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Independent Development Evaluation
African Development Bank

*From **experience** to **knowledge**...*
*From **knowledge** to **action**...*
*From **action** to **impact***

Evaluation **Brief**

An IDEV **Corporate Evaluation**

Optimizing the AfDB's Workforce: Aligning Talent, Incentives, and Resources for Strategic Impact

Introduction

Independent Development Evaluation (IDEV) at the African Development Bank Group (AfDB or "the Bank") undertook an evaluation of the Bank's Human Resource Management System, focusing on its Workforce Planning (WfP) and Incentive Structure (IS), covering the period January 2018-September 2024. The evaluation assessed the relevance, coherence, effectiveness, efficiency, and sustainability of major WfP reforms, namely, Rightsizing and Strategic Staffing, and the Total Compensation Framework (TCF) under the IS. IDEV also applied a Business Process Maturity Model assessment of WfP and IS.[1]

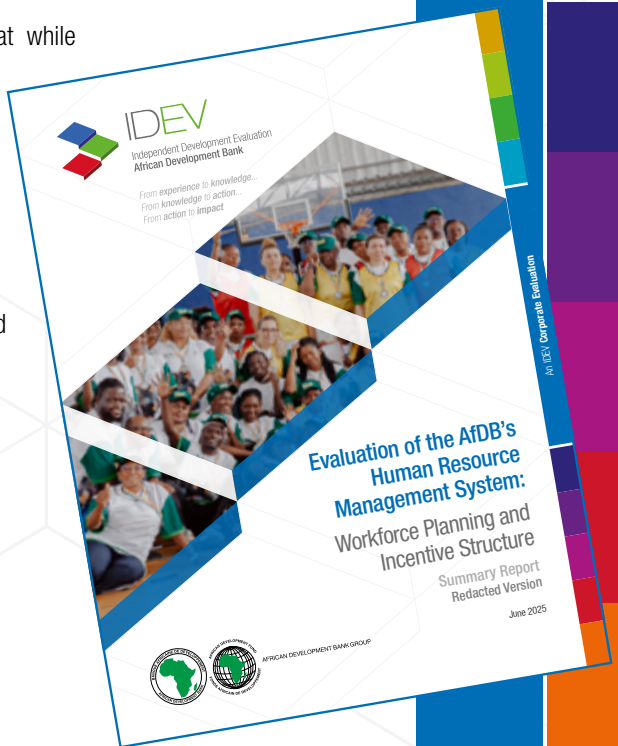
The WfP reforms, launched in 2018, aimed to ensure the Bank's human resources are strategically aligned with operational priorities and long-term goals. Two flagship initiatives—the Strategic Staffing Framework (SSF 2021) and the Strategic Staffing Plan (SSP, 2022-2026) sought to strengthen workforce planning and forecasting in line with the 2016 Development and Business Delivery Model. Key components of the SSF included addressing skills gaps through targeted recruitment and training, rebalancing the ratio of Internationally Recruited Staff/Locally Recruited Staff (IRS/LRS) to 50/50 by 2026, and reinforcing career development through succession planning. Financial sustainability was embedded through the 2021 Cost Containment Framework (CCF), ensuring staffing decisions remain within budget constraints.

In parallel, the Bank's Incentive Structure, guided by the People Strategy (2021–2025) and the TCF, was designed to attract, motivate, and retain top talent through competitive financial and non-financial rewards. Replacing the long-standing 2008–2012 compensation framework (de facto framework through 2020), the TCF (2021-2024) introduced new salary grades, recognition programs, and retention measures to enhance competitiveness, strengthen staff engagement, and improve delivery of the work program.

This brief distils key insights on what is working well and where improvements are needed in the Workforce Planning and Incentive Structure, offering evidence-based insights to guide Senior Management in optimizing the Bank's workforce for successful delivery of its Ten-Year Strategy (2024-2033).

What did IDEV find?

