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Increasing Transparency for Greater Accountability Action Plan

Annual Progress Report – 2018

Note to Executive Board representatives

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For: Review

Increasing Transparency for Greater Accountability Action Plan: Annual Progress Report – 2018

I. Introduction

1. In line with its commitment to improve the availability, relevance, accessibility and timeliness of information to IFAD's stakeholders, Management presented the document Increasing Transparency for Greater Accountability – Action Plan (EB 2017/122/R.29/Rev.1) to the Executive Board at its session held in December 2017. The Board welcomed the plan and Management's commitment to provide annual progress reports.
2. During the ensuing months, Management, under the leadership of the Operational Policy and Results Division (OPR), put in place a robust system for tracking implementation progress. OPR assessed progress together with divisional focal points, and posted monthly status updates on IFAD's intranet as part of the Eleventh Replenishment of IFAD's Resources (IFAD11) commitment tracker.
3. This first progress report presents the implementation status as at 31 December 2018. The Office of Audit and Oversight (AUO) conducted an independent review of progress made on implementing the Action Plan as at that date based on the updates produced by OPR, and carried out further audit activities as needed for verification purposes.

II. Summary

4. Of the 22 initiatives listed in the implementation plan:
 - (a) Four were completed through one-off actions in late 2017 or in 2018 (identified with the status "Completed" in the annexed table).
 - (b) For 12 initiatives of a continuous nature, the required actions were completed in 2017 and 2018, and were already effective at the end of 2018 (identified as "Completed (Continuous)").
 - (c) For six initiatives, the required actions had started but had not been completed by the end of 2018 (identified as "In progress").
5. Based on AUO's assessment, the feedback provided by Management (included in the last column of the annex) is consistent with progress made towards implementation of the initiatives listed in the Transparency Action Plan, and overall progress is in line with the expected time frame. The required implementation actions for 16 of the 22 initiatives in the plan were completed by the reporting date. Disclosure of these actions to the public or governing bodies will continue during the IFAD11 period as the new procedures and legal provisions approved by the governing bodies in 2018 take effect. Five ongoing initiatives (assessed by AUO as "in progress") were scheduled for implementation during the IFAD11 period. One "in progress" initiative, due for completion in 2018, was scheduled for completion during the first half of 2019. Progress will continue to be tracked for all initiatives outlined in the plan and will be included in the next progress report.
6. The detailed status report is set out in the attached annex. A summary of the implementation status as of the end of 2018 follows, presented by functional area:

Operations
7. Most transparency initiatives in the area of operations are continuous in nature and required specific actions in 2018 along with ongoing actions throughout the IFAD11 period – including coordination with recipient governments – to be fully effective. The required actions for public disclosure of the geographic location of IFAD operations, the financing terms applicable to borrowers, information on IFAD products and terms, project completion reports (PCRs) and additional reporting to

the Audit Committee on project financial management have been completed and the disclosures are in effect. Required actions in relation to the public disclosure of audit reports, including Executive Board approval of revised guidelines for project audits, have also been completed; disclosure will increase in 2019 following full application of the new project audit requirements.

8. Most required actions in relation to the International Aid Transparency Initiative (IATI) have been completed, but some steps involving IFAD's implementing partners were still in progress at the end of 2018. The actions relating to the performance-based allocation system (PBAS) and the publicly accessible operations dashboard are contingent on the development of specialized information technology tools. These actions were also in progress at the end of 2018 along with the development of a beneficiary feedback framework. They are scheduled for implementation during the IFAD11 period.

Management of financial and human resources

9. The initiatives relating to public disclosure of corporate procurement and travel guidelines, human resources guidance and IFAD's whistle-blower protection procedures were completed and effective by year-end.
10. Significant actions were taken to improve the provision of information on corporate risks and risk management practices to governing bodies, including: the presentation and discussion of a risk dashboard and IFAD's risk management practices; and identification of further actions as a result of two external risk reviews launched in 2018. Since the quality and transparency of risk information provided to the governing bodies will continue to evolve, this action is continuous and progress will be tracked in future reporting.
11. The public disclosure of information on major financial trends improved with the launch of a finance website and the inclusion of financial trends in early versions of the IFAD risk dashboard, which was shared with the Board. Additional enhancements of the website are planned, including further financial trends; their completion is expected during the first half of 2019. The status of these actions will be monitored and reassessed in future reports in line with the inclusion of additional publicly available information on IFAD's finance website.

