



October 2017

Annual Report of the Human Resources Committee (2016–2017)

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Asian Development Bank

ABBREVIATIONS

ADB	–	Asian Development Bank
BPMSD	–	Budget, Personnel and Management Systems Department
EDGE	–	Economic Dividends for Gender Equality
HRC	–	Human Resources Committee
OAI	–	Office of Anticorruption and Integrity
OOMP	–	Office of the Ombudsperson
RWU	–	Respectful Workplace Unit

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I. INTRODUCTION

1. The Human Resources Committee¹ (HRC) is submitting this annual report to the Board of Directors of the Asian Development Bank (ADB) pursuant to its terms of reference.² The report covers the discussions from the nine HRC meetings held from 1 July 2016 to 30 June 2017.³
2. The HRC focused on several important human resources reforms and improvements in human resources systems. Human resources administrative orders will be revised as part of these reforms. The committee highlighted the importance of effective and positive communication in delivering these reforms. BPMSD will continue to update the committee on their implementation.
3. During the year, the HRC met with staff from the Budget, Personnel and Management Systems Department (BPMSD), the Office of the General Council (OGC), the Office of Anticorruption and Integrity (OAI), and the Office of the Ombudsperson (OOMP). The HRC invited the ombudsperson and representatives from Staff Council to observe the meetings.
4. The committee requested a visit of the Economic Dividends for Gender Equality (EDGE), a leading global assessment methodology and business certification standard for gender equality, to learn about the results and findings of their assessment of ADB. In informal Board Briefing (IBB) took place February 2017.

II. DIVERSITY AND INCLUSION, AND GENDER

5. BPMSD briefed the HRC on the Diversity and Inclusion Framework, and the committee provided advice and direction. The committee identified gender and diversity issues in various areas of human resources, including recruitment, training, respectful work place, and flexible work.
6. In January 2016, ADB contracted the EDGE foundation to assess the gender climate in the organization and provide recommendations on how to reach gender parity. ADB attained the first level of EDGE certification in December 2016 and is now incorporating the recommendations for improvement into its new action plan to improve gender equality. The HRC requested a visit of EDGE consultants to share their results and findings. The visit was carried out as an IBB, at which the consultants briefed the Board of Directors on ADB's new actions to increase institutional gender equality.

III. STAFF RETIREMENT PLAN AND GROUP MEDICAL INSURANCE PLAN

7. The HRC continued to follow the Staff Retirement Plan (SRP) and Group Medical Insurance Plan reform processes, which were both initiated in 2015. HRC members raised the issue of inconsistency in Cigna's claim approvals and asked about a formal mechanism of appeal as well as a dispute resolution. The members stressed the importance of governance going forward for both reforms. They also stressed the importance of having a default option for the

¹ As of 30 June 2017, HRC members include Mathew Fox, Koichi Hasegawa, David Murchison (Chair), Wenxing Pan, Philip Rose replacing Veronika Baumgartner as of 6 July 2016 and Philaslak Yukkasemwong.

² ADB. 2009. *Establishment of the Human Resources Committee*. Manila (Appendix 1).

³ The Work Program is presented in Appendix 2.

SRP in the new defined contribution plan and of educating staff about the issue. When presented with Management proposals, some HRC members disagreed with ADB only changing the retirement age to 62 instead of to 65.

IV. RECRUITMENT

8. BPMSD briefed the committee about the findings of the audit report on recruitment, initiated by the Board's Audit Committee, that was carried out in 2015. The report provided guidance to BPMSD on efficiency, transparency, and the accountability process of recruitment and assignments.

9. HRC members expressed concern about the slow pace of the recruitment process, which results in inefficiency. The main objectives for improving the process include recruiting high quality staff faster, reducing the burden of resources on ADB, and increasing the attractiveness and competitiveness of the institution. New recruitment initiatives include outreach programs, expert pools, proactive talent sourcing, and batch recruitment. BPMSD successfully implemented improvements in human resource systems related to recruitment, such as the ADB Career and Employment System. The committee continues to monitor the progress in the improvement of reforms and systems related to recruitment.

10. The HRC supported the Experts Pool program, a new initiative that began in 2016, to address ADB's evolving needs. Members pointed out, however, that repeatedly hiring the same experts on a short-term basis may be inefficient, and it may be better to hire them as regular staff.

11. HRC noted the use of batch recruitment and succession planning as a model for recruiting qualified staff and clearing them for later placement as an effective and efficient method of hiring.

