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Enabling the rural poor to overcome poverty

## **IFAD's Action Plan for Improving its Development Effectiveness**

December 2005

### **ACTION PLAN**

Executive Board  
12-13 December 2005 – Rome

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## **Note to Executive Board directors**

This document is submitted for approval by the Executive Board.

To make the best use of time available at Executive Board sessions, the Secretariat invites Board Directors to contact the following focal point with any technical questions about this document before the session.

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## **Abbreviations and acronyms**

COSOP	country strategic opportunities paper
IEE	Independent External Evaluation of IFAD
IMI	Initiative for Mainstreaming Innovation
MDG	Millennium Development Goal
PRSP	Poverty Reduction Strategy Paper
RIMS	Results and Impact Management System
SCP	Strategic Change Programme

## **Recommendation for approval**

The Executive Board is invited to:

1. Approve the Action Plan contained in document EB 2005/86/R.2/Rev.1 as the basis for implementing IFAD's response to the Independent External Evaluation of IFAD;
2. Note the request made in document EB 2005/86/R.42 that the second-phase funding of the Process Re-Engineering Programme (Strategic Change Programme) be applied to implementation of the Action Plan.

# IFAD's Action Plan for Improving its Development Effectiveness

## I Introduction

1. This document elaborates on the Action Plan presented to the Executive Board in September 2005.<sup>1</sup> Implementation of the Action Plan will be organized in three main action areas: *strategic planning and guidance, a new operating model, and knowledge management and innovation*. Each of these will be supported by human resource reforms and information and communications technology support. The deliverables of the Action Plan will be provided in large measure in 2006 and 2007. During 2008, these changes and reforms will be consolidated and deepened so that their full impact is made to achieve the objectives of the Action Plan. These action areas and the human resource reforms that underpin them are outlined in the following sections and tables; the full changes envisaged – with their deliverables, indicators and timelines – are described in detail in Annexes 1 to 4.
2. The Action Plan will be the principal vehicle for change in IFAD over the Seventh Replenishment period (2007-2009). It embraces the Independent External Evaluation's (IEE) recommendations, the views of the Executive Board on change priorities, and IFAD management's own views on change requirements.
3. The change process will develop further IFAD's role and focus, and hence its comparative advantage. These topics are discussed in the Report of the Consultation on the Seventh Replenishment and summarized here.

## II IFAD's comparative advantage

4. IFAD will focus on reducing extreme poverty and hunger among the poorest rural people, including those on the physical and social margins who will never be included unless a deliberate and special effort is made. With regard to the Millennium Development Goals (MDGs), its contribution will principally be to MDG #1 – in the context, however, of a strong orientation to gender equality and women's empowerment (MDG #3). IFAD will not address macroeconomic and non-rural issues. It will not, on the whole, address the social-sector issues that have been the focus of many other donors. IFAD will focus on its own core competencies, promoting complementary engagement by more qualified actors in these necessary – but non-core competency – activities. IFAD will go straight to the community level and straight to the issues that are directly and immediately critical for the livelihoods of most poor women and men: small-scale agriculture and rural employment. These include:
  - (a) securing adequate access to land and water;

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<sup>1</sup> The substance of the plan draws on three primary sources: IFAD Management's Response to the Independent External Evaluation of IFAD (April 2005); IFAD's Action Plan for Management's Response to the Independent External Evaluation (September 2005); Consultation on the Seventh Replenishment of IFAD's Resources (ongoing).

- (b) managing and conserving the natural resources underpinning rural livelihoods;
  - (c) accessing local rural financial services for investment and saving;
  - (d) building and maintaining equitable access to evolving markets for their products and the material inputs they require;
  - (e) commanding the information and technology they need for production and marketing;
  - (f) strengthening the organizations of the rural poor.
5. IFAD's comparative advantage lies in addressing these issues from the perspectives of poor people, with and through their own organizations and institutions. Consequently, the target group of projects and programmes will comprise rural people beneath the national poverty line, which in many of the poorest countries is even below the extreme poverty threshold of USD 1 a day established for MDG #1. Included here will be small-scale farmers with few assets, the landless, small-scale traders and artisans, herders, fishers and others who are extremely poor but have the potential to improve their condition. In all IFAD interventions, poor rural women are a major target group – for reasons of both equity and effectiveness in reducing poverty and hunger. Indigenous peoples and other marginalized groups are another key target group in IFAD's operations. IFAD will not impose a universal poverty reduction blueprint on its work, but will respond to the unique nature of rural poverty in each of the countries in which it operates. IFAD's focus will be refined in working with its partners and through national and international coordination mechanisms.

### **III Delivering change through the Action Plan**

6. The challenge of this Action Plan is to build on IFAD's own experience and the change processes introduced during the Fifth and Sixth Replenishment periods, while learning from others and adapting some of their processes, mechanisms and instruments to IFAD requirements. IFAD has had a good deal of experience in the Sixth Replenishment period in making changes in many of these action areas, while increasing its programme of work; for example, introducing more strategic budgeting and the Performance-Based Allocation System; formulating the Field Presence Pilot Programme and the Results and Impact Management System (RIMS); establishing an Independent Office of Evaluation; engaging in Poverty Reduction Strategy Paper (PRSP) processes; and developing thematic areas of competence, such as rural finance.
7. The Action Plan will enable IFAD to intensify its partnerships with others – governments, farmers' associations, organizations of the rural poor, the international community and the private sector. Through these partnerships IFAD will be able to develop innovative solutions to eradicating rural poverty and help to replicate and scale them up through a broader national effort.
8. Within IFAD's overall priorities and resource allocations, IFAD will develop and implement more effective and sustainable projects and programmes and strengthen its partnerships to maximize development effectiveness. Effectiveness will be further improved by taking a stronger role in implementation; this experience will be continuously monitored, and the lessons will be shared with other partners. IFAD

will strengthen its quality assurance system by drawing on in-house skills and knowledge and on external expertise.

9. Effective knowledge management, drawing on the Fund's own operational experience and that of its partners, is critical to enhancing innovative design and strengthening further its strategies and policies. It will lead to improved targeting, better communication with stakeholders, and more effective partnerships. Thus, knowledge management will be a central theme of the Action Plan.
10. Achieving these changes will require parallel changes in the way IFAD staff are motivated, organized, developed and assessed.

