

Document: EB 2012/107/R.41
Agenda: 17(a)
Date: 10 December 2012
Distribution: Public
Original: English

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Enabling poor rural people
to overcome poverty

Update on Change and Reform Implementation:

Progress report on organizational strengthening, implementation of IFAD's business model, alignment of human and financial resources to strategic objectives, HR reforms, strengthening of financial management and improvements in other business processes

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Executive Board — 107th Session
Rome, 12-13 December 2012

For: Information

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Abbreviations and acronyms

ALM	Asset Liability Management
ASAP	Adaptation for Smallholder Agricultural Programme
CFO	Chief Financial Officer
CFS	Controller's and Financial Management Division
CPM	Country Programme Manager
CRA	Change and Reform Agenda
CSD	Corporate Services Department
ECD	Environment and Climate Division
EMC	Executive Management Committee
ERM	enterprise risk management
ERMS	Electronic Records Management System
ECSA	Executive Committee of the Staff Association
FOD	Financial Operations Department
GTC	General Conditions for Agricultural Development Financing
HRD	Human Resources Division
ICO	IFAD Country Office
ICT	Information and Communications Technology Division
IFAD8	IFAD's Eighth Replenishment of IFAD's Resources
IT	Information Technology
LEG	Office of the General Counsel
LGS	Loans and Grants System
MTP	Medium-term Plan
PES	Performance Evaluation System
PMD	Programme Management Department
PoLG	Programme of Loans and Grants
PRM	Partnership and Resource Mobilization Office
PTA	Policy and Technical Advisory Division
OMC	Operations Management Committee
QA	Quality Assurance
QE	Quality Enhancement
OPV	Office of the President and Vice President
RBAs	Rome-based Agencies
SKM	Strategy and Knowledge Management Department
SWP	Strategic Workforce Plan
TRE	Treasury Division

Executive summary

A. The Change and Reform Agenda

1. Management launched the Change and Reform Agenda (CRA) in 2009 with the goal of making IFAD a more effective, efficient, and agile institution. The sub-goals of the CRA included: (i) enhancing the organizational capacity of the Fund to ensure the effective delivery of the programme of work of IFAD8; (ii) raising the profile of IFAD as a knowledge institution; (iii) ensuring the prudent management of the Fund's financial resources; and (iv) improving the Fund's efficiency.
2. This paper reports on the progress achieved in the implementation of the CRA in 2012. It provides an update on each of the six major areas of action of the CRA, viz., organizational strengthening, implementation of the new business model, aligning resources to strategic needs, strengthening human resource management, enhancing financial management and resource mobilization, and improving business processes.
3. As 2012 represents the final year of IFAD8, this update will be the last one covering the CRA as it relates to the commitments made under IFAD8 (see Appendix). For IFAD9, in 2013 management will launch a revised programme of institutional consolidation.

B. Organizational Strengthening

4. Since 2009, the Fund has implemented a series of organizational changes and in 2012 it took additional measures consisting of the following.
 - a. The Programme Management Department (PMD) was strengthened by renewing most of its management team and by expanding its capacity in environment and climate change.
 - b. The Strategy and Knowledge Management (SKM) office, headed by the Chief Development Strategist, became a full Department with the establishment of two Divisions – the Strategic Planning Division and the Studies and Statistics Division.
 - c. The Financial Operations Department (FOD) separated its Asset Liability Management (ALM) out of Treasury (TRE) and made it a stand-alone unit reporting directly to the CFO. The unit was strengthened and its responsibilities more clearly defined.
 - d. The Partnership and Resource Mobilization Office (PRM), which was established in 2011, has been strengthened with the addition of a Deputy Director. The Office has defined its mission and approach and completed its internal organization.
 - e. The Corporate Services Department (CSD) was strengthened with the appointment of a new Head of the Department. Further organizational fine tuning of the Divisions under CSD were also undertaken.

C. Implementing the new IFAD business model

5. Since 2005, IFAD has been implementing a new business model consisting of: (i) an upgraded quality enhancement (QE) and quality assurance (QA) system; (ii) assumption of direct responsibility for supervising IFAD projects; (iii) improved country strategies; (iv) management for results with clear quantitative targets; and (v) increased country presence to strengthen implementation support to countries.
6. In 2012, management took further action in these areas: the quality enhancement (QE) process was reformed to allow technical staff to play more of a supportive role by participating in project design teams rather than through desk reviews or compliance-driven approaches focused on review meetings; nearly all -- 93 per cent

-- of IFAD projects are now directly supervised by IFAD; and of the 40 country offices approved by the Board, 38 offices have to date been opened.

7. These actions have enabled the Fund to deliver the IFAD8 programme of loans and grants consisting of \$2.9 billion from IFAD's own financing and \$4.2 billion raised through co-financing arrangements for a total programme of work of \$7.1 billion. The disbursements of loans and grants have also increased significantly rising from \$443 million in 2009 to a projected \$687 million in 2012. In addition, the reforms have enabled the Fund to meet most of the quality targets set for IFAD8, although achieving the efficiency and sustainability targets has proved a challenge.

D. Aligning human and financial resources to strategic needs

8. In 2012, the Fund took additional measures in its continuing efforts to ensure that its human and financial resources are properly aligned to its strategic objectives. Three important undertakings in this regard were the job audit exercise, the second phase of the strategic workforce planning (SWP) exercise, and the results-based budget proposal for 2013.
9. The job audit was undertaken to fully document the deployment of staff and to ensure the proper grading of positions. This is essential to help address the anomalies identified in the external review of 2010 regarding HR management and to lay the groundwork for the SWP. The second phase of the SWP undertaken in 2012 was a forward-looking exercise with the goal of ensuring that IFAD has the requisite staff, competencies, and skills to deliver the Fund's commitments for IFAD9.
10. The results-based budget exercise in 2012 used for the first time the SWP-determined roster of staff for each organizational unit as the sole platform for budgeting the staff costs component of the budget. It also, for the first time, introduced *gross and net budgets* to report transparently on the use of the fees that the Fund earns by managing other funds from donors. This has been necessitated by the significant increase in IFAD9 in such fees, as a result of such programmes as IFAD's Adaptation for Smallholder Agricultural Programme (ASAP). The Budget Unit also continued to improve the management of the budget by introducing new rules regarding the use of budget resources associated with vacant staff positions, and through a more in-depth mid-year budget review.

E. Human resources management

11. The Fund has taken a number of steps in 2012 to strengthen and reform its human resources (HR) management system. It has continued its cooperation with the International Civil Service Commission (ICSC) in the effort to identify possible areas for new initiatives that respond to the Fund's needs. This cooperation has resulted in the development of a new General Support (GS) staff pay scale that better reflects Rome market conditions. Discussions are also underway with the ICSC to explore the launch of a revised performance evaluation system that includes some form of pay for performance.
12. In addition, other HR initiatives in 2012 included a revised learning and development programme, follow-up to the 2012 global staff survey, enhanced communication with staff on HR issues, and continued HR process automation.

