in the HR division in mid-2005 to develop and support staff members. ADB's approach to learning and development has been significantly revised and expanded to align it more closely with institutional priorities.

13. *Review of learning and development programs:* ADB's Learning and Development Plan promotes the development of knowledge, skills, values, and a better understanding of ADB. This is a significant shift from a reactive training environment to a more proactive, planned educational environment. Table 3 illustrates the plan and its key functional roles. The full catalogue to support these roles is nearing completion.

**Table 3: The Learning and Development Plan of the Asian Development Bank**

	EXECUTIVE DEVELOPMENT STRATEGY	DEVELOPMENT FOR ROLE PREPARATION		DEVELOPMENT TO GROW FUTURE LEADERS			DEVELOPMENT TO REFINE CAPABILITIES AND CLOSE SKILL GAPS		BASIC SKILLS			
VICE PRESIDENTS	Strategic Leadership Series	Executive MBA	Supervisory Management Module	Required Technical Skills	Strategic Thinking	Organization Awareness	Performance Results Orientation	People Development Modules	Project Design and Management	Advanced Communication Skills	Specific Capacity Building - Department specific programs	Information Technology
HEADS OF DEPARTMENT												
HEADS OF DIVISION			Project Leaders Module	Team Leadership - Empowerment	Systems Thinking							
UNIT HEADS		In-house MBA										
PROJECT LEADERS												
PROFESSIONAL STAFF												
NATIONAL OFFICERS												
ADMINISTRATIVE STAFF												

14. *Curriculum approach based on job areas:* The 120 existing programs have been revised and systematized into a number of building blocks related to skills and capabilities linked to on-the-job performance and options for development in the Performance and Development Plan (PDP). The approach applies particularly to professional career paths with the same basic skills (e.g., finance) or role requirements (e.g., project management). Appropriate learning programs will be designated as pre-requisites for such positions. BPHR-LD is currently rationalizing programs and developing courses to fill gaps.

## F. Technical Career Stream

15. ADB values both managers of intellectual capital and managers of personnel and tangible resources. Therefore, ADB has introduced a non-managerial technical career stream for Practice Leaders to strengthen and retain senior staff resources in areas of strategic importance.

16. *Practice leaders:* Practice leaders are level 7–8 staff who will create and disseminate expertise both internally and externally. This technical career stream provides opportunities for advancement to highly skilled technical staff in strategic operational areas. Practice leaders will be recognized internally and externally for their professional status. Strategic areas have been identified, and these positions will be advertised late 2006. Wider implementation will continue into 2007.

## G. Gender

17. *The Gender Action Programs for PS:* Gender Action Program (GAP) II focusing on PS was implemented from 2003 to mid-2006. The review of GAP II showed that progress had been made but that further improvements were required. A key input into the review was the

Cranfield report<sup>2</sup> that indicated that women PS believed that ADB's culture, while improving, was still biased toward men. GAP III will be implemented from late 2006 to the end of 2009 and will build upon earlier gender and diversity awareness workshops with very specific activities to change and reward gender inclusive behavior. Similar to GAP II, GAP III will contain indicators and benchmarks.

18. *GAP II key statistical indicators and benchmarks:* Table 4 provides key statistics from end-2002 to mid-2006. Appendix 5 provides additional statistics.

**Table 4: Gender Action Plan II Statistical Indicators and Benchmarks**

Percentages of Women	2002 Baseline	30 June 2006	Benchmark
In PS positions	27.5	29.6	More than 30
In senior positions	6.2	12.6	n/a
In pipeline level 6	14.6	19.0	20
In pipeline level 5	23.7	37.0	30
In operations departments	24.4	27.2	30
In RMs	9.7	25.8	20
Appointed to PS positions	35.5 (Ave. 1998-2002)	28.6 (Ave. 2003-2006)	40 (On Ave.)
Separating	4	3	n/a
Promoted	26.3 (Ave. 1998-2002)	36.3 (Ave. 2003-2006)	n/a

PS = professional staff; RMs = resident missions

19. *Status of progress:* Senior-level and RM representation has more than doubled, level-5 representation has increased by nearly 50%, level-6 representation has increased by 30%, and total representation has grown by 7.5%. This progress reflects the previous increased recruitment numbers of higher-level women into the organization and their steady career progress. Recruiting women is a challenge because female candidates are scarce in some of the skills sets needed to support MTS II and they tend to be more conscious of personal matters like security, environment, and cultural offerings and thus may have concerns about living in the Philippines and in the Developing Member Countries (DMCs).

## H. Challenges for 2007

20. ADB will need to focus on the following:

- Resident Missions (RMs) have benefited from various initiatives (i.e., increased headquarters-based training for the PS and implemented a pilot national officer rotation program), but their specific requirements have yet to be assessed.
- Programs have been implemented to raise awareness and understanding about what constitutes diversity and its resulting organizational impacts; however, several benchmarks have yet to be achieved and more progress is needed.

<sup>2</sup> Asian Development Bank. 2006. *Report on Gender Progress*.

### III. ESTABLISHING AN EFFECTIVE PERFORMANCE MANAGEMENT SYSTEM

21. *Highlights:* In 2005, ADB introduced a competency-based performance management system to set performance objectives, to enable structured feedback on results, and to provide an effective instrument to manage, develop, and reward personnel. The Performance and Development Plan (PDP) is central to HR management and ensures the following:

- a consistent strategy for a personnel management system;
- a transparent and clear evaluation mechanism as a basis for rewards;
- a shared tool for supervisors and staff to review and improve performance;
- a method to evaluate managers on their ability to develop resources;
- a system to build a class of superior performers and future leaders;
- enhanced effective organizational performance.