Information to governing bodies and internal oversight

12. The initiatives on the submission of audit and investigation information to the governing bodies, public disclosure of the President's opening and closing remarks at Executive Board sessions and greater access to Convenors and Friends documentation were completed and effective by the end of 2018.

Transparency Action Plan: Implementation progress in 2018

| | Action to be taken and responsible division (as stated in EB 2017/122/R.29/Rev.1) | Implementation timing and retroactive application (as stated in EB 2017/122/R.29/Rev.1) | Status as of December 2018 (assessed by AUO) | Implementation progress as provided by responsible divisions |
|-------------------|---|---|--|--|
| Operations | | | | |
| 1 | Automate the current data upload to the IATI registry and subsequently add data on disbursement transactions and projects, with links to project documents (OPR). | Phase I is concluded. Phase II will be developed within 2017. A phase III, under which results could be incorporated, will be explored; for this Operational Results Management System (ORMS) needs to be fully developed and operational. | In progress | Phase II is live since the second quarter of 2018. In Phase III, the incorporation of results from ORMS will be assessed and, if deemed feasible, the timeline will be defined within IFAD11. |
| 2 | Encourage governments and implementing partners to publish to IATI financial and results data related to the IFAD-supported programmes (OPR): Explain how IFAD is promoting similar standards with implementing partners. Explain how IFAD can do more in programming, in particular how transparency can improve development outcomes, for example, in the Initiative for Open Agriculture Funding led by InterAction, where information about agricultural investments is made accessible. | These actions will gradually be implemented during the IFAD11 period. | In progress | IFAD is already publishing disbursement data on the IATI website. Project results' data are all disclosed publicly in the form of project supervision reports. The new operational procedures for country strategies (effective January 1, 2019) specify that they must include narratives on enhancing the transparency of governments through beneficiary feedback, including effective grievance redress mechanisms at the project level. |
| 3 | Disclose the geographic location of IFAD operations through easily accessible maps on the IFAD website (OPR). | Location data available for all past and ongoing projects will be disclosed. The development of the online platform, led by OPR and the Information and Communications Technology Division (ICT), will start in 2018. This action will be implemented during 2018. | Completed (Continuous) | IFAD project areas are now published on the IATI registry and displayed on the d-portal and the IFAD website through dynamic maps. The commitment has been met through a collaboration between OPR, ICT and the Communications Division (COM). |
| 4 | Provide additional information on the PBAS, including on actual country commitments in the programme of loans and grants, to the Executive Board (OPR). | Enhanced reporting started during IFAD10. The development of the automated system (led by OPR & ICT and supported by COM) will start in 2018. | In progress | Production of the PBAS manual is ongoing. The work of OPR and ICT on development of the automated system started in May 2018. The allocations calculator and the scenario builder modules are in production. The reallocations module will be completed by April 2019. |

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| 5 | Public (web) disclosure of PCRs (OPR). | Implementation will start in 2018. | Completed (Continuous) | A new process and templates for disclosure of PCRs are in place along with a tool to track PCR submissions and disclosure; this was completed in July 2018. |
| 6 | Develop a corporate dashboard with the latest available data on performance and results of IFAD-supported operations, fully accessible through the IFAD website (OPR). | Action will be taken for some reporting requirements in 2018. Specific requirements will need to be identified for full implementation. | In progress | Development is in progress. The majority of charts have been created and testing began in January 2019 for delivery in the first quarter of 2019. |
| 7 | Elaborate a strategy for beneficiary feedback: where and when it should be used in programming; how to ensure an effective feedback loop that allows projects to learn and adapt; and how it can be used to help verify results and provide further oversight of how funds are spent (OPR). | This action will be implemented during the IFAD11 period | In progress | A first draft of the Framework for Operational Feedback from Stakeholders has been prepared and is being reviewed. |
| 8 | Additional reporting to the Audit Committee and, where relevant, to the Executive Board on financial management mechanisms, developments, disclosures and results in operations (Financial Management Services Division [FMD]). | The first annual report to be issued in accordance with the broadened scope is being presented to the 146 th meeting of the Audit Committee. | Completed (Continuous) | The first annual report with broadened scope was presented to the 146 th meeting of the Audit Committee. All subsequent reports will follow the same approach. |
| 9 | Public disclosure of income classification and financing terms of borrowers (FMD). | Public disclosure of financing terms and classification of borrowers to be published on IFAD's website from IFAD11 onwards. | Completed (Continuous) | A new webpage dedicated to lending data (https://www.ifad.org/web/guest/lending-data) has been launched, providing details as to country income category, lending terms and denomination currency. |
| 10 | Issue a series of information notes on IFAD products and terms, including single-currency lending (FMD). | Information/product notes to be published on IFAD's website from IFAD11 onwards. | Completed (Continuous) | Product notes on single-currency lending and loan pricing basics are available on IFAD's website in all four official IFAD languages. New products will be disclosed accordingly. |
| 11 | Public (web) disclosure of external auditor's project reports (FMD). | The new framework is being presented to the Audit Committee at its 146 th meeting for review, and to the 122 nd session of the Executive Board (December 2017) for approval. Subject to the Board's approval, the disclosure of the external auditor's project reports will be effective from 1 January 2018 and will be implemented progressively until 31 December 2018, after which the disclosure will become mandatory. | Completed (Continuous) | Following the six-month objection period afforded to borrowers between 1 January 2018 and 30 June 2018, IFAD initiated the systematic disclosure of all satisfactory audit reports following mandatory review and clearance by FMD. As of 31 December 2018, 34 project audit reports had been published on IFAD's website. |