#### **IV Managing the Action Plan**

11. Delivering the Action Plan will be IFAD's priority during the Seventh Replenishment period, as this will help enhance the targeting, impact, efficiency and sustainability of Fund-supported programmes. Together this will bring about continuing gains in development effectiveness. IFAD will build on the experience of implementing the first phase of the Strategic Change Programme (SCP), draw on external expertise, and take advantage of the experience of other development organizations that have managed similar change programmes.
12. Change management is critical to the success of the Action Plan. The Action Plan will be a participative endeavour with full staff involvement in the process. This will be promoted, inter alia, by ensuring that staff:
  - (a) know and understand what is happening and the reasons behind the changes;
  - (b) are motivated and supportive of the changes;
  - (c) receive training, as appropriate, to perform their new roles and tasks; and
  - (d) develop a commitment to improve systematically IFAD's development effectiveness.
13. IFAD has established an organizational structure for finalizing and implementing the Action Plan, assigned staff to key positions and begun work. The structure is led by the Action Plan Steering Committee, which is a senior interdepartmental body that reports to the President and is responsible for overseeing the finalization and implementation of the Action Plan. The committee consists of representatives of IFAD's three departments and is chaired by the Assistant President, Finance and Administration Department. It is supported by the Action Plan Coordination Group and an independent, external strategic advisor. The Action Plan Coordination Group, chaired by the Assistant President, Programme Management Department, is supported by a secretariat, and its members are the chairs of the three working groups (on strategic planning and guidance, a new operating model, and knowledge management and innovation), the head of the Secretariat and the directors of the Office of Human Resources and the Communication Division. The Coordination Group manages and coordinates the actions of the three working groups, ensuring an integrated corporate perspective to all plans and close collaboration among the groups.



#### **Human resource reform**

14. Throughout the implementation of the Action Plan, IFAD will pursue the human resource reforms to support the recommendations of the working groups. In this process, the support to be offered by the Office of Human Resources to the departments and divisions it serves will be clearly delineated to enhance guidance on, and services for, recruitment, retention, career development and coaching for change.
15. IFAD has already embarked upon modernizing its human resource management. Many initiatives that together encompass a wider human resource change agenda are currently under way, including participation as a pilot in a UN-wide initiative to improve human resource management. This human resource management agenda is summarized in Annex 4, which outlines results, actions, indicators and delivery dates.
16. Highlights of the human resource reform agenda include:
  - (a) Develop and implement a staff assessment procedure that more clearly links corporate, divisional and country programme results with individual performance, objectives and measures;
  - (b) Assess staff and management competencies in response to recommendations from the working groups, and train staff and management accordingly;
  - (c) Review structure and workload across the organization and implement staffing changes to improve performance;
  - (d) Develop an appropriate accountability and incentive framework to strengthen performance; and
  - (e) Develop career progression guidelines.

#### **Financial requirements for 2006-2007**

17. The costs of the Action Plan over the period 2006 and 2007 are estimated at USD 9.5 million. This would be financed through the balance of funding remaining from the capital budget for the Process Re-Engineering Programme (since renamed Strategic Change Programme) approved by the Governing Council in February 2000 (see document EB 2005/86/R.42 containing a report on Phase I of the Strategic Change Programme). The costs of implementing the Action Plan include the short-term replacement of staff, training, consultation with external stakeholders and partner organizations, further information-technology improvements and use of external consultants. Annex 5 summarizes the estimated costs of the three main action areas together with the costs of other required human resource reforms, such as managerial and leadership competency assessment and training.

### **V Aims of the Action Plan: Development effectiveness targets for 2009**

18. The overarching goal of the Action Plan is to increase IFAD's development effectiveness. This plan targets three dimensions of development effectiveness: relevance, effectiveness and efficiency of IFAD's rural poverty programmes. On the basis of these three criteria, the IEE found overall that 70.7% of the projects it evaluated had a satisfactory outcome, which was comparable with the rating for the agricultural and rural development projects of comparators like the World Bank/International Development Association (IDA). Regarding the individual targets:

**a. Relevance**

(i) The IEE found that 60% of the IFAD projects evaluated have a high – and an additional 40% have a substantial – degree of congruency with country development priorities. IFAD will maintain this high degree of relevance and ensure that its projects and programmes remain fully consistent with country development strategies and priorities.

**b. Effectiveness**

(i) The IEE found that two thirds of IFAD-financed projects are expected to achieve their development objectives, which is the measure used in the IEE for effectiveness. The IEE also found that sustainability of impact is estimated to be substantial in 61% of the projects. For 2009, IFAD will aim to achieve a level of 80% for performance in these areas and its targeting mechanisms will be enhanced to ensure that, during implementation, IFAD projects and programmes effectively reach the poorest rural peoples.

(ii) IFAD policy and knowledge products will be regularly assessed to ensure that they are making a positive and tangible contribution to rural poverty reduction policies and strategies at the national and international levels.

(iii) The IEE found that 25% of IFAD-supported projects were rated as innovative at the national level. Through this Action Plan and the ongoing Initiative for Mainstreaming Innovation (IMI), IFAD aims to raise the innovation rating at the national level and at the same time scale up such innovative programmes.

**c. Efficiency**

(i) The IEE concluded that 45% of the project sample was rated as having a high or substantial level of efficiency. By 2009, IFAD will aim to raise this to a minimum of 60%.

19. The three targets of relevance, effectiveness and efficiency are based on indicators used by the IEE and the Annual Report on Results and Impact (ARRI) produced by IFAD's Independent Office of Evaluation. IFAD will define further the performance indicators for impact, sustainability and development effectiveness as part of the Action Plan, in collaboration with partner organizations engaged in rural development.

## **VI Action Plan: The three action areas**

20. The Action Plan will be based on three action areas:

- (a) Strategic planning and guidance to establish the priority areas for IFAD's operations;
- (b) Strengthened country programmes, rooted in a new operating model to deliver a more effective and efficient work programme of improved quality and impact; and
- (c) Knowledge management and innovation to ensure that priorities and operations are grounded in the best knowledge about critical issues for rural poverty reduction and what works to solve them.

21. These action areas, outlined below and in the annexes, will be underpinned by strengthened institutional capabilities that will enable a more creative and performance-driven work environment.