22. The new performance management system delegated greater accountability to managers and supervisors and required a significant cultural change from the previous system which did not discriminate among different levels of performance. A more meaningful performance distribution was achieved in 2005 and was more directly linked with a revised reward system. The Budget, Personnel and Management Systems Department (BPMSD) has continued to respond to feedback and to provide pro-active support to Management during 2006. The introduction of the team bonus will provide Management with additional flexibility and an important tool to reward collaboration.

#### A. Performance and Development Plan

23. *The PDP's key components:* The key components of the PDP are the individual workplan (i.e., the measure of what work is done) and the competency framework (i.e., the measure of how work is done). Meaningful distinctions in performance are provided through the use of a four-point rating scale (i.e., exceptional, fully satisfactory, generally satisfactory, and unsatisfactory). All staff have workplans based on the department's key result areas which clearly indicate their expected annual outputs. Line managers must ensure that their staff workplans reflect what outputs are valued and will be rewarded. An individual staff member's PDP also includes relevant competencies and expected standards. Supervisors of professional staff are expected to consider how results are achieved as a coaching method for continuous development.

24. *Support activities:* Throughout 2005, briefing sessions were provided to explain the features of the PDP. The system includes two structured meetings between the supervisor and staff (interim review and year-end review) complemented by timely and continuous informal feedback throughout the year. Extensive support in coaching, tutoring, and mentoring was provided to line managers to help them provide effective guidance to their staff members. The PDP's Learning and Development Plan details activities to help improve performance.

25. *2005 PDP cycle:* The first cycle of the PDP reflected a more realistic and meaningful distribution compared to the previous system which indicated that almost 100% of the staff "meets or exceeds expectations." The most common complaints from staff were the reluctance to accept a "partly satisfactory" rating and poor or inconsistent feedback from supervisors throughout the year; however, only very few administrative cases have been lodged (i.e., less than 1.0%). Table 5 provides ratings from the 2005 PDP cycle, and Table 6 disaggregates the data by gender and staff category.

**Table 5: Performance and Development Plan Ratings by Category**  
(%)

<b>Rating</b>	<b>Professional Staff</b>	<b>Local Staff</b>	<b>Total</b>
Exceptional	9.0	8.6	8.7
Fully Satisfactory	78.3	85.1	82.9
Partly Satisfactory	12.3	6.2	8.2
Unsatisfactory	0.4	0.1	0.2
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

**Table 6: Performance and Development Plan Ratings by Gender and Staff Category**  
(%)

<b>Rating</b>	<b>PS Male</b>	<b>PS Female</b>	<b>LS Male</b>	<b>LS Female</b>
Exceptional	9.4	7.7	7.4	9.0
Fully Satisfactory	78.1	79.2	85.2	85.2
Partly Satisfactory	12.1	12.6	7.2	5.8
Unsatisfactory	0.4	0.5	0.2	0.0
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

LS = local staff, PS = professional staff.

26. *2006 PDP cycle:* In 2006, the Human Resources Division (BPHR) met with all the Vice-Presidents, heads of departments, and principal directors, the Directors, Staff Council, and a number of professional and local staff to obtain feedback and to clarify questions on 2005 PDP actions. Similar rounds of meetings were repeated in August 2006 coinciding with the interim PDP review. The final round is planned to coincide with the year-end exercise. PDP procedures have been simplified, and the rating terminology was changed from “partly satisfactory” to “generally satisfactory”. Managers are encouraged to focus from a coaching perspective on specific areas of improvement for individuals. Vice-Presidents and heads of departments are encouraged to hold calibration meetings to ensure the fairness and consistency of ratings across the organization.

## **B. New Incentive System**

27. *Performance-related financial rewards:* With the introduction of the new performance management system, salary increases are more directly linked to performance. In addition, a bonus of 1 month’s salary was introduced for exceptional performers. These bonuses are an integral part of the salary increase methodology and are funded from the salary budget. Since they are not pensionable, they enhance the sustainability of the pension scheme.

28. *Introduction of the team bonus:* In 2006, a separate but complementary bonus system for PS was approved to reward cooperation and team spirit. The amount of the bonus is equal to 30%, 40%, or 50% of monthly salary depending on the level of contribution to the team by each individual. The new bonus complements the individual performance bonus scheme and does not require additional budget allocations. It is a tool for Management to reward desired behaviors and reinforces the importance of teamwork. It also increases the responsibility and the accountability of Vice-Presidents and especially of heads of departments who are in the best positions to determine which teams merit recognition.

### **C. Challenges for 2007**

29. The need for an effective performance management system as an indispensable instrument to encourage and develop excellence is not in question. However, in 2007 ADB will review the experience of the previous 2 years for any necessary adjustments and improvements. BPMSD is also working on designing a system to link individual performance to project results. This effort includes the study of comparable institutions' best practices and the development of indicators to measure long-term project results.

## **IV. STRENGTHENING LEADERSHIP AND ACCOUNTABILITY**

30. *Highlights:* The objective is to strengthen ADB's current leaders, to manage the talent of high-potential staff, and to plan for the succession of leadership positions. ADB realized the importance of accelerating the development of managerial and leadership skills to effectively make changes in the organization.

- All current Directors and country directors are attending a modular professional development program to support them in making successful transitions to more demanding managerial roles.
- ADB is in the process of establishing the Assessment and Development Center (ADC) to support talent management by targeting high-potential staff at pre-managerial levels.
- The autonomy of heads of departments and Directors in HR management is continuously expanding.

### **A. Leadership Development Programs**

31. *Division and country director programs:* To support the personal and professional development of division and country directors, the HR division is now focusing on a three-tiered approach to learning and development:

- internal and external communication;
- managing teams and individuals;
- managing for development results.

A modular approach has been developed aimed at providing Directors with an integrated learning program to develop the competencies essential in undertaking their managerial roles. In 2006, 12 programs held, 439 individual participations were recorded.

