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Enabling poor rural people
to overcome poverty

NON-PAPER

Delivering the IFAD8 agenda: Second phase of the reconfiguration of IFAD Senior Management (responsibilities and reporting arrangements)

Addendum

Executive Board — 101st Session
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For: **Information**

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Addendum

I. Introduction

1. This paper presents the second phase of the reconfiguration of IFAD that the President and Senior Management have approved to strengthen the Fund's organizational structure. The second phase of the reconfiguration of Senior Management continues efforts initiated in December 2009 to adjust responsibilities and change reporting arrangements to make the Fund a more efficient, effective and agile organization. It will become effective on 1 January 2011.
2. To initiate the second phase of the reconfiguration as foreseen in the President's Bulletin PB/2009/11, IFAD Management commissioned an External Review of IFAD's Financial Operations, on the basis of which the new organizational structure of IFAD was finalized following a series of meetings, consultations and retreats with managers and staff. These consultations were led by the President with the assistance of external consultants.
3. The second phase of the reconfiguration does not entail a wholesale restructuring of the institution. It is budget neutral and does not involve a considerable increase in the staffing needs of IFAD. On the contrary, the reconfiguration is expected to result in efficiency improvements in the administrative costs of IFAD.
4. This reconfiguration is part of the ongoing change and reform agenda that the Fund initiated in 2006. It underlines a renewed engagement by Management in implementing commitments to the Fund's Governing Bodies and sets the stage for deepening the reform agenda, particularly of the human resources management function, the financial management, and the strategic planning and knowledge management functions.
5. The paper is organized in six sections. Section II outlines the rationale and goals of the reconfiguration. Section III presents the reconfiguration of IFAD. Section IV discusses the new reporting arrangements, and Section V the corporate decision-making processes. Section VI presents the new organizational chart.

II. Rationale for and goals of the reconfiguration

6. As in the reconfiguration of the Fund in December 2009, the higher-level goals are to ensure that IFAD continues to be a results-based organization capable of achieving concrete results and stronger impact on the ground through the projects and programmes it finances. The second phase of the reconfiguration also aims to strengthen IFAD's organizational capacity to continue to be an international advocate for smallholder producers in developing countries.
7. Paramount among its findings, the report of the External Review of IFAD's Financial Operations identified the amalgamation of IFAD's financial operations with its administrative functions as a weakness in IFAD's management structure that prevents concerted focus and leadership on: (i) maximizing resource allocations and uses of funds; (ii) minimizing and mitigating risks; and (iii) taking advantage of opportunities.
8. In addition, IFAD's expanding programme of work, growing country presence, and the increasing need for systematic leveraging and diversification of approaches to

resource mobilization, compel the Fund to strengthen its capacities for mobilization of resources, loan and grant administration, budget management, and mitigation of financial risks.

9. In the light of the findings of the external review, the second phase of the reconfiguration focuses on the Finance and Administration Department (FAD), and includes establishing a Financial Operations Department, which will consolidate financial operations within one department, and a Corporate Services Department, comprising administrative functions of the Fund, with the overall twin purposes of:
 - Building a robust and professional financial operation complex; and
 - Streamlining IFAD's corporate services.
10. The specific goals of the second phase of the reconfiguration are to:
 - Concentrate IFAD's financial operations and instil more effective mitigation of risks and capture of opportunities, including intensifying the emphasis on efficiency;
 - Consolidate IFAD's financial reporting to ensure timely provision of accurate financial information for Senior Management decisions;
 - Effectively use information technology and automation, ensuring that business processes and approval steps add value and assign accountability appropriately;
 - Maximize enterprise resource planning, including through system coordination and loans and grants management to support IFAD's operations for the greater benefit of smallholders and agricultural development; and
 - Align administrative resources more precisely with the Fund's operational needs and results, as defined under the Fund's mandate and the IFAD8 replenishment commitments.