## **A. Strategic planning and guidance**

22. This area will sharpen the focus of IFAD's resources on the areas of its comparative advantage and ensure that these resources are applied within a framework of better strategic planning, activity and results monitoring, and accountability for results.

### **A revised strategic framework**

23. IFAD's key strategy documents, including the updated and revised strategic framework, will be produced in consultation with major partners. The strategic framework will define the areas in which IFAD will further develop its strengths to give in-depth and innovative support to rural poverty reduction, and how IFAD will work more systematically through partnerships and within national and international processes. This framework will draw on an external analysis of multilateral and bilateral development agencies operating in the area of agriculture and rural development. The formulation of this revised strategic framework by the end of the third quarter of 2006 will be anchored in the broader context of complementarity and a system of mutually supportive partnerships.

### **Medium-term plan and results-based management**

24. IFAD's improved definition of its role, focus and intended impact will be underpinned by upgraded planning and monitoring instruments. The major corporate **performance and impact indicators** relative to IFAD's role and focus will be incorporated in a new medium-term plan, which will be the framework for implementation of a results-based management approach to planning and budgeting. The plan will also identify IFAD's monitorable targets for impact and principal outputs.
25. A strengthened corporate planning, budgeting and monitoring system will foster enhanced reporting on compliance and performance, supported by benchmarking with the agricultural and rural development portfolios of other international financial institutions. IFAD will provide its Executive Board with **regular reporting on IFAD's development effectiveness**, combining quantitative and qualitative indicators and drawing on its Results and Impact Management System (RIMS).

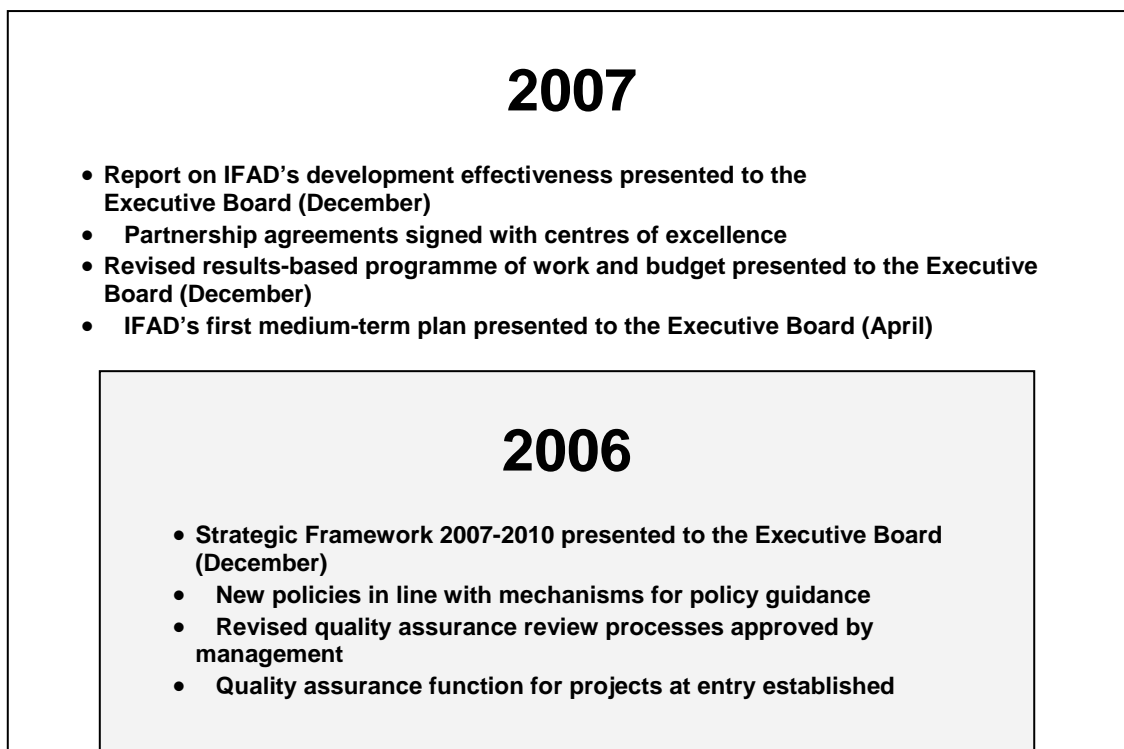
### **Partnership-based quality assurance system**

26. The quality assurance system will capitalize on both the stronger technical and thematic capacities to be developed in IFAD and the mobilization of expertise in external organizations. With regard to quality at entry, and consistent with the spirit of the Paris Declaration on Aid Effectiveness, project and programme designs will be subject to review with national and international partners at the country level. IFAD-level entry processes will be upgraded to build on the external peer review process already piloted in IFAD's rural finance operations. This procedure will permit a quality assurance system that will work at arm's length from operations.
27. Improved operational policies, guidelines and products – together with processes to ensure that they are followed as well as performance monitoring – will be in place by the end of 2006. By 2007, the broader planning and reporting framework will be operational, allowing for the first comprehensive annual review of IFAD's

development effectiveness by the end of 2007 – the first year of the Seventh Replenishment period.

28. Figure 1 provides an overview of the main deliverables of this action area for 2006 and 2007. Annex 1 provides the corresponding actions, indicators and timelines that drive these deliverables.

**Figure 1: Strategic planning and guidance – Major deliverables**



## **B. New operating model**

29. The new operating model will result in a sharper focus on rural poverty with more effective targeting of the poorest rural peoples, enhanced quality and impact on the ground, greater sustainability, stronger relevance and higher efficiency of IFAD-supported projects and programmes, thus increasing IFAD's overall development effectiveness. The new operating model will incorporate the strategic planning and guidance and the knowledge management and innovation aspects of the Action Plan.
30. The new operating model involves a new results-based country programme approach, more active country-level engagement, new modalities for supervision and implementation support, constructive partnerships and a more effective framework for managing by results.