### **B. Talent Management Process**

32. To ensure an effective talent pipeline of Directors and country directors, ADB is establishing systematic methods for identifying staff with high potential for leadership, managing their development and succession into the senior echelon, and retaining their skills. The ADC has been designed as a foundation for establishing a talent management process that will ultimately provide a pool of qualified leaders to replace ADB's senior-level managers as needed.

33. *Assessment and Development Center:* The ADC combines a range of competency-based methods and tools (e.g., simulations, structured interviews, standardized written tests, practical and job-related exercises, role plays, and problem solving scenarios) to provide staff with an opportunity to demonstrate their skills. External assessors will evaluate and meet with each candidate to discuss their strengths and areas for further development in the competencies ADB requires in its senior staff. The Learning and Development Unit will work closely with staff to develop plans to support skill acquisition. Follow-up activities will include

tracking of career progress and the use of 360° feedback as a personal development tool. The first pilot test is being designed and full implementation will take place in 2007.

### **C. Disseminating Authority and Accountability**

34. *Management's HR responsibility:* ADB Management retains the overall responsibility and authority to recruit and promote its senior staff. For other staffing decisions, Management has increased consultations with relevant senior staff. This increasingly consultative approach is a significant change from the unilateral decisions made by Management in the past. Responsibilities that remain centrally administered include the management of financial and staffing resources, the balanced composition of ADB's workforce (i.e., geographic, national, and gender), and compensation and benefits policies.

35. *Heads of departments' and Directors' HR roles:* The HR strategy encourages the trend to increase the decision making responsibility of line managers to develop widespread leadership. HR management responsibility, accountability, and authority that have been delegated to heads of departments and Directors include:

- increased participation and decision making in the recruitment, selection, and promotion of non-senior PS;
- recommendations to separate staff under the ESP;
- full responsibility for PDP for non-senior PS and LS;
- the recent realignment of operation departments.

### **D. Challenges for 2007**

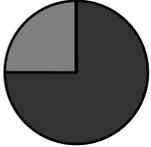
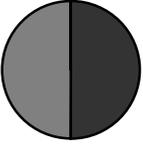
36. Establishing a talent management process will demand a significant change in mindset toward a more merit-based, transparent, and learning-oriented culture. Current department heads and Directors will need continued support and increased opportunities to act as agents of change.

## **V. CONCLUSION**

37. ADB must keep its human capital in line with its mission and with the changing needs and requirements of the DMCs. The successful implementation of the HR Strategy is producing a significant cultural change that will enable ADB to be a more effective development partner. A performance-driven and results-oriented culture is supporting the development of a future class of empowered leaders accountable for results.

38. *Implementing the HR Strategy:* ADB has implemented a significant number of activities to support the enhancement of organizational capability and the establishment of an effective performance management system. The dissemination of leadership and accountability is an ongoing process which naturally requires a long term implementation period (see Table 7).

**Table 7: Progress in Implementing the Human Resources Strategy at the Asian Development Bank**

COMPLETION STATUS OF PILLARS	QUALIFYING ACTIVITIES	STATUS OF QUALIFYING ACTIVITIES	RESULTS AND CHALLENGES FOR 2007
1. ENHANCING ORGANIZATIONAL CAPABILITY 	Competency Framework		Completed.
	Job Descriptions		Completed: 400 draft professional staff (PS) job descriptions.
	Enhanced Separation Program		Completed: 32 PS, 85 local staff (LS) separated, 30 PS positions relocated.
	Quality and Timeliness of Recruitment and Selection		Dual panel for technical evaluation and employment potential introduced. Recruiting/appointment process under review. Strategic recruiting to build up key competencies.
	Learning and Development		Unit established; curriculum approach introduced; catalogue of courses under review; 113 programs delivered January to June 2006 equivalent to 3,845 person days of training.
	Technical Career Stream		First appointments to be implemented in 2007.
	Gender		Most Gender Action Plan II indicators improved.
2. ESTABLISHING AN EFFECTIVE PERFORMANCE MANAGEMENT SYSTEM 	Performance and Development Plan		Completed: more realist performance distribution achieved.
	2005 PDP Cycle		Completed.
	2006 PDP Cycle		New approach: responsiveness, proactive support, increased delegation. Interim PDP completed.
	New Incentive System		Completed.
3. STRENGTHENING LEADERSHIP AND ACCOUNTABILITY 	Leadership Development Programs		Division and Country Directors prioritized in 2006: 12 programs, 34 sessions held, 439 participants.
	Talent Management Process		Pilot of Assessment and Development Center in progress. Full implementation in 2007.
	Disseminating Authority and Accountability		Continue to increase participation of management (PDP; team bonus; election of candidates for Assessment and Development Center; practice leaders).

39. *Measuring results:* At the end of 2007, a comprehensive staff engagement survey will be launched to provide relevant feedback on the HR Strategy implementation. BPMSD will undertake several preliminary surveys to assess staff engagement during the second half of 2006 and 2007. The staff engagement survey will provide thorough feedback and indicate a number of actions to address staff concerns and desires.

40. *Challenges beyond 2007:* In addition to producing results on schedule, BPMSD must make a conscious effort to increase trust and must disseminate a sense of ownership of the

strategy to its leaders through intensive communication. ADB's senior managers are crucial to the successful implementation of the HR Strategy as they are tasked with leading the change initiatives throughout the institution and ensuring that HR management is fully aligned with ADB's core institutional objectives and values.