12. The committee noted the various initiatives and actions taken by BPMSD to expand ADB's pool of candidates, especially considering the importance of gender balance while ensuring merit-based recruitment.

V. POSITION MANAGEMENT AND STAFF OPTIMIZATION

13. A recommendation, from the 2015 Workforce Analysis on flexibilities in the position management system, resulted in a proposal on Flexible Position Management. This model could promote efficiency and optimize staff resources as well as budget utilization. The committee noted BPMSD's continuous efforts in improving the areas of position management and staff optimization.

14. The more flexible conversion between different staff categories as well as lateral movements within the organization in the Mobility Framework should result in staff optimization, an increase in skills, knowledge sharing and collaboration, and career enhancement and staff satisfaction.

15. The committee discussed several proposals on mobility. The two main approaches discussed include annual rotations and short-term assignments to encourage collaboration between departments where there are workload imbalances, as well as temporary sharing of skill sets and knowledge gaining. HRC members agreed that staff rotation, whether voluntary or mandatory, should be subject to careful consideration and be accompanied by discussions on career movement with staff. A mobility pool of qualified staff would seek to promote internal mobility by using existing internal skills before considering external candidates. The HRC

highlighted the importance of managers needing to discuss mobility opportunities with staff to prepare them for movement and the possibility of rewards for encouraging mobility.

16. During discussions on flexible work policies, HRC members stressed the importance of improving the work from home guidelines and communicating this matter in a positive way. They also discussed safety when working from home, business continuity, IT mobility, and operational resilience.

VI. PERFORMANCE MANAGEMENT

17. The performance management is a priority for the HR and a reform is expected to drive changes in corporate culture. The committee actively contributed to the discussions and suggestions during the initial stages of the reform process and will continue to participate.

18. The discussions included focus areas such as work planning, continuous feedback, focus on learning, and development opportunities. The importance of a culture shift in the way talent is managed in the organization was highlighted, and of turning managers into coaches versus task managers. In general, the involvement of supervisors and managers is essential so providing information and training is a high priority.

19. HRC members pointed out the need for a very clear and well-articulated work level standard and performance rating. Similarly, career paths and career development must be clear to staff. Decisions should be made on whether competencies should be assessed during the performance review or used for development and career management. It is very important to train supervisors on providing staff assessments.

20. BPMSD provided an evaluation of the process and results of the Early Separation Program to the HRC, which discussed the lessons learned. The ombudsperson and Staff Council provided inputs and the HRC congratulated BPMSD on the respectful and confidential way the process, which was completed in 2016, was handled. The HRC agreed the Bank's performance review system needs to be improved.

VII. OTHER MATTERS

A. The Ombudsperson's Report

21. The ombudsperson gave updates from the OOMP. In 2016, OOMP initiated a process of tracking concerns and issues, which uses the International Ombudsman Association standard categories. The results thus far showed that the highest number of concerns was for evaluative relations (i.e., between supervisor and supervisee); the second highest was related to career progression and development, and came predominately from field offices; and the third dealt with colleague relationships and/or interpersonal concerns. The HRC discussions focus on these areas, and members said the process of tracking is very useful. The ombudsperson said he was encouraged by BPMSD's steps regarding leadership skills training because it addresses the biggest concerns expressed by staff.

22. OOMP carried out a survey to evaluate the perception of it and its work. The field offices were least aware of it and, therefore, used it the least. OOMP is making efforts to correct this, and the HRC will monitor its progress.

B. Respectful Workplace

23. The Respectful Work Unit (RWU), which is part of OAI, was established at the beginning of 2017. Although there is a clear separation of responsibilities, the RWU works closely with OOMP and BPMSD. OAI briefed the HRC about the unit during the pilot stage.

24. OGC, OAI, and BPMSD made amendments to the code of conduct, including clarification of definitions of essential terms, to accommodate the establishment of the unit. Management was briefed on its enhanced responsibility to prevent harassment and bullying as well as on the importance of this issue.

25. HRC members emphasized the importance of a strong outreach program. They stated the new code of conduct should be user friendly and accessible. The HRC said the RWU and its work is very appreciated and welcomed. It emphasized how important it is that the work is done correctly and that staff has confidence in the unit and in the new division of responsibilities.

26. The Head of OAI will continue to report to the President, and report on a quarterly basis with the Audit Committee. If issues arise that are important to the HRC, OAI will inform the committee.

