IFAD

Enabling poor rural people
to overcome poverty

Change and reform: Implementation

Progress report on IFAD's operations, Medium-term Plan, zero-based budget, strategic workforce plan and human resources reforms

Executive Board — Ninety-ninth Session
Rome, 21-22 April 2010

For: **Information**

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Abbreviations and acronyms

CDS	Chief Development Strategist
CGAP	Consultative Group to Assist the Poor
CGIAR	Consultative Group on International Agriculture Research
GEF	Global Environment Fund
HLTF	High-level Task Force on the Food Security Crisis
HR	human resources
HRPM	Human Resources Procedures Manual
ICSC	International Civil Service Commission
IEE	Independent External Evaluation of IFAD
IEO	Office of Evaluation
IFI	international financial institution
MICs	middle-income countries
MTP	Medium-term Plan
PDFF	Programme Development Financing Facility
PES	Performance Evaluation System
PMD	Programme Management Department
RMP	Resource Mobilization and Partnership Unit
SWP	Strategic Workforce Plan
VSP	Voluntary Separation Programme

Executive summary

1. As the Eighth Replenishment period (2010-2012) begins, IFAD finds itself in a very different position than at the beginning of the Seventh Replenishment period. The programme of work has expanded significantly and the Fund has successfully introduced a new operating model, deepened its partnership with key development organizations, and leveraged considerable resources through cofinancing and other arrangements.

2. Most importantly, IFAD has generated significantly better results and impact on the ground in close collaboration with developing countries and other development agencies, as judged by the Office of Evaluation.

3. Despite these achievements, the Fund faces major organizational and management challenges as it embarks upon the implementation of its US$3 billion programme of work under the Eighth Replenishment, as this represents an increase of 50 per cent over that of the Seventh Replenishment. As the Fund cannot expect a commensurate rise in its administrative budget, it will need to strengthen its management and organization, as well as achieve major efficiency gains. This will require closer alignment between IFAD's human and financial resources and its strategic priorities and key deliverables.

4. To this end, Management has introduced a change and reform agenda consisting of a number of key initiatives and building on the achievements realized under the Seventh Replenishment. These include: a streamlined and more inclusive decision-making process; reconfigured and strengthened management and reporting arrangements; preparation of a new Strategic Framework under the auspices of the new Office of Chief Development Strategist to guide future IFAD operations; and the first-ever medium-term plan to marshal the Fund's human and financial resources for the delivery and implementation of an effective Eighth Replenishment programme of work.

5. As an integral part of the Medium-term Plan, the Fund will introduce a zero-based budget for 2011 to align expenditures with the Medium-term Plan. In addition, it has started work on its first strategic workforce plan to ensure that the deployment of human resources is in line with the requirements of the 2010-2012 programme of work.

6. Given the critical role of strengthened human resource management in the delivery of the Medium-term Plan, the change and reform agenda also covers the reform of a whole spectrum of human resources policies, practices and management. These include: an external review of IFAD's compensation and benefits system to determine the costs and benefits of remaining within the United Nations system administered by the International Civil Service Commission; revision of the Human Resources Procedures Manual and formulation of the IFAD staff rules; changes to staff benefits and entitlements, particularly as they relate to travel; strengthening the human resources platform for country presence; staff redeployment and rotation; review of the performance evaluation system; implementation of the new staff learning and training programme; implementation of the second phase of the Voluntary Separation Programme; and strengthening human resources management.

7. Other important elements of the change and reform agenda include: strengthening resource mobilization capacity, financial management and enterprise risk management; and more effective use of information technology systems.

8. This report outlines progress on implementing the change and reform agenda, and provides an update on progress being made in strengthening the Fund's management and organization and implementing human resources reforms.

Change and reform: Implementation

Progress report on IFAD's operations, Medium-term Plan, zero-based budget, Strategic Workforce Plan and human resources reforms

I. I. Introduction

1. In embarking upon the implementation of its undertakings under the Eighth Replenishment of IFAD's Resources (2010-2012), the Fund faces major management and organizational challenges. Critically, the US$3 billion programme of work for the Eighth Replenishment period, representing a 50 per cent increase over that of the Seventh Replenishment, will require the Fund to deploy its human and financial resources more efficiently, as it cannot expect a commensurate increase in its administrative budget and resources. Delivering a much expanded programme of work, while maintaining or enhancing the quality and results of its operations, will also require that the Fund aligns even more closely its human and financial resources to its key deliverables and its strategic objectives.

2. In the past year, Management has initiated a number of measures to enable the Fund to meet these organizational challenges. These aim to deepen the change and reforms undertaken following the adoption of IFAD's Action Plan for Improving its Development Effectiveness in response to the 2005 independent external evaluation. These actions have included:

   - Streamlining decision-making processes and making them more inclusive by setting up the Executive Management Committee and the Operations Management Committee in 2009. These have the broader aim of making the Fund a more agile institution capable of responding more rapidly to evolving challenges.

   - Reconfiguring Senior Management and reporting arrangements to strengthen the Fund's management and shorten reporting lines wherever possible. These came into effect on 1 January 2010.

   - Initiating the first ever Medium-term Plan (MTP) for IFAD – consisting of the Eighth Replenishment programme of work for 2010-2012, the Strategic Workforce Plan (SWP) and the zero-based budget. These will enable the Fund to deliver its Eighth Replenishment programme of work efficiently by ensuring that staff are deployed and financial resources allocated in line with key deliverables and strategic objectives.

   - Initiating a number of human resources (HR) policy reforms and actions in 2009 and 2010, including measures to strengthen HR management capacity. These aim to improve the working environment, strengthen performance management, align policies and procedures with best practice, and ensure that staff are deployed in line with strategic priorities.

   - Optimizing the application and use of information technology and the delivery of administrative services to support an increasing programme of work and achieve efficiency gains and benefits.

3. This report presents progress made on implementing the change and reform agenda and the actions that Management has taken, and is taking, to ensure that the Fund is equipped organizationally and administratively to successfully deliver its undertakings under the Eighth Replenishment.[1]

4. The report is organized as follows. Section II presents a brief review of progress made in the course of the Seventh Replenishment period, to provide the context for

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[1] Major deliverables other than the programme of work for 2010-2012 are listed in annex I.

the current change and reform agenda. The progress made under the Seventh Replenishment represents the platform for increasing IFAD's effectiveness under the Eighth Replenishment. Section III contains a discussion of progress made on the change and reform agenda, and section IV presents concluding remarks and the way forward in further implementing that agenda.

II. The point of departure: the Seventh Replenishment

5. As the Eighth Replenishment period begins, IFAD finds itself in a very different position than at the beginning of the Seventh Replenishment period. The programme of work has expanded significantly and the Fund has successfully introduced a new operating model, generating better results in close collaboration with developing countries and other development agencies.

6. Crucially, project impact has improved markedly. IFAD has been recognized as a key partner in the global dialogue on agricultural development and food security, and has secured a sizeable increase in resources.

7. In 2005 the Independent External Evaluation of IFAD (IEE) painted a picture of an institution whose mandate was highly relevant but whose results were mediocre. The IEE stated that IFAD could and should do better. By 2009 this situation had been completely turned around – as judged by the only independent office of evaluation in the United Nations system, IFAD's Office of Evaluation (IEO).[2] The achievements and results of IFAD's operations in recent years are summarized below.

Expanded operations and increased impact

8. Between 2006 and 2009, IFAD's programme of work rose from US$550 million to US$715 million per year. The total programme of work for the Seventh Replenishment period (2007-2009) was one third larger than that of the Sixth Replenishment (see annex 2, table 1).

9. Despite the significant increase in the programme of work, project impact has improved markedly. Not only has IFAD accomplished major improvements relative to the baseline in each case but, as early as end-2009, it had neared – and in some cases surpassed – impact targets set for 2012 (annex 2, table 2).

10. IFAD's impact largely reflects two factors: (i) the provision of loan and grant assistance under the programme of work; and (ii) the application to loans and grants of value-adding processes, including implementation support, financed under the administrative budget and focused on achieving results.

A new operating model

11. The significant expansion in the programme of work was accompanied by the adoption of a new operating model based on the following key elements: (a) direct supervision of projects and greater implementation support; and (b) an expanded country presence.

12. **Direct supervision and implementation support**. By the end of 2009, IFAD staff was supervising 185 of 220 projects under implementation (see annex 2, table 3). Specialized fiduciary expertise (procurement, verification of withdrawal applications) has been significantly strengthened since the beginning of 2008. Some expertise was hired from outside of IFAD and the rest has been developed from within through training. Senior portfolio managers have been retained in each regional division and in the Programme Management Department (PMD) front office, and staff in the Financial Services Division have received training. IFAD has developed comprehensive internal guidelines for handling withdrawal applications and procurement issues, along with staff training programmes.

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[2]   See annex III for the new acronyms of departments and divisions.

13. **Country presence**. In 2006 the Office of Evaluation found inadequate country presence to be a major factor inhibiting IFAD's ability to engage effectively in country policy dialogue, to partner with other donors having local country representation, and to supervise and provide project implementation support effectively. IFAD's pilot initiative to post locally hired staff in 15 countries was judged highly successful by IEO. However, a large number of administrative issues were uncovered, which IFAD worked to resolve during 2008 and 2009, allowing staff posted in countries to operate more effectively. Terms of reference for staff assigned to IFAD country offices focus on implementation support, project supervision, policy dialogue, partnership development and knowledge sharing.