## Actions of the Human Resources Strategy Implementation

### Objective A. Enhance Organizational Capability

Actions	Outputs	Status
<b>Action 1:</b> Establish an Asian Development Bank (ADB)-wide Competency Framework and Skills Inventory	<ul style="list-style-type: none"> <li>• ADB-wide Competency Framework, Job Families, and Job Profiles</li> </ul>	Implemented
	<ul style="list-style-type: none"> <li>• Competencies integrated into Performance and Development Plan (PDP)</li> </ul>	Implemented
	<ul style="list-style-type: none"> <li>• Competency Evaluation Guide</li> </ul>	Implemented during the 2005 PDP Year-End Exercise
	<ul style="list-style-type: none"> <li>• Results-based and competency-based job descriptions</li> </ul>	Implemented
	<ul style="list-style-type: none"> <li>• Generic Job Title Project, high-level skills inventory and Workforce Planning Project for Professional Staff</li> </ul>	High-level skills inventory completed  Workforce Planning Project for professional staff (PS) completed
<b>Action 2:</b> Improve timeliness and quality-at-entry and transparency in the selection system	<ul style="list-style-type: none"> <li>• Streamlined approval process for recruitment and selection of PS Levels 1–6</li> </ul>	Implemented
	<ul style="list-style-type: none"> <li>• Speedy and cost-effective interviews of external candidates through increased use of video/teleconference</li> </ul>	Implemented
	<ul style="list-style-type: none"> <li>• Filling of specific hard-to-fill positions through engagement of search firms</li> </ul>	Implemented
	<ul style="list-style-type: none"> <li>• Technical validation and employment potential panels for external candidates</li> </ul>	Implemented
	<ul style="list-style-type: none"> <li>• Expanded roster of independent panelists and streamlined provision of independent panelists (from two to one panelist)</li> </ul>	Implemented
	<ul style="list-style-type: none"> <li>• Strengthened reference checking</li> </ul>	Implemented
	<ul style="list-style-type: none"> <li>• (i) conduct of training on structured interviewing; (ii) structured interview guides; and (iii) recruitment kits</li> </ul>	(i) & (ii) completed (iii) For development in 2007
<b>Action 3:</b> Mainstream gender considerations, particularly through implementation of gender action programs (GAPs)	<ul style="list-style-type: none"> <li>• Approval of the engagement of spouses as consultants on a 2-year pilot basis</li> </ul>	Implemented and mid-pilot review conducted
	<ul style="list-style-type: none"> <li>• Implementation of GAP II</li> </ul>	Implemented

Actions	Outputs	Status
	<ul style="list-style-type: none"> <li>• GAP II review</li> </ul>	Completed in Q3, 2006
	<ul style="list-style-type: none"> <li>• Development of GAP III</li> </ul>	Completion in Q4, 2006
	<ul style="list-style-type: none"> <li>• Implementation of national officer/administrative staff GAP 2004–2005</li> </ul>	Implemented
<p><b>Action 4:</b> Improve managing for diversity: include managing diversity, in particular, gender and geographic diversity, in training programs for managers and supervisors</p>	<ul style="list-style-type: none"> <li>• Improved diversity awareness through conduct of Diversity Awareness Program</li> </ul>	Completed in April 2005
	<ul style="list-style-type: none"> <li>• Revision of the young professional screening and selection process</li> </ul>	Completed in July 2005
<p><b>Action 5:</b> Develop and enhance human resources (HR) policy framework for resident missions (RMs) in line with senior management's objective to decentralize</p>	<ul style="list-style-type: none"> <li>• 2000 Review of Human Resources and Compensation Issues for RMs evaluated; compensation issues reviewed</li> <li>• HR issues evaluated</li> </ul>	Completed in 2005 For action in 2006/2007
	<ul style="list-style-type: none"> <li>• Updated RM Operating Guidelines</li> </ul>	Some provisions have been updated; Other sections under review
	<ul style="list-style-type: none"> <li>• Improved personnel management services such as provision of insurance coverage for directly hired contractual staff</li> </ul>	Implemented, other actions ongoing
<p><b>Action 6:</b> Improve career development opportunities for RM staff</p>	<ul style="list-style-type: none"> <li>• Improved training opportunities</li> </ul>	Implemented
	<ul style="list-style-type: none"> <li>• Establishment of job rotation system</li> </ul>	Implemented one year pilot
<p><b>Action 7:</b> Develop managerial and technical/advisory career paths</p>	<ul style="list-style-type: none"> <li>• Establishment of technical career stream</li> </ul>	Paper approved; Job Descriptions developed; to be advertised in November/December 2006.
<p><b>Action 8:</b> Manage progression through a more flexible level complement system</p>	<ul style="list-style-type: none"> <li>• Management of level complement system for PS elevated from department heads to area Vice-Presidents</li> </ul>	Under consideration
	<ul style="list-style-type: none"> <li>• Improved allocation ratios by functional groupings</li> </ul>	Preliminary discussion held, for action in 2007.
<p><b>Action 9:</b> Review career development possibilities other than promotion</p>	<ul style="list-style-type: none"> <li>• Plan for career development opportunities other than promotion designed</li> </ul>	Ongoing; for completion in 2007
<p><b>Action 10:</b> Review career development for NO/AS</p>	<ul style="list-style-type: none"> <li>• Plan for career development opportunities other than promotion designed</li> </ul>	Ongoing; for completion in 2007
<p><b>Action 11:</b> Develop learning and development programs to ensure that staff skills can meet ADB's desired output and</p>	<ul style="list-style-type: none"> <li>• Learning and Development Strategy aligned with ADB's strategic direction; Learning and Development Program for 2006</li> </ul>	Completed

<b>Actions</b>	<b>Outputs</b>	<b>Status</b>
outcomes		
	<ul style="list-style-type: none"> <li>Implementation of the PDP learning and development plan</li> </ul>	Implemented for the first time
	<ul style="list-style-type: none"> <li>(i) identification of target programs for development of measures and indicators; and (ii) revision of guidelines on the application of the staff development budget for external training.</li> </ul>	(i) Ongoing (ii) Completed
	<ul style="list-style-type: none"> <li>Conduct of training programs that emphasized on leadership and accountability</li> </ul>	Implemented

