Executive Summary

This document, as well as any data and map included herein, are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.
A. Purpose and scope of the study

1. The purpose of the study of the strategic workforce and competency planning (SWP) at the OECD was to collect and analyse:

   - the opinions expressed by the main stakeholders (the substantive directorates, the Human Resource Management Service (EXD/HRM), the Staff Association) on the performance of the OECD’s strategic workforce and competency planning, and in particular the Organisation’s capacity to recruit and train the talent required;
   - the assessment of the Member country delegations as to the quality, relevance and possible lack of information provided periodically by the General Secretariat to ExCo (Executive Committee) and Council on SWP and with regard to human resource management more generally;
   - the information available concerning specifically succession planning for senior officials on the one hand, and the use of former OECD officials who had exceeded the age limit of service on the other.

2. The Audit Committee, which was consulted with regard to the terms of reference, had requested that the following topics be excluded from the scope of the study:

   - the issue of the remuneration levels and benefits on offer at the OECD and their benchmarking with other International Organisations;
   - a presentation and any critical analysis of the current Staff Rules with regard to Strategic Workforce Planning (SWP).

3. With the purpose and scope established, the study mainly focused on analysing the results of two questionnaires, one which was sent to the substantive directorates and to EXD/HRM, and the other to the delegations.

B. The substantive directorates’ assessment of SWP tools and procedure

4. The External Auditor prepared the questionnaire for the substantive directorates in consultation with EXD/HRM, after preliminary interviews with a panel of five substantive directorates¹, OSG (Office of the Secretary-General) and EXD, to whom had been sent the terms of reference of the study after discussion with the Audit Committee.

5. The questions covered five areas: 1) the employment framework, 2) instruments for SWP assistance, 3) the recruitment procedure, 4) the retention of talent and 5) diversity.

6. The External Auditor received 18 responses² to the 22 questionnaires sent. All comments and suggestions made by these Directorates in response to the questionnaire will be duly taken into account by EXD/HRM, which will take measures for the suggestions considered relevant and useful.

¹ STI, TAD, DEV, ECO and ELS.
² Answers were received from: CFE, CTP, DAF, DCD, DEV, ECO, EDU, ELS, ENV, FTE, GOV, GRS, ITF, LEG, PAC, STD, STI and TAD. The Internal Audit (EVIA) also replied. EXD was excluded as the purpose of the questionnaire was to assess the policies and instruments implemented by its own services.
1. Employment Framework

With regard to the employment framework, the questionnaire covered the suitability of SWP requirements concerning:

- current staff categories (officials, temporary members of staff, associated staff);
- the OECD contract policy (fixed-term appointments and conversions to open-ended appointments);
- the procurement of intellectual services.

Current staff categories and SWP

The directorates’ answers on the suitability of the current staff categories for their requirements only brought to light three main difficulties:

- for officials, the cumbersome nature of the standard recruitment procedure;
- for temporary members of staff, a lack of guidance for setting their level of remuneration;
- for associated staff, the negative impact on the budget of the substantive directorates of the cost recovery system for the administrative burden of EXD.

Moreover, the substantive directorates made two suggestions concerning temporary staff and the recruitment of young graduates:

- extending contracts for temporary staff beyond the 24-month limit;
- authorising the recruitment of young graduates who could no longer be taken on as interns by allowing a certain amount of flexibility when determining their remuneration.

EXD/HRM considered that the idea of a resident fellow status for PhD students granted derogation on the 24-month limit was an “interesting suggestion worth exploring”. Moreover, EXD/HRM reiterated that it was now possible to recruit young graduates under the new YAP programme launched in 2016, which was perfectly suited to this type of requirement.

OECD contract policy

The OECD’s contract policy (initial fixed-term appointments, after which possible conversion to an open-ended appointment) and its suitability when it came to recruiting and retaining the talent required, the directorates’ answers highlighted two main issues:

- the main issue concerned the conversion system, which would make the implementation of SWP more complex. Several directorates indicated that they had difficulties in retaining the best talents, as they had no leeway on their ratio of open-ended appointments/fixed-term appointments;
- some directorates bemoaned the difficulty in terminating the open-ended appointments of officials whose profile no longer matched the work they had to perform.