### **Results-based country strategic opportunities papers**

31. The results-based country strategic opportunities paper (COSOP) will be IFAD's country programme planning and management framework. Effective participation in country-led poverty reduction strategies and aid coordination and harmonization will require the development of a more concise and transparent COSOP and more consistent involvement of IFAD in country-level dialogue.
32. Results-based COSOPs will be developed in consultation with governments, representatives of rural poor people, other national stakeholders and coordination mechanisms. They will indicate clearly the areas of IFAD involvement in each country in the context of IFAD's comparative advantage, country needs and priorities, activities of other development agencies and effective partnership options. This instrument will be the interface between IFAD's corporate and regional objectives and modalities, on the one hand, and country specificity and processes (including PRSPs), on the other.
33. COSOPs will integrate clear objectives for innovation, knowledge management partnerships and policy as well as strategies for programme supervision and management. Integration will enhance knowledge management and enable IFAD to sharpen its focus and perform its role in stronger partnerships for rural poverty reduction.
34. IFAD projects and programmes will focus on testing innovations to help the rural poor to overcome poverty, with a view to developing approaches that can be replicated and scaled up in broader programmes with national and international support.

### **Country-level engagement and presence**

35. IFAD will identify cost-effective means to enhance its country-level capacity and constructive engagement in country dialogue and donor collaboration.
36. Results and lessons learned that arise from the Direct Supervision and Field Presence Pilot Programmes will be utilized to identify the approaches best suited to supporting IFAD's country-level engagement. The nature and focus of country presence will vary from country to country to respond to local needs and opportunities and to anchor the delivery and management of IFAD's country programmes.
37. IFAD will adopt an approach to project supervision and the systematic capture and sharing of experience and innovation that opens participation to qualified national-level civil society or private-sector institutions. Partnerships with and investments in farmers', women's and community organizations will engage them in local and national policy and programme processes.

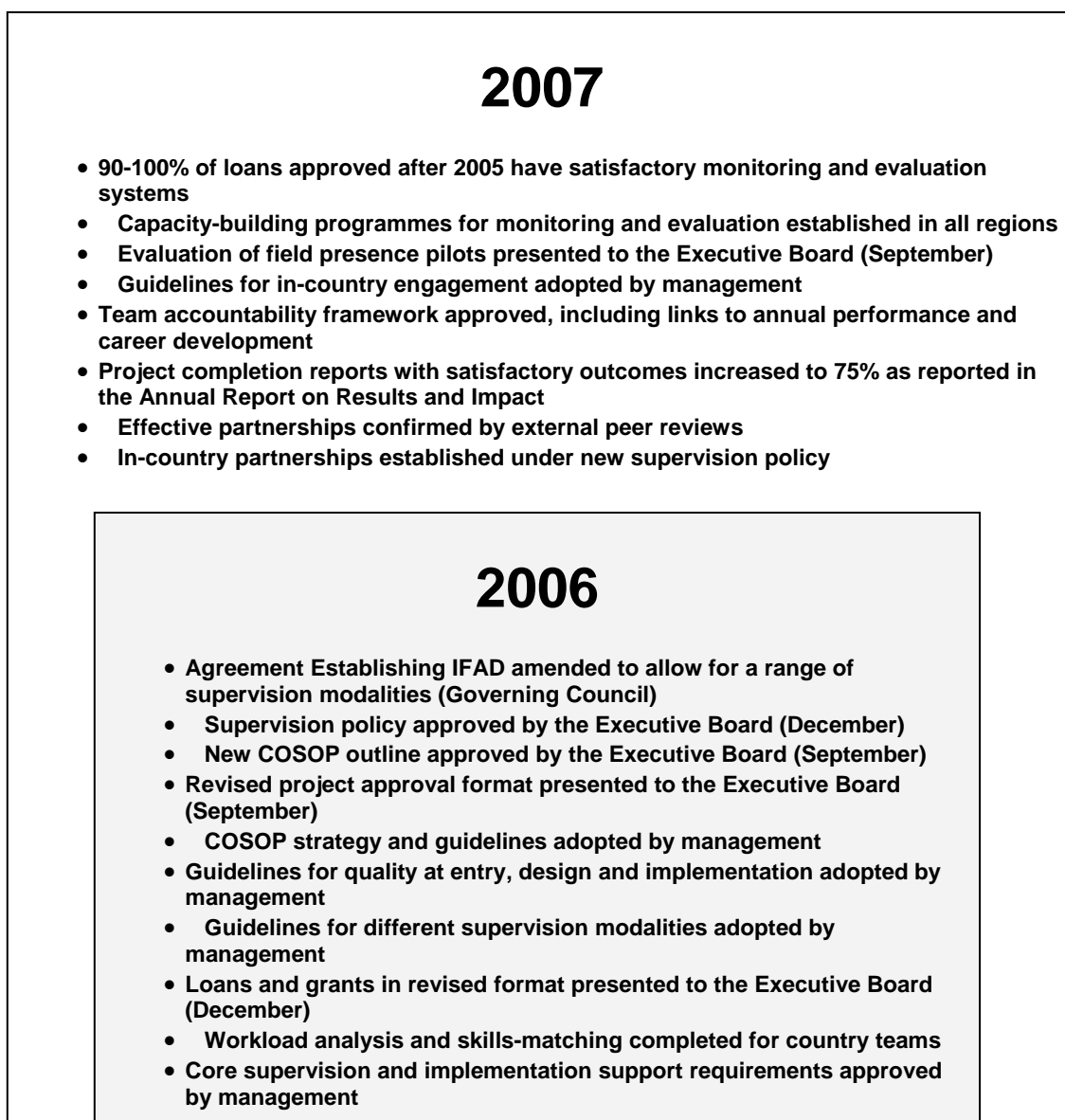
### **Country teams and quality enhancement**

38. The proposed approach will require a more collaborative country programme management that draws on experience and capacity across the Fund and is linked to strengthened knowledge management and quality enhancement processes. In-country teams will work closely with headquarters-level country programme management teams. The country teams will bring together representatives of rural poor people, project management staff, government authorities, policymakers and other national stakeholders. Country teams will also involve cooperating institutions and key development partners. This strengthened teamwork will be underpinned by new staff management and accountability procedures. Such procedures will ensure

that team members' contributions to results are reflected in individual and corporate performance indicators.