**Objective B. Establish an Effective Performance Management System**

<b>Actions</b>	<b>Outputs</b>	<b>Status</b>
<b>Action 12:</b> Establish a new performance management system	<ul style="list-style-type: none"> <li>Implementation of the PDP</li> </ul>	Implemented
	<ul style="list-style-type: none"> <li>Comprehensive support program to PDP roll-out</li> </ul>	Implemented
	<ul style="list-style-type: none"> <li>Improved identification of poor performers through PDP</li> </ul>	Implemented
	<ul style="list-style-type: none"> <li>Implementation of the Enhanced Separation Program (ESP)</li> </ul>	Implemented
	<ul style="list-style-type: none"> <li>Strengthened staff separation policy and adequacy of termination payments</li> </ul>	For completion in Q1, 2007
<b>Action 13:</b> Develop an incentives system that rewards and recognizes good performance	<ul style="list-style-type: none"> <li>Introduction of (i) salary increase matrix that varies only by performance; and (ii) bonus for PS exceptional performers</li> </ul>	Implemented
	<ul style="list-style-type: none"> <li>Development of other incentive measures, including linkage to promotion and non-financials</li> </ul>	For completion in Q1, 2007
	<ul style="list-style-type: none"> <li>Review of components of salary increase</li> </ul>	Review completed
<b>Action 14:</b> Establish a more effective internal governance system	<ul style="list-style-type: none"> <li>Conduct of mandatory code of conduct and ethics briefings for all staff</li> </ul>	Implemented
	<ul style="list-style-type: none"> <li>Review and revision of internal governance related administrative orders.</li> </ul>	For completion in quarter 4, 2006
	<ul style="list-style-type: none"> <li>Stronger linkage between ADB's value system and expected behaviors through revision of code of conduct briefing</li> </ul>	Ongoing; for completion in Q1, 2007

**Objective C. Strengthen Leadership and Accountability**

Actions	Outputs	Status
<b>Action 15:</b> Develop further executive leadership program and training programs for managers	<ul style="list-style-type: none"> <li>Strengthened in-house leadership development programs (e.g. Leaders as Coach program) offered since 2004</li> <li>Performance management training to managers conducted</li> </ul>	Implemented
	<ul style="list-style-type: none"> <li>Training programs for newly appointed managers</li> </ul>	Implemented; further support ongoing in 2006
<b>Action 16:</b> Further develop the Assessment Development Center	<ul style="list-style-type: none"> <li>Establish the Assessment Development Center</li> </ul>	Ongoing
<b>Action 17:</b> Define managers' delegated authority and accountability on budgetary and staff resources	<ul style="list-style-type: none"> <li>Manager's authority and accountability on compensation and benefits defined</li> </ul>	For completion by December 2006; Pilot run in Q1, 2007.
	<ul style="list-style-type: none"> <li>Manager's authority and accountability on other budgetary and staff resources defined</li> </ul>	Review conducted; no change recommended
	<ul style="list-style-type: none"> <li>Manager's authority and accountability on HR issues defined. Strengthened accountability of hiring directors in recruitment by taking an active role in the technical validation and employment potential panels for external candidates.</li> </ul>	Review conducted
<b>Action 18:</b> Address workload issue	<ul style="list-style-type: none"> <li>Manager's authority and accountability on HR issues defined. Strengthened accountability of hiring directors in recruitment by taking an active role in the technical validation and employment potential panels for external candidates.</li> </ul>	Review conducted and changes are being implemented as identified
	<ul style="list-style-type: none"> <li>Conduct of training and coaching for managers in work planning</li> <li>Review of resource allocation within departments against achievement of outputs, and determine resource gaps/overflow and implications for work planning</li> </ul>	Completed as part of PDP roll-out  To commence in 2007
	<ul style="list-style-type: none"> <li>Flexibility in working conditions through (i) changes to availing of occasional absence; (ii) pilot testing of expanded discretionary time-off; and (iii) development of concept of rest days/elapsed time for business travelers</li> <li>Staff travel monitored by including reference to work life balance in the monthly memo issued to heads of departments on business travel</li> </ul>	Implemented; other actions/initiatives ongoing

**Reorient the Human Resource Function**

Actions	Outputs	Status
<b>Action 19:</b> Reorient the HR function and review existing policies and processes	<ul style="list-style-type: none"> <li>(i) partial review of BPHR functions with improvements in processes and delegation; (ii) conduct of benchmarking</li> </ul>	(i) Completed; further review in 2007

Actions	Outputs	Status
	research of comparable organizations on key HR policy and process issues; (iii) establishment of Learning and Development Unit; (iv) systematic review of personnel guidelines and amendments of certain administrative orders; and (v) development of online access to HR reports/statistics for managers	(ii) Completed (iii) Completed (iv) Ongoing  (v) Development of information technology (IT) access ongoing; for roll out in Q1, 2007
	<ul style="list-style-type: none"> <li>• Compensation and benefits policies and processes aligned with HR Strategy</li> </ul>	Completed as part of the 2005 Compensation and Benefits Review
<b>Action 20:</b> Enhance channels of communication in ADB	<ul style="list-style-type: none"> <li>• Revamped HR Online, including updated design features and user friendly interface</li> </ul>	Completed
	<ul style="list-style-type: none"> <li>• Development of communication plan</li> <li>• Staff engagement surveys</li> </ul>	For completion by December 2006  Specific issues surveys for action in 2006/2007 Formal Staff Engagement Survey for action will be launched in 2007

### Sample Professional Staff Job Description

<b>Title:</b> Senior Energy Economist	<b>Level:</b> 5
<b>Department:</b>	<b>Division:</b>

#### 1. IMMEDIATE REPORTING RELATIONSHIPS:

The position reports to:  
Director, EAEN

The following staff positions report to the Senior Energy Economist: National Officers and/or Administrative Staff.