As far as improving contract policy was concerned, the directorates’ answers gave rise to two main suggestions:

- increase the possibilities for extending appointments, either by authorising some conversions before or after the five-year deadline, or by allowing directorates to grant renewable two or three year appointments for a period of eight to ten years;
- make the process for terminating open-ended appointments clearer and more flexible.

13. EXD/HRM recalled that it was already possible to convert contracts after the five-year deadline but considered that the suggestion made by some directorates to extend the deadline before conversion was “worth looking into”. However, EXD/HRM also stated that possibilities were limited by the applicable legal framework, the Organisation’s practices, and the principles adopted by the Council in 2010.

14. EXD/HRM recalled that the directorates were assisted throughout the process for terminating open-ended appointments, once they had decided to end an official’s appointment.

**Procurement of intellectual services**

15. With regard to the procurement of intellectual services, and the advantages and disadvantages of procuring intellectual services compared to recruiting temporary staff, the answers showed that for most directorates, the procurement of intellectual services was only used on a marginal and temporary basis, in most cases in areas in which their own staff did not have the required expertise.

**2. Instruments for SWP assistance**

16. With regard to instruments for SWP assistance, the questionnaire covered the suitability for SWP requirements:

- of all the analytical and information tools necessary for directorates to forecast departures and conversions and to guarantee diversity while maintaining a suitable qualitative level of competencies;
- of the reference documents published by EXD/HRM on the recruitment, rating, progression and conversion of staff (manuals, instructions, diversity indicators, guidelines);
- of the various real-time HR software tools provided by EXD/HRM for the substantive directorates;
- of any other additional or different tools to be put in place.

**Available analytical and information tools**

17. The main issue for substantive directorates concerning the tools was the current lack of an operational tool enabling them to combine HR and financial information to enable simulations, to improve their capacity for analysis and the short-, medium-, and long-term financial planning of recruitments and conversions.

18. The answers contained several suggestions to remedy this situation:

- the implementation of an integrated and flexible management tool allowing directorates to forecast future staff costs, and anticipate staff numbers and their financing;
- the provision of real-time access to HR data (and in particular the EXD/HRM tool (“Dashboard”) currently being tested;
- the creation of a recruitment platform with a comprehensive overview of the process, from the publication of the vacancy notice to the appointment of staff, given that the current systems (Taleo and PEPS) were considered limited in this respect;
- the implementation of a more user-friendly performance evaluation management system than TalentPortal;
- offering directorates easy access to the profile of each candidate through a comprehensive database.
19. EXD/HRM did not contest the observations, but felt that some ongoing initiatives were expected to solve the problems encountered.

The usefulness of the reference documents currently made available to the directorates by EXD/HRM

20. The answers on the usefulness of the documents currently published by EXD/HRM on the recruitment, rating, progression and conversion of staff were for the most part positive, despite the fact that too many items in the reference documents were considered open to interpretation.

21. The directorates’ suggestions on this topic concerned:

- more guidelines on the hiring process;
- an updated and more comprehensive manual for Resource Management Advisors (RMA);
- improved access for directorates to HR information;
- training for new staff on the employment framework and performance management.

22. With regard to the guidelines on the hiring process, the directorates would like more indications on the part of the hiring process in which candidates were declared cleared for recruitment, on techniques for drafting effective screening questions in vacancy notices and on the conversion process and criteria, which were sometimes considered insufficiently clear, particularly how to compare the performance of employees with a view to making a decision on conversion.

23. With regards to training for new staff on the employment framework and performance management, this was already part of the staff induction day, which was currently being reviewed/improved.

Real-time HR software tools provided by EXD/HRM

24. The directorates’ overall assessment of HR software tools was not very positive, with only four of them expressing overall satisfaction.