39. IFAD will reinforce its criteria and systems for quality at entry and quality of implementation. This will be integrated with the partnership-based quality assurance system (see paragraphs 26-27) and will draw on appropriate external expertise. The strengthened country teams will help to improve quality enhancement during implementation of projects and programmes.
40. Figure 2 provides an overview of the main deliverables of this action area for 2006 and 2007. Annex 2 provides the corresponding actions, indicators and timelines that drive these deliverables.

**Figure 2: New operating model – Major deliverables**



### **C. Knowledge management and innovation**

41. The knowledge management and innovation challenge to IFAD is to ensure that continuous and effective learning derives from its projects and other activities and that this learning is linked systematically to learning from the experience of others. Knowledge management must be organized to facilitate the ongoing application of new learning and to make such learning widely available.
42. A knowledge management strategy will be developed and implemented. It will build a culture of learning, sharing and innovation, and develop and identify new instruments in this area.
43. IFAD will work with partners, and have extensive recourse to outside expertise and guidance, to produce a comprehensive knowledge management strategy by the end of 2006 and will:
  - (a) Focus IFAD's engagement on the thematic issues that comprise its comparative advantage. These issues will be further refined in the revised strategic framework and will be the substantive areas of concentration of the country programmes;
  - (b) Mobilize loan- and grant-based activities as platforms for knowledge development through the explicit inclusion of knowledge development objectives and mechanisms;
  - (c) Raise the priority given to knowledge management within the institution to generate systematic inputs into programme and policy activities;
  - (d) Build medium-term knowledge development and dissemination partnerships with global and regional centres of excellence; and
  - (e) Invest in the capacity of regional and national centres and networks to explore rural poverty reduction issues and options in partnership with organizations of the rural poor.

#### **A culture of learning, knowledge-sharing and innovation**

44. The proportion of IFAD resources devoted to learning and knowledge management will be increased in support of the achievement of explicit and monitored output and impact targets at the country and, to the extent relevant, regional and global levels. Knowledge and learning in IFAD's focus areas will be fully reflected in IFAD's corporate planning and monitoring system, as well as in performance evaluations of staff as part of the establishment of a culture of learning, knowledge-sharing and innovation. "Learning notes" will be systematically developed based on IFAD technical review memos, project evaluations, supervision reports, feedback from project design teams and information from other practitioners in rural development. These learning notes will be communication tools that bring together learning and expertise about key issues for rural poverty reduction from IFAD and other organizations. When made widely available in January 2006, they will help to improve learning, networking and innovation capacity among IFAD's staff and partners, and contribute to quality assurance and enhancement procedures.

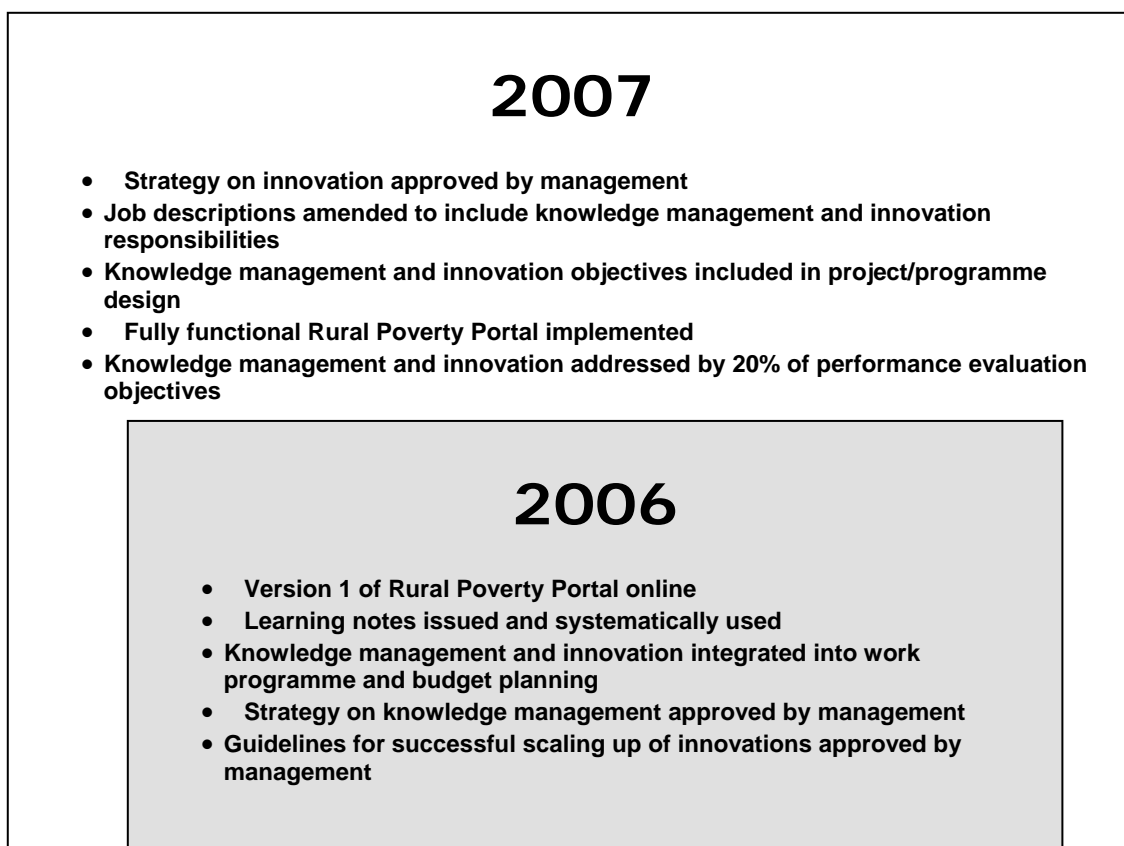
**Rural Poverty Portal**

- 45. The Rural Poverty Portal is an expanded website that will connect communities of people with the information and knowledge they need to engage more effectively in the fight against rural poverty. This tool and service will enable people to create, acquire, adapt, store, disseminate, manage and use information and knowledge. The portal will help IFAD to enhance development effectiveness by creating collaborative environments for learning and sharing knowledge.