27. The HRC asked to be kept updated on the implementation of the RWU.

C. Director's Advisors

28. Throughout the committee year, the HRC continuously flagged the need to discuss the Directors' advisors and their status at ADB. Specifically, the following issues were mentioned: (i) clarification of their status (staff, Board, or another group); (ii) cooling off period, salary, and benefits; and (iii) travel and/or missions.

29. The HRC requested that BPMSD discuss with it any drafting of amendments of administrative orders before they take place. A HRC meeting on the topic that was scheduled for the end of the committee year was postponed. It will be scheduled in the new committee year.

VIII. RECOMMENDATION

30. The HRC recommends that the Board approve the public disclosure of the annual report.

TERMS OF REFERENCE OF THE HUMAN RESOURCES COMMITTEE OF THE BOARD OF DIRECTORS

1. The Human Resources Committee will be a means by which the Board can provide guidance on the human resources management of the Asian Development Bank (ADB). Its primary responsibility will include reviewing, monitoring, and making recommendations to the Board of Directors on ADB's human resources strategy and policies.

A. Composition

2. The committee will consist of not more than six members of the Board of Directors. The members of the committee will be appointed for a term starting on 1 July of the appointment year and ending on 30 June, 2 years later. If a member of the committee ceases to be a member of the Board, a replacement will be appointed for the remaining term of the committee.

B. Responsibilities

3. The committee will be expected to satisfy itself that ADB's human resources management activities are adequate and effective. In this regard, the specific responsibilities that the committee will carry out on behalf of the Board are as follows:

- (i) Review, monitor, and make recommendations to the Board of Directors on the Bank's human resources strategy and policies that pertain to staffing, compensation, benefits, and related issues of strategic importance that directly affect ADB's ability to recruit, develop, and retain the highly-qualified staff needed to achieve its mandate.
- (ii) Review any external evaluations of ADB's human resources strategy and policies pertaining to the issues set out in item (i) and report to the Board its findings and recommendations.
- (iii) Consider with other Board committees and Management the repercussions of recommendations of other Board committees on ADB's human resources strategy and policies.

4. The purpose of the committee is not to influence the recruitment and career prospects of individual staff members or groups of staff members. It would be a serious violation of ethics for any committee member to use his or her position for such a purpose.

5. The committee will make reports and submit recommendations to the Board of Directors through the President in his capacity as the chair of the Board.

6. The committee will make reports as it considers necessary (at least one per year).

C. Meetings

7. The committee will meet as often as it considers necessary. Committee meetings will be held at ADB headquarters in Manila.

8. The quorum for a meeting will be three members of the committee. If the chair is not present, the committee will select one of the members present to preside over that meeting.

9. All other Board members may attend meetings of the committee. Directors' advisors may attend the meetings of the committee except as otherwise advised by the chair of the committee.

D. Information and Communication

10. The committee may request such information as is considered necessary by the committee to discharge its responsibilities. The committee may, with the concurrence of the President, seek briefings from staff members concerned on relevant matters and request their participation at meetings.

11. If a document or information requested by the committee is not provided, the request may be referred by the chair of the committee to the President, in the President's capacity as chair of the Board of Directors, for a final decision.

12. All communication between the committee and ADB staff will be conducted through The Secretary of ADB.

E. Administrative Arrangements

13. Secretariat support will be provided by the Office of the Secretary and technical support will be provided by the Budget, Personnel and Management Systems Department.

MEETING SCHEDULE AND DISCUSSION TOPICS, 2016–2017

Meeting Date	Discussion Topics
7 July 2016	Recruitment – Outcomes of Audit and Opportunities for Improvement
8 September 2016	Diversity and Inclusion, and Gender Update (including EDGE and Respectful Workplace)
3 October 2016	Update on Human Resource Reforms SRP and Group Medical Insurance Plan ATF Findings Position Management and Staff Optimization
15 November 2016	Salary Review Paper and Resident Mission Salary Survey Ombudsperson 2015 Annual Report
8 December 2016	Update on Human Resource Systems The HRC Agenda for 2017
14 February 2017	The HRC Agenda for 2017 BPMSD Priorities ESP Evaluation Experts Pool
10 March 2017	Respectful Workplace
25 April 2017	Performance Management – Stage 1
22 May 2017	SRP Reform Mobility Framework Flexible Work Policies

ATF = Advisory Task Force, BPMSD = Budget, Personnel and Management Systems Department, EDGE = Economic Dividends for Gender Equality, ESP = Early Separation Program, SRP = Staff Retirement Plan.
Source: Asian Development Bank.