25. The other answers reflected a strong convergence in terms of the main objections formulated, especially regarding Taleo, TalentPortal and to a lesser extent the OBMR Dashboard:

- with regard to recruitment, Taleo is considered non-user-friendly, too slow and cumbersome to use;
- the “Talent Portal” came in for the same criticism with regard to performance management, with several directorates indicating that they carried out most processes outside the system;
- criticisms of the “OBMR Dashboard” were less harsh, even though some did regret the fact that it was impossible to download or print the graphs. EXD/HRM indicated that a solution for exporting to spreadsheets was expected to be launched during the year.

26. The directorates made the following suggestions to improve the situation:

- in terms of recruitment/conversions, incorporate budget indicators into the HR dashboards. It is likely that the plan to change the HR management system and migrate all the PeopleSoft data to SAP at the end of 2018 will help resolve this issue;
- in the meantime, some suggest that the People’s Review dashboards should incorporate budgetary indicators produced by EXD/PBF and relevant for conversion decisions. The Secretariat confirms
that these developments are foreseen and should eventually be made available in the operational management tools.

- in terms of performance management, most directorates considered that the system should be made much more effective, user-friendly and flexible, in particular with regard to co-management situations. EXD/HRM indicated that this technical problem was currently being resolved.

Any other additional or different tools to be put in place

27. Two requests were apparent in the directorates’ answers:

- replace the PeopleSoft tools and TalentPortal;
- carry out systematic usability tests and take account of the findings before launching new software tools or adapting existing tools.

3. Recruitment procedure

28. There were six questions on the recruitment procedure: 1) assessment of its effectiveness; 2) respective advantages and disadvantages of the standard and simplified recruitment procedures; 3) attractiveness of the current format for OECD vacancy notices; 4) the usefulness/limits of the “pools” of shortlisted candidates; 5) the nature and effectiveness of the methods for sourcing applications; 6) the level of personal involvement of directors in the selection decision.

The effectiveness of recruitment procedures

29. The main reservations of the directorates regarding the current recruitment procedure were:

- the unreliability of the automated application sorting process;
- the delays said to arise from a presumed lack of resources in EXD/HRM’s Client Services Group;
- the use of the same procedure, regardless of the strategic importance of the recruitment in question;
- the feeling that “pools” of shortlisted candidates were not renewed regularly enough.

30. The directorates’ answers contained three suggestions for improvements:

- increase the frequency at which the pools were renewed
- remove EXD/HRM from the function of shortlisting candidates outside of generic vacancies;
- provide for the possibility of testing candidates online using the “recruitment platform”.

Respective advantages and disadvantages of the standard procedure and the simplified procedure

31. The answers to this question mainly referred to the simplified procedure, and highlighted two shortcomings:

- it has the disadvantage of resulting in the uneven treatment of candidates, and most of the directorates stated that for this reason they preferred, out of principle, and except in the case of force majeure, to use the standard procedure and the pools;
- when directorates had recruited an official using the simplified procedure, and had tested the said official for two years and decided they wanted to keep him or her, the latter then had to go through the standard recruitment procedure.
Most of the directorates’ suggestions concerned improvements to the standard procedure, with a focus on:

- better targeting the procedure to the strategic importance of the recruitment decision in question (level and duration of functions);
- being more flexible in the choice of panel members, with particular consideration given to the dual nationality of some panel members and genuine diversity in terms of professional experience.

Attractiveness of the current format for OECD vacancy notices

Most of the respondents claimed to be satisfied with the current format of the vacancy notices, and there were only two modest reservations as to the current format of the vacancy notices:

- some directorates considered the current wording of the vacancy notices to be “bureaucratic”, excessively “standardised”, even “dull and long”;
- the fact that the job description doubles up as a vacancy notice led to overly long and detailed texts.

Some recipients suggested reviewing and updating the vacancy notices by benchmarking best practice in the public and private sector. EXD/HRM approved this idea, which could be rolled out in phases, by job family for example.