14. In 2009, the number of country offices was expanded to 25, within the maximum limit of 27 offices permitted by the Executive Board (see annex 2, table 4). Country offices remain small (generally two people), using office space provided by other United Nations agencies and administered locally by these agencies. The country offices are connected to Rome virtually through IT systems that provide them with access to corporate information and services. These arrangements have proved to be highly cost-effective. IFAD programme size has been the principal criterion for the decision to open an office, with exceptions made in some fragile states where operating from Rome is ineffective.

Leveraging resources and strengthening partnerships

15. **Cofinancing**. Cofinancing is a key element of IFAD's business model. As other donors virtually abandoned agriculture and rural development from the late 1990s to 2006, it had become increasingly difficult for IFAD to mobilize cofinancing. Following the food price crisis of 2007-2008, however, other development organizations renewed their engagement in agriculture. IFAD was considered a partner of choice, having maintained and developed technical and financial capacities in the sector at a time when many other institutions had shifted their focus elsewhere.

16. IFAD's cofinancing partnerships are expanding. The most important are with the OPEC Fund for International Development; the African, Asian and Inter-American Development Banks (AfDB, AsDB and IDB); the World Bank; the European Commission; the United Kingdom's Department for International Development (DFID); the Italian, French, United States and Japanese governments; the Food and Agriculture Organization of the United Nations (FAO); the Global Environment Fund (GEF); the Belgian Fund for Food Security (BFFS); and the Gates Foundation in connection with the Alliance for a Green Revolution in Africa (AGRA). IFAD programmes and projects provide concrete investment channels into which donor funds can be put in to immediate effect. The European Commission, Sweden, Italy, Finland, Britain, Belgium and GEF have all provided supplementary or complementary funding for IFAD-supported projects.

17. **Stronger partnerships**. IFAD has very close relationships with the Consultative Group on International Agricultural Research (CGIAR) and its member centres, of which IFAD is a co-sponsor. Other important partnerships include those with the International Federation of Agricultural Producers and several other farmers' organizations (including through the Farmers' Forum), the International Land Coalition and the Global Mechanism of the United Nations Convention to Combat Desertification hosted by IFAD, the Consultative Group to Assist the Poor (CGAP) in connection with microcredit, NGOs such as Technoserve and Slow Food, and foundations such as the Bill & Melinda Gates and Syngenta foundations. The Secretary-General's High-level Task Force on the Food Security Crisis (HLTF), of which IFAD is a member, will continue to play an important role in stimulating partnerships.

18. In addition, work with the private sector is being strengthened, with some innovative operations now under way. Most important in this regard is IFAD's work

with the African Enterprise Fund, spearheaded by the French development agency (AFD), to which AfDB and AGRA are also contributing.

A higher policy profile

19. The global concern with agriculture and food security precipitated by the food price crisis has led to a growing perception of IFAD as one of the best prepared multilateral agencies in the field. The development of clear and direct development messages within the organization have thrust IFAD into unprecedented prominence in global development policy dialogue, as exemplified by IFAD's role in the L' Aquila Summit, the World Economic Forum and the Global Conference on Agricultural Research for Development (GCARD 2010). These offered a unique opportunity to promote smallholder development as part of global solutions with both high-level policy makers and the general public – and laid a foundation for IFAD's targeted high-level dialogue strategy in 2010.

Greater efficiency

20. The key issue for the Seventh Replenishment was whether IFAD could raise the quality of its work – in projects, partnership and policy dialogue. This it demonstrably did. While the focus of change was justifiably on development operations, both improved quality and increased volume of operations were sustained within an administrative budget that actually shrank in real terms – in money and people (annex 2, figure 1 and annex 2, tables 5 and 6). Where real increases did take place, they were in the primary (Programme Development Financing Facility [PDFF]) budget of operational groups, although real increases were far below the rate of increase in the programme of work. By the end of the period the percentage of the budget spent on administration (approximately 25 per cent) was comparable to the International Development Association, broadly considered the best comparator institution.

21. IFAD has also significantly increased the funds that it administers on behalf of other donors, and the resources it mobilizes for IFAD-financed projects from cofinanciers, governments and foundations. The European Commission provided IFAD with US$150 million in grants to CGIAR to administer and supervise on its behalf, US$50 million for the European Food Facility for IFAD to allocate to projects and to supervise, and US$6.5 million for farmers' organizations. IFAD has mobilized between US$300 and US$400 million per annum from other donors for cofinancing of agriculture projects, and a comparable amount from governments in borrowing countries.

22. In addition, IFAD is an implementing agency of the GEF, currently supervising a portfolio of 33 GEF projects with a value of US$117 million. Further, IFAD hosts several international initiatives that benefit from its administrative support (HLTF, International Land Coalition, and the Global Mechanism).

23. IFAD's administrative budget is therefore used not only to develop and implement projects financed from its own resources, but also to help other donors and funding sources to identify, prepare, appraise and supervise agriculture and rural development projects. There is considerable demand for IFAD to take on this function. A forthcoming new initiative in this regard will be the multilateral Global Agriculture and Rural Development Programme at the World Bank.

24. Only a portion of the costs of these cooperative arrangements with partners are covered by management fees. When IFAD's expanding fiduciary programme is taken into account in addition to its own programme of work, the efficiency improvements are even more substantial than when tracked through the ratio between the administrative budget and IFAD-funded loans and grants.

25. This performance record was acknowledged in the Eighth Replenishment of IFAD's Resources, in which it received the highest increase of any international financial institution (IFI) – along with a clear mandate to significantly expand its impact by combining the quality gains achieved with a larger volume of resources.

III. The new change and reform agenda: key Management initiatives

26. The Eighth Replenishment consultations acknowledged IFAD's commitment to achieving and measuring development results, as well as its track record as a trusted partner of governments and other stakeholders, reflecting a particularly broad-based membership and governance structure.

27. To further improve IFAD's effectiveness, the consultations agreed that IFAD would implement a number of actions during the Eighth Replenishment period. The key actions envisioned relate to developing a new strategic framework, preparing a number of policies for new and important areas of intervention (e.g. climate change), further strengthening financial management, etc. The list of key deliverables is included in annex I.

28. While calling on IFAD to consolidate the Action Plan reforms, and notwithstanding commitments on a broad spectrum of issues, the Eighth Replenishment agreement did not involve the sort of broad institutional change agenda mandated under the Seventh Replenishment.

29. Nevertheless, Management does not take the endorsement of IFAD's performance as an endorsement of business as usual. Management is keenly aware of the need for IFAD to better position itself to support smallholders in the context of an evolving and challenging food security and agricultural development landscape. To this end, IFAD will continue to raise the impact of its projects in a significantly larger number of operations, and meet very ambitious cofinancing and resource mobilization targets, all while improving internal efficiency.

The change and reform agenda

30. To ensure that IFAD does indeed meet these multiple objectives, Management has launched a number of initiatives to strengthen its management and organization. These include: a streamlined and more inclusive decision-making process; reconfigured and strengthened management and reporting arrangements; a new strategic framework to guide future operations, taking into account changes in the environment and lessons learned from previous operations; and the MTP to marshal human and financial resources to deliver the Eighth Replenishment programme of work effectively.

31. As an integral part of the MTP, the Fund will introduce a zero-based budget to align expenditures. It will also introduce the SWP to ensure that staff deployment is in line with the requirements of the 2010-2012 programme of work. Finally, given the critical role of strengthened HR management in delivering the MTP and achieving the targeted results, the Fund continues to deepen HR reform and strengthen its institutional capacity in this area.

32. These constituent elements of the change and reform agenda are discussed in greater detail below.

Strengthening Management

33. Effective 1 January 2010, IFAD's management and reporting arrangements have been reconfigured to provide a stronger and more coherent organizational framework for achieving greater impact. Key elements of the reconfiguration include:

- Strengthening of the Office of the President and Vice-President, with the Vice-President assuming direct responsibility for key corporate functions such as resource mobilization, strategic planning and budgeting, and human resource management within a new unified Office of the President and Vice-President;

- Upgrading of the position of the head of PMD to the level of Associate Vice-President, with broader coordination and management responsibilities;

- Establishment of the Office of the Chief Development Strategist (CDS) to enable the Fund to have the capacity to engage in global policy dialogue on agricultural and rural development and to strengthen IFAD's capacity for developing medium- to long-term strategies. In addition, the CDS will champion knowledge management and innovation.

- Establishment of the post of Chief Finance and Administration Officer with the goal of strengthening financial management, optimizing the use of information technology and improving the efficiency of administrative services.

34. In addition, PMD has benefited from a strengthened technical division, which is now also responsible for operational policy. A new Environment and Climate Change Division has also been created and relations with hosted entities have been rationalized.

35. To shorten lines of communications for Member Relations, the Office of the Secretary and the Communications Division now both report directly to the Office of the President and Vice-President.

36. To link planning better to overall corporate management and to provide overall coherence to corporate planning, the Strategic Planning and Budget Division now reports directly to the Vice-President. The division operates within a new mandate integrating all corporate-level planning functions but without the day-to-day budget management responsibilities, which have been passed on to the Financial Services Division to strengthen budget monitoring and accountability.