III. The reconfiguration of IFAD Senior Management

11. At the level of departments and Senior Management, the second phase of reconfiguration will consist of the following changes and adjustments.
12. **Financial Operations Department (FOD).** The Financial Operations Department will comprise the Controller's and Financial Services Division, the Treasury Division, and a Budget Unit. It will be headed by a Chief Finance Officer (CFO), who will report to the President.
13. **Corporate Services Department (CSD).** The Corporate Services Department will comprise the Administrative Services Division, the Human Resources Division, the Information and Communications Technology Division, and a Security Unit. The Head, CSD, will report to the President.
14. **Office of Strategy and Knowledge Management (SKM).**¹ The Office of Strategy and Knowledge Management will provide analytical and leadership capacity in global policy dialogue and trends on rural development issues and smallholder development and be responsible for developing the medium- and short-term strategies of the Fund. The Office will be headed by a Chief Development Strategist (CDS), who will report to the President. The sections/units of SKM will consist of a Strategic Planning Unit and a Development Studies and Statistics Unit. SKM will serve as the focal point for the Interdepartmental Knowledge Management and Innovation Coordination Group.

¹ Formerly referred to as the Office of the Chief Development Strategist (CDS).

15. **Resource Mobilization and Partnership Office (RMP).** The Resource Mobilization and Partnership Office will comprise the Partnership Unit, the North American Liaison Office, the Arab Gulf States Liaison Office, and the Replenishment Secretariat. RMP will be headed by a Senior Adviser, who will report to the President. It will redefine its operations to establish effective liaison with development partners, Member States, foundations, the private sector and civil society for purposes of resource mobilization.

IV. Reporting arrangements

16. As a principle, Senior Management staff at the level of the United Nations Assistant Secretary-General and above, consisting of the Vice-President; the Associate Vice-President, Programmes; the Chief Finance Officer; the Head of Corporate Services and the Chief Development Strategist report directly to the President.
17. However, the President may designate the Vice-President or Associate Vice-President to provide oversight and support to departments and/or offices to assist in the shared responsibility of managing the Fund under the President's guidance.
18. A primary function of the Vice-President will be to provide overall support to the President in the leadership and management of the Fund. Specifically, the Vice-President will provide general oversight to the Financial Operations Department and oversee the preparation of the annual programme of work and budget. Other existing responsibilities and functions not affected by this reconfiguration remain valid.
19. The Associate Vice-President, Programmes (AVP); the Chief Finance Officer (CFO); the Head, Corporate Services Department and the Chief Development Strategist (CDS) will report directly to the President. The President will have general oversight reporting relationships with these departments and the Office of SKM.
20. The Office of the General Counsel, the Office of Audit and Oversight, the Office of the Secretary and the Communication Division will continue to report to the President. The President will have supervisory oversight reporting relationships with these offices.
21. The Strategic Planning and Budgeting Division will cease to exist and its functions will be reallocated as follows: the Office of SKM will absorb the responsibility for strategic planning; and the Budget Unit, within the Financial Operations Department, will absorb the responsibility for budget preparation and monitoring.
22. The Human Resources Division (HRD) will be relocated within the Corporate Services Department, with the Head, CSD, providing supervisory oversight to the Director, HRD.
23. An Ethics Office will be established to strengthen and promote a conducive work environment, free of harassment and intimidation, and one that fosters openness, trust and respect for diversity. The Ethics Office will be headed by an Ethics Officer, who will report to the Vice-President.
24. A Security Unit, led by a Chief, will report directly to the Head, Corporate Services Department. The Head of CSD, assisted by the Chief of the Security Unit, will have the overall responsibility for ensuring compliance with the United Nations Security Risk Assessment for the United Nations agencies.

V. Corporate decision-making processes

25. The Executive Management Committee (EMC) will continue to be chaired by the President, and the Operations Management Committee (OMC) by the Vice-President, as defined in President's Bulletin PB/2009/04.
26. The EMC will comprise the President; Vice-President; Associate Vice-President, Programmes; Chief Development Strategist; Chief Finance Officer; and Head,