F. Strengthening financial management and resource mobilization

13. In 2012, the Financial Operations Department (FOD) (which was only created as a separate Department in 2011) took further steps to strengthen the Fund's financial management. Following the design and the tendering of the new Loans and Grants Management System in 2011, the system entered the implementation phase in 2012. FOD also reviewed its current billing process and found that the system is overly complex. It will introduce major changes to the system. This will not only

simplify the system but also introduce incentives for borrowers to avoid paying in arrears. FOD also launched a major clean-up effort of the grants portfolio, as many grants had remained open on IFAD's books well past their closing dates.

14. The Controller's and Financial Management Division (CFS) has also introduced a series of measures to strengthen financial management including enhancing the financial reporting system and a review of the payment processes to introduce better practices. Similarly, the Treasury Division (TRE) has introduced changes to the management of IFAD's investment portfolio with a particular focus on ensuring the full implementation of IFAD's new Investment Policy Statement, approved by the Executive Board in December 2011
15. The Partnership and Resource Mobilization Office (PRM), along with FOD and Office of the General Counsel (LEG), is leading an initiative to explore alternative financing modalities, as agreed in the IFAD9 replenishment consultations. Preliminary projections of supplementary fund mobilization for the IFAD9 period have been established and work is underway to design information systems and practices to more systematically identify programme financing needs and gaps.

G. Business process improvements and efficiency gains

16. In 2012 the Fund took a number of measures to continue to improve internal business processes and to make the institution more efficient. These focused on: improving IFAD's procurement system in the context of the Common Procurement Team with the other Rome-Based Agencies (RBAs); further streamlining travel rules and processes including changes in the rules governing travel pay entitlements to reduce costs; and further review and consolidation of the travel policy. In addition, other organizational units have continued to review their administrative and business processes to reduce costs and improve response times.
17. In 2013, in line with the commitments made for IFAD9, each organizational unit in IFAD will prepare a Divisional efficiency plan focusing on business process improvements. These will be part of the broader IFAD plan to enhance the Fund's efficiency.

H. Conclusion

18. The CRA launched in 2009 and covering the last year of IFAD7 and the entire period of 2008 has transformed IFAD's organizational structure, the way it manages its human and financial resources, and the manner it conducts its business. Under IFAD9, management plans to consolidate the achievements of the CRA to ensure that the Fund has the organization, the workforce, and the knowhow to deliver on its ambitious IFAD9 commitments.

I. Introduction

1. Management launched the Change and Reform Agenda (CRA) in 2009 with the goal of making IFAD a more effective, efficient, and agile institution. The specific sub-goals of the CRA included:
 - Enhancing the organizational capacity of the Fund to ensure the effective delivery of the programme of work of IFAD8;
 - Raising the profile of IFAD as a knowledge institution;
 - Ensuring the prudent management of the Fund's financial resources; and
 - Improving the Fund's efficiency.
2. The Fund has implemented the CRA using a modular, step-by-step, approach to minimize any work disruptions and to enable the institution to "learn by doing". A number of studies covering human resources management, financial management, the Fund's IT system were also undertaken prior to the implementation of the reforms to provide a solid foundation for the changes introduced.
3. The components of the CRA have included actions aimed at: (i) strengthening the Fund's organizational structure; (ii) creating the necessary policy and administrative ground work for the implementation of IFAD's new business model; (iii) aligning the Fund's human and financial resources to the strategic objectives of the Fund; (iv) implementing human resource management reforms; (v) strengthening financial management; and (vi) improving business processes to achieve efficiency gains.
4. This paper reports on the progress achieved in the implementation of the CRA in 2012. It provides an update on each of the six major areas of action. As 2012 represents the final year of IFAD8, this update will be the last one covering the CRA as it relates to the commitments made under IFAD8 (see Appendix).
5. For IFAD9, management will launch in 2013 a revised programme of institutional consolidation. This will focus on consolidating the changes and reforms initiated since 2009. It will also provide the organizational basis for the Fund to achieve its IFAD9 commitments, particularly as they relate to core IFAD9 commitments, namely, enhancing the Fund's impact with the goal of moving 80 million out of poverty and improving the Fund's efficiency.

II. Strengthening the Fund's organizational structure and decision-making processes

6. Since 2009, the Fund has implemented a series of organizational changes. These have aimed at: (i) strengthening the organizational basis for the implementation of the Fund's new operating model; (ii) creating a more robust financial management system; (iii) strengthening human resources (HR) management and improving business processes; and (iv) creating a sound organizational framework for strategy and knowledge management; and (v) improving and making more inclusive the Fund's decision making processes. In 2012, further actions were taken in all these areas.
7. **Programme Management Department (PMD).** The Fund has strengthened its Programme Management Department (PMD) by renewing most of its management team and by expanding its capacity in the environment and climate change fields. The renewal of the management team – through rotation and recruitment of new Directors – together with the Strategic Workforce Planning (SWP --see below) exercise provided an opportunity to review the internal organizations of the Divisions under PMD and to make the required adjustments based on lessons learnt and taking into account future needs.
8. In addition, in 2012, PMD in cooperation with the Fund's administrative and financial services, continued to strengthen the administrative and organizational

framework for the establishment and expansion of IFAD country offices – a major pillar of the Fund’s new business model (see below). The actions taken have contributed to strengthening programme development and enhancing implementation support.

9. **Strategy and Knowledge Management (SKM).** In 2012, SKM, headed by the Chief Development Strategist, became a full Department with the establishment of two Divisions – the Strategic Planning Division and the Studies and Statistics Division. This is in line with the goal of the CRA of making IFAD a knowledge institution, to enable it to draw more fully on its own extensive experience in rural and agricultural development and to provide knowledge products to its member countries, while at the same time learning from the experience of other players to inform its own operations. The remit of SKM was also expanded in 2012 with the addition of the Quality Assurance (QA) work (previously overseen by the Office of the President and Vice President - OPV) and the shift of the Grants Secretariat from PMD to SKM.
10. **Financial Operations Department.** At the beginning of 2012, Asset Liability Management (ALM) was separated out from Treasury (TRE) and made a stand-alone unit reporting directly to the CFO. The unit was strengthened and its responsibilities more clearly defined as being:
 - Independent monitoring of the TRE investment function
 - Financial modelling, including long range financial planning and forecasting of IFAD as a whole and short range decision support for initiatives such as resource mobilisation.
11. In this enhanced role, ALM has assisted TRE in the restructuring of IFAD’s investment portfolio in line with the new Investment Policy Statement. It has also implemented simulation software to allow risk budgeting to be used as a key control over investment performance and is developing models to support the analysis of potential resource mobilisation initiatives.
12. **Partnership and Resource Mobilization (PRM).** In late 2011, PRM was established and the Head of the Office was appointed. The Office comprises the former resource mobilization unit and the two regional offices (North America and the Gulf region). In 2012, PRM has been strengthened with the addition of a Deputy Director. The Office has defined its mission and approach and completed its internal organization, with four distinct but interrelated work streams: public partnership, private partnership, funds management and partnership support services, and liaison offices. Staffing has been nearly completed and training to strengthen partnership knowledge and practice has been started. In 2013, a new Asia and Pacific Liaison Office will be established.
13. **Corporate Services Department (CSD).** In 2012, CSD was strengthened with the appointment of a new Head of Department. Further organizational fine tuning of some of the Divisions under CSD were also undertaken. An **ICO Coordination Group** was set up within the Corporate Services Department to better coordinate ICO support provided by the CSD Divisions. The Group works in close coordination with PMD on all ICO related administrative matters.
14. The **Human Resources Division (HRD)** was re-organized, with the creation of an HR Business Partnership Unit with dedicated HR Business Partners for each department, office and division. The Business Partners now provide a one-stop service across the entire range of HR assistance for their client units starting with recruitment and continuing throughout the employment life cycle. HRD’s former Organizational Change, Learning and Development Unit is now called the Staff Development Unit, with a focus on learning and career development. In addition, a new Social Services, Budget and HR Data team has been created to focus on personal insurance, pension, medical services, HR data systems and budget. An HR

