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Investing in rural people

## Update on Change, Delivery and Innovation, and IFAD's Decentralization

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# Abbreviations and acronyms

CDI	Change, Delivery and Innovation Unit
ICO	IFAD Country Office
IFAD11	Eleventh Replenishment of IFAD’s Resources
OpEx	Operational Excellence for Results
PMD	Programme Management Department

# Update on Change, Delivery and Innovation, and IFAD's Decentralization

## I. Introduction

1. In January 2019, Management established the Change, Delivery and Innovation Unit (CDI) to help IFAD deliver "better results quicker". CDI's mission is to embed a culture of change, enhanced delivery and innovation at IFAD by serving as a centre of expertise and strategic, evidence-based support to drive behaviour change, improve the performance of delivery systems and promote the identification and scaling up of rural poverty innovations. CDI will also help IFAD to align with ongoing reforms in the United Nations system in order to be fit for the challenges and realities of the twenty-first century, and deliver on the 2030 Agenda for Sustainable Development.
2. The creation of CDI follows the completion of the Operational Excellence for Results (OpEx) exercise, an 18-month initiative to scale up IFAD's operational capacity through a series of reforms aligned with commitments to the Eleventh Replenishment of IFAD's Resources (IFAD11). See the appendix for an overview of the major achievements under OpEx.
3. CDI will play a key role in ensuring that changes are sustained, monitored and strengthened moving forward, and that IFAD continues to enhance the quality of its delivery, disbursement rates, policy engagement and partnership-building, especially through proven innovations.
4. In order to keep the Executive Board apprised of these efforts and IFAD's ongoing contributions to United Nations reform, this document provides an update on: (i) priorities related to change, delivery and innovation; and (ii) IFAD's decentralization, including revisions to delegation of authority.

## II. Update on change, delivery and innovation

5. IFAD views the concepts of change, delivery and innovation as inherently interrelated: one cannot exist in isolation and all three must be linked in order to be sustained within the Fund. Throughout 2019, CDI will play a key role in helping IFAD to integrate these concepts and realize their benefits. This includes: facilitating the proliferation of change and innovation organization-wide; advising Management on critical behaviours, actions and opportunities to integrate and expand these concepts; and consolidating changes made through OpEx to enhance delivery even further. The CDI team will start small, with one lead officer and one senior officer, supported by external expertise when needed. This core group will facilitate teams from across IFAD serving on a part-time, full-time voluntary or temporary basis for CDI projects and initiatives.
- A. Integrating change, delivery and innovation
6. A priority for CDI in 2019 will be maximizing efficiencies – both in IFAD's budget and in the Fund's corporate business processes. CDI will play a role in IFAD's budget preparation to ensure value for money and thoughtful exploration of novel options to realize efficiencies. CDI will also oversee a major business process re-engineering initiative. Following a scoping exercise in 2018, IFAD is streamlining and simplifying corporate processes to support its decentralized business model. This includes issuing a request for proposals for engaging external expertise to assist in this work. The reengineering process will be collaborative and CDI expects the efficiencies realized to lead to reductions in workload (and therefore an improved work/life balance) for administrative and other staff. CDI also expects these efficiencies to establish the foundation for greater business process maturity moving forward.

7. CDI is pursuing a number of “quick wins” to formally introduce and incentivize innovation within the organization. For example, the CDI team has met with internal and external networks to exchange knowledge and inform the design of an innovation challenge at IFAD. This challenge will leverage new, creative thinking to enhance delivery and provide staff with a means to test and develop new ideas. CDI will pursue external opportunities to fund this type of challenge as a recurring innovation programme.
8. More broadly, CDI is articulating clear innovation goals and establishing institutional mechanisms for staff to contribute new ideas for assessment, incubation and testing. This will embed incentives for new thinking and staff engagement – positioning CDI as the corporate facilitator for innovation it is intended to be. CDI will leverage innovation work already being done within the United Nations system to ensure an enabling environment of systems, processes, leadership behaviour and evaluation so that IFAD can reap the benefits of innovation for continuous renewal and change.
9. Building on the activities described above, CDI will partner with Management to monitor institutional trends related to performance and delivery. This will include assessing IFAD11 and other corporate commitments to identify trends and bottlenecks in the achievement of results, and propose remedial actions. In addition, CDI will partner with the Programme Management Department (PMD) to identify best practices in operations, review them for scalability and promote coordination in cross-cutting areas.
10. As an immediate priority, CDI will coordinate an action plan for responding to the 2018 Global Staff Survey. This survey was conducted in November and December 2018, with results released in February 2019. The survey results are an indicator of the “organizational climate” or environment in which IFAD’s results are achieved on a day-to-day basis. A healthy climate is essential for reaping the benefits of staff commitment, efforts, time, reflection and creative thinking. This builds resiliency during change for enhanced delivery, and establishes the conditions for innovation.
11. As a result, CDI is supporting Management in identifying and implementing concrete, prompt actions to address staff concerns raised in the survey. As part of this work, CDI is incorporating lessons learned from the OpEx exercise, including change-management approaches, tools and techniques needed to address these issues going forward.