#### 2. JOB PURPOSE:

**Lead and provide guidance in developing operational strategies and programs in the energy sector for individual countries in East Asia.**

#### 3. EXPECTED OUTCOMES

##### a. Strategy and planning

- Provide intellectual leadership in developing sector strategies and operational programs for the developmental stage of individual developing countries (DMCs) and their sector needs.
- Lead policy dialogue with DMC officials in advancing policy reforms in the energy sector, improvements in energy efficiency and use of renewable energy sources, and non-sovereign guaranteed borrowings. Establish rationale for interventions in large infrastructure projects.
- Participate in and contribute to country programming ensuring that operational strategies are adequately reflected.
- Participate in interdepartmental working groups on energy sector issues and in country teams
- Coordinate with resident missions for consistency, integration of policy commitments, and knowledge sharing

##### b. Project management

- Lead project teams in developing projects, technical assistance, sector works, and economic analysis.
- Process loans and technical assistance in areas requiring policy, institutional and operational reforms, cross-border infrastructure projects, and risk analysis.
- Take coordinating roles in enhancing sub-regional cooperation in the energy sector.
- Lead missions and undertake activities for the administration of sector and program loan and technical assistance projects.

##### c. Policy and project evaluation

- Take a leadership role in key sector issues such as impact of large energy sector projects, regulatory reform, unbundling, energy efficiency, tariff setting, subsidies, and public and private partnership.
- Participate in international conferences to make presentation on these key sector issues.

##### d. Knowledge sharing

- Take a lead role in coordinating and cooperating with multilateral/bilateral aid agencies and

civil societies, e.g. private sector and non-government organizations.

- Make intellectual contributions in studies related to economic impacts of energy infrastructure, and its contribution to poverty reduction.
- e. Staff supervision**
- Take the role of mission leader and supervise the work of mission members.
  - Manage the performance of reporting staff, providing clear direction and regular monitoring and feedback on performance.
  - Ensure the on-going learning and development of reporting staff.

#### 4. CORE COMPETENCIES

##### Technical Knowledge and Skills

- Able to apply technical skills in a team leadership role to resolve and manage complex issues in relation to the energy sector and poverty reduction
- Able to apply advanced technical knowledge, skills and expertise in the energy sector
- Able to use technical expertise to advise and support country teams and DMCs in developing policy, and in project design

##### Client Orientation

- Has a high level of understanding of the needs of key clients in DMCs (e.g. government agencies, private sector parties, nongovernment organizations)
- Applies highly developed skills to support external client groups
- Seeks feedback from clients on the effectiveness of support provided

##### Achieving results

- Focuses on achieving project and work deadlines to meet the expected results of the Division
- Regularly monitors the progress of work assignments to ensure performance targets are met on time
- Prioritizes work to ensure expected results are achieved

##### Working together

- Develops the team working skills of direct reports
- Motivates the team to work effectively together and with others outside the team
- Works cooperatively with others to resolve difficulties and conflicts in relation to priority areas and strategies

##### Learning and knowledge sharing

- Develops innovative processes with staff for knowledge and information sharing
- Empowers staff under supervision to make continuous improvements
- Encourages the team to share their learning and knowledge

#### 5. KEY RELATIONSHIPS

a. Director	Work planning, feedback, personal development, results
b. External Clients	Policy analyses and development, project development, implementation and monitoring, knowledge sharing and capacity development; policy dialogue and operational coordination
c. Internal Clients	Support for operation coordination, project management, knowledge and information sharing. Team and mission management

**6. Education Requirements**

A university degree in economics, preferably with specialization in the energy sector or other related fields; preferably at post-graduate level

**7. Relevant Experience and Other Requirements**

- Suitability to undertake the responsibilities mentioned above at the required level.
- At least 10 years of relevant professional experience in the energy sector and proven track record of leadership in preparing economic analysis of energy projects, including renewable energy projects.
- Ability to assess and manage risks related to policy options in the energy sector.
- Understands the needs of key clients in other international financial institutions and donors related to the energy sector.
- Reviewing private sector participation in development projects, preferably in East Asian countries.
- International experience working in development in several countries.

Updated: 10 Aug. 2006

### Enhanced Separation Program Staffing and Skills Mix

1. While all 32 professional (PS) staff who accepted the ESP offer had their last working day on or before 30 June 2006, most are currently on terminal leave.<sup>3</sup> Four positions occupied by staff under special assignments will be abolished on their departure. The remaining 28 positions are being filled as indicated in Table A3.1 below.

2. With respect to the 85 local staff (LS) who accepted the ESP offer, 6 occupied positions will be abolished upon their departure. Of the 79 positions to be refilled, 24 had been filled as of 15 June 2006 and 30 were being advertised (Table A3.1).

**Table A3.1: Recruitment Progress for the Enhanced Separation Program**

Staff Category/Position Status	Total
<b>PS</b>	
Total ESP Participants	32
Positions Abolished	4
Positions to be Refilled	28
Filled	10
Vacancy Advertised	10
To be advertised	8
<b>LS</b>	
Total ESP Participants	85
Positions Abolished	6
Positions to be Refilled	79
Filled	24
Vacancy Advertised	25
To be Advertised	30

ESP = enhanced separation program, LS = local staff, PS = professional staff  
Source: Asian Development Bank estimates

3. With regard to changes in job area and skills, of the 28 PS positions to be refilled, 4 position assignments were substantially changed. Twelve jobs were modified, and 12 will be refilled without significant changes to the job descriptions. Table A3.2 summarizes the job skills changes for PS and the national officers..