Management Advisor has been appointed to strengthen overall divisional management and services.

15. The **Information and Communications Technology Division** has re-organized its technical support team in order to better enable Country Offices to make effective use of information technology (IT) in general and of IFAD's IT systems and services in particular. The new team is focused on setting up basic ICT infrastructure at Country Office level, including adequate and reliable connectivity with Headquarters, as well as establishing effective local support for IFAD staff and consultants working in IFAD Country Offices. CSD has in addition undertaken a major external review of ICT operations. This has prepared the ground work for addressing a number of major weaknesses identified in the current system by the external assessment.
16. **Streamlining the decision making process.** Along with strengthening the organizational structure of the Fund, the CRA has also sought to streamline and make inclusive its decision making processes. In 2009, the Executive Management Committee (EMC), chaired by the President was created to provide advice to the President in the discharge of his duties, and in so doing, to discuss policies and strategies and other corporate matters for the direction of the Fund.
17. Also in 2009, the Operations Management Committee (OMC) was established to coordinate and take decisions on operational issues. The Committee is chaired by the Vice President. A review of the operations of the OMC was undertaken in early 2012 to resolve coordination and decision making issues that had arisen since its establishment. Following the review, the role of the OMC has been clarified and now mainly consists of: (i) providing advisory recommendations to the Executive Management Committee; and (ii) making decisions on Fund-wide operational issues and keeping the EMC updated on such decisions. Minutes of the OMC continue to be shared with all staff and decisions made are supported by documents considered during the decision-making process. The OMC has also subsumed the role of some standing committees.

III. Implementing the new IFAD business model

A. IFAD's new business model

18. Following the Independent External Evaluation of IFAD in 2005, one of the most important steps taken by the Fund was to adopt a new business model to guide the way it conducts its development operations. Important components of the new business model include: (i) an upgraded quality enhancement (QE) and quality assurance (QA) system; (ii) taking direct responsibility for supervising the projects funded by IFAD, instead of giving such responsibility to cooperating institutions as had been the case in the past; (iii) improved country strategies, viz., results-based COSOPs; (iv) management for results with clear quantitative targets; and (v) increased country presence to strengthen implementation support to countries.
19. The Fund has made significant progress in all five areas. These have in turn resulted in greater capacity to expand IFAD's programme of loans and grants, greater mobilization of co-financing resources, a significant increase in the annual rate of disbursement of Fund resources, and improved project outcomes.

B. Improving quality of design and portfolio performance

20. The annual review of the impact and effectiveness of IFAD projects conducted by the Independent Office of Evaluation (IOE) as well as by the annual review undertaken by management has shown that while most of the quality targets set for IFAD8 were met, achieving the efficiency and sustainability targets have proved a challenge. To address these and other programme management issues, the internal project quality enhancement (QE) process was recently reformed with the objective of improving the quality of project design and increasing the efficiency of internal procedures related to project preparation. The Policy and Technical

Advisory Division (PTA) is shifting upstream the focus of the technical review of projects, i.e., closer to the project initiation phase. PTA will play more of a supportive role by participating in project design teams rather than through desk reviews or compliance-driven approaches focused on review meetings. The Environment and Climate Division (ECD) will also adopt the same approach. In addition, PTA and ECD will rely on a peer-review processes that will gather advice and expertise from within and outside IFAD.

21. As PTA and ECD are the repository of IFAD's technical expertise, the staff of these two divisions will in future increasingly participate not only in design but also supervision missions to support the country programme managers. They will also support more directly IFAD's policy dialogue and directly support country programmes. To improve the internal procedures that were deemed too cumbersome, the documentation required under the previous QE process has been substantially streamlined and simplified to reduce redundancies and to focus staff time on value-adding contributions. By shifting PTA and ECD support to the very beginning of project design and to project supervision, it is expected that the Fund's technical staff will contribute more to improve the quality of design and to the performance of the portfolio.

C. Direct supervision and implementation support

22. In line with its new business model, IFAD has in recent years significantly increased the share of the projects it directly supervises. On 1 July 2007, of the 151 projects it had in its ongoing portfolio, IFAD directly supervised 32, or about 18 per cent of the total. This ratio had increased to 57 per cent (101 projects) by July 2008 and 83 per cent (169 projects) by July 2009. As at 1 July 2012, IFAD's ongoing portfolio consisted of 254 projects, of which 237 or 93 per cent are being directly supervised by IFAD.
23. In order to discharge the responsibility of direct supervision effectively and to build up internal capacity, IFAD has provided a significant amount of training to its staff. As at June 2012, more than 250 staff have completed this training programme. Of these, 63 were IFAD country office (ICO) staff. Similarly, 139 staff completed basic procurement and certification training with the international development specialist firm Crown Agents. Ninety eight staff have also attended courses on procurement provided by the International Labour Organization (ILO). These capacity building exercises have permitted intensive involvement of the country programme managers/officers in the supervision process. Currently, some 58 per cent of supervision missions are led either by the CPMs or by staff based in IFAD country offices.
24. Despite this progress, management has taken note of the need to intensify its implementation support particularly in fragile states. Recent evaluation reports such as the 2012 Annual Review of on Results and Impact of IFAD Operations (ARRI) have demonstrated that the results of programmes and projects in fragile states are significantly below those in other low income countries. To address the need for higher levels of implementation support, the Fund is planning to establish a trust fund to mobilize resources, outside of its administrative budget, to fund higher levels of supervision and implementation support focused mainly on fragile states.

D. Country presence

25. IFAD has significantly increased its presence in the field by establishing a progressively larger number of country offices. During the pilot phase (2004-2007), IFAD established 17 country offices. Since then, the Executive Board has successively approved the opening of additional offices. In 2011 the Board approved the establishment of a maximum of 40 offices when it reviewed and

approved the Fund's policy and strategy for country presence. Of the 40 offices approved, 38 offices have been opened so far¹.