## B. Consolidation of reforms

12. Beyond CDI’s broader strategic and advisory work, the unit is involved in consolidating recent reforms. This includes finalizing changes from the fit-for-purpose review of non-operations conducted in 2018:
  - (i) The Office of Budget and Organizational Development has been reconfigured into the Office of Strategic Budgeting to strengthen IFAD’s budgeting function and create stronger links between planning, resource allocation, results monitoring and strategy.
  - (ii) Within the External Relations and Governance Department, the new Global Engagement, Partnership and Resource Mobilization Division (GPR) has been created by merging the Partnership and Resource Mobilization Office and the Global Engagement and Multilateral Relations Division. GPR will leverage synergies created by merging the two former divisions in order to support: (i) global engagement and multilateral relationships; (ii) South-South and Triangular Cooperation; and (iii) replenishment, resource mobilization and advocacy.
  - (iii) The Human Resources Division (HRD) is being restructured around the core concept of talent management, supported by appropriate policies, a

full-fledged mobility framework and a new approach to career development. Changes to HRD will strengthen policy and strategic support, consolidate the business partner model and streamline the division's core functions to ensure its fit-for-purpose for a decentralized organization.

13. One element of these changes will be a reassignment exercise commencing in April 2019 that will include professional and general service staff impacted by the fit-for-purpose review. After this last ad hoc reassignment exercise is completed, regular reassignment exercises will be deployed to ensure that mobility is fully embedded in IFAD's culture. This is a critical element of IFAD's new, integrated approach to talent management, which will foster an environment in which talents are better assessed, developed and deployed. Staff deployment through reassignment will become the norm and vacant positions will be considered first for reassignment if it is determined that the talent for the position exists internally.

### III. Update on IFAD's decentralization

14. Decentralization is a key element of IFAD's reform agenda in order to maximize its contribution to the 2030 Agenda. But decentralization must be accompanied by appropriate delegation of authority and accountability to be effective. With the logistical and structural aspects of IFAD's decentralization nearly complete, and revisions to the delegation of authority framework in their final stage, IFAD continues to make progress in both these areas.

#### A. Decentralization: Structure

15. To ensure appropriate staffing within IFAD's new decentralized structure, positions in the field relative to the overall number of staff increased from 18 per cent to 30 per cent between 2017 and 2018. As of 15 March 2019, two of the 61 reassigned staff have yet to relocate and seven have either separated or been granted special leave. The build-up of staff in IFAD Country Offices (ICOs) brings the Fund closer to the rural areas it serves and strengthens policy engagement, partnership-building and project performance by supporting country directors in their new roles within both programmatic and non-lending activities.
16. Management is committed to ensuring that IFAD's programmes and projects realize the benefits of decentralization, and that ICO teams adjust to new staffing and other changes. In March 2019, Management completed "lessons learned" missions to 14 of the Fund's 15 regional hubs, with the mission to Turkey postponed until that hub is operational. These missions, which began in November 2018, were organized to support staff in the field and gather early implementation experiences related to:
  - (i) IFAD's new hub structure and country programme team configuration;
  - (ii) Changes to programmatic technical areas, including the recalibrated project design process; and
  - (iii) Administrative support functions.
17. Approximately 130 colleagues in ICOs participated in these missions, which were led by multidisciplinary teams and incorporated the idea of hub exchange where the head of one subregional hub visited hubs in other regions to observe differences and similarities, exchange best practices and strengthen interregional knowledge-sharing.
18. Management is analysing feedback received from these missions and the survey of ICOs in order to prepare an action plan for 2019. The initial analysis shows that IFAD's decentralized structure and country programmes are enhancing engagement on the ground. However, there are questions related to: roles and responsibilities (including those related to broader United Nations reforms); the

new project design process; administrative support; and opportunities to streamline administrative functions.