**Table A3.2: Changes in Skills Mix for Professional Staff, National Officers, and Analysts**

Staff Category/ Change in Jobs	Operations	Operations Support	Non- Operations	Total
<b>Professional Staff</b>	<b>11</b>	<b>10</b>	<b>7</b>	<b>28</b>
Change in Job Stream	3		1	4
Job Modified		8	4	12
No Substantial Change	8	2	2	12
Not Yet Known				
<b>National Officer and Analyst</b>	<b>14</b>	<b>16</b>	<b>24</b>	<b>54</b>
Change in Job Stream		2		2
Job Modified	1	4	8	13
No Substantial Change	13	3	5	21
Not Yet Known		7	11	18

Source: Asian Development Bank estimates

<sup>3</sup> Terminal leave refers to the accumulated annual leave taken after the expiration of the notice period and is counted as pensionable service.

## Composition of Selection Panels

### Review of External Selection

TECHNICAL VALIDATION PANEL INTERVIEW	
PANEL MEMBERS	ROLE
Director of the User Department	<ul style="list-style-type: none"> <li>• Chair of panel interview</li> <li>• Develops relevant technical questions</li> </ul>
2 Technical Resource Persons	<ul style="list-style-type: none"> <li>• Reviews technical questions</li> <li>• Assesses technical knowledge</li> </ul>
Human Resource Division (BPHR)	<ul style="list-style-type: none"> <li>• Oversees process</li> <li>• Ensures follow up on decisions</li> </ul>

EMPLOYMENT POTENTIAL PANEL INTERVIEW	
PANEL MEMBERS	ROLE
Head of Department of the User Department	<ul style="list-style-type: none"> <li>• Chair of panel interview</li> <li>• Develops relevant employment potential questions</li> </ul>
Director of the User Department	<ul style="list-style-type: none"> <li>• Provides input from the Technical Validation Panel</li> <li>• Assesses wider employment potential</li> </ul>
Senior Staff from other Department	<ul style="list-style-type: none"> <li>• Assesses wider employment potential</li> </ul>
BPHR (not a formal panel member)	<ul style="list-style-type: none"> <li>• Oversees process</li> <li>• Ensures follow up on decisions</li> </ul>

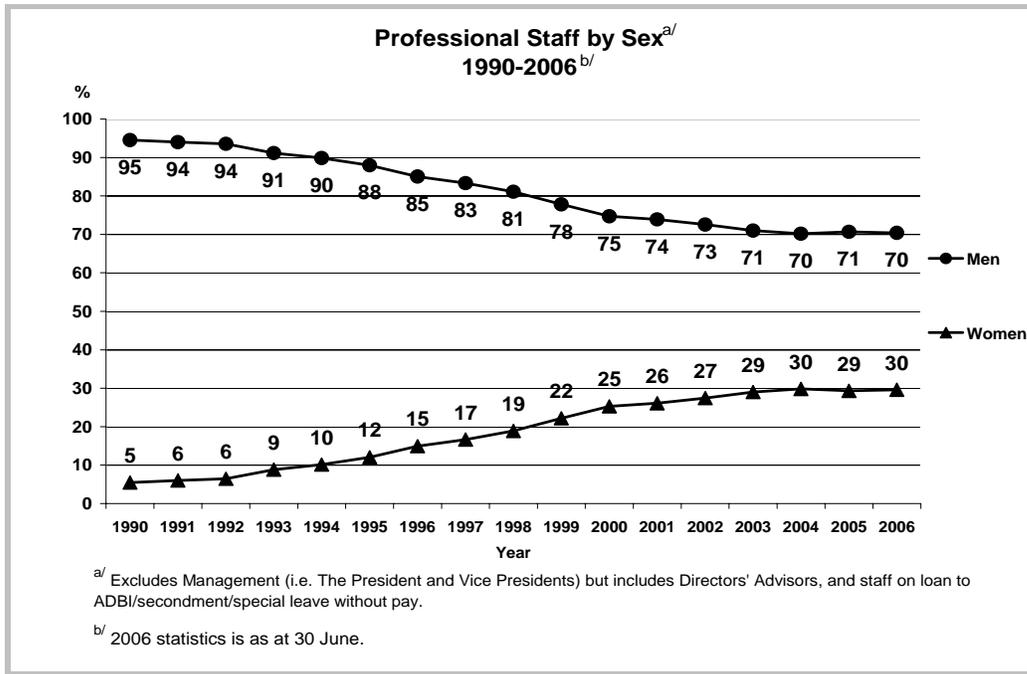
### Review of Internal Selection

PROFESSIONAL STAFF PANEL DISCUSSION	
PANEL MEMBERS	ROLE
Director General, Budget, Personnel, and Management Systems Department	<ul style="list-style-type: none"> <li>• Chair of panel</li> </ul>
Head of Department of the User Department	<ul style="list-style-type: none"> <li>• Makes recommendation</li> </ul>
Director, BPHR	<ul style="list-style-type: none"> <li>• Secretary</li> </ul>
Head, Recruitment Team, BPHR	<ul style="list-style-type: none"> <li>• Oversees process</li> <li>• Ensures follow up on decisions</li> </ul>
Independent Panelist	<ul style="list-style-type: none"> <li>• Provides independent input</li> </ul>