Management of the pools

Several directorates had already covered some aspects of this issue in their answers to the question on recruitment procedures, regretting the mismatch between the number of available candidates shortlisted by EXD/HRM and the volume of their requirements.

On the more specific issue of the management of the pools, there was a significant convergence of views with regard to:

- the high centralisation inherent to the process of shortlisting for “generic vacancies”, which is seen as a structural cause of the irregular renewal of the pools;
- the adverse effects of the pools systems, with candidates sometimes applying for jobs in which they had no real interest simply in order to be declared suitable for another position in the OECD.

In addition to these observations, the answers contained two suggestions:

- give the directorates direct access to all the pools via the creation of a database containing all the suitable candidates which could be consulted directly by directors and their RMA;
- extend the duration of eligibility of internal candidates to over two years.

Nature and effectiveness of the methods for sourcing applications

Based on the average ranking of directorates’ answers, the most effective sources for applications seemed to be, in decreasing order:

- in joint top position: Professional networks (seven answers), and OECD committees, delegations and task forces (seven answers);
- much further down in the ranking: Social networks (two answers), alumni associations (one answer), specialised publications (one answer);
- no one considered that EXD/HRM/LinkedIn was an effective tool.

**The level of personal involvement of directors in the selection decision**

39. This question only concerned recruitments up to A4 grade, as the directorates are not responsible for the recruitment decisions with regard to higher grades.

40. The answers were as follows:

- selection by the director: two cases (but the director approved the choice in eight other cases);
- delegation to the relevant head of division: six cases;
- delegation to the hiring manager: eight cases.

41. The review of the directorates showed that the choice of whether or not to delegate depended in fact on the size of the directorate.

4. **Retention of talent**

42. Since the Audit Committee did not wish to include a review of the package of remuneration levels and benefits on offer in the scope of the external audit of SWP, the report could not examine the Organisation’s ability to recruit talents, but only its capacity to retain them after recruitment (and therefore after they had accepted the package of remuneration conditions on offer).

43. Its scope having been clearly defined, the issue of retaining talent gave rise to three questions: 1) the number of undesirable departures since 2015, with the grade/step of the officials and the reasons for their decision; 2) the proportion of A category officials on open-ended appointments relative to the directorates’ long-term workforce requirements; 3) the possible impact of the OECD’s current salary scale on medium-/long-term career progression in directorates.

**Undesirable Departures**

44. The directorates considered that departures which were not welcomed by the management were few and far between, and occurred for the following reasons, in decreasing order:

- joint top: departure to accept a better offer outside the Organisation (reason given by nine directorates), and for family reasons (nine directorates);
- the impossibility for the spouse to obtain a work visa (seven directorates);
- a move to another OECD directorate (three directorates);
- a lack of flexibility for teleworking (one directorate).

45. The main problem with retaining staff in the recent period concerned staff in grades A3-A4, *i.e.* young achievers whom the directorates would like to have retained but who were still too young to be promoted to a higher level. No alternative solution was proposed, however.

**The proportion of A category officials on open-ended appointments relative to the directorates’ long-term workforce requirements**

46. The answers indicated that that percentage of A category open-ended appointments was:

- between 28 and 35% in five directorates, which all considered that they had leeway to increase this ratio;
between 40 and 56% for six directorates, which did not consider that they had leeway to increase this ratio;
- between 66 and 75% for three directorates, which counted on turnover to lower the ratio.

47. The comments in the answers showed that, in addition to the structure of the resources of their activity, the ratio of open-ended appointments to fixed-term appointments due to conversions in their directorates was also considered to act as a constraint on future conversion decisions, regardless of the quality of the talent to be retained.

The impact of the OECD’s salary scale on medium-/long-term career progression in directorates

48. Most respondents considered that the impact of the current structure of the salary scale was in itself neutral, but most of them stated that there were rigidities in the current grade and step system, especially for B grade officials.

49. In terms of career, the directorates considered that the most decisive factors, to a far greater extent than the salary scale, were the insufficient possibilities for mobility and promotion.