37. To ensure that HR policies, practices and management are closely aligned with the strategic priorities of the Fund, the Human Resources Division (HRD) also reports directly to the Vice-President.

38. A new Resource Mobilization and Partnership Unit (RMP) has been created, reporting directly to the Vice-President. This reflects the high priority that Management is assigning this function given the need to explore cofinancing and other new financing arrangements – such as the possibility of accessing private capital markets – to meet the requirements of IFAD's evolving business model and needs.

Streamlining the decision-making processes

39. In May 2009, two new management committees were created to streamline the decision-making processes within the Fund and to make them more responsive and inclusive. The Executive Management Committee, chaired by the President and consisting of the members of the Executive Management team, is responsible for policy and strategy and the overall direction and operation of the Fund. The Operations Management Committee, chaired by the Vice-President and composed of heads of departments and divisions, is responsible for handling the day-to-day implementation and delivery of the Fund's corporate policies, strategies and programmes and for ensuring effective inter-departmental coordination and collaboration.

The new Strategic Framework

40. Management is committed to presenting IFAD's Strategic Framework for 2011-2014 to the December 2010 session of the Executive Board and work is under way. The new Strategic Framework will review the current framework and revise it, as appropriate, to reflect recent global and regional developments, the new directions that IFAD operations have taken, and the impacts and results of the full implementation of IFAD's new operating model, including its expanded country presence.

41. More specifically, the new Strategic Framework will include: a reassessment of IFAD's place in the post-L'Aquila era and the emerging new global aid architecture as it affects agriculture and food security; IFAD's medium- to long-term resource requirements and possible sources of financing; IFAD's overarching goal in light of

its own operational experience, the new thinking that views farming as a business, whatever its size or scale; and the imperative of building a thriving rural economy, consisting of both agriculture and non-agriculture activities.

42. In addition the new Strategic Framework will review: IFAD's areas and principles of engagement in the light of IFAD's own experience and successful examples elsewhere, while placing due emphasis on the impact of climate change and the need to engage the private sector more actively; the advantages of strengthening IFAD's capacity to play a more active role in national policy dialogue on agriculture and rural development while taking due note of the institutional implications; the need to develop new policies and instruments to enable IFAD to support rural development in middle-income countries (MICs) and fragile states; IFAD's capacity to support rapid response to post-disaster rehabilitation and reconstruction; and the institutional requirements to deliver the new framework.

The Medium-term Plan (MTP)

43. Management has initiated work on developing the first-ever MTP for IFAD, in line with the Agreement Establishing IFAD, which requires that the President of IFAD prepare and submit a MTP to IFAD's governing bodies. The plan will cover the Eighth Replenishment period (2010-2012), setting out IFAD's objectives in terms of development impact and efficiency, and how the Fund will organize itself and its resources to achieve these. The key drivers of the MTP are the programme of work and the portfolio of projects, with the plan indicating clearly the key outputs that will be delivered in each of the three years. The plan will help align resources – both financial and human – and direct the improvement of processes and policies to support these targets. IFAD is developing a zero-based budget for 2011 to ensure that all activities are properly costed and aligned to the delivery of the programme of work. In addition, work on the SWP has also begun to ensure that IFAD's human resources are aligned with the strategic objectives and programme of work. These three elements of the MTP are discussed in greater detail below.

44. **The 2010-2012 Programme of Work**. IFAD's key deliverables to underpin the impact objectives are the design and implementation of projects. In 2010-2012, it is projected that the Fund will develop and implement 117 new projects, with a target level of IFAD loan and Debt Sustainability Framework (DSF) grant commitment of approximately US$3 billion and attracting cofinancing of approximately US$4 billion.

45. In 2009, the Executive Board approved 33 projects. In 2010-2012, the *average* will be 39 per year. IFAD will deliver a greater volume of new assistance in a larger number of projects by scaling up innovative solutions and responding to new challenges of integrating with and supporting the national programmes, systems and partnerships on which sustainable change is based. In addition, IFAD's regular grant programme will provide grants to about 50 projects per annum and amount to nearly US$200 million for the three-year Eighth Replenishment period.

Table 1
Past and projected programme of work

							Projected	
Year	2005	2006	2007	2008	2009	2010	2011	2012
Loans and grants* (Millions of United States dollars)	536	557	600	602	717	800	1000	1200
Percentage annual change		3.9	7.7	0.3	19	11.6	25	20

* IFAD Annual Reports

46.   IFAD will also supervise more projects. By the end of 2012, over 250 IFAD-financed projects will be under implementation, approximately 85 per cent of which will be under direct supervision.

47.   The programme of work and portfolio will address the factors driving agricultural price volatility and the long-term challenge of food security. Within a framework that views agriculture – whatever its size or scale – as a business, issues of agricultural productivity, natural resource management, adaptation to climate change, partnership, responding to diversity and the specific needs of MICs and fragile states, and collaboration with the private sector will assume greater importance.

48.   Achieving an expansion of operations and improving quality will require a highly focused Management and targeted institutional change. This, and the greater overall efficiency called for in the results measurement framework, is the objective of the rolling MTP, which will be updated annually. For the purposes of the MTP, the corporate management results structure has been organized into results clusters encompassing the processes that underpin impact and efficiency (see annex 2, table 7).

49.   **The SWP**. IFAD's workforce of staff and consultants represents both its main expenditure and the key input for achieving objectives. The workforce must be fit to task: in the right functions, in the right numbers, and with the right qualifications and skills. An expanding operational programme facing new development challenges and opportunities, and evolving work processes to support operations and increased efficiency, will involve changes in workforce requirements. The change process will be managed strategically in the context of the MTP.

50.   The development of the SWP, which started in 2009, is accelerating and taking a more concrete form in the context of the clarification of the planned programme of work, the MTP and initial budget projections for 2010-2012. The SWP, which will be updated on a rolling basis as the rolling MTP evolves, will deliver the workforce needed to implement IFAD's strategic impact and organization plans. The Strategic Planning Division is leading the exercise to enable work on the MTP to be integrated with the zero-based budgeting exercise and the SWP. The SWP will include three elements: a description of the current workforce in terms of numbers, alignment with the programme of work, the results clusters and qualifications and skills; a projection of where it needs to be in the future to support the programme of work; and a route map of phased actions to get from here to there.

51.   The first ever comprehensive analysis of workforce numbers, use, strategic allocation and qualifications has been completed. Overall, it is consistent with the objective of reaching 65 per cent of staff in operational areas by 2012. However, the heavy dependence on consultants in key delivery areas – country programme development and implementation – is of concern. In addition, the average length of service in the same function is excessive (indicating a low level of infusion of "new blood" except at Senior Management levels, where it is very high), both the General Service and Professional categories are heavily weighted in the higher grades (reflecting, in part, the high average length of service), and qualifications in many non-operations areas are low (reflecting a history of manual transaction processing).

Table 2
Preliminary findings of the SWP as of 1 March 2010

	OPV		CDS		PMD		FAD		CSSG*		Total IFAD	
Number of staff (FTEs)	No.	%	No.	%	No.	%	No.	%	No.	%		
	21.0**	4.0	10.00	1.9	221.2	41.8	128.9	24.4	147.7	27.9	528.8	100
Consultants (FTEs)	2.6	1.4	1.67	0.9	160.2	89.4	5.8	3.3	9.0	5.0	179.3	100
Staff and consultants (FTEs)	23.6	3.1	11.67	1.6	422.4***	56.4	134.8	18.0	156.6	20.9	749.0	100
Average length of service (years)	7.5		13.0		9.8		14.3		11.0		11.2	
Master's degree or above as highest academic degree (Percentage of staff)		71.4		70.0		64.9		30.0		31.0		47.0
Bachelor's degree or above as highest academic degree (Percentage of staff)		85.7		90.0		78.4		49.2		65.2		68.0

* Corporate Support Service Group – divisions and units reporting directly to the Office of the President and the Vice-President.
** Including the Resource Mobilization and Partnership Unit, which reports to the Vice-President.
*** Includes 41 staff in IFAD country offices.

52. A preliminary projection of workforce requirements was completed in the third quarter of 2009 and is being updated to reflect new projections for the programme of work, the MTP and planned process changes. The new iteration of projections will also include a job classification more in line with IFAD's specific business model and operations, and better specifications for job requirements in terms of skills and qualifications as these are expected to evolve. It will also include required changes in the seniority profile and guidelines for recruitment, particularly to maintain the proper balance between internal and external recruitment.

53. Some dimensions of the future workforce structure are already clear in the operations area. They include: (i) giving priority to mobilizing staff for IFAD country offices (through rotation, recruitment and bringing consultants into the staff structure); (ii) strengthening key technical capabilities in programme development and implementation at headquarters as the issues of value chain development and climate change become more central to the programme of work; (iii) developing the required expertise in the Office of the Chief Development Strategist; and (iv) absorbing a number of consultant functions into the regular staffing structure. In the administrative area, the issue is less an increase in staffing (although this may be necessary in some areas where risk management – including financial risk – must be strengthened) than an improvement in the skill level as activities shift from manual transaction processing towards proactive resource and service management, and as new functions (e.g. resource mobilization for cofinancing through new channels) emerge to reflect the changing environment. The effective use of IT systems will be critical in streamlining business processes and strengthening internal control systems, and Management is committed to this objective.