**Mainstreaming innovation**

- 46. A corporate three-year Initiative for Mainstreaming Innovation (IMI) was launched in 2005, with support from the United Kingdom of Great Britain and Northern Ireland to enhance IFAD's capacity to promote innovations that will have a positive impact on rural poverty. As part of the Action Plan, a clearly defined innovation strategy will be developed, based on the experience with the IMI, to achieve the scale and application of innovation that is required for attaining IFAD's enhanced country programme results and impact.
- 47. Figure 3 provides an overview of the main deliverables of this action area for 2006 and 2007. Annex 3 provides the corresponding actions, indicators and timelines that drive these deliverables.

**Figure 3: Knowledge management and innovation – Major deliverables**





48. Figure 4 summarizes the deliverables of the Action Plan for the 2006-2007 biennium and provides the respective timelines.

**Figure 4: Action Plan deliverables for the Executive Board – 2006-2007**

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1.	Revised results-based COSOP framework	September 2006
2.	Revised project approval format	September 2006
3.	Revised strategic framework for 2007-2010	December 2006
4.	Supervision policy	December 2006
5.	Loans and grants presented in revised format	December 2006
6.	Progress report on Action Plan implementation	December 2006
7.	Medium-term plan	April 2007
8.	Evaluation of field presence pilot presented	September 2007
9.	Results-based programme of work and budget	December 2007
10.	Report on IFAD's development effectiveness	December 2007
11.	Progress report on Action Plan implementation	December 2007

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- Annex 1: Strategic planning and guidance**

Objective	Results	Actions	Indicators/Deliverables	Delivery date
To focus IFAD's resources on its comparative advantage in agriculture and rural development and to ensure that these resources are applied within a framework of strategic planning, monitoring, and accountability for results.	1. IFAD's role and focus draws upon analysis of the key development constraints of rural poor people and the views of other development stakeholders	<ul style="list-style-type: none"> <li>Revise the strategic framework in consultation with internal and external partners and taking into account alignment and harmonization objectives</li> <li>Define performance objectives of the strategic framework</li> </ul>	<ul style="list-style-type: none"> <li>Strategic Framework 2007-2010 presented to the Executive Board</li> </ul>	December 2006
	2. IFAD's operational planning and monitoring framework translates objectives into deliverables, aligns resources with priorities and assesses progress	<ul style="list-style-type: none"> <li>Define medium-term performance and achievement priorities and targets</li> <li>Link resource allocation processes to performance and impact objectives</li> </ul>	<ul style="list-style-type: none"> <li>IFAD's first medium-term plan presented to the Executive Board</li> <li>Revised results-based programme of work and budget presented to the Executive Board</li> </ul>	April 2007 December 2007
	3. IFAD's policy and guidance processes have engaged internal stakeholders and external partners in systematic consultation	<ul style="list-style-type: none"> <li>Define IFAD policy processes to capture comparative advantages and mobilize views of national and international development partners, such as governments, and farmer's and women's organizations</li> <li>Establish mechanisms for effective policy guidance and monitoring of policy implementation in new and ongoing IFAD activities</li> </ul>	<ul style="list-style-type: none"> <li>Report on IFAD's development effectiveness presented to the Executive Board</li> <li>New policies are in line with mechanisms for policy guidance</li> </ul>	December 2007 4 <sup>th</sup> quarter 2006
	4. IFAD has implemented results-based management for the monitoring and reporting of key issues and progress	<ul style="list-style-type: none"> <li>Establish structure of comprehensive performance and impact reporting and links to monitoring systems</li> <li>Establish benchmarks for comparing IFAD's performance and impact with other organizations</li> <li>Establish mechanisms for external partner and peer review</li> <li>Integrate corporate performance and impact reporting with the President's Report on the Implementation Status of Evaluation Recommendations and Management Actions (PRISMA), portfolio review and RIMS</li> <li>Mobilize expert external assistance for assessing IFAD's performance in the broader development context</li> </ul>	<ul style="list-style-type: none"> <li>Report on IFAD's development effectiveness presented to the Executive Board</li> </ul>	December 2007

<b>Results</b>	<b>Actions</b>	<b>Indicators/Deliverables</b>	<b>Delivery date</b>
5. IFAD has adopted a quality assurance system for programme, policy and knowledge products based on collaboration with external partners and centres of excellence	• Review and strengthen the quality assurance function for projects at entry	• Quality assurance function for projects at entry established by IFAD and key external partners	2 <sup>nd</sup> quarter 2006
	• Establish joint internal-external management and reporting processes, including external peer review networks, for revised quality assurance system, policy development and knowledge management	• Revised quality assurance review processes approved by management	4 <sup>th</sup> quarter 2006
		• Partnership agreements signed with centres of excellence	2 <sup>nd</sup> quarter 2007
6. The Executive Board provides IFAD with more guidance on strategic issues	• Support the Executive Board's review of IFAD's strategic direction, priorities, performance and impact	• Strategic Framework 2007-2010 presented to the Executive Board	December 2006
		• IFAD's first medium-term plan presented to the Executive Board	April 2007
		• Strategic priorities for a revised results-based programme of work and budget presented to the Executive Board	September 2007
		• Report on IFAD's development effectiveness presented to the Executive Board	December 2007

## Annex 2: New operating model

Objective	Results	Actions	Indicators/Deliverables	Delivery date
To improve the quality and sustainable impact of country programmes on agriculture and rural development	1. Country programmes have integrated all IFAD in-country activities	• Design a results-based COSOP that directs and integrates country-level activities	• COSOP strategy and guidelines adopted by management	4 <sup>th</sup> quarter 2006
		• Establish systems to ensure that subsequent country programme activities are consistent with the COSOPs	• New COSOP outline approved by the Executive Board	September 2006
		• Train staff members in the use of the COSOP guidelines	• Revised project approval format presented to the Executive Board	September 2006
			• Loans and grants presented in revised format to the Executive Board	December 2006
	2. Country programme management teams have brought a wider range of expertise and internal systems support to IFAD's development programmes	• Establish in-country modalities, tailored to country-specific requirements, for managing in-country dimensions of country programmes	• Evaluation of field presence pilots presented to the Executive Board	September 2007
			• Guidelines for in-country engagement adopted by management	4 <sup>th</sup> quarter 2007
		• Establish country-level and project-level mechanisms for monitoring and reporting on achievements	• In-country partnerships established under new supervision policy	1 <sup>st</sup> quarter 2007
		• Establish country programme management teams that bring a wider range of expertise, enhance harmonization and alignment, and improve IFAD's development effectiveness	• Workload analysis and skills-matching completed for country teams	4 <sup>th</sup> quarter 2006
			• Team accountability framework approved, including links to annual performance and career development	4 <sup>th</sup> quarter 2007
		• Improve internal quality enhancement and assurance processes within programme development for: <ul style="list-style-type: none"> <li>– Quality-at-entry of loans and grants</li> <li>– Quality of design and appraisal</li> <li>– Quality of implementation and supervision</li> <li>– Training of staff to apply guidelines</li> </ul>	• Guidelines for quality at entry, design and implementation adopted by management	4 <sup>th</sup> quarter 2006
• Ensure that IFAD's corporate systems are effectively supporting programme delivery	• Workload analysis and skills-matching completed for staff	4 <sup>th</sup> quarter 2006		
	• Interdepartmental accountability framework approved	4 <sup>th</sup> quarter 2007		