The evaluation found that while the Bank's WfP and IS are broadly aligned with its strategic and institutional goals, their impact is limited by operational and governance constraints. Unclear decision-making processes have delayed



1 The Business Process Maturity Model Framework considers three levels of maturity under efficiency: Low (Transactional), Medium (Business Partnering), and High (Strategic). **Transactional** processes are ad hoc and reactive, with minimal alignment to strategy. **Business Partnering** means processes show partial alignment with institutional goals; are semi-structured but lack adaptability and may be inconsistently applied. **Strategic** processes are fully integrated and systematically aligned with institutional strategies, makes use of predictive and automated tools, while maintaining adaptability.

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the implementation of the Strategic Staffing initiatives, undermining systematic workforce planning. The Bank also makes limited use of predictive workforce analytics, lacks comprehensive skills assessments, and applies rigid staff allocation practices—factors that restrict its ability to address staffing imbalances and adapt to evolving skills needs. As a result, WfP was assessed at the Business Partnering maturity level (Level 2), indicating partial strategic alignment but continued reliance on reactive, transactional HR practices.

The Incentive Structure, while generally competitive, falls short of fully driving performance or keeping pace with market trends, partially due to infrequent structural adjustments. This limits the Bank's ability to attract and retain skilled staff. The current benefits and compensation structures may not fully reflect the diverse needs of the workforce. The incentive structure was likewise assessed at the Business Partnering maturity level, appearing more strategic than WfP but hampered by limited transparency and (perceived) pay inequities.

What works well

Multi-phased implementation approach

The evaluation found that the multi-phased implementation approach of the key reforms was a key success factor. The initial Rightsizing exercise (2019-2020) was implemented through a structured process of data analysis, stakeholder consultations, and a phased execution, enabling effective workforce adjustments. The exercise addressed staffing levels, skills gaps, and decentralization efforts. Insights gained from this initiative informed the development of the Strategic Staffing initiatives, strengthening ongoing workforce planning and forecasting. This smooth transition from Rightsizing to Strategic Staffing was deemed critical for maintaining operational effectiveness and achieving the Bank's strategic objectives.

Gains in efficiency and cost control

WfP reforms, in particular Rightsizing, contributed to improved operational efficiency and financial sustainability by aligning skills and optimizing the workforce. Vacancy rates have stabilized at 10% to 14%, driven by faster recruitment and stronger internal hiring practices. While temporary staff remain in use, the Cost Containment Framework has helped ensure financial sustainability. Regional staffing expanded slightly, with operations staff in country offices increasing from 54% in 2018 to 55% in September 2024. Efforts have also been made to balance workloads across Task Managers (TMs). Coefficient budgeting, introduced during the Rightsizing exercise, has strengthened budget adherence and kept compensation growth at 2.5%—below the CCF's 2.9% ceiling, helping align personnel costs with institutional goals.

Strengthened employee value proposition

The IS has enhanced the Bank's Employee Value Proposition, supporting competitive compensation, low staff turnover, and increased staff tenure. Structural salary adjustments, merit-based progression, and enhanced benefits for hardship duty stations have promoted equity, accountability, and staff welfare, enabling the Bank to attract and retain talent in a competitive labor market. However, challenges remain regarding implementation, salary competitiveness in high-cost regions, and unexplained differences between Internationally Recruited Staff and Locally Recruited Staff benchmark targets, which require further attention.

What needs improvement

Divergent approaches to workforce planning

WfP reforms were hindered by differing methodological perspectives on the Strategic Staffing initiative. Concerns centered on the feasibility of the staffing ratio target, with stakeholders questioning the operational impact of converting Internationally Recruited Staff roles into Locally Recruited Staff positions. Many felt that an emphasis on numerical targets overshadowed the more urgent need to address critical skills gaps. Weak communication between Senior Management and the Board further fueled misalignment, extended negotiations, and cast doubt on Strategic Staffing objectives, ultimately resulting in an increase, rather than a decrease, in the IRS/LRS ratios.