50. The directorates proposed setting up a system of exceptional bonuses for performance rather than the award of step increases which have a longer-term effect on payroll costs. Some directorates added that there was room to improve the annual performance evaluation (on a scale of 1-5 until 2014, and 1-4 since 2015). It should be noted that the current performance evaluation system was currently being reviewed.

5. Diversity

51. The questionnaire examined the two major issues, i.e. increased geographic diversity and better gender balance.

52. With regard to the first question, the answers helped establish a list, in descending order of importance, of the various barriers to better geographic representation:

Table 1: Barriers to better geographic representation

<table>
<thead>
<tr>
<th>Type of obstacle</th>
<th>Number of mentions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Remuneration package</td>
<td>5</td>
</tr>
<tr>
<td>Family considerations</td>
<td>5</td>
</tr>
<tr>
<td>Language capabilities</td>
<td>5</td>
</tr>
<tr>
<td>Level of technical expertise and experience</td>
<td>3</td>
</tr>
<tr>
<td>Work visa for spouses</td>
<td>2</td>
</tr>
<tr>
<td>Geographic distance</td>
<td>1</td>
</tr>
<tr>
<td>Lack of OECD knowledge or work culture</td>
<td>1</td>
</tr>
<tr>
<td>Impossibility to recruit statutory non-Member country officials</td>
<td>1</td>
</tr>
<tr>
<td>Work/life balance</td>
<td>1</td>
</tr>
<tr>
<td>Concentration of applicants from a small number of countries</td>
<td>1</td>
</tr>
<tr>
<td>Concerns over career prospects</td>
<td>1</td>
</tr>
</tbody>
</table>

Source: Answers to the questionnaire sent to directors
Concerning the second question, despite the directorates stating that they were globally satisfied with their gender ratios, some of them referred to an “inverted” situation with regard to gender balance regarding grade B support positions. The answers helped establish a list, in descending order of importance, of the six barriers to better gender equality.

Table 2: Barriers to better gender equality

<table>
<thead>
<tr>
<th>Type of obstacle</th>
<th>Number of mentions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Imbalance of applications</td>
<td>3</td>
</tr>
<tr>
<td>Level of technical expertise and experience</td>
<td>2</td>
</tr>
<tr>
<td>Lack of employment prospects for the partner</td>
<td>2</td>
</tr>
<tr>
<td>‘Casual’ or ‘cultural’ biases / stereotyping of gender and authority</td>
<td>1</td>
</tr>
<tr>
<td>(unconscious) discriminatory processes</td>
<td>1</td>
</tr>
<tr>
<td>Work / life balance</td>
<td>1</td>
</tr>
</tbody>
</table>

Source: Answers to the questionnaire sent to directors

The common feature of the barriers noted by the directorates was that, with the exception of the attractiveness of the remuneration package in terms of geographic diversity, they were all imputable to causes external to the Organisation (culture, education, lifestyle, distance, etc.), and therefore unrelated thereto.

C. Assessment of the quality of the dialogue between the Secretariat and the delegations on HR matters

The Audit Committee asked for the study to review the quality of the dialogue between the delegations (ExCo and Council) and the Secretariat with regard to workforce and competency planning, through consultation with the delegations.

For the purpose of this consultation, the External Auditor prepared a questionnaire requesting a quantitative assessment (on a scale of 1 to 5, 5 being the highest) by the delegations, along with their comments, on:

- the level of interest in the HR information systematically transmitted to ExCo/Council at periodic intervals;
- the level of interest in each of the subjects on specific HR issues presented and/or discussed to/by ExCo and/or Council over the last four years;
- the possible expectations of the delegations with regard to information on human resource management, which are not met.

1. Periodic information

The two documents submitted annually to ExCo/Council are the Staff Profile Statistics and the Diversity Annual Report. The average rating from the delegations was 4.1 out of 5 for the first, and 3.7 out of 5 for the second.