26. The Country Presence Policy envisages the out-posting of some 20 CPMs to ICOs in the IFAD9 period. To achieve this objective, in early 2012 IFAD management approved an incentive package to encourage CPMs to take out-posted positions.
27. The expansion of the country offices has not only contributed to delivering a much larger programme of loans and grants but also helped in effectively managing a sharp increase in the number of projects directly supervised. Without a cadre of staff located in-country, IFAD's transition to direct supervision would likely have been very difficult. Interviews with government officials and project staff have identified stronger implementation support as the main value added of IFAD's country offices. Measured against the metrics of sound financial management, disbursement rates, availability of counterpart funds, and compliance with procurement procedures, it is evident that programmes in countries with country offices have performed better than those without. In addition, projects have entered into force earlier and first disbursements have occurred faster.
28. Despite the progress made in expanding its country presence, the challenge of providing fully adequate administrative and ITC support to the ICOs remains. To meet this challenge an inter-departmental IFAD wide ICO support Committee was established in 2012 to coordinate and raise the level of support to ICOs.

E. Delivery of the IFAD8 Programme of Loans and Grants

29. Table 1 below shows the progress realized in terms of delivering the IFAD8 programme of loans and grants. As can be seen from the table, in 2010 – the first year of IFAD8 – the value of loans and grants extended by IFAD amounted to a total of US\$845 million. This increased in 2011, reaching a value of US\$998 million. For 2012, Management is projecting a programme of IFAD-funded loans and grants of US\$1.091 billion.

Table 1
IFAD7 and IFAD8 Programme of Loans and Grants and co-financing
 (Millions of United States dollars)

	IFAD7			IFAD8			Total projected IFAD8
	2007	2008	2009	2010	2011	Projected 2012	
Loan and DSF grant approvals	520	552	662	794	947	1 027	2 768
Regular grant programme approvals	36	41	47	51	50	64	165
Total IFAD financing and grant operations	556	593	709	845	998	1 091	2 934
Other funds under IFAD management (Spanish Loan/EU/GEF grants) (estimated)	64	108	82	59	191	231	481
Co-financing (external and domestic)	698	588	676	1 611	1 245	833	3 689
Total IFAD programme of work	1 318	1 289	1 468	2 516	2 433	2 155	7 104

Source: 2011 IFAD Annual Report and IFAD data.

30. The increased programme of work has been accompanied by a significant increase in the level of co-financing of IFAD projects and programmes. While co-financing by its nature varies significantly from year to year, the general trend has been a

¹ APR: Bangladesh, China, India, Indonesia, Laos, Nepal, Pakistan, Philippines, Sri Lanka, Vietnam; ESA: Burundi, Ethiopia, Kenya, Madagascar, Mozambique, Rwanda, Tanzania, Uganda, Zambia; LAC: Bolivia, Brazil, Guatemala, Haiti, Panama, Peru; NEN: Egypt, Sudan, Yemen; WCA: Benin, Burkina Faso, Congo, DRC, Ghana, Guinea, Mali, Nigeria, Senegal.

significant increase in terms of both external (donor) and domestic co-financing. This is shown in Table 1 covering the period from 2007 to 2012. For the IFAD8 period, the total IFAD programme of work, including programmes funded from non-IFAD sources but managed by IFAD, and including co-financing from all sources is estimated to reach approximately US\$7.1 billion.

31. With the approval by the Board in December 2012 of the final loans and grants for IFAD8, the Fund will have successfully implemented the programme of loans and grants agreed for the IFAD8 period.

F. Disbursements of loans and grants

32. After some years of low growth, the disbursement of loans and grants has also increased significantly in recent years. This is shown in Table 2 below. The increase in disbursements reflects not only the increase in the size of the ongoing portfolio but also the improved implementation support now provided to IFAD-financed projects and programmes.

Table 2

Disbursements

(Millions of United States dollars)

	2007	2008	2009	2010	2011	2012 projected
Loans, DSF grants and component grants	403	444	443	500	629	653
All other grants	36	31	39	38	36	34
Total	439	475	482	538	665	687

IV. Aligning human and financial resources to strategic objectives

33. In 2012, the Fund took a number of measures in its continuing efforts to ensure that its human and financial resources are properly aligned to its strategic objectives. Three important undertakings in this regard were (i) the job audit exercise completed in 2012, (ii) the continuing strategic workforce exercise, and (iii) the results-based budget proposal for 2013.

A. Job Audit

34. Following the external review of the staff compensation and benefits of IFAD staff in 2010, an audit of IFAD jobs was identified as an essential prerequisite to further strengthen the Fund's workforce and help address the anomalies identified in the external review. Consultants were hired in mid-2011 to conduct the job audit and they carried out the task following standard professional position assessment practices using the International Civil Service Commission (ICSC) job grading system. The job audit encompassed all regular professional and general service positions and was aimed both at addressing the question of potentially misclassified positions and providing the basis for creating a more coherent Strategic Workforce Plan.
35. The job audit results showed that, for the overwhelming majority of staff in IFAD, their job descriptions were correctly classified according to ICSC standards. The consultants proposed a grade change for slightly more than 10 per cent of the positions they reviewed and, of those, the majority (about 75 per cent), were proposed for a higher grade.
36. Following the Strategic Workforce Planning (SWP) exercise (see below) that recommended some adjustments to positions for 2013, Management approved the start of the job adjustment process in the second half of 2012. The changes to positions will become effective on 1 January 2013. In addition, HRD will take up the

other recommendations of the job audit exercise (standardization of job descriptions etc.) following the implementation of the job audit results.

B. Strategic workforce planning (SWP)

37. In 2012, Management also undertook the second phase of the SWP. The first phase was undertaken in 2010 and it documented the status of the composition of staff and their respective strengths. The second phase consists of a forward-looking exercise and has as its overarching goal ensuring that IFAD has the requisite staff, competencies, and skills to deliver the Fund's commitments under IFAD9.
38. More specifically, the SWP has sought to ensure that:
- PMD has the managerial, technical, and support staff required to deliver the IFAD9 program of loans and grants (POLG);
 - Activities classified under Cluster 1 and Cluster 2 have the required staffing;
 - Staffing for support and administrative services are minimized to the extent possible through business process changes and efficiency gains while ensuring that the provision of services is at the required level, both in terms of quantity and quality; and
 - The corporate level efficiency gains agreed under IFAD9 are met.
39. Management considered an interim SWP report in September 2012. The report recommended the elimination of some 23 positions (mostly vacant and consisting of 4% of the total workforce) which the SWP did not believe were required for implementing the IFAD9 agenda. It however recommended the strengthening of some key functions related to resource mobilization, knowledge management, and financial management by providing additional positions. It also recommended that some 15 positions deemed essential for the Fund but that had previously been funded through fees earned from the management of other funds should now be incorporated into the regular administrative budget of IFAD.
40. In addition, the SWP identified key areas where changes in business processes would need to be effected resulting in the release of more positions. It also identified areas that would require further strengthening due to emerging strategic needs, such as for example, enhanced technical support to IFAD operations. For IFAD9 as a whole, the SWP will use the openings created by natural attrition (resignations and retirements) to continue to align the deployment of the workforce to emerging strategic needs.