54. Management intends to report to the Executive Board on the development of the SWP in September 2010 in the context of scheduled reporting on human resource management reform and initial discussions on the 2011 budget.

55. **The zero-based budget.** Management is introducing the first zero-based budget for IFAD to ensure that all budgeted activities support the priorities and strategic objective set in the MTP. This is also a means of ensuring that activity costs are as low as possible to maximize overall efficiency in the institution. To this end, the zero-based budget will provide funding for front-line and supporting administrative and strategic operations with a focus on achieving planned outcomes and expected development impact, as well as enhancing budget accountability.

56. The zero-based budget will build on the 2010 results-based administrative budget, which was prepared under a comprehensive and rigorous results orientation that dovetailed with the results-based management system launched in 2006. With the zero-based budget, efforts will be made to ensure that planned expenditures reflect the absolute priority of the 2011 programme of work, including portfolio management, and capture all possible efficiencies in terms of processes and resources.

57. The level of deliverables will rise sharply over the Eighth Replenishment period, and resources must be provided to ensure that they are achieved in terms of both quantity and quality. This will mean lowering costs per unit of value committed and disbursed. Many of the most important country programme development and implementation processes were reformed during the Seventh Replenishment period, and cost improvements have already been registered. The major thrust of the zero-based budget process with regard to savings will be directed at non-operational areas, focusing on process improvements, automation and productivity management.

58. The detailed analysis of output costs is hindered by the absence of a work time recording system. As an interim measure, the zero-based budget exercise will take as its point of departure actual rather than budgeted expenditures in the last full year for which comprehensive data on actual costs are available (2009) – and actual rather than planned outputs. Changes in 2010 budget levels relative to actual expenditures in 2009 will be driven by variance in planned outputs relative to 2009 actual outputs. In many areas, Management will insist on productivity improvements to free up corporate resources to invest in new efficiency initiatives.

59. The introduction of the rolling MTP and greater cost discipline with zero-based budgeting will provide a firmer platform for medium-term budget planning. The first rolling MTP (for 2010-2012) will represent a transition towards a more comprehensive exercise for the next iteration (2011-2013), which will include, in addition to objectives, outputs and planned process changes, rolling medium-term administrative budget projections to support implementation of the plan. It is anticipated that discussion of these projections with the Executive Board will provide more stable budget expectations, allowing for greater confidence in entering into medium-term expenditure commitments (e.g. staff recruitment).

60. Management intends to discuss the broad outlines of IFAD's first zero-based budget with the Executive Board at its September 2010 session, with approval of the budget scheduled for the session to be held in December 2010.

Human resources reform

61. As noted above, the successful implementation of the programme of work under the Eighth Replenishment of IFAD's Resources critically depends on the effective deployment and management of IFAD's most vital resource – its staff. To this end, Management has taken a number of initiatives, as part of its change and reform agenda, to reform HR policies and practices. An important aspect of this reform is allowing the role of HR management to evolve from one of administration and processing to one in which it becomes a critical partner and enabler of all organizational units.

62. In recognition of the strategic role of HR management in IFAD's ability to deliver its Eighth Replenishment undertakings effectively, the Vice-President assumed responsibility for its overall supervision within the new reconfiguration of IFAD that came into effect on 1 January 2010.

63. Management's initiatives for HR reform under its change and reform agenda cover the whole spectrum of HR policies, practices and management. They include:

- An external review of the entire compensation system to determine the advantages and disadvantages for IFAD of remaining within the United Nations

salaries and benefits system administered by the International Civil Service Commission (ICSC);

- Revision of the Human Resources Procedures Manual (HRPM) and formulation of IFAD's staff rules to ensure consistency and alignment with HR best practices;

- Introducing changes to staff benefits and entitlements (other than those mandated by the ICSC), to rationalize them and to realize the maximum savings possible;

- Strengthening the HR platform for country offices to bring it in line with United Nations practices and lay the foundation for effective implementation of an important component of IFAD's new operating model;

- Redeployment and rotation to ensure that staff are deployed in positions where they can best contribute and avoid the adverse effects of staff staying in posts for an excessive period of time;

- Review of the performance evaluation system (PES) to make it an effective instrument for management and staff development;

- Implementing a staff learning and training programme that responds to both the business needs of the institution and the career development aspirations of staff;

- Implementation of the second phase of the Voluntary Separation Programme (VSP), based on the needs of the Fund as identified in the SWP; and

- Strengthening HR management.

64.   These components of the HR reform agenda are discussed in detail below.

65.   **External review of IFAD's compensation and benefits package.** In accordance with the undertaking made to the Executive Board in December 2009, an external consultant has been hired to review IFAD's compensation and benefits scales. The study will include a benchmarking exercise to compare IFAD's compensation system with those of other IFIs. A key issue to be determined are the costs and benefits of IFAD remaining within the current United Nations ICSC system.

66.   The key deliverables of the external study include (see annex IV):

- A detailed comparative analytical report on the United Nations compensation system and those of other IFIs;

- The comparative costs and benefits of the ICSC system with those of other IFIs;

- Recommendations on systems that IFAD could consider adopting, taking into account its special status as an IFI within the United Nations system; and

- Identification of the resource requirements to set up a new compensation system if recommended.

67.   The study will be completed by 30 October 2010 and the results will be shared with Board members, along with Management's recommendation on the way forward (see timeline in annex IV).

68.   **Revision of staff rules.** The process for revising IFAD's staff rules and the HRPM (in effect since 2005) was started in 2008/09 by the HRD and the Office of the General Counsel, and much progress has been made. The goal is to complete the revision and the preparation of a new HR handbook by the end of 2010 so that the new staff rules and the handbook can come into effect as of 1 January 2011.

69.   As part of this work, Management has taken a number of decisions regarding the revision of the following HR policies/practices:

- Conditions for the issuance of continuing, fixed-term and short-term contracts (until the new conditions are introduced and the results of the SWP are finalized, Management will issue three-year fixed-term contracts rather than indefinite contracts);[3]

- Procedures for recruitment;

- Performance management system;

- Promotion procedures;

- Disciplinary measures; and

- Procedures for dispute resolution between the institution and its staff.

70. **Changes to benefits and entitlements.** Pending the review of the entire staff salaries and benefits package, Management has reviewed and taken decisions regarding benefits and entitlements on staff travel, among others. The review has covered:

- Official duty travel, including business-related travel, and appointment, repatriation, relocation and change of duty travel;

- Entitlements and benefits with respect to home leave, dependent travel and education travel;

- Shipment of household goods upon appointment, repatriation and reassignment to another duty station;

- Termination indemnity and conditions of special leave;

- Payment of accrued leave;

- Compensation for non-service-related accidents, illness and death;

- Service differential for staff in the General Service category; and

- Compensatory time off and overtime when on mission.

71. The decisions regarding changes in benefits and entitlements as well as other HR issues have been communicated to staff through President's bulletins and information circulars (ICs) in 2010, as indicated in annex V.

72. The changes introduced and approved by Management are expected to result in substantial savings starting in 2010.

73. **Strengthening the human resource platform for staff in IFAD country offices.** The expansion of IFAD's country presence is a key component of IFAD's new operating model. However, until March 2010, IFAD local staff working at country offices had been hired through sister agencies such as the United Nations Development Programme (UNDP). To regularize the status of such staff, Management has taken the following steps:

- Agreement has been reached with UNDP on a framework agreement whereby IFAD recruits staff worldwide and UNDP administers salaries and benefits on behalf of IFAD;

- A President's bulletin on country presence has been issued, clearly stipulating the type of staff that IFAD can engage in its country offices, and their status, benefits and entitlements within IFAD's HR system;

- A circular has been issued aligning the compensation and benefits of local staff in country offices with those of the United Nations system for each country where IFAD has country offices; and

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[3] The practice to date has been to issue an initial contract for two years followed by a five-year contract (subject to satisfactory performance), and an indefinite contract after completion of the five-year contract, also subject to satisfactory performance.

- A country office handbook on administrative procedures is being finalized.

74. These actions have allowed IFAD to begin issuing IFAD contracts to staff working in country offices. This will, in turn, ensure that the performance of locally hired staff members are managed within IFAD's HR framework, and that staff in country offices see themselves as belonging to "one IFAD workforce".

75. **Redeployment and rotation of staff**. Management is keenly aware of the need to implement a policy of redeployment and rotation, as too many staff members have remained in their positions for long periods of time. The preliminary findings of the SWP have clearly borne this out.

76. The current HRPM does include provisions for staff redeployment and staff rotation and a number of staff have indeed rotated, although on an ad hoc basis (see annex VI for details of staff movement in recent years). In addition, 16 staff members were reassigned and redeployed as part of the reconfiguration process that came into effect on 1 January 2010. A further rotation of staff, particularly within PMD, is envisioned in the coming months.

77. Furthermore, as part of the SWP implementation, Management will introduce a staff redeployment and rotation programme, and related guidelines will be prepared to ensure that the Fund delivers its programme of work under the MTP.