Concerning the Staff Profile Statistics, the delegations answers reflected a need for 1) more frequent information, 2) more precise figures, and 3) qualitative analyses which are currently missing from this document.
59. For the Diversity Annual Report, the delegations considered that the figures should come with more explanations, in particular a status report on the formulation, execution and effectiveness of all the action plans aimed at dealing with under-represented Member countries, as well as demographic forecasts.

60. Lastly, most of the respondents would like the two documents to be merged into one.

2. Specific discussions

61. This question concerned the assessment of the seven documents on HR issues which had been presented to the Member countries since 2014, i.e.:

- a Gender Diversity Action Plan. The average rating for this document was 3.6, with the delegations regretting the absence of a follow-up report on the Action Plan;
- a proposal to appoint as officials to the Secretariat of the Development Centre nationals from non-Member countries of the OECD. The average rating for this document was 3.7, with some delegations particularly appreciating the fact that prior discussion by the ExCo had enabled the text presented to Council to be modified beforehand, but regretting the lack of a follow-up report on its practical implementation;
- a review of the reforms of HR management and initiatives in progress. The average rating was also 3.7. Some delegations would like the objectives to be quantified and presented with a timeframe for completion;
- a draft decision to extend the appointments of three officials beyond the age limit of service. The average rating was 2.6 and some delegations regretted the lack of prior consultation prior to the presentation of the subject;
- a gender diversity action plan aimed at family oriented HR policies. The average rating was 3.7 and the comments were very positive;
- a document containing information on a technical recommendation of the CCR concerning amendments to be made to family-related allowances. The rating was only 3.2, with most of the delegations considering that submission of such a technical issue to ExCo/Council was not really necessary, and that its presentation at a session of the Budget Committee would have been more suitable;
- a proposal to extend the age limit of service for OECD officials. With an average rating of 2.7, the delegations comments mirrored their comments on the draft decision to extend the appointments of three officials beyond the age limit of service – lack of prior consultation and disagreements on the substance.

3. The expectations of delegations

62. The three main requests for information (six occurrences each) all revolved around one central theme i.e. the senior management structure of the OECD, the procedure for selecting its members, and succession planning for directors.

63. The next four requests (three occurrences each) covered a wider scope that took in workforce planning, recruitment and working conditions.

64. The remaining requests for greater information were much more specific, and it was their number (13 topics in addition to the previous six) more than their content, which was sometimes very specific, that reflected a greater need for information on HR issues.
D. Responses to the specific questions asked by the Audit Committee

65. At its meeting on 31 January 2017, the Audit Committee requested that the evaluative study of the OECD’s strategic workforce and competency planning address the recruitment of senior officials in the Organisation as well as the use of temporary staff and the procurement of intellectual services.

1. Recruitment of senior officials in the Organisation

66. In the absence of a statutory definition of the notion of “senior official”, the External Auditor formally opted to:

- exclude senior officials appointed by Council itself (Secretary-General and Deputy Secretaries-General, upon proposal by the Secretary-General);
- include all the category A statutory officials reporting directly to the Secretary-General.

67. On the basis of the two criteria set out above, the main category concerned was that of A7 officials, 20 of whom (out of a total of 25) reported directly to the Secretary-General at the time of the study, whereas only three A6 officials reported directly to the Secretary-General, and there were no officials below the A6 grade. Accordingly, the analysis only concerned a total population of 23 senior managers.

General observations

68. As of 31 December 2016:

- 11 nationalities shared senior functions, out of the 35 OECD Member countries at the end of 2016;
- The ratio of women to men was 4/23, i.e. slightly less than one sixth.

69. The review also revealed that in terms of the recruitment of senior officials, as defined above, the proportion was 2/3 internal - 1/3 external, which for senior positions seemed to reflect, in the opinion of the External Auditor, a reasonable trade-off between promotion on merit and openness to the wider world.