C. Results-based budgeting

41. Following the introduction of a results-based budgeting system in 2010, the Fund has continued to use this approach in 2012 in the preparation of the 2013 budget proposal. As in previous years, the budget proposal links expenditures directly to results. It also uses a four cluster approach to provide a synopsis of the allocation of the budget between: (i) country programme development and implementation (cluster 1); (ii) high level policy dialogue, resource mobilization and strategic communication (cluster 2); (iii) corporate management, reform and administration (cluster 3); and (iv) support to Member's governance activities (cluster 4). Management, in consultation with the Board, will continue to review and refine this approach in future years.
42. The results-based budget exercise in 2012 introduced a number of key innovations. It took advantage of the SWP exercise and used the SWP-determined roster of staff for each organizational unit as the sole platform for budgeting the staff costs component of the budget. It also, for the first time, introduced *gross and net budgets* to report transparently on the use of the fees that the Fund earns by managing other funds for other donors. This has been necessitated by the significant increase in IFAD9 in such fees, as a result of such programmes as IFAD's

Adaptation for Smallholder Agricultural Programme (ASAP). The 2013 budget proposal has also started the process of bringing into the administrative budget expenditures that are deemed core expenditures but that had earlier been financed by other funding sources.

43. In 2012, the Budget Unit continued to improve the management of the budget through two initiatives. First, it introduced new rules regarding the use of budget resources for vacant staff positions, and second, a more in-depth mid-year budget review was undertaken, resulting in a re-allocation of resources.

V. Strengthening human resource management

44. The Fund has taken a number of steps in 2012 to strengthen and reform its human resources management system. It has continued its cooperation with the ICSC in the effort to identify possible areas for new initiatives that respond to its requirements. It has also strengthened internal HR processes to serve its clients better. These are discussed below.

A. Collaborations with the International Civil Service Commission (ICSC)

45. IFAD has worked closely with the ICSC, seeking ways to give IFAD the flexibility it requires to address some of the issues that arose from the 2010 external review of the Fund's management of its human resources. The ICSC has assured IFAD that sufficient flexibility exists in the system to allow IFAD to achieve important institutional goals. Management has therefore concluded that the best approach for IFAD is to work within the Common System. In this regard, two important results have been achieved.
46. First, the ICSC advanced by one year its Rome Local Salary Survey for General Support (GS) staff, reflecting the concerns raised in the 2010 external assessment about the unusually high level of GS salaries in the Rome-based agencies. IFAD participated actively in the process and the survey was completed in April 2012. The results, which were approved by the ICSC at its July 2012 session and which have now been released in the ICSC 2012 Annual Report, show that salaries paid at the Rome agencies are 9.2 per cent higher than the salaries paid by comparable local employers for similar functions.
47. Based on the survey findings, the ICSC has issued a revised salary scale for UN General Service staff based in Rome, and Rome will now have two salary scales. The first is the current salary scale, which applies to staff recruited before the entry in force of the revised scale. The revised salary scale, reflecting the survey results, will apply to staff recruited on or after its implementation date, which will be coordinated among the Rome-based agencies and is projected to be 1 January 2013.
48. Second, the ICSC has signaled its willingness to collaborate with IFAD in reviewing its overall reward and recognition framework, including both monetary and non-monetary incentives. In line with the review of performance management currently taking place within the United Nations system, IFAD has now engaged external consultants to help carry out a thorough review of its reward and recognition framework in 2012, with a view to launching a further enhanced performance evaluation system in 2013. This is expected to lead to the introduction of some form of a pay for performance system in 2014.

B. Learning and development

49. A review of IFAD's approach to training and development, taking into account IFAD's evolving strategy and business needs, took place in 2012 leading to management's approval of a revised learning and development strategy. The revised strategy for the next three years focuses on:

- Supporting country presence implementation, allowing country office staff to receive regular training;
- Increasing thematic skills training (including such areas as operational and financial management, gender and diversity mainstreaming, and representation and partnership building);
- Allowing staff to be fully competent in the new operational areas of IFAD projects and in the increased fiduciary, representational, and partnership-building role of IFAD country programme managers (CPMs) and project staff;
- Supporting basic office skills training and divisions outside of operations with the organization and delivery of courses in their specialized areas;
- Reinforcing the development of management skills so that IFAD managers are able to manage staff based on updated skills and approaches; and
- Supporting flexibility and rotation of staff.

C. Global staff survey

50. Every two years, IFAD carries out a global staff survey. The survey is an opportunity for staff to share their views on employment-related topics and the overall work environment at IFAD. The most recent survey was carried out in July 2012, and the results of the survey were shared with staff in October 2012.
51. The 2012 survey reports the highest ever scores for the staff engagement index, and encouraging scores on the staff's pride in working for IFAD, the confidence demonstrated in supervisors and directors, the perception that horizontal communication and sharing has improved, and the overall comfort with monetary rewards. At the same time the Survey showed that staff have unfavourable perceptions on promotion practices, career opportunities and the transparency of the recruitment process.
52. To better understand staff perceptions on these issues and to take actions to allay the concerns of staff, Management initiated in 2012 a series of consultations with staff at the Departmental level. In 2013, Management plans to identify and implement a set of initiatives to address staff concerns and to maintain the high level of staff engagement in IFAD's work.

D. Ethics Office

53. The office, which was established on 1 February 2011 and is responsible for promoting and upholding the highest ethical standards in the organization, has continued to contribute to the improvement of human resources management at IFAD. The office provides guidance to management to ensure IFAD rules, policies, procedures and practices reinforce and promote integrity. In carrying out this mandate, the office manages the organization's ethics and anti-harassment programmes and has developed and conducted staff training in these areas.
54. In addition, the office reviews allegations of misconduct (that do not involve fraud and corruption) and closely coordinates with the investigation unit when an investigation is warranted, ensuring protection of staff against retaliation. Confidential advice is also provided to managers and staff on a daily basis on actions that may constitute violations of the Code of Conduct or the Fund's Core Values such as conflicts of interest, outside activities, and gifts. The Ethics Office also manages the annual financial disclosure programme, and tracks trends to provide insight to senior management on organizational effectiveness including risks, incidents and initiatives relating to business conduct.

E. Communication and consultation with staff

55. Communication and consultation with staff are essential elements of the human resource reform effort and of human resource management in general. In this

context, multiple channels continued to be employed in 2012. For example, as in the past, to promote transparency with respect to policy and operational decision making, the minutes of the Executive Management Committee and the Operations Management Committee, with links to issues papers, are regularly published on the IFAD Intranet, as were the terms of reference for the Job Audit and SWP exercises and other important related materials. In addition, the HR Director regularly posts blogs on human resource management matters of interest to staff. Town hall meetings were held by the President to discuss matters of strategic interest, and by the Head of Corporate Services and the HR Director to discuss the new General Services salary scale.