78. **Performance management**. An electronic PES (e-PES) was introduced in 2010 to evaluate staff performance in 2009. The feedback from managers has generally indicated that the e-system is overly cumbersome and time-consuming. The 360 review process is also considered too long and time-consuming.

79. Given the importance of having an effective performance management system, Management will undertake an extensive review of the current e-PES and 360 review system in 2010 to make them more user-friendly and less time-consuming, in line with best practice at other institutions. Just as importantly, managers will be encouraged to effectively implement the performance management system by giving timely feedback to staff, to encourage better performance and support staff development.

80. **Training.** In 2009, IFAD continued to reorganize its learning and development activities with the development of a professional curriculum to guide the organization and implementation of both short- and long-term learning programmes. In 2009, a total of 49 corporate training courses were organized, benefiting 373 individual staff members.

81. As part of the new training and learning programme, a Springboard programme for Professional staff and a Breakthrough programme for General Service staff were also launched in 2008 and 2009 respectively. Given the positive results from the first cohorts of these two programmes, second and third cohorts have been selected and learning programmes organized. For 2010, these and other training programmes, aimed primarily at meeting the institution's business needs, will be offered.

82. **VSP – phase 2.** The first phase of the VSP was implemented in 2009, with 10 staff members taking advantage of the programme. The outcome of that process was less than satisfactory.

83. For the second phase, Management will be guided by the results of the SWP and will use the VSP to help meet the current and future skills requirements of the organization and the need to maintain rigorous performance standards.

84. **Strengthening HR management**. Management is keenly aware that the implementation of ongoing and planned HR reforms will depend critically on strengthening the Human Resources Division and changing its business practices. To this end, in the reconfiguration of management responsibilities and reporting relationships, the HR function was elevated in the corporate hierarchy by moving it

out of FAD to report directly to the Vice-President. The Vice-President is now responsible for providing supervisory oversight for the work of the division.

85. To assist her in this responsibility, two experienced consultants have joined the Division – as interim Director and HR Officer – to support the human resource management reform. They are tasked with implementing the reforms discussed above and initiating the recruitment of a director to take over and move the process along.

Other elements of the change and reform agenda

86. In addition to the change and reform initiatives discussed above, Management is also placing a strong emphasis on strengthening four other areas of IFAD's activities. These include:

- Strengthening IFAD's resource mobilization capacity;

- Strengthening financial management and improving IFAD's IT systems particularly as they relate to loan and grant administration;

- Strengthening enterprise risk management; and

- Leveraging IT systems and streamlining business processes.

87. **Strengthening IFAD's resource mobilization capacity**. As demand for IFAD's programmes and projects increases, it is essential that the Fund strengthen its resource mobilization strategy and explore all possible sources of financing. This has become more evident against the background of public expenditure constraints among traditional sources of official development assistance.

88. Management intends to strengthen its resource mobilization capacity by: (i) raising the level of financial partnership with MICs; (ii) exploring programmatic financial partnerships with new and emerging sources of development assistance, including through participation in global funds, collaboration with foundations, and the establishment of multi-donor trust funds to increase support for country-level agricultural development capacities in highly targeted areas (e.g. fragile states); and (iii) exploring new forms of resource mobilization, capitalizing upon opportunities to mobilize institutional investors and capital markets in support of bankable smallholder development. To this end, the terms of reference of the Resource Mobilization and Partnership Unit and its staff are being revised.

89. **Strengthening financial management.** One of IFAD's principal functions is assembling and managing financial resources to support development impact. The management of this role will be upgraded and will include: (i) assigning and recruiting more staff with strong financial market experience; (ii) strengthening the Treasury Division with stronger asset, liability and balance sheet management skills; and (iii) strengthening the Financial Services Division to enable it to handle additional management of funds and administration of the fiduciary responsibilities of the Fund; and (iv) leveraging IT.

90. The effective management of loan and grant disbursements to projects is an important aspect of financial management. Clearly this is central to operations and impact. Management has realigned the responsibilities for disbursements between PMD and the Financial Services Division to achieve greater efficiency, while meeting the requirements recommended by internal audit for a more appropriate system of checks and balances and stronger internal control. Disbursements management will be improved to raise effectiveness and capacity, accelerate transfers to recipients and facilitate in-country financial management.

91. A new Loans and Grants System (LGS) will provide a more coherent and robust IT platform for managing existing and new financial instruments; supply a reporting and monitoring platform accessible from anywhere to all parties with a need to know – including project management, borrowers and staff involved in project implementation support and supervision; and reduce the level of manual

operations. More broadly, deployment of new and improved IT systems will be an integral element of improved operations management, cost management and the reduction of manual transactions.

92. **Strengthening enterprise risk management.** IFAD faces and manages a wide range of risks in both global operations and internal processes. As of 2010, overall risk management and reporting are based on the corporate risk profile, identifying key corporate risks in all functional areas and the corresponding risk management mechanisms and accountability. With a view to strengthening enterprise risk management, IFAD's Management team took part in the assessment and ranking of the elements included in the corporate risk profile. Members of Senior Management were identified as risk champions and requested to present adequate risk mitigation measures to the Operations Management Committee and the Executive Management Committee by mid-2010.

93. In 2009, an internal control framework for financial reporting was issued for the first time, and a mapping of the relevant business processes was completed and presented to the Audit Committee in April 2010. These are the first milestones on the Fund's road map towards conforming to industry standards and best practices, including having assertion and attestation processes completed for the financial years 2011 and 2012, respectively. The Enterprise Risk Management Committee will report internally on key issues, solutions and performance on an annual basis to the Audit Committee and the Executive Board.

94. **Leveraging information technology and streamlining of business processes.** The Fund is starting to realize the benefits derived from the IT projects funded from the capital budget. Although a significant portion of this budget is for the LGS (now in progress), other smaller projects have come online. These have begun to replace extensive manual processes, allowing for more timely communications and eliminating parallel systems and duplication of work. At the same time, the ongoing review of administrative business processes has resulted in the outsourcing of some services. This avenue will continue to be pursued in the future.

IV. Concluding remarks

95. Management has launched a number of key initiatives under its change and reform agenda to enable the Fund to build on the achievements made under the Seventh Replenishment while ensuring that it has the required management and organization capacity to efficiently deploy its human and financial resources in support of full implementation of the Eighth Replenishment programme of work.

96. Major progress has been made in a number of areas, particularly with regard to reconfiguring and streamlining management and reporting relations and launching the MTP, including work on the zero-based budgeting and SWF planning. In addition, a number of HR reforms are in the process of being implemented for completion by the end of 2010.

97. The external review of IFAD's compensation and benefits package and benchmarking with other IFIs could potentially introduce major changes to IFAD's HR management and policies.

98. Full implementation of the change and reform agenda will undoubtedly strengthen the Fund, enabling it to successfully implement the Eighth Replenishment programme of work. In this regard, it is crucial that the Fund meet not only its quantitative goals but its qualitative objectives as well.

99. Management is confident that the strategic alignment of IFAD's resources – both human and financial – with its key deliverables and strategic priorities through the MTP, along with the HR reforms under way, will ensure success in this regard.

100. Indeed, Management believes that by achieving these objectives and delivering on its commitments under the Eighth Replenishment, IFAD will position itself post-reform as an agile model financial institution within the United Nations system.

Reporting requirements and delivery outcomes under IFAD's Eighth Replenishment

Executive Board Session	Report to be presented	Progress
Apr-09	Present for the review of the Executive Board "IFAD Procedures for Environmental Management and Sustainable Development".	April 2009
Sep-09	Present the final Results Measurement Framework for the approval of the EB, prior to the start of the Eighth Replenishment period.	Sept 2009
Sep-09	Executive Board to amend the IFAD Policy on the Disclosure of Documents, so that project appraisal documents will be disclosed on IFAD's public website prior to the Executive Board session during which the project will be considered. Executive Board to review policy provisions with regard to the disclosure of previously undisclosed documents.	Information note on IFAD Policy on the Disclosure of Documents presented Dec. 2009 EB Policy presented to Apr EB 2010
Dec-09	Present to the Executive Board a revised policy on grants.	Presented at Dec 2009 EB
Dec-09	Present to the Executive Board a progress report on the implementation of IFAD's human resources reform agenda.	Presented at Dec 2009 EB
Dec-09	Present the Executive Board with a review of IFAD's project procurement guidelines and their implementation, including a comparison with those of the World Bank and its reference guide to "Fiduciary Management for Community-driven Development Projects", and an assessment of their alignment with IFAD's anticorruption policy.	Review presented Dec. 2009 EB Annotated outline presented for review to Apr 2010 EB Revised Guidelines presented for approval for Sep EB 2010
Apr-10	Present to the Executive Board a strategy on climate change (see also the policy on environment and natural resources).	Informal seminar held in Dec EB 2009 Strategy presented for approval to Apr EB 2010
Sep-10	Present to the Executive Board a policy paper on IFAD's engagement in MICs.	Informal Seminar: Sep 2010 EB presentation: Dec 2010
Dec-10	The Office of Evaluation will conduct an evaluation of IFAD's performance on gender equality and women's empowerment in 2009. Based on the findings of the evaluation, the Executive Board will consider the need to develop a corporate policy and implementation strategy on gender.	OE Evaluation presented to Apr EB 2011
Dec-10	If the need is identified, present a proposal for IFAD's role and instruments relative to engagement with the private sector, fully consistent with IFAD's mandate, to the Executive Board.	OE Evaluation April 2011 therefore, proposal for Dec. 2011. Grants to private sector introduced in Revised Grants Policy Dec. 2009
Dec-10	Present to the Executive Board a new strategic framework to guide IFAD's activities in the period 2011 onwards.	To be presented to Dec EB 2010
Dec-10	Present to the Executive Board a progress report on the implementation of IFAD's human resources reform agenda.	Progress Report presented Dec. 2009; next progress reports to be presented in Apr EB and Sep EB 2010
Dec-10	Present to the Executive Board a policy on environment and natural resources, which could incorporate the climate change strategy referred to in paragraph 69.	Informal Seminar: Dec EB 2010. EB presentation: Apr 2011