Specifics of the discussion regarding the age limit of service

70. Almost 2/5ths of the senior officials were over 60 at 31 December 2016.

71. The issue of extending the age limit of service beyond 65 has been the subject of recent Council discussions (see the answers to the questionnaire to the delegations analysed above). Four requests for derogations have been submitted to Council since mid-2015, resulting in three authorisations, then a refusal in 2016. A more general discussion was held concerning a broader scope, as it concerned all officials from categories A5 to A7.

72. A proposed amendment to Staff Regulation 13 (document C(2017)4) was rejected by the Executive Committee, which decided to leave the situation unchanged, meaning that, as in the past, a derogation can only be granted after prior authorisation by Council. However, on 31 January 2017, the Audit Committee wanted the External Auditor to examine whether the recent difficulties could have been avoided (and could be avoided going forward) by suitable strategic workforce planning measures.

73. To provide a framework for its review, the External Auditor took two observations into consideration:
- in practice, the requests for derogations in 2015 and 2016 only concerned grade A6 and A7 officials reporting directly to the Secretary-General. Accordingly the External Auditor limited its review to the list of 23 managers established above;
- The case of the refused derogation in 2016, was the result of a combination of unlikely circumstances which were largely beyond the control of any attempt at reasonable forward planning. The External Auditor considered that the problem in this case could not have been avoided by simple, general strategic workforce planning measures. Council itself thought that this specific case did not merit a general measure.

74. The External Auditor considered that two strategic workforce planning measures to ensure that there was no reoccurrence of this type of situation:

- avoid leaving promotion to this restricted managerial circle until too late. Analysis revealed, however, that in practice very few managers were appointed to this level after the age of 55-56. In the rare cases when this occurred it was primarily due to managerial responsibilities being assigned through an interim phase. This probably explains the very low number of requests for derogation in the last 15 years;
- ask Council, exceptionally and on the basis of a proposal by the General Secretariat, for a “back-up” derogation upon the appointment to this type of position of an individual nearing the age limit of service. As long as this option had received prior authorisation from Council, it would appear compatible with Staff Regulation 13 in its current form.

75. However, the Secretariat considered that the concept of an exception to the age limit of service by Council as soon as the official in question is appointed did not take into account management requirements or the general principles of law that are applicable. It was therefore clear that, even in the event that Council accepted the principle of this proposal, the Secretariat would not make use of it. For this reason the External Auditor decided not to recommend pursuing the idea.

2. **Temporary staff members and the procurement of intellectual services**

76. The Audit Committee of 31 January 2017 had also asked the External Auditor to examine “Developments in the use of temporary staff, on direct contracts or through the procurement of intellectual services (with a focus on temporary contracts for retired OECD staff)”.

77. In terms of **temporary staff members**, who are accorded a special status, established by Council, under which they do not have access to the tax privileges or social benefits (health care, retirement, etc.) reserved for OECD “officials”, there were a total of 286 of them at 31 December 2016.

78. One of the questions asked at the Audit Committee of 31 January 2017 was how many former OECD officials who had exceeded the age limit of service continued to benefit from temporary staff contracts. To answer this question, the External Auditor prepared the following table:
Table No. 3: Temporary staff aged over 65, having formerly served as on OECD official or not and eligible or not for an OECD pension

<table>
<thead>
<tr>
<th>Age at recruitment</th>
<th>% employment</th>
<th>Former OECD official</th>
<th>OECD pensioner</th>
</tr>
</thead>
<tbody>
<tr>
<td>65</td>
<td>100</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>66/68*</td>
<td>100</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>66</td>
<td>100</td>
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<td>60</td>
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<td>65</td>
<td>100</td>
<td>Yes</td>
<td>Yes</td>
</tr>
</tbody>
</table>

(*) Officials receiving several contracts over the period.
Source: EXD/HRM

79. In total, there were only 13 temporary staff members who were aged over 65, and the table showed that:

- two are not former OECD officials;
- seven are former OECD officials who had not previously worked long enough to be eligible for an OECD pension;
- the final four are former OECD officials receiving an OECD pension.