56. The HR Director also held a series of meetings in early 2012 with all departments to discuss the new Staff Rules and Implementing Procedures, and regular meetings are held with the Executive Committee of the Staff Association (ECSA) throughout the year with the President, with HRD and OPV, and on a bi-weekly basis with the HR Director. In addition, a network of divisional HR Champions meets regularly with the HR Director to improve the dissemination of information and encourage two-way communication with respect to the progress of the Strategic Workforce Plan, the Job Audit and other critical HR issues.

F. Continued process automation

57. As part of the on-going efforts to continue to streamline, rationalize and automate personnel processes to contribute to overall institutional efficiency and effectiveness, IFAD is developing an automated process which would produce the Request for Personnel Action on line, as well as fully automate the offer of appointment letter and the salary and related remunerations document. This will reduce the amount of paperwork and signatures required for each recruitment and is one of the efficiency steps necessary to meet the goals of the SWP.

VI. Strengthening financial management and resource mobilization

58. **Financial Management.** The Financial Operations Department (FOD) was created in 2011 following the split of the former Finance and Administration Department into the Financial Operations Department (FOD) and the Corporate Services Department (CSD). In 2012, FOD undertook further steps to strengthen the Fund's financial management.
59. Led by CFS, IFAD moved into the implementation phase of the project to replace its **Loans and Grants Management System** in January of 2012 following the signing of a contract with Oracle Inc. in December 2011. Currently Oracle are working on required system enhancements to meet IFAD's needs and these will be delivered and tested in early 2013 leading to the retirement of the existing obsolete systems in the second half of the year.
60. CFS also undertook a major **clean-up effort of the grants portfolio** as many grants remained open on IFAD books well past their closing dates due to either small outstanding balances or inadequate financial reporting from beneficiaries. With the closing of such grants, the clean-up effort led to a reduction of the grants portfolio from 765 at the beginning of 2012 to 665 in October 2012.
61. In 2012, FOD also reviewed IFAD's **current billing process** and found that the system is overly complex and places a heavy reliance on processing interest and exchange rate adjustments in subsequent billing cycles. To improve the efficiency of the system, the Fund will introduce changes to its billing system. These will affect the timing of the generation of the billing notice to borrowers, with the new billing procedure generating billing notices on the due date. The planned changes will remove the need for subsequent adjustment entries, and provide for a grace period within which borrowers are expected to pay. In addition, the introduction of a grace

period of 30 days within which borrowers can make repayment will introduce incentives for borrowers to avoid paying in arrears, as well as rebalance the exchange rate exposure that IFAD currently accepts to a more commercial best practice level.

62. The changes are expected to result in efficiency gains and in significant savings by reducing the complexity of the current billing system. The changes conform to the articles of the IFAD's General Conditions for Agricultural Development Financing (GTC), and will be communicated to IFAD's borrowers ahead of their implementation.
63. In the Controller's and Financial Management Division (CFS), other actions taken **to strengthen financial management** included: (i) enhancing the financial reporting platform, including key-indicator-based reports on investments and payment activities by upgrading the PeopleSoft ERP system; (ii) implementation of a new fixed assets module; (iii) review of the payment processes to identify opportunities for streamlining and to implement risk-based controls; and (iv) standardisation of the Loan and Grants software and introduction of remote access support and streamlining of arrears clearance process. CFS will continue to align its operations with best practices including those of other IFIs and will continue to strengthen and modernize its risk controls and procedures.
64. With regards to the **management of IFAD's investment portfolio** a number of initiatives were also launched by the Treasury Division in 2012. These included: (i) review and strengthening of IFAD's Internal finance committees roles and procedures; (ii) full implementation of IFAD's new Investment Policy Statement, approved by the Executive Board in December 2011; (iii) enhancement of short-term cash-flow modelling and projections and increasing liquidity management efficiency; (iv) strengthening risk management through mapping of treasury operational risks, formalizing business continuity plans, and implementation of payment risk management services; and (v) updating of the Treasury manual to improve internal processes and ensure consistency with the Integrated Control Framework for Financial Reporting.
65. **Resource Mobilization.** PRM, along with FOD and LEG, is leading an initiative to explore alternative financing modalities, as agreed in the IFAD9 replenishment consultations. Preliminary projections of additional resource mobilization for the IFAD9 period have been established and work is underway to design information systems and practices to more systematically identify programme financing needs and gaps. Planning for IFAD10 will commence in 2013.

VII. Business process improvements and efficiency gains

66. In 2012 the Fund took a number of other measures to continue to improve internal business processes and to make the institution more efficient. These focused mostly on improving the administrative platform that supports the Fund's field operations.

A. Procurement

67. The Fund has continued to work with the other Rome-based Agencies (RBAs) through the Common Procurement Team for joint tendering to reduce the costs of procuring joint products and services. Based on the results of the pilot project on joint tendering, the Agencies are now working together closely to evaluate the potential of harmonizing contract language and review processes. If agreement is reached, this should allow for a significant reduction of time needed to award contracts to successful bidders and thereby reduce procurements costs for the three organizations.

68. The Corporate Procurement Guidelines are also being reviewed in order to further streamline the procurement process by directing focusing on cost savings and contract management for the top contracts representing highest expenditures.

B. Travel

69. Since 2008, IFAD has made many changes to its travel services system to achieve the maximum economies. Important initiatives in the past have included joint tendering with the FAO for travel services in 2008 to benefit from economies of scale and changes in travel regulations in response to changing needs and market conditions. These have resulted in significant savings in travel costs of over \$1 million per year since 2009/2010.
70. In 2012, additional actions were taken to further streamline travel rules and processes. Important initiatives to reduce travel costs include:
- Changes in the rules governing travel pay entitlements to reduce costs, including the removal of top ups to the daily subsistence allowance (DSA) for managers and senior staff; and
 - Implementation of the first phase of a Preferred Hotel Programme together with FAO.
71. In addition, further review and consolidation of the travel policy is underway with the goal of reducing the many steps currently required for the authorization of travel and for accounting of travel expenditures. These are expected to result in considerable efficiency gains, particularly with respect to the staff time expended in effecting duty travel and accounting for travel costs.

C. Other administrative processes

72. The Fund is continuously reviewing other administrative and business processes to reduce costs and improve response times by streamlining procedures and using up-to-date technology. Other efficiency related measures that have been taken in the course of 2012 include: greater reliance on web services to reduce paper usage in IFAD; laying the groundwork for the implementation of the new Electronic Records Management System (ERMS) in 2013/2014; improved and less labor intensive systems for administering staff privileges; and installation of electrical power consumption monitoring systems to reduce energy usage in the headquarters office.
73. In 2013, in line with the commitments made for IFAD9, each organizational unit in IFAD will prepare a Divisional efficiency plan focusing on business process improvements. These will be part of the broader IFAD plan to enhance the Fund's efficiency.