Executive Board Session	Report to be presented	Progress
Apr-11	Present to the Executive Board a revised format for project documents presented to the Board.	In progress
Sep-11	Report to the Executive Board on the success of IFAD's efforts to develop a more selective approach to partnerships.	
Sep-11	As part of IFAD's human resources reform agenda, review the results-based incentive systems of other international institutions and report to the Executive Board with options to better align staff incentives with institutional performance.	External consulting services engaged; report to be presented to Sep EB 2011.
34th GC, 2011	Resolution to revise lending instruments.	Document - "Revision of the Lending Policies and Criteria," presented to Dec EB 2009
Each December	Report to the Executive Board on achievements against the IFAD VIII Results Measurement Framework through the RIDE.	On-going. Presented in RIDE 2009 at Dec. 2009 EB.
Each December	Risk Management: The President to submit an annual report on IFAD's risk management activities to the Executive Board, through the Audit Committee.	On-going. Presented at Sept. 2009 EB.
Sep-10	Medium-term Plan, Strategic Workforce Plan, Zero-based Budget (not an Eighth Replenishment deliverable)	Informal seminar in Apr EB 2010; Presented to Sep EB 2010.

Key data

Table 1
Actual programme of work levels and target (2010-2012) in successive replenishments (millions of United States dollars)

	Fifth Replenishment 2001-2003	*Sixth Replenishment 2004-2006*	*Seventh Replenishment 2007-2009*	*Eighth Replenishment 2010-2012*
Programme of work	1 200	1 514	1 955	3 000

Table 2
Key performance targets and indicators

	Percentage of projects rated satisfactory		
Results	**Projects designed during 1995-2001 (rated by IEE)**	**Latest results from RIDE Dec 2009 EB**	**Medium term (2012) target established by EB**
Project effectiveness at completion	61%	ARRI – 82% PCR – 87%	85%
Satisfactory impact on poverty at completion	37%	ARRI – 83% PCR – 76%	85%
Satisfactory impact on learning, scaling up and/or knowledge management at completion	25-55%	ARRI – 100% PCR – 71%	85%
Sustainable at completion	40%	ARRI – 73% PCR – 75%	80%
Satisfactory country strategy impact on food security, income empowerment	n.a. (ARRI)	69%	80%
Satisfactory overall at entry (effectiveness, poverty impact, sustainability, innovation)	-	88%	90%
Percentage of country programmes satisfactory for adherence to aid effectiveness agenda	-	96	100
Average time from project approval to effectiveness (months)	18	13.7	n.a.

n.a. = not available

Table 3
Evolution of direct supervision

	31 December 2007	*31 December 2008*	*31 December 2009*
Percentage of projects under implementation directly supervised by IFAD	21	77	84

Table 4
Country presence arrangements

2007	2008	2009 (planned)	2010 (planned)
Bolivia (Plurinational State of)	Bolivia (Plurinational State of)	Brazil	Bolivia (Plurinational State of)
China	Peru	Burkina Faso	Brazil
Democratic Republic of the Congo	Brazil	China/Mongolia	Burkina Faso
Egypt	China/Mongolia	Colombia	Cameroon
Ethiopia	Colombia[a]	Congo	China/Mongolia
Haiti	Democratic Republic of the Congo	Democratic Republic of the Congo	Congo
India	Egypt	Egypt	Democratic Republic of the Congo
Nicaragua	Ethiopia	Ethiopia	Egypt
Nigeria	Haiti	Ghana	Ethiopia
Senegal	India	Guinea	Ghana
Sudan	Kenya	Haiti	Guinea
Uganda	Nigeria	India	Haiti
United Republic of Tanzania	Panama[a]	Kenya	India
Viet Nam	Senegal	Madagascar	Kenya
Yemen	Sudan	Mozambique	Madagascar
	United Republic of Tanzania	Nepal	Mozambique
	Viet Nam	Nigeria	Nepal
	Yemen	Pakistan	Nigeria
		Panama	Pakistan
		Peru	Panama
		Rwanda	Peru
		Senegal	Philippines
		Sri Lanka	Rwanda
		Sudan	Senegal/Gambia (The)
		Uganda	Sri Lanka
		United Republic of Tanzania	Sudan
		Viet Nam/Lao People's Democratic Republic	Uganda
		Yemen	United Republic of Tanzania
			Viet Nam/Lao People's Democratic Republic
			Yemen
			Zambia
15	**17**	**27**	**30**

Figure 1
Evolution of the programme of work and the real administrative budget (percentage)
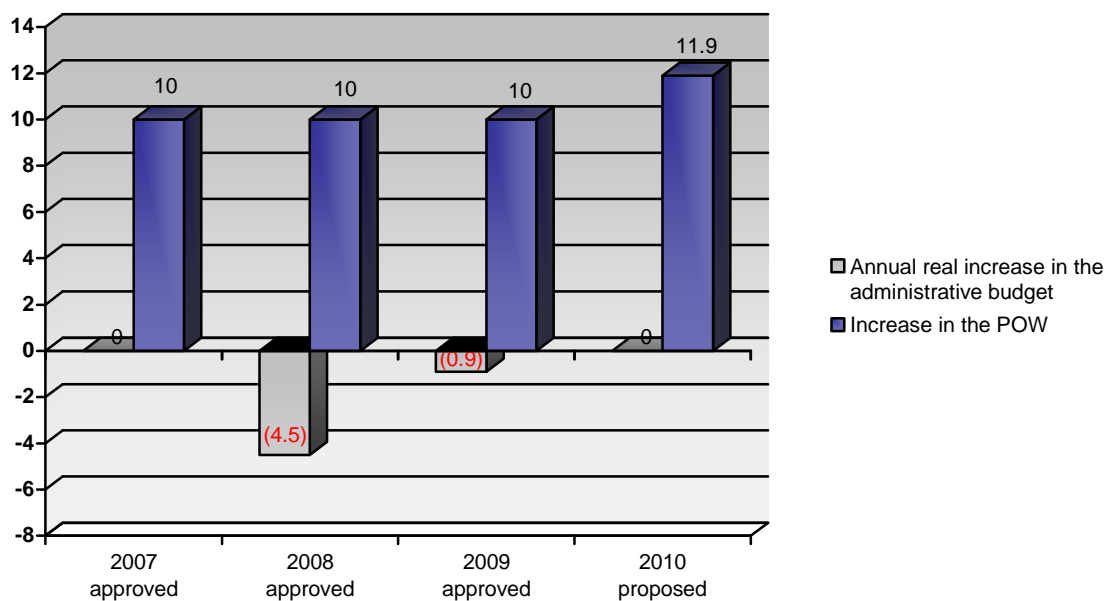
Table 5
Evolution of the workforce* in the Programme Management Department and the Finance and Administration Department

	2007		2008		2009***	
Department	Number	Percentage of total	Number	Percentage of total	Number	Percentage of total
EAD	125.8	22	121.8	20	113.8	19
FAD	158.5	27	152.2	25	146.4	25
OPV**	37.1	6	36.9	6	34.8	6
PMD	264.6	45	303	49	298.8	50
Total	**586.0**	**100**	**613.9**	**100**	**593.8**	**100**

*Includes continuous, fixed-term and short-term staff funded under the Administrative and PDFF budgets, and consultants funded from all budget sources.