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| Management of financial and human resources | | | |
| 12 Provide information on corporate risks and risk management practices to the Audit Committee and Executive Board (Office of the President and Vice-President). | Management will propose options for regular updates to the Committee and the Executive Board on corporate risks and risk management practices at the 146 th meeting of the Committee. | Complete (Continuous) | Beginning in January 2019, the risk dashboard is to be presented to the Audit Committee four times per year for review and for information only at each Executive Board session. At the December 2018 session of the Executive Board, Management provided an update on enterprise risk management. |
| 13 Publicly disclose additional information on important financial trends (Accounting and Controller's Division). IFAD's financial performance, position and cash flows are reported, with detailed explanatory notes in the annual audited financial statements. These are made publicly available after approval. More than 100 donor, statutory and other reports* (including disbursement and repayments data) are included in the IFAD Annual Report, which is publicly available. Analysis of corporate-level trends could be further enhanced, and a specific page on finance could be created on IFAD's website for stakeholders. IFAD will enhance reporting of corporate-level trends on its website and to the governing bodies (primarily the Audit Committee). An analysis of the specific additional data to be reported is under way. *Reports on status of replenishment contributions and drawdowns; arrears and principal interest and service charges; the investment portfolio; principal and interest forgone with regard to the Debt Sustainability Framework; and resources available for commitment and the review of the Sovereign Borrowing Framework. | With certain reporting enhancements, this data can be made readily available on a specially created separate finance webpage. Design of trends to be published completed in the first quarter of 2018 as planned, and new finance webpage designed and available through new intranet site. Trends and data for display is scheduled for implementation and completion by the third quarter of 2018. | In progress | The design of trends to be published is completed. A new finance webpage has been designed and is available on IFAD's website. The site will be populated with additional data during the second quarter of 2019 and will be continually updated. |

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| 14 | <p>Elements of corporate procurement and travel guidelines (including daily subsistence allowance [DSA] information) (Administrative Services Division [ADM]).</p> <p>IFAD will make relevant sections of the Corporate Procurement and Travel Guidelines available on its website, in addition to the information already available on the United Nations Global Marketplace. Management will also disclose DSA rates on the restricted Member States platform.</p> | <p>ADM and COM will work together to disclose the additional information on corporate procurement procedures by 31 January 2018 on the IFAD website. Disclosure of DSA information can proceed, as authorized by the ICSC.</p> | Completed | <p>Selected sections of the corporate procurement guidelines and travel manual have been published on the IFAD website. DSA rates are now available on the Member States Interactive Platform in the "FAQ" section: https://webapps.ifad.org/members/faq.</p> |
| 15 | <p>Public disclosure of elements of important human resources guidance that are of potential public interest (Human Resources Division [HRD]).</p> <p>HRD is the custodian of a great deal of sensitive, confidential information, which limits its capacity to disclose or publicly release data. The IFAD Human Resources Policy is already disclosed publicly on the IFAD website as it is an Executive Board document (EB 2004/82/R.28/Rev.1). Human resources rules and procedures have not been disclosed publicly and are sent individually to newly recruited staff members. A summary of the IFAD's Code of Conduct will be provided under the Transparency Action Plan.</p> | <p>A summary of IFAD's Code of Conduct will be posted on the IFAD website by first quarter of 2018</p> | Completed | <p>In July 2017, a summary of the Code of Conduct was posted on IFAD's website in the four official languages.</p> |
| 16 | <p>Public disclosure of whistle-blower procedures (Ethics Office).</p> <p>The IFAD whistle-blower procedures will be posted on the IFAD website, together with information on confidential channels for submission of complaints.</p> <p>The procedures aim to prevent retaliation by introducing a robust mechanism to handle the reporting of suspected unsatisfactory conduct or misconduct.</p> | <p>The IFAD whistle-blower procedures will be posted on the IFAD website by November 2017.</p> | Completed | <p>The IFAD whistle-blower procedures were posted in November 2017 in the four official languages.</p> |

