



IFAD
INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT
Executive Board – Seventy-Ninth Session
Rome, 10-11 September 2003

PROGRESS REPORT ON THE
PROCESS RE-ENGINEERING PROGRAMME
(STRATEGIC CHANGE PROGRAMME)

A. BACKGROUND

1. In adopting Resolution 116/XXIII at its Twenty-Third Session in February 2000, the Governing Council approved a Process Re-Engineering Programme (with a budget of USD 26.0 million) to be implemented in the period 2000-2005. The President was authorized to appropriate the first tranche in the amount of USD 1.3 million (5% of the overall budget) for detailed programme design. This design phase was completed and presented to the Executive Board in December 2000. The Board approved a second tranche of USD 15.5 million for the current implementation phase. An implementation partner was selected, Cap Gemini Ernst Young (CGEY), and a fixed-price contract negotiated.

2. This report has been prepared at the request of the Audit Committee, over and above the Strategic Change Programme (SCP) reports that have previously been presented to the Board for its information.



B. OBJECTIVES

3. The main objective of the SCP is to streamline our administrative processes and eliminate as much manual work as possible with the support of PeopleSoft, an integrated commercial software.

4. The processes identified for simplification and integration include:

(a) Financial management

- Accounting
- Loans and grants system (LGS)
- Procure to pay
- Travel and expenses
- Cash management
- Contributions
- Budget preparation

Key changes in financial management involve activity-based budget and accounting processes and the decentralization of budget input and monitoring.

(b) Human resource management

- Workforce administration
- Recruitment of consultants
- Organizational development
- Payroll

Key changes in human resource management involve unification and centralization of data, while some input would be decentralized.

(c) Management Information Systems (MIS)

- definition and implementation of an adequate technical architecture on which to implement PeopleSoft
- review and proposal for the processes governing information-technology processes and organizational structure, optimizing the support of PeopleSoft and other systems

Key changes in MIS involve consistency in the technical architecture and in streamlining the system support.

C. PROGRESS TO DATE

5. The implementation phase started in June 2002. The programme plan, elaborated in collaboration with CGEY, included the main activities towards producing the deliverables. The blueprint phase, concluded in November 2002, identified the business requirements and defined and mapped the processes onto the PeopleSoft modules. This phase was followed by the realization phase, in which the PeopleSoft software was configured and modified, interfaces built and data converted from existing systems.

6. The plan for the realization phase included three 'go-live' stages: in April, July and October 2003. This staged approach was chosen to allow IFAD to adapt to the new systems and progressively deploy them to users.



7. The first-stage April Go-Live implemented the PeopleSoft modules and the corresponding processes for accounting and procure to pay. It also included the foundation for monitoring of the budget at the activity level. This stage was completed on time, although the migration of accounting data and some functions were completed after the go-live date.

8. The second-stage July Go-Live has been implementing the human resource modules and the financial modules for travel and expenses, contributions, payroll and the LGS. Human resources, contributions and travel and expenses went live in mid-July, although further human resources implementation has been suspended, since we still need to develop aspects of this system before delivering the products throughout IFAD. Consultant recruitment is scheduled to go live shortly.

9. In addition, two modules planned for the July Go-Live had to be delayed on the advice of our quality assurance experts, as well as of our own internal review. One of the delayed modules is payroll, which is currently running in parallel and will most likely go live for the October payroll. The main reasons for the delay were finalization of some critical requirements, integration aspects and reporting requirements.

10. The other delayed module is loans and grants: following a review of our internal processes, CGEY advised in April 2003 that the PeopleSoft system could support our business requirements in this area only if substantial modifications of the standard code were applied, which they did not recommend.

11. The review by an independent expert confirmed that advice. Consequently, IFAD and CGEY have initiated a process to redefine the way forward, since the contractual arrangements with CGEY included implementation of the loans and grants process in PeopleSoft.

12. The third-stage October Go-Live will implement the PeopleSoft financial modules for cash management and budget preparation.

13. From the detailed plans for implementation of these two modules, it is already clear that completion of the projects is to be expected after October. The plans are currently being revised in collaboration with CGEY to arrive at a more realistic go-live date. It is hoped, however, that both will be completed before the end of the year in order to take full advantage of the simplified procedures being put in place in other areas and to streamline preparation of the 2005 budget.

D. CONCLUSIONS AND CHALLENGES

14. The SCP started with a very challenging and ambitious plan and objectives. As is quite common with these enterprise-resource-planning systems, arriving at and completing the work of the various go-lives has been a good learning experience. In a constructive approach, daily meetings involving key staff addressed the initial problems, and qualified technical support was provided to resolve difficulties.

15. The changes in the way IFAD works are being introduced gradually. For the moment, the system is 'centralized', used by the staff of the Finance and Administration Department.

16. The decentralization of the system to the rest of IFAD is planned to start in January 2004. In preparation, a focused training programme is being developed and the relevant changes in policies and procedures are being worked on.

17. The design of the new LGS is critical. Present indications are that the desired level of integration of this system with the rest of the financial system will be more difficult to achieve if PeopleSoft modules are not used. In addition, IFAD will need to closely monitor the development of the system, which is very different from monitoring implementation of a commercial package such as PeopleSoft. Discussions on the contractual implications of the design of the LGS are ongoing with CGEY.