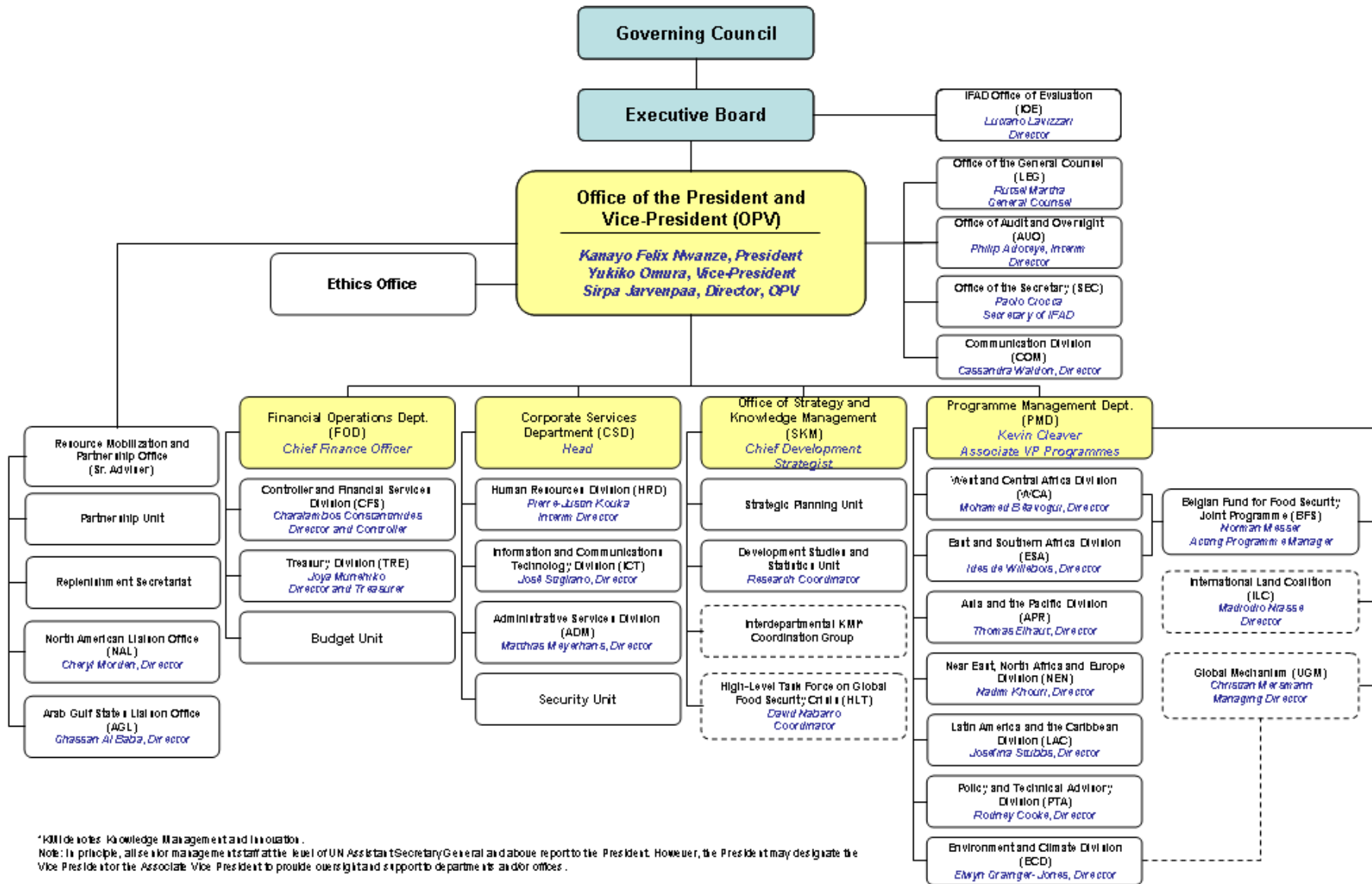
Corporate Services Department. The General Counsel participates as an adviser to the EMC, and the Director of the Office of the President and Vice-President will continue to serve the EMC as its Secretary. The composition of the OMC will be modified to include the new members of senior management. The EMC and OMC will continue to operate in an inclusive and transparent manner. The second phase of the reconfiguration will amplify their roles, with financial operations and corporate services represented separately. The Committees will continue to strengthen interdepartmental collaboration and cooperation and to streamline decision-making processes within the Fund.

27. The Operations Strategy and Policy Guidance Committee (OSC) will still be chaired by the President, and the quality assurance (QA) process and the Sanctions Committee by the Vice-President. The President chairs the Appointments Board, with the current designation of delegations as defined in PB/2010/07. The other committees will continue to be chaired as provided in prior President's Bulletins.

VI. Organizational chart and date of effectiveness

28. The revised organizational chart of IFAD, reflecting the changes in responsibilities and reporting arrangements, is shown in annex I.
29. The second phase of the reconfiguration of IFAD Senior Management, together with the new organizational chart, will become effective 1 January 2011.

IFAD Organizational Structure



*Killed notes: Knowledge Management and Innovation.

Note: In principle, all senior management staff at the level of UN Assistant Secretary General and above reports to the President. However, the President may designate the Vice President or the Associate Vice President to provide oversight and support to departmental and/or offices.