VIII. Conclusion

74. In 2012 management implemented a number of initiatives to deepen and consolidate the Change and Reform Agenda launched in 2009. These actions have encompassed all facets of the CRA, ranging from organizational strengthening to improving the Fund's HR management.
75. A number of the measures taken in 2012 were aimed at further strengthening the capacity of the Fund's Departments and organizational units such as PMD, SKM, FOD, CSD and PRM. The CRA actions taken in 2012 and in previous years have also enabled the Fund to change the way it conducts its business. The expanded country presence, the assumption of responsibility for direct supervision and enhanced implementation support are now the hallmarks of the new IFAD operating model.
76. These actions have enabled the Fund to deliver successfully a much expanded programme of work of \$7.1 billion under IFAD8 compared to the \$4.1 billion under IFAD7. They have also enabled the Fund to put greater emphasis on knowledge

management, on strengthening the management of its financial resources, and on strengthening the Fund's partnership with other stakeholders.

77. The CRA has also introduced a number of innovative tools to better align the Fund's human and financial resources to its strategic needs. These have included the MTP, the SWP, the job audit exercise, and the adoption of the results-based budgeting approach. In 2012, additional actions were taken to enhance these instruments, with the SWP and budgeting exercises also focusing on changing the Fund's business processes.
78. The CRA has also placed much emphasis on improving the HR management of the Fund, as an engaged and dedicated workforce is the prerequisite for success in delivering the Fund's work programme and achieving its planned results. In previous years, a number of initiatives such as updating the staff rules and implementation procedures and improving the staff performance evaluation system were undertaken. In 2012, additional measures were taken in such areas as enhancing collaboration with the ICSC and improving the Funds learning and development programme.
79. A major focus of the CRA has been enhancing the financial management capacity of the Fund. In 2012, FOD took further steps to strengthen the Fund's financial management. The new Loans and Grants system entered the implementation phase; steps were taken to enhance the financial reporting system; the Fund's billing system has been reviewed and simplifications to the system will be introduced; and the TRE began the full implementation of IFAD's new Investment Policy Statement, approved by the Executive Board in December 2011.
80. In sum, the CRA launched in 2009 and covering the last year of IFAD7 and the entire period of 2008 has transformed IFAD's organizational structure, the way it manages its human and financial resources, and the manner it conducts its business. Under IFAD9, management plans to consolidate the achievements of the CRA to ensure that the Fund has the organization, the workforce, and the knowhow to deliver on its ambitious IFAD9 commitments.

Status of IFAD8 commitments (as at mid-November 2012)

<i>Issue</i>	<i>Proposed actions</i>	<i>Target date</i>	<i>Delivery date</i>
IFAD's role in middle-income countries	Present a policy paper on IFAD's engagement in middle-income countries (MICs) to the Executive Board.	September 2010	Presented at December 2010 Executive Board. ² Management to provide the Executive Board with an elaboration of the graduation approach and implementation modalities.
IFAD activities in fragile states	Introduce key issues relative to fragile states into relevant operational guidelines – including those for country strategic opportunities programmes (COSOPs), project design and supervision, and quality assurance and quality enhancement.	June 2010	<p>COSOPs: relevant findings from a review of experiences in fragile states are reflected in the updated COSOP guidelines.</p> <p>Supervision: the guidelines update is finalized and state fragility issues have been introduced.</p> <p>Project design: the project design report outline has been revised and became effective in January 2011. The outline takes into account state fragility issues.</p> <p>Quality assurance: state fragility issues (such as risks, implementation capacity and sustainability) are duly taken into consideration in QA reviews.</p> <p>Quality enhancement: the guidance notes for the application of key success factors (KSFs) for project design, which reflect those outlined in IFAD's Quality Enhancement for Project Design Guidelines, specifically refer to fragility issues under KSF 3.</p>
Country ownership	Measure performance on country ownership, and report to the Executive Board annually through the Report on IFAD's Development Effectiveness (RIDE).	December 2009 onwards	Presented every year from December 2009 session of Executive Board ³ onwards.
Collaboration and partnerships	Report to the Executive Board on the success of IFAD's efforts to develop a more selective approach to partnerships.	September 2011	IFAD Partnership Strategy was reviewed by the Executive Board in September 2012. ⁴
	Establish targets for partnerships, and report results to the Executive Board annually through the RIDE.	December 2009 onwards	Presented from December 2009 session of Executive Board onwards every year.
Strengthening IFAD's engagement with the private sector	If the need is identified, present a proposal for IFAD's role and instruments relative to engagement with the private sector, fully consistent with IFAD's mandate, to the Executive Board.	December 2010	<p>The IOE corporate-level evaluation of IFAD's Private-Sector Development and Partnership Strategy presented to the Executive Board in May 2011.</p> <p>Grants to the private sector introduced in the Revised IFAD Policy for Grant Financing presented to the Executive Board in December 2009.</p> <p>Private sector strategy to be presented to December 2011 session of Executive Board.</p>
Gender equality and women's empowerment	The IOE will conduct an evaluation of IFAD's performance on gender equality and women's empowerment in 2009. Based on the findings of the evaluation, the	December 2009 onwards	<p>IOE evaluation presented to the Executive Board in December 2010.⁵</p> <p>IFAD Policy on Gender Equality and Women's</p>

² EB 2010/101/R.14.

³ EB 2009/98/R.10/Rev.1.

⁴ EB 2012/106/R.4.

⁵ EB 2010/101/R.9/Rev.1.

<i>Issue</i>	<i>Proposed actions</i>	<i>Target date</i>	<i>Delivery date</i>
	Executive Board will consider the need to develop a corporate policy and implementation strategy on gender.		Empowerment was approved by the Executive Board in April 2012. ⁶
	Join the multilateral development bank working group on gender.		IFAD joined the multilateral working group on gender in June 2009.
	Report annually to the Executive Board on IFAD's performance on gender in its operations through the RIDE.		Presented every year from December 2009 session of Executive Board onwards.
Environment and sustainable natural resource management	Present for the review of the Executive Board "IFAD Procedures for Environmental Management and Sustainable Development".	April 2009	Reviewed at April 2009 session of the Executive Board. ⁷
	Present a policy on environment and natural resources, incorporating IFAD's climate change strategy, to the Executive Board.	December 2010	Informal seminar held in association with December 2010 session of Executive Board. Policy was approved by the Executive Board in May 2011. ⁸
Climate change	Present a strategy on climate change to the Executive Board (see also "environment and sustainable natural resource management").	April 2010	Informal seminar held in association with December 2009 session of Executive Board.
			Strategy approved at April 2010 session of Executive Board. ⁹
Sustainability	Report annually to the Executive Board on IFAD's performance with respect to sustainability through the RIDE.	December 2009 onwards	Presented every year from December 2009 session of Executive Board onwards.
Management for development results	Update IFAD's guidelines for COSOPs, for project design and for grants, with minimum standards for results frameworks and logical frameworks for all three.		COSOPs: the COSOP guidelines were issued in early 2011; the updated guidelines provide a results management framework – also applicable to fragile states with necessary adjustments as warranted by country circumstances – aligning IFAD strategic objectives with country priorities, identifying expected results and corresponding indicators, as well as policy and institutional objectives.
			Project design: the project design report outline has been revised and became effective in early 2011. The outline prescribes the inclusion of a new IFAD template logical framework for which guidelines were developed in 2010.
			Grants: the Revised IFAD Policy for Grant Financing was approved by the Executive Board in December 2009. ¹⁰ The procedures for grant financing and indicators for monitoring implementation of the policy were shared with the Executive Board in May 2011.
	Present to the Executive Board a revised format for project documents submitted to the Board.	April 2011	A proposed new format for President's reports was approved by the Executive Board in May 2011 and will take effect as of the December 2011 session of the Executive Board.
	Report annually to the Executive	December	Presented every year from December 2009