**President and Vice-President not included.

***Using FH old FTE methodology to enable comparison to prior years.

Table 6
Growth rates of programme of work, and real administrative budget and PDFF, 2007-2009

	2007	2008	2009
Growth in POW (percentage)	10	7	10
Real growth in administrative budget	0.20%	-4.50%	-0.90%
Real growth in PDFF	5%	8.80%	5.10%

Table 7
Cluster outcomes and processes (Corporate Management Results Matrix)

Cluster	Outcome	Corporate management result	Process
	Operational		
1	Effective national policy, harmonization, programming, institutional and investment frameworks for rural poverty reduction	CMR 1 – Better country programme management CMR 2 – Better project design (loans and grants) CMR 3 – Better supervision and implementation support	Country programme development and implementation
2	Supportive global resource mobilization and policy framework for rural poverty reduction	CMR 8 – Better inputs into global policy dialogues for rural poverty reduction CMR 10 – Increased mobilization of resources for rural poverty reduction	High-level policy dialogue, resource mobilization and strategic communication
	Institutional support		
3	An effective and efficient management and institutional service platform at headquarters and in-country for achievement of operational results	CMR 4 – Better financial resource management CMR 5 – Better human resource management CMR 6 – Better results and risk management CMR 7 – better administrative efficiency and an enabling work and ICT environment	Corporate management, reform and administration
4	IFAD's governing bodies function effectively and efficiently	CMR 9 – Effective and efficient platform for Members' governance of IFAD	Support to Members' governance activities

IFAD Departments/Divisions (previous and present acronyms)

	Numeric Codes	Previous	Present
OFFICE OF THE PRESIDENT AND VICE PRESIDENT	**101**	**OPV**	**OPV**
CORPORATE SUPPORT SERVICES GROUP			
Office of the General Counsel	105	OL	LEG
Office of the Secretary	110	ES	SEC
Office of Audit and Oversight	115	OA	AUI
Strategic Planning Division	120	FS	SPB
Human Resources Division	125	FH	HRD
Communications Division	130	EC	COM
North American Liaison Office	145	NALO	NAL
Arab and Gulf States Liaison Office	146	AGSLO	AGL
Resource Mobilization and Partnership Unit	140	RMP	RMP
OFFICE OF THE CHIEF DEVELOPMENT STRATEGIST	**201**	**CDS**	**CDS**
PROGRAMME MANAGEMENT DEPARTMENT	**301**	**PMD**	**PMD**
Operation Policy and Technical Advisory Division	305	PT	PTA
Western and Central Africa Division	310	PA	WCA
Eastern and Southern Africa Division	315	PF	ESA
Asia and the Pacific Division	320	PI	APR
Latin America and Caribbean Division	325	PL	LAC
Near East and North Africa Division	330	PN	NEN
Environment and Climate Division	335	GECC	ECD
International Land Coalition	340	OC	ILC
Belgian Fund for Food Security Joint Programme	345	BSF	BFS
Global Mechanism	350	OM	UGM
High Level Task Force	355	HLTF	HLT
FINANCE AND ADMINISTRATION DEPARTMENT	**401**	**FAD**	**FAD**
Financial Services Division	405	FC	CFM
Treasury Division	410	FT	TRE
Administrative Services Division	415	FA	ADM
IT Services Division	420	FM	ICT
OFFICE OF EVALUATION	**501**	**OE**	**IEO**

Terms of reference for the external assessment of HR management

1.   GENERAL INFORMATION

The International Fund for Agricultural Development (IFAD) is a specialized agency of the United Nations with its Headquarters in Rome, Via Paolo di Dono, 44, 00142 Rome, Italy.

IFAD's mandate concerns the alleviation of poverty in developing countries. It is a not-for-profit institution which relies on funding from its Member States.
More detailed information regarding IFAD is available on the Internet website of the Organization **(http://www.ifad.org).** In particular the latest *IFAD Annual Report* and *The Agreement Establishing IFAD* can be downloaded from the site.

IFAD is issuing this invitation to tender in order to select one company to carry out the external assessment of Human Resources Management as further detailed below.

2.   DESCRIPTION OF THE REQUIREMENTS

Background

Through its endorsement of the Report of the Consultation on the Eighth Replenishment of IFAD's resources, the Governing Council recognized, as part of IFAD's Human Resources Reform agenda, the need to review the results-based incentive systems of other international institutions. Management was then requested to report back to the Executive Board on this issue in September 2011 with options to better align staff incentives with institutional performance.

Acting under Article 6, section 8(d) of the Agreement Establishing IFAD, the Executive Board has determined that the objective of IFAD's salary programme is to attract, retain, motivate and reward the best possible workforce in ways that are cost effective, bearing in mind IFAD's responsibility to Member States[4]. It further decided that the President shall develop a benefits programme that will support IFAD in the goal to attract and retain the best qualified and experienced people[5]. As for the benchmarking, the Executive Board decided that: "The salary and benefit levels shall follow the methodology followed by the United Nations Common System, as applied to various duty stations."[6] Based on this decision it has been the practice in IFAD to fully align salary and benefits to the recommendations of the International Civil Service Committee (ICSC), as endorsed by the United Nations' General Assembly.

During its 97th session held in September 2009, the Executive Board, as per paragraph 16 of the Minutes, noted the following:

"To better align staff incentives with institutional performance by September 2011, Management undertook to present the December Executive Board with an approach paper for an external assessment of human resource management in IFAD, which would examine

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[4] Paragraph 9.1. of the Human Resources Policies (EB 2004/82/R.28/Rev.1 9 September 2004)
[5] Paragraph 9.2. of the Human Resources Policies (EB 2004/82/R.28/Rev.1 9 September 2004)
[6] Paragraph 9.3. of the Human Resources Policies (EB 2004/82/R.28/Rev.1 9 September 2004)

(a) results based incentive systems, and (b) compensation and entitlement system (ICSC), including the desirability and feasibility of adopting alternatives, particularly the financial and systems implications."

In this regard, Management presented to the December 2009 Executive Board an approach paper concerning an eventual external assessment of Human Resources Management at IFAD (including compensation and entitlement systems), which would contain advice on the desirability and feasibility of adopting alternatives, particularly for the financial system. In the same occasion, the Executive Board made an urgent call for staff costs reduction/containment and for the simplification of the administration of entitlements, benefits and allowances.

Objectives

The objectives of the external review are:

• To conduct a cost/benefit analysis for IFAD's adherence to the International Civil Service Commission (ICSC) system for the determination of salaries and benefits;

• To provide a comparative analysis of the ICSC vis-à-vis alternative methodologies such as those used by other global as well as regional International Financial Institutions (IFIs);

• To recommend, based on a thorough analysis, the optimum schemes, including the simplification of the administration of staff salaries and benefits, and the related required resources in terms of human, financial, systems, skills, competences and the legal framework.

Scope and Terms of Reference

The approach presented to the Executive Board in December 2009 consisted of three phases, with the first consisting of a benchmarking exercise of results-based incentive systems and compensation and benefits. This is to be followed by an appraisal of options for possible changes to the existing ICSC prescribed system of incentives, remuneration and benefit packages. The third phase will be a recommendation for the review of Paragraph 9.3. of the Human Resources Policy while respecting the two principles stated in paragraphs 9.1. and 9.2 of the same. It was indicated that the results of the complete exercise would be presented to the Executive Board in December 2010.

Given the scope of the work and to achieve the objectives underlined above, the review will require hiring a consulting firm with the following terms of reference:

The Consulting firm will be expected to undertake a study consisting of a benchmarking exercise and a cost-benefit analysis in order to provide informed recommendations on the optimal option to be followed by IFAD. More specifically, the Consultant will be expected to:

• Conduct a survey of compensation and benefits in at least 2 IFIs and 2 MDBs as a base for comparison.

• Conduct a benchmarking exercise of results-based incentive systems and compensation and benefits of both internationally hired and local staff at headquarters and in the field. This benchmarking exercise will consist of both quantitative and qualitative analyses and comparison of alternative systems against the ICSC. The qualitative benchmarks are to include the methods of aligning incentives to results, and the approach to the management of underperformance and excellent performance.

- Undertake a comparative study during which a full cost/benefit analysis will be conducted to recommend the optimum scheme. This will include an evaluation of base pay and all salary-related benefits such as post adjustment/cost of living, other benefits such as incentives or results-based payments, and the cost of developing, maintaining and supporting the systems of all the related business processes.

- Undertake a risk assessment of the available options to reflect institutional arrangements, benefits, and costs.

- Provide a range of 2-3 options to Management for further endorsement by the Executive Board, including the implications of proposed changes, if any, transitional arrangements and the subsequent necessary changes in IFAD's HR policy recommended to management to accommodate such changes.
- Interact regularly with the relevant departments/divisions within IFAD.

- Produce progress reports on a regular basis (monthly) to Senior Management in the course of completion of this assignment, during which time feedback is provided on the content and the process.

- Produce a final report following IFAD standards on such reports, subject to Senior Management's approval, no later than October 30, 2010.

Timeline

- The full study is to be completed no later than October 30, 2010. However, a progress report on the benchmarking is expected within two months from the award of the contract.