19. Other ongoing activities to support decentralization include the following:
- (i) Management continues to partner with Member States to ensure that all pending host country agreements and other arrangements are in place in order to complete IFAD's decentralization plan.
  - (ii) The Field Support Unit has completed ICO setup and renovations to ensure that IFAD offices can accommodate staff. In several locations, this unit is working to expand or upgrade existing facilities to provide adequate working conditions for staff while maximizing value for money. This work is being implemented in cooperation with the Administrative Services Division security team to ensure that the existing and new facilities conform to applicable United Nations Security Management System standards. The only regional hub yet to be opened is in Turkey, where preparations are expected to be complete in early May. However, six staff members are already in a temporary office within the country pending completion of the hub.
  - (iii) The Operations Academy conducted two additional regional training courses. Enhanced country-based model in a realigned organization, delivered to all PMD divisions, trained staff on new business procedures, roles and responsibilities. In the first quarter of 2019, it was delivered to the East and Southern Africa Division in Kenya, and the Latin America and the Caribbean Division in Panama. This followed its successful delivery in Ghana, Indonesia and Morocco in 2018. Approximately 230 personnel participated in the training across all five regions.
  - (iv) In February, PMD held a retreat to discuss how best to deliver IFAD11 commitments through decentralization and the hub model. The President attended the retreat to present IFAD's vision for consolidating the hub concept and realizing its benefits. The retreat also involved managers from PMD and the Strategy and Knowledge Department, including those based in the field and at headquarters.

## B. Decentralization: Delegation of authority

20. As part of the IFAD11 commitments, Management agreed to revise the Fund's delegation of authority framework in order to devolve greater responsibility to lower management levels across the Fund, and to ICOs. These revisions will focus on placing decision-making authority, trust and accountability with the staff members that are best equipped with information to make decisions. This will empower staff, enable risk-informed decision-making and consolidate levels of responsibilities by function, while guaranteeing that required checks and balances are in place for greater accountability. The revisions will also give staff in the field greater responsibility for portfolio and relationship management, which will enhance IFAD's performance and efficiency.
21. IFAD has made significant progress in this area since the update to the Executive Board in December. Delegation of authority for high-priority items – such as budget holder authority, hiring of consultants, duty travel approval and low-value procurement – has been completed and been made available to all hubs, with appropriate controls embedded into core systems. Initial feedback is positive and additional feedback will be monitored closely in the coming months.
22. In late January, IFAD held a Management team meeting to discuss ongoing revisions to the broader delegation of authority framework. The discussion focused on: appropriate levels of authority to cascade from the President and Vice-President to Associate Vice-Presidents, directors, hub personnel and other staff; and measures to ensure accountability and proper controls. A dedicated multidisciplinary internal working group is revising the broader delegation of

authority framework. This work will be finalized by the end of June 2019 in line with IFAD11 commitments.

23. With the continuation of broader United Nations reforms, IFAD still has much to consolidate during 2019 in order to maximize its contribution to the 2030 Agenda. IFAD will continue to monitor the positive benefits of its new business model, increased visibility and impact on its rural poverty goals. This will enable the Fund to position itself as a decentralized organization with strong accountability, modern and efficient delivery systems, and a culture of continuous renewal and innovation.

## Summary of accomplishments under the OpEx exercise

1. After an 18-month design and implementation period, the OpEx exercise concluded in December 2018. Its major achievements are summarized below. Savings from staff costs achieved through the OpEx change process will amount to an estimated US\$3.43 million once fully implemented, all while also ensuring zero job loss at headquarters.
  - (i) A new decentralized map for IFAD country offices (ICOs) with 15 regional hubs (including 3 SSTC and KM centres) and 25 ICOs, a consolidation of 50 planned ICOs to 40;
  - (ii) A metrics based approach to determine appropriate staffing in ICOs, resulting in an increase of staff positions in the field from 18 to 30 percent and 34 new positions, offset by 29 abolished positions and other reductions through streamlining or transferring functions; new positions included an increase in Country Director positions from 46 to 53, 10 new technical positions, one senior procurement officer per region and one procurement lead;
  - (iii) A major reassignment exercise (completed in two parts) that reassigned 98 operational and technical staff; this was done in parallel to dedicated trainings, upgrades to new and existing ICOs, and briefings (both logistical and medical) to impacted staff;
  - (iv) A realignment of technical and mainstreaming functions into a reconfigured Strategy and Knowledge Department (SKD) and the consolidation of operational oversight into a new Operational Policy and Results Division (OPR);
  - (v) A recalibrated project design process to improve quality, reduce review and approval times and facilitate fast track financing;
  - (vi) Revisions to delegation of authority (DoA) to devolve greater responsibility to lower levels of management and to ICOs, including the completion of DoA to ICOs for high-priority items (e.g. budget holder authority, hiring of consultants, duty travel approval and low-value procurement);
  - (vii) Functional and structural revisions to areas in non-operations, including the streamlining of two divisions into one, the rationalization of the corporate organizational development function, restructuring within the Human Resources Division, the restructuring and consolidation of the IFAD security function within the Administrative Services Division and implementation of a metrics-based approach to harmonize front office support; and
  - (viii) Completion of a scoping exercise to identify business processes for re-engineering in 2019, anticipated to lead to further efficiency gains and enhanced business process management.