<b>Results</b>	<b>Actions</b>	<b>Indicators/Deliverables</b>	<b>Delivery date</b>
<b>3. Strengthened implementation support has improved the performance of IFAD-supported country programmes</b>	<ul style="list-style-type: none"> <li>• Strengthen implementation support for an expanded range of supervision modalities</li> <li>• Revise administration and supervision agreements with cooperating institutions</li> <li>• Revise the system for managing country results and programme performance</li> </ul>	<ul style="list-style-type: none"> <li>• Agreement Establishing IFAD amended to allow for a range of supervision modalities</li> </ul>	Governing Council in 2006
		<ul style="list-style-type: none"> <li>• Core supervision and implementation support requirements approved by management</li> <li>• Guidelines for different supervision modalities adopted by management</li> <li>• Supervision policy approved by the Executive Board</li> <li>• 90-100% of loans approved after 2005 have effective monitoring and evaluation systems</li> <li>• Capacity-building programmes for monitoring and evaluation established in all regions</li> <li>• Project completion reports with satisfactory outcomes increased to 75% as reported by the Annual Report on Results and Impact</li> </ul>	3 <sup>rd</sup> quarter 2006  4 <sup>th</sup> quarter 2006  December 2006 1 <sup>st</sup> quarter 2007  1 <sup>st</sup> quarter 2007  4 <sup>th</sup> quarter 2007
<b>4. Strategic partnerships have strengthened IFAD-funded programmes</b>	<ul style="list-style-type: none"> <li>• Engage more effectively with organizations of the rural poor, farmers, civil society and other partners</li> <li>• Review experience of other development partners with strategic partnerships at the country level</li> </ul>	<ul style="list-style-type: none"> <li>• Effective partnerships are confirmed by external peer reviews</li> </ul>	4 <sup>th</sup> quarter 2007

### Annex 3: Knowledge management and innovation

Objective	Results	Actions	Indicators/Deliverables	Delivery date
To strengthen knowledge management and innovation in agricultural and rural development	1. Knowledge management and innovation strategies have enabled IFAD and its partners to increase the scaling up of successful approaches	• Develop strategy for mainstreaming knowledge management	• Strategy on knowledge management approved by management	4 <sup>th</sup> quarter 2006
		• Develop strategy for mainstreaming innovation	• Strategy on innovation approved by management	2 <sup>nd</sup> quarter 2007
		• Develop guidelines for successful scaling up of innovations with and by partners	• Guidelines approved by management	4 <sup>th</sup> quarter 2006
	2. External and internal networks for learning, sharing and innovating established	• Develop tools and mechanisms for capturing, adapting, sharing, disseminating and applying knowledge and innovation at the local, national, regional and global levels  • Initiative for Mainstreaming Innovation implemented	• Learning notes issued and systematically used	1 <sup>st</sup> quarter 2006
			• Version 1 of Rural Poverty Portal online	1 <sup>st</sup> quarter 2006
			• Fully functional Rural Poverty Portal implemented	4 <sup>th</sup> quarter 2007
	3. A culture of learning, knowledge-sharing and innovation has been established as a core value in IFAD	• Include learning, knowledge-sharing and innovating objectives in the project/programme cycle and other IFAD processes: – Knowledge management and innovation responsibilities reflected in staffing structure and job descriptions – Knowledge management and innovation training for IFAD staff undertaken  • Include knowledge management and innovation objectives in IFAD's staff performance evaluation system	• Knowledge management and innovation objectives included in project/programme design	2 <sup>nd</sup> quarter 2007
			• Job descriptions amended to include knowledge management and innovation responsibilities	2 <sup>nd</sup> quarter 2007
			• Training courses established	4 <sup>th</sup> quarter 2006
• Knowledge management and innovation integrated into work programme and budget planning			3 <sup>rd</sup> quarter 2006	
• Knowledge management and innovation addressed by 20% of the objectives of the staff performance evaluation system			1 <sup>st</sup> quarter 2007	

## Annex 4: Human resource management agenda

Objective	Results	Actions	Indicators	Delivery date
To manage change and support the development and institutionalization of the new corporate culture	1. Staff members have received the support they need to understand and fully participate in and support the implementation of the Action Plan and the evolution to the required corporate culture	<ul style="list-style-type: none"> <li>• Develop and communicate approaches to limit resistance to change while maximizing motivation and commitment to the Action Plan and to corporate culture changes:               <ul style="list-style-type: none"> <li>– Communicate a compelling case for change</li> <li>– Deliver training to support required change</li> <li>– Review processes to foster behavioural change</li> <li>– Integrate change from 3 groups and institutionalize new approaches</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Change vision communicated and understood</li> <li>• Short-term wins are generated and success stories are communicated</li> <li>• Staff understands and uses new processes</li> </ul>	On going, starting in 2006
	2. Human resources function developed and provides advice on recruitment, retention, career development and training	• Design awards, sanctions and other reinforcements to strengthen performance management system	• Recognition and award systems established	3 <sup>rd</sup> quarter 2006
		• Redefine the respective roles of the Office of Human Resources and IFAD's operational units with regard to human resource management	• Revised roles and performance measures implemented	4 <sup>th</sup> quarter 2006
		• Complete pay-for-performance pilot and implement recommendations	• Recommendations of the International Civil Service Commission on pilot and full implementation presented to management	4 <sup>th</sup> quarter 2008
	3. Work processes and staffing have been aligned with strategic planning and results-oriented management and new operating model competencies and skills	• Conduct a workload analysis to determine the optimal number and skills level of staff	• Results of workload analysis reviewed by management; staff competency gap analysis completed.	4 <sup>th</sup> quarter 2006
		• Agree on functional competencies for jobs	• Revised staffing structure adopted	4 <sup>th</sup> quarter 2006
		• Communicate to staff functional competencies and career opportunities	• Career guidelines implemented	4 <sup>th</sup> quarter 2006
		• Design and implement key performance indicators	• Performance management system and accountability framework in place	2 <sup>nd</sup> quarter 2007
		• Conduct stakeholder consultations and develop measurement tools, including client feedback		
• Develop accountability framework to link corporate, divisional and country-programme results with individual performance measures				