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| Information to governing bodies and internal oversight | | | |
| <p>17 Submission of the Annual Report on the Activities of the Office of Audit and Oversight to the April sessions of the Executive Board for information (AUO).</p> <p>This report contains substantive summaries of all internal audit reports (IARs) issued during the preceding year plus information on the advisory activities and contributions of AUO; detailed information on the implementation of internal audit recommendations; summaries of major investigation cases concluded and sanctions or disciplinary measures applied; and information and analyses of the investigative experience and cases. The section of the report dealing with investigative matters is already disclosed publicly on the IFAD website. It is proposed that the AUO Annual Report be shared with the Board after it has been reviewed by the Audit Committee. The feedback/comments of the Committee would be conveyed to the Board through the Committee Chair's report. The recommended option is not to disclose the report, but rather share it with the Board through restricted access.</p> | <p>The AUO Annual Report for 2017 will be shared with the Board in April 2018. This practice will not be applied retroactively for years prior to 2017.</p> | <p>Completed (Continuous)</p> | <p>Sharing started at the April 2018 session of the Executive Board.</p> |
| <p>18 Provide Executive Board representatives with access to IARs on request (AUO).</p> <p>It is proposed that Board representatives have the option of accessing IARs. It is further proposed that the request for access is processed through the Audit Committee Chair, who may require the report to be reviewed by the Audit Committee (if this has not been previously done). In addition, when access is provided, Board representatives must be subject to the same confidentiality restrictions that apply to Audit Committee members.</p> <p>The decision to allow access to restricted Audit Committee documents should be based on the Board's careful consideration of: (i) the need for access to specific information; and (ii) the confidentiality regime that applies to the information in question.</p> | <p>It is proposed that Executive Board representatives are provided with the opportunity to access IARs on request starting in April 2018, on the basis of the IARs listed in the 2017 AUO Annual Report for 2017 (to be shared with the Board in April 2018). It is not proposed to apply this practice retroactively. The revised procedure to be followed by Board representatives for accessing reports will be proposed for confirmation by the Board in April 2018 as part of the revised Charter of the Office of Audit and Oversight.</p> | <p>Completed (Continuous)</p> | <p>"On-request" access to IARs was provided to Executive Board representatives since 14 February 2018 through the Audit Committee website.</p> |

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| 19 | <p>Additional information to be provided to the Audit Committee on the causes of investigations and sanctions (AUO).</p> <p>Additional detail on control weaknesses or other potential causes of substantiated wrongdoing will be provided in the AUO Annual Report. AUO will also provide additional details, on request, to the Audit Committee in a closed session. All additional disclosures will be made in full respect of privacy, security and safety obligations.</p> | This practice will be introduced in the AUO Annual Report for 2017, which will be shared with the Audit Committee in March/April 2018. | Completed (Continuous) | Additional information on the causes of investigations and sanctions was provided in the AUO annual progress reports presented at the meetings of the Audit Committee held in March and September 2018 and through a presentation at the November meeting. Similar information will be provided at all future Audit Committee meetings. |
| 20 | <p>Issue a note to IFAD Member States restating the information that is publicly available from IFAD sources (Office of the Secretary [SEC]).</p> | November 2017 | Completed | This note was issued in November 2017 and is available on IFAD's website. |
| 21 | <p>Provide wider access to Convenors and Friends documentation (SEC).</p> <p>The notes of the Convenors and Friends meetings will be publicly shared, unless Convenors request that access be restricted to specific meetings.</p> | To be implemented as of the first meeting of Convenors and Friends in 2018. | Completed (Continuous) | These notes have been shared since January 2018. |
| 22 | <p>Make available the President's opening and closing remarks at Executive Board sessions (SEC).</p> <p>The President's opening and closing remarks will be publicly disclosed in IFAD's official languages for information.</p> | Starting with the 122 nd session of the Board in December 2017. | Completed (Continuous) | The President's opening and closing remarks have been disclosed since the December 2017 Executive Board session. |