⁶ EB 2012/105/R.2/Rev.1.

⁷ EB 2009/96/R.7.

⁸ EB 2011/102/R.9.

⁹ EB 2010/99/R.2/Rev.1.

¹⁰ EB 2009/98/R.9/Rev.1.

<i>Issue</i>	<i>Proposed actions</i>	<i>Target date</i>	<i>Delivery date</i>
	Board on results achieved through the RIDE.	2009 onwards	session of Executive Board onwards.
Consolidating the Action Plan reforms	Continue to report to the Executive Board on IFAD's operational and organizational reforms, principally through the RIDE.	December 2009 onwards	Presented every year from December 2009 session of Executive Board onwards.
Human resources reform	Present to the Executive Board reports on the implementation of IFAD's human resources reform agenda.	December 2009, 2010	Progress report on human resources reform – a people strategy for IFAD presented at December 2009 session of Executive Board. ¹¹ Human resources reform update presented at December 2010 session of Executive Board. ¹² Human resources reform update to be presented as part of Change and Reform: Consolidation paper at December 2011 session of Executive Board.
	Key performance indicators for the human resources reform will be reported annually to the Executive Board through the RIDE.	December 2009 onwards	Presented every year from December 2009 session of Executive Board onwards.
	Review the results-based incentive systems of other international institutions and report to the Executive Board with options to better align staff incentives with institutional performance.	September 2011	Report of external assessment of staff compensation and entitlements presented at December 2010 session of Executive Board. Human resources reform update to be presented as part of Change and Reform: Consolidation paper at December 2011 session of Executive Board.
Financial management, fiduciary and transparency issues	IFAD's administrative budget and Programme Development Financing Facility (PDFF): Engage with the Audit Committee of the Executive Board to integrate expenditures currently financed under the PDFF fully into the administrative budget.	IFAD's budget for 2010 onwards	Reviewed at December 2009 session of Executive Board and implemented in budgets for 2010, 2011, and 2012.
	Internal audit: take steps to continue enhancing the quality and independence of the internal audit function in line with evolving best practice.	[to be determined]	The Board reviewed and confirmed the Revised Charter of the IFAD Office of Audit and Oversight during the April 2010 session of the Executive Board. ¹³
	Audit Committee: to present revised terms of reference and rules of procedure for the approval of the Executive Board.		Presented at September 2009 session of Executive Board. ¹⁴
	Procurement: present the Executive Board with a review of IFAD's project procurement guidelines and their implementation, including a comparison with those of the World Bank and its reference guide to "Fiduciary Management for Community-driven Development Projects", and an assessment of their alignment with IFAD's anticorruption policy.	December 2009	Review of IFAD's project procurement guidelines presented at December 2009 session of Executive Board. ¹⁵ Revised guidelines approved in September 2010. ¹⁶
	Disclosure: Executive Board to amend the IFAD Policy on the	September 2009	Amendment to IFAD's Policy on the Disclosure of Documents approved at

¹¹ EB 2009/98/R.18.

¹² EB 2010/101/R.49.

¹³ EB 2010/99/R.49/Rev.1.

¹⁴ EB 2009/97/R.50/Rev.1.

¹⁵ EB 2009/98/R.12.

¹⁶ EB 2010/100/R.27/Rev.1.

<i>Issue</i>	<i>Proposed actions</i>	<i>Target date</i>	<i>Delivery date</i>
	Disclosure of Documents to allow for disclosure of project appraisal documents on IFAD's public website prior to the Executive Board session during which the project will be considered.		September 2009 session of Executive Board. ¹⁷
	Executive Board to review policy provisions with regard to the disclosure of previously undisclosed documents.		Policy of "presumption of full disclosure of documents produced by IFAD" approved at the September 2010 session of Executive Board. ¹⁸
	Risk management: the President to submit an annual report on IFAD's risk management activities to the Executive Board through the Audit Committee.	Ongoing	Presented every year from April 2009 session of Executive Board onwards. ¹⁹
	Accountability and transparency: adopt an internal control framework and a financial disclosure policy for senior officers and relevant staff.	June 2009	Internal control framework: full attestation of objectives by external auditors on financial statements as at 2012. Management assertion on financial statements as at 2011: steps already taken in 2009-2011: process mapping and documentation of all key financial processes; external review of the processes mapped and gap analysis; reviewing and testing the mapped key controls related to financial reporting for financial year 2011. Financial disclosure policy: a financial disclosure policy applicable to all IFAD staff was implemented through the "Certification of compliance with IFAD's Code of Conduct". ²⁰
Improving the implementation of the performance-based allocation system (PBAS)	Executive Board to mandate the PBAS working group to continue its functions and, as well, review the best practices of other IFIs and identify improvements to the system.	Ongoing	Ongoing
Achieving and measuring results	Present the final Results Measurement Framework for the approval of the Executive Board, prior to the start of the Eighth Replenishment period.	September 2009	Approved at September 2009 session of Executive Board. ²¹
	Report to the Executive Board on achievements against the IFAD8 Results Measurement Framework through the RIDE.	December 2010 onwards	Presented every year from December 2009 session of Executive Board onwards.
Grants	Present a revised policy on grants to the Executive Board.	December 2009	Revised IFAD Policy for Grant Financing approved at December 2009 session of Executive Board. ²²
Strategic Framework	Present to the Executive Board a new strategic framework to guide IFAD's activities in the period 2011 onwards.	December 2010	Presented at December 2010 session of Executive Board. ²³

¹⁷ EB 2009/97/R.33.

¹⁸ EB 2010/100/R.3/Rev.1.

¹⁹ EB 2009/96/R.28.

²⁰ President's bulletin PB/2010/08 and Information Circular of the Office of Audit and Oversight IC/AOU/10/01.

²¹ EB 2009/97/R.2.

²² EB 2009/98/R.9/Rev.1.

²³ EB 2010/101/R.12.