Timeline for the external assessment of HR management

No.	Activity	March	April	May	June	July	August	September	October
0	Call for tender	**22-Mar**							
1	Tender close		**14-Apr-10**						
2	**AWARD TENDER & start of Survey of compensation and benefits of 2 IFIs and 2 MDBs**		20-Apr-10						
3	**Benchmarking exercise of results-based incentive systems and compensation and benefits of international and locl staff at HQ and field.**			**May 2010**					
	Quantitative & qualitative analysis and comparison of alternative systems against ICSC. Qualitative benchmarks are benchmarks to align incentives to results and management's approach to under and excellence performances.								
	Provide monthly progress reports to Senior Management for feedback during assignment			*30-May-10*					
4	**Submit progress report on benchmarking exercise to Senior Management**		*		20-Jun-10				
	Provide monthly progress reports to Senior Management for feedback during assignment				*30-Jun-10*				
5	**Comparative full cost/benefit analysis to recommend best scheme.**				**June 2010**				
	INVOLVES - evaluation of base pay and salary-related benefits & cost of developing, maintaining and supporting systems of all related business processes.								
	Provide monthly progress reports to Senior Management for feedback during assignment				*30-Jun-10*				
6	**Risk assessment of available options**					July 2010			

No.	Activity	March	April	May	June	July	August	September	October
	Provide monthly progress reports to Senior Management for feedback during assignment					*31-Jul-10*			
7	**Submit report (2/3 options) on implications of proposed changes, transitional arrangements and revisions to HR policies for management and EB endorsement**						30 Aug 2010		
	INVOLVES - Regular interactions with IFAD departments/divisions								
	Provide monthly progress reports to Senior Management for feedback during assignment							*30-Sep-10*	
8	**Final study report to Senior Management**								**30-Oct-10**

* two months from award of contract

President's Bulletins and Information Circulars in 2010

President's Bulletins

Number	Subject	Date
PB/2010/04	Entitlements, benefits and allowances for internationally appointed staff in the Professional and Higher Categories assigned to Country Offices	15/4/2010
PB/2010/03	Composition of Investment and Finance Advisory Committee (FISCO) and Investment, Finance and ALM Advisory Committee (FALCO)	1/3/2010
PB/2010/02	President's bulletin framework	16/2/2010
PB/2010/01	New procedures for the filing, review and determination of claims under the Staff Compensation Plan (SCP) for short-term staff and consultants (MICSC) for Short-Term Staff and Consultant - Amendment to Chapter 12 of the Human Resources Procedures Manual (HRPM)	

Information circulars

Originator: Office of the President and the Vice President

Number	Subject	Date
IC/OPV/02/10	Performance management process - bell curve	22-March
IC/OPV/01/10	Information circular on OPV within the reconfiguration of IFAD	18-March

Originator: Office of Human Resources

Number	Subject	Date
IC/PE/10/21	Absences from Language Classes	19-April
IC/PE/18/10	Continuing contracts	22 March
IC/PE/17/10	Classification and reclassification of positions	23-March
IC/PE/15/10	BMIP/MMBP medical insurance premium 2010	1-March
IC/PE/14/10	Education Grant Lump Sums for 2009-2010	19-February
IC/PE/12/10	Revision of fee rates for freelance consultants and reimbursable loan agreements	12-March
IC/PE/10/10	Remuneration of General Service staff in Rome and of all internationally appointed staff in the Professional and Higher categories worldwide	10-February
IC/PE/08/10	2010 Place-to-place survey at Headquarters	16 March
IC/PE/06/10	Arrangements for the 2010 Governing Council	26-January
IC/PE/05/10	Completion of the 2009 Performance Management Process	29-January
IC/PE/04/10	Remuneration of General Service Staff in Rome and all staff in Professional and Higher categories	19-January

Originator: Administrative Services Division		
Number	**Subject**	**Date**
IC/FA/08/10	33rd session of the Governing Council 17-18 February 2010	16-February
IC/FA/08/10	Loss and damage of IFAD property	12-February
IC/FA/07/10	Revision of manual section 510 - Mail room	27-January
IC/FA/01/10	Arrangements for the thirty-third session of IFAD's Governing Council and the third global meeting of the Farmers' Forum	22-January
Originator: Information Technology Division		
Number	**Subject**	**Date**
IC/FM/01/10	Automatic disclaimer of confidentiality in IFAD email message	1-February

Movement of staff within IFAD (1 January 2007 – 19 March 2010)

TRANSFER/ROTATION REDEPLOYMENT/LOAN OR INTRA-DIVISIONAL CHANGES

YEAR	DEPT.	GRADE				GENDER		LIST A, B & C			
		G-1-->G7	P-1-->P-5	D-1 AND ABOVE	TOTAL	Female	Male	A	B	C	No member
2007	EAD	1			1	1		1			
2008		8	1		9	9		7		2	
2009		1	1		2	2		2			
2010					0						
Total		**10**	**2**	**0**	**12**	**12**	**0**	**10**	**0**	**2**	**0**
2007	FAD	13	5	1	19	12	7	13	2	3	1
2008		5	3	1	9	6	3	6		3	
2009		3			3	3		2			1
2010			1		1	1		1			
Total		**21**	**9**	**2**	**32**	**22**	**10**	**22**	**2**	**6**	**2**
2007	OPV				0						
2008		1	2		3	1	2	3			
2009			1		1	1		1			
2010					0						
Total		**1**	**3**	**0**	**4**	**2**	**2**	**4**	**0**	**0**	**0**
2007	PMD	4	5		9	7	2	6		1	2
2008		9	5		14	12	2	9		4	1
2009		2	5		7	2	5	4		2	1
2010		3			3	3		3			
Total		**18**	**15**	**0**	**33**	**24**	**9**	**22**	**0**	**7**	**4**
Grand Total		**50**	**29**	**2**	**81**	**60**	**21**	**58**	**2**	**15**	**6**

RECONFIGURATION AND REORGANIZATION

CDS CREATED EFFECTIVE 01/01/2010

YEAR	DEPT.	GRADE				GENDER		LIST A, B & C			
		G-1-->G7	P-1-->P-5	D-1 AND ABOVE	TOTAL	Female	Male	A	B	C	No member
2007	CDS				0						
2008					0						
2009					0						
2010		3	5		8	4	4	4		4	
Total		**3**	**5**	**0**	**8**	**4**	**4**	**4**	**0**	**4**	**0**
2007	EAD	10	8	1	19	11	8	14		5	
2008					0						
2009			1		1		1	1			
2010					0						
Total		**10**	**9**	**1**	**20**	**11**	**9**	**15**	**0**	**5**	**0**
2007	FAD				0						
2008			2		2	1	1	2			
2009					0						
2010					0						
Total		**0**	**2**	**0**	**2**	**1**	**1**	**2**	**0**	**0**	**0**
2007	OPV				0						
2008					0						
2009					0						
2010					0						
Total		**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
2007	PMD				0						
2008					0						
2009					0						
2010		3	5		8	6	2	6		2	
Total		**3**	**5**	**0**	**8**	**6**	**2**	**6**	**0**	**2**	**0**
Grand Total		**16**	**21**	**1**	**38**	**22**	**16**	**27**	**0**	**11**	**0**

IFAD STAFF SELECTED AGAINST VACANT POSITION

YEAR	DEPT.	G-1-->G7	P-1-->P-5	D-1 AND ABOVE	TOTAL	Female	Male	A	B	C	No member
2007	EAD	3	2		5	5		4		1	
2008				1	1	1		1			
2009		1			1		1	1			
2010					0						
Total		**4**	**2**	**1**	**7**	**6**	**1**	**6**	**0**	**1**	**0**
2007	FAD	1	1		2		2	2			
2008		1	3		4	3	1	4			
2009			2		2	2		2			
2010					0						
Total		**2**	**6**	**0**	**8**	**5**	**3**	**8**	**0**	**0**	**0**
2007	OPV				0						
2008					0						
2009		1	1		2	1	1	2			
2010					0						
Total		**1**	**1**	**0**	**2**	**1**	**1**	**2**	**0**	**0**	**0**
2007	PMD	2	2		4	2	2	2		2	
2008		1	2		3	3		1		2	
2009					0						
2010					0						
Total		**3**	**4**	**0**	**7**	**5**	**2**	**3**	**0**	**4**	**0**
Grand Total		**10**	**13**	**1**	**24**	**17**	**7**	**19**	**0**	**5**	**0**

Movement of staff within IFAD SUMMARY TABLES
1 January 2007 – 19 March 2010

YEAR	DEPT.	G-1-->G7	P-1-->P-5	D-1 AND ABOVE	TOTAL	Female	Male	A	B	C	No member
2007	CDS	0	0	0	0	0	0	0	0	0	0
2008		0	0	0	0	0	0	0	0	0	0
2009		0	0	0	0	0	0	0	0	0	0
2010		3	5	0	8	4	4	4	0	4	0
Total		**3**	**5**	**0**	**8**	**4**	**4**	**4**	**0**	**4**	**0**
2007	EAD	14	10	1	25	17	8	19	0	6	0
2008		8	1	1	10	10	0	8	0	2	0
2009		2	2	0	4	2	2	4	0	0	0
2010		0	0	0	0	0	0	0	0	0	0
Total		**24**	**13**	**2**	**39**	**29**	**10**	**31**	**0**	**8**	**0**
2007	FAD	14	6	1	21	12	9	15	2	3	1
2008		6	8	1	15	10	5	12	0	3	0
2009		3	2	0	5	5	0	4	0	0	1
2010		0	1	0	1	1	0	1	0	0	0
Total		**23**	**17**	**2**	**42**	**28**	**14**	**32**	**2**	**6**	**2**
2007	OPV	0	0	0	0	0	0	0	0	0	0
2008		1	2	0	3	1	2	3	0	0	0
2009		1	2	0	3	2	1	3	0	0	0
2010		0	0	0	0	0	0	0	0	0	0
Total		**2**	**4**	**0**	**6**	**3**	**3**	**6**	**0**	**0**	**0**
2007	PMD	6	7	0	13	9	4	8	0	3	2
2008		10	7	0	17	15	2	10	0	6	1
2009		2	5	0	7	2	5	4	0	2	1
2010		6	5	0	11	9	2	9	0	2	0
Total		**24**	**24**	**0**	**48**	**35**	**13**	**31**	**0**	**13**	**4**
Grand Total		**76**	**63**	**4**	**143**	**99**	**44**	**104**	**2**	**31**	**6**