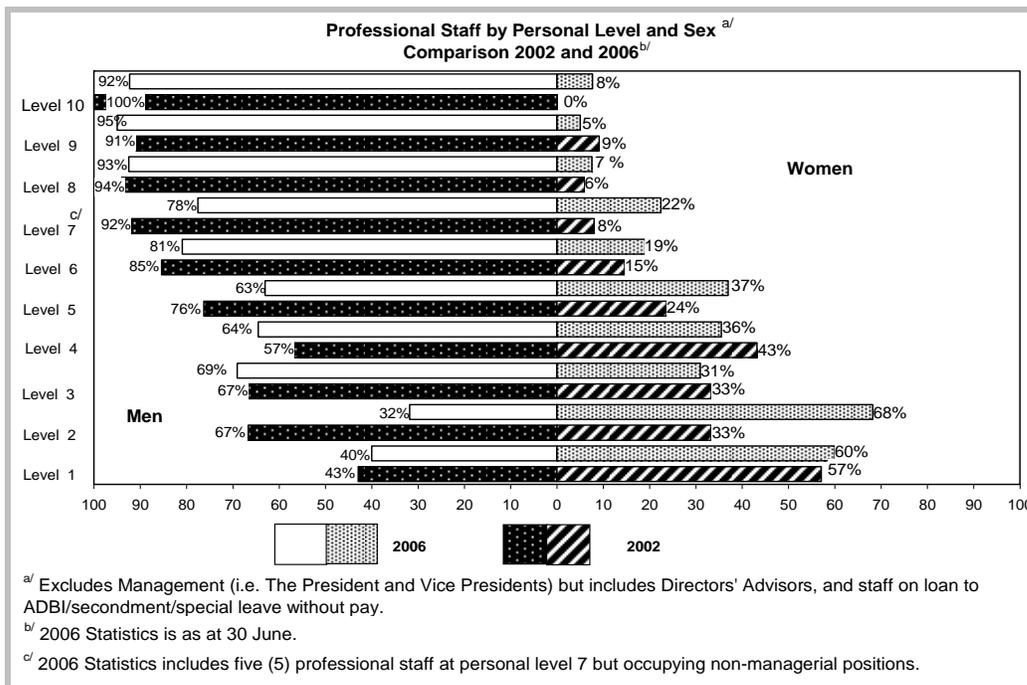
LOCAL STAFF/NATIONAL OFFICER PANEL INTERVIEW	
PANEL MEMBERS	ROLE
Head, Recruitment Team, BPHR (not a formal panel member)	<ul style="list-style-type: none"> <li>• Chair of panel</li> <li>• Oversees process</li> <li>• Ensures follow up on decisions</li> </ul>
Professional Staff of the User Department	<ul style="list-style-type: none"> <li>• Makes recommendation</li> </ul>
Independent Panelist	<ul style="list-style-type: none"> <li>• Provides independent input</li> </ul>

### Gender Disaggregated Professional Staff Statistics

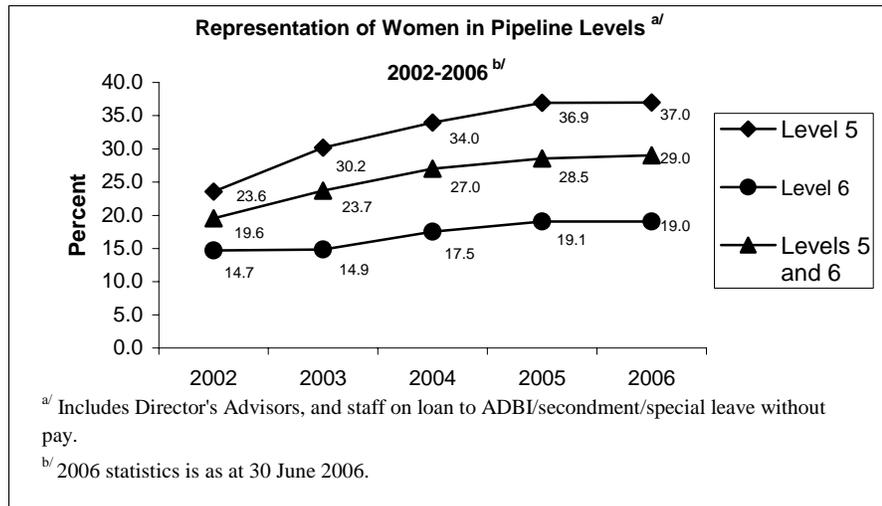
**Table A5.1: Professional Staff Representation by Sex, 1990–2006**



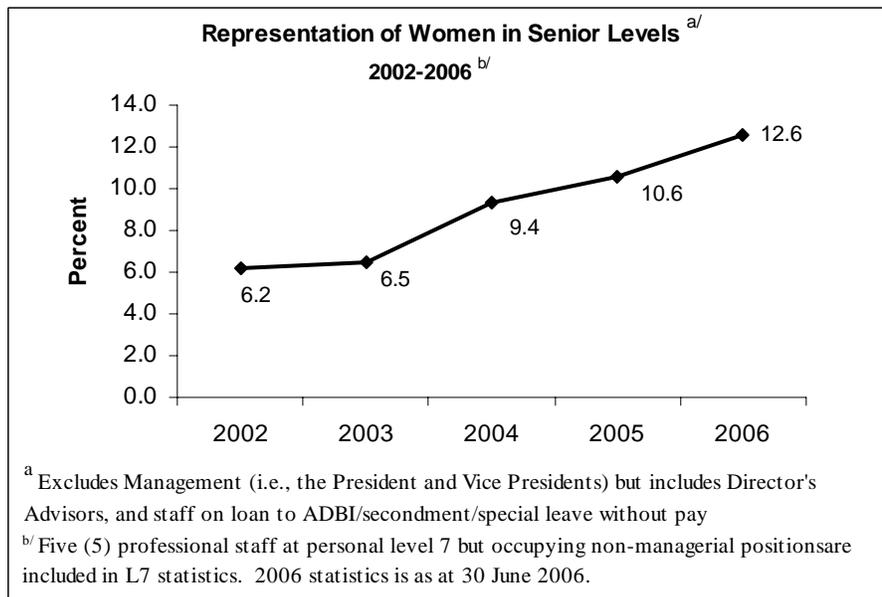
**Table A5.2: Professional Staff by Personal Level and Sex, Comparison between 2002 and 2006**



**Table A5.3: Representation of Women in the Pipeline 2002–2006**



**Table A5.4: Representation of Women in Senior Levels 2002–2006**



**Table A5.5: Representation of Women in Field Offices 2002–2006**