80. Lastly, the table helped to show that with regard to temporary staff members present in 2016/2017, no contract had been signed with anyone over 68. The principle seems to be to reserve this type of contract for “young pensioners” who still have all their professional contacts and who are still in a position to use them for the benefit of the Organisation and its work.

81. With regard to the **procurement of intellectual services**, the analysis suggested that:

- in terms of the cost of human resources, the outsourcing of the OECD’s work to companies and individuals, represents slightly less than 20% of the total, of which around 15% is attributable to Part I programmes and around 25% to Part II programmes;
- in terms of the total average daily cost, there is little difference between the average daily cost of OECD official hired for two years using the simplified procedure or a temporary member of staff, and the cost of an individual intellectual service provider, whereas it is twice as high when the intellectual services are provided by consulting firms.

82. In the end, the benefit of using officials hired for two years using the simplified procedure or temporary members of staff was not obvious, financially speaking. As a result, the two methods needed to be compared in terms of quality. From this point of view, they both had advantages and disadvantages, the main disadvantages being the two-year limit for the simplified procedure and temporary members of staff, and issues of compliance with the OECD’s specific quality standards for the outsourcing of intellectual services.
83. The Audit Committee also asked for a review of intellectual service contracts with retired OECD staff. The Auditor’s analysis revealed that, at the time of the study, there were 22 former OECD officials who had exceeded the age limit of service and been given temporary staff contracts or intellectual service contracts, and that there were no issues with the regularity of any of these identified situations.

E. General Conclusion

84. With regard to the assessment of SWP tools and procedures by the substantive directorates, the main sticking points concerned the central issue of conversions (which was perceived as being more or less complex depending on the extent of each directorate’s dependence on voluntary contributions), on the assessment of certain IT tools (especially those designed to enable the substantive directorates to carry out financial and budgetary SWP simulations), and on the access to, and renewal of, “generic” pools. Moreover, there is room for improvement in several specific areas: updating the procedure for the generic pools, distributing the tasks between EXD/HRM and the directorates with regard to shortlisting candidates up to A4 grade, modernising the presentation of vacancy notices. These observations resulted in recommendations 10 and 11 below.

85. With regard to the information received by Member countries on HR matters, through documents transmitted and discussed by ExCo and/or Council, the answers to the questionnaire sent to the delegations naturally differed depending on the type of information delivered. However, these answers nevertheless contained various positive suggestions, which the General Secretariat has stated that it is willing to explore further (in particular, the merger of the “Staff Profile Statistics” and “Diversity” documents, and the organisation of periodic information on succession planning for senior managers). These observations resulted in recommendations 12 and 13.
Recommendation No. 10. Recruitment procedures – The External Auditor recommends that a consultation be organised between EXD/HRM and the substantive directorates in order to:

i) Better match the frequency at which the generic pools are renewed to requirements, and to give directorates direct access to all the data on eligible candidates;

ii) Lighten EXD/HRM’s workload with regard to the shortlisting of candidates, except for positions of authority (A5 to A7);

iii) Better match the thoroughness of the selection procedure to the importance of the vacant post;

iv) Review vacancy notices with a view to modernising their presentation.

Recommendation No. 11. Retention of talent – The External Auditor recommends that the Secretariat:

i) Successfully complete the ongoing review of the performance evaluation system, in consultation with EXD/HRM and the substantive directorates;

ii) Envisage the introduction of a system of exceptional bonuses for performance, to be used instead of step increases.

Recommendation No. 12. Specific HR discussions in ExCo/Council – The External Auditor recommends that Council receive a regular update on the issue of succession planning for high level positions of authority, rather than being approached for authorisation for specific cases.

Recommendation No. 13. The expectations of delegations in terms of HR discussions in ExCo/Council and their involvement in the selection of senior managers – The External Auditor recommends that the Secretariat provide ExCo/Council with projections on senior management vacancies to be filled, the format, periodicity and scope of which are to be defined (A5 to A7, or only “senior officials” reporting directly to the Secretary-General).