**Annex 5: Action Plan: Summary of Costs, 2006-2007**

ACTION AREAS	2006 (USD 000)					2007 (USD 000)					Total (USD 000)
	Staff days cost	Consultation with partner organizations and external stakeholders	External resource persons	Training	IT systems	Staff days cost	Consultation with partner organizations and external stakeholders	External resource persons	Training	IT systems	
<b>STRATEGIC PLANNING AND GUIDANCE</b> <ul style="list-style-type: none"> <li>• Policy development and compliance process</li> <li>• Strategic framework</li> <li>• Key performance indicators: corporate/country level</li> <li>• Quality assurance system</li> <li>• Performance measurement &amp; monitoring system</li> <li>• Medium-term plan</li> <li>• Results-based annual workplan and budgets</li> <li>• Report on development effectiveness</li> </ul>	469.3	155.4	214.6	29.6	22.2	469.3	109.1	144.3	66.6	222.0	1 902
<b>NEW OPERATING MODEL</b> <ul style="list-style-type: none"> <li>• New operating model design and planning</li> <li>• Country programme approach</li> <li>• Country programme management team</li> <li>• Results-oriented COSOP</li> <li>• Quality enhancement and assurance</li> <li>• Supervision</li> <li>• Strategic partnerships</li> </ul>	441.3	320.8	174.9	159.0	170.0	2 763.0	261.0	100.5	69.4	169.6	4 630
<b>KNOWLEDGE MANAGEMENT INNOVATION</b> <ul style="list-style-type: none"> <li>• Stock-taking and mapping</li> <li>• Design strategy</li> <li>• Operational guidelines &amp; product development</li> <li>• Develop communication &amp; knowledge exchange mechanism</li> <li>• Develop harvest and dissemination methods</li> <li>• Development knowledge management IT systems including portal</li> <li>• Institutionalise learning tools and mechanisms</li> <li>• Institutional cultural change</li> <li>• Develop best practices for policy engagement</li> <li>• Selected policy issues with key partners</li> </ul>	197.5	32.8	81.4	145.0	430.0	721.6	59.4	149.8	206.5	27.2	2 051
<b>HR REFORM AGENDA</b> <ul style="list-style-type: none"> <li>• Creating, managing and monitoring career development</li> <li>• Quality and leadership capacity for managers</li> <li>• Build an organization culture/change facilitation</li> </ul>	0.0	53.8	0.0	499.5	0.0	0.0	14.0	147.8	1.5	0.0	717
<b>CONTINGENCIES</b>	23.8	12.1	10.1	17.9	13.4	85.0	9.5	11.7	7.4	9.0	200
<b>SUBTOTAL expenditures</b>	1 132.0	574.9	481.0	850.9	635.6	4 039.0	453.1	554.2	351.4	427.9	9 500
<b>SUBTOTAL expenditures (% for year)</b>	31%	16%	13%	23%	17%	69%	8%	10%	6%	7%	
<b>TOTAL expenditures per year</b>	3 674.0					5 826.0					
<b>TOTAL expenditures</b>	9 500.0										



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**ANNEX 6****a****IFAD****INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT****Executive Board – Eighty-Sixth Session**

Rome, 12-13 December 2005

**ISSUES FOR ELABORATION ON IFAD'S ACTION PLAN FOR  
IMPROVING ITS DEVELOPMENT EFFECTIVENESS**

The Executive Board discussed the Action Plan and emphasized the need for a clear results focus and awareness of risks, and for containing cost increases to monitor the Fund's effectiveness in the longer term. These issues were all acknowledged and agreed. To make them explicit, however, the following will be presented as a matter of record and reflected as such in a document to the April Board:

- The specific risks, and mechanisms and instruments for their management, in support of the Action Plan will be reflected.
- The baseline indicators for assessment of future performance will be clarified, including those relevant to the measurement of sustainability, partners, innovation, effectiveness/impact and efficiency.
- In addition to the above-mentioned baseline indicators, greater precision will be provided on beneficiary targeting modalities focusing on the poorest.
- A specific framework for the overall performance indicators for the evaluation of the Action Plan by the Office of Evaluation will be finalized, including the methodology to be applied. The indicators of objectives and results will also be developed.
- The difference between the present country programme manager model and the new country-team approach will be clarified. The lines of accountability for country teams will be fully clarified to specify the principal role of the country programme manager.
- Details of a quality assurance system reflecting the accepted best practices of international financial institutions will be specified.
- The Action Plan as a whole, as the second phase of the Strategic Change Programme, will function within the established budget ceiling of USD 9.5 million.

- The recurrent cost implications of all components of the Action Plan, including field presence, will be determined by the requirement that administrative expenditures as a percentage of the programme of work do not increase from the 2006 level.
- The implementation of the Action Plan will be coordinated and integrated across all IFAD departments, and the human resources aspects will be fully incorporated in each of the action areas.
- The Action Plan will accord a high priority to the definition, requirements and the potential risks associated with increased innovation.
- IFAD's contribution to country-level coordination within the framework of the Triennial Comprehensive Policy Review, and the United Nations Secretary-General's initiative for greater systemic coherence and tightly managed entities will be elaborated.
- The need for a medium-term plan will be reviewed given the new strategic framework and other policy documents.
- Policy and strategy documents deriving from the Action Plan will be presented for Executive Board approval. In addition, the Executive Board will monitor progress regularly through an annual progress report on implementation of the Action Plan at its December session, with updates at other sessions.