Compensation misalignment and perceived inequities

While the base salaries remain broadly competitive, the Bank's compensation structure is not consistently aligned with global market trends. Rigid pay scales, limited incentive mechanisms, and the absence of annual inflation-based adjustments reduce its attractiveness to mid-career technical professionals. Perceptions of inequity in salary increments, coupled with a lack of transparency in Board decisions and their rationale, have eroded employee trust. Despite the TCF's continuous intent, its time-bound framework creates confusion about long-term applicability.

Human resources and IT constraints

Despite ongoing reforms, the HR function continues to face significant operational bottlenecks. Inefficiencies in policy frameworks, unclear managerial responsibilities, reliance on manual staff planning, fragmented data systems, and limited automation continue to slow decision-making within the HR complex. While SAP tools and localized process automation have improved certain workflows, particularly in compensation, these gains have not translated into broader efficiency in workforce planning or data integration. Weak communication, limited consultation, and low stakeholder engagement have further undermined trust, reduced organizational buy-in, and hampered reform momentum.

Staffing and workload pressures

Recruitment timelines have improved significantly in recent years, but earlier delays, averaging six to nine months, left lasting staffing gaps and workload imbalances that the Bank is still working to resolve. Over the past six years, the number of TMs has grown by around 5%, while their workloads have risen by 15%, resulting in strained morale and productivity. Unfilled vacancies continue to hinder sector managers' ability to support country and regional offices effectively. To bridge

immediate gaps, the Bank relies heavily on contingent staff, who now make up roughly 28% of the workforce—a practice that risks eroding institutional knowledge and cohesion. These trends point to systemic inefficiencies in workforce planning and highlight the need for faster recruitment, better workload distribution, and a more sustainable staffing model.

What lessons did IDEV draw?

- Aligning workforce planning with institutional strategy strengthens organizational impact.
- Workforce intelligence is the missing link between talent optimization and institutional performance.
- A flexible and adaptive workforce strengthens institutional agility.
- Transparent and equitable incentive structures improve retention and performance.
- Sustainable workforce investments require governance that balances cost with institutional priorities.

What did IDEV recommend?

- Strengthen the Bank's capacity to manage reforms to its Workforce Planning and Incentive Structure, for smoother and more effective implementation.
- Strengthen Workforce Planning to improve talent management and utilization, and institutional responsiveness.
- Improve compensation competitiveness and salary adjustment mechanisms to remain an attractive employer and retain skilled staff.
- Improve benefit flexibility and pay transparency to enhance staff engagement.

Methodological approach

The evaluation was guided by a structured, learning-focused approach, using a Theory of Change framework and a maturity model analysis to assess how Workforce Planning and Incentive Structure contribute to operational efficiency, workforce competitiveness, and financial sustainability. Rather than applying ratings, the evaluation focused on what works well and what needs improvement, acknowledging the ongoing reforms. The methodology included document and portfolio analysis, stakeholder engagement across 11 countries, an HR Evaluation Survey, and benchmarking against six international institutions. Data limitations and stakeholder access challenges were addressed through triangulation and external validation, ensuring robustness and credibility of the findings.

What did Management respond?

Management welcomed the results of IDEV's evaluation of the Bank Group's human resource management systems, focusing on Workforce Planning and the Incentive Structure from 2018 to 2024. To address the evaluation's identified weaknesses, Management noted that it has embraced a data-driven approach, integrating strategic staffing, decentralization, and cost containment efforts, for synergies and operational efficiencies. Concurrently, the ongoing review of the Total Compensation Framework aims to build on its strong foundation, aligning future frameworks with industry trends and best practices. Management added that the findings, lessons, and recommendations will inform the current HR processes–planned and ongoing, in addition to strengthening alignment with the Bank's Ten-Year Strategy (2024-2033) and related policies. ■

About IDEV

Independent Development Evaluation (IDEV) at the African Development Bank carries out independent evaluations of Bank operations, policies, and strategies, working across projects, sectors, themes, regions, and countries. By conducting independent evaluations and proactively sharing best practices, IDEV ensures that the Bank and its stakeholders learn from past experience and plan and deliver development results to the highest possible standards.

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