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Enabling poor rural people
to overcome poverty

IFAD Consolidated Action Plan to Enhance Operational and Institutional Efficiency

Note to Evaluation Committee members

Focal points:

Technical questions:

Shyam Khadka

Senior Portfolio Manager
Programme Management Department
Tel.: +39 06 5459 2388
e-mail: s.khadka@ifad.org

Paula Kim

Senior Operations Adviser
Corporate Services Department
Tel.: +39 06 5459 2731
e-mail: p.kim@ifad.org

Rajiv Sondhi

Manager, Loans and Grants
Controller's and Financial Services Division
Tel.: +39 06 5459 2233
e-mail: r.sondhi@ifad.org

Hisham Zehni

Strategic Planning Officer
Strategy and Knowledge Management Department
Tel.: +39 06 5459 2183
e-mail: h.zehni@ifad.org

Theresa Rice

Operational Systems Adviser
Programme Management Department
Tel.: +39 06 5459 2495
e-mail: t.rice@ifad.org

Carla Ferreira

Organizational Development Officer
Budget and Organizational Development Unit
Tel.: +39 06 5459 2722
e-mail: c.ferreira@ifad.org

Dispatch of documentation:

Deirdre McGrenra

Head, Governing Bodies Office
Tel.: +39 06 5459 2374
e-mail: gb_office@ifad.org

Evaluation Committee — Seventy-eighth Session
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For: **Review**

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Note to Executive Board representatives

Focal points:

Technical questions:

Shyam Khadka
Senior Portfolio Manager
Programme Management Department
Tel.: +39 06 5459 2388
e-mail: s.khadka@ifad.org

Paula Kim
Senior Operations Adviser
Corporate Services Department
Tel.: +39 06 5459 2731
e-mail: p.kim@ifad.org

Rajiv Sondhi
Manager, Loans and Grants
Controller's and Financial Services Division
Tel.: +39 06 5459 2233
e-mail: r.sondhi@ifad.org

Hisham Zehni
Strategic Planning Officer
Strategy and Knowledge Management Department
Tel.: +39 06 5459 2183
e-mail: h.zehni@ifad.org

Theresa Rice
Operational Systems Adviser
Programme Management Department
Tel.: +39 06 5459 2495
e-mail: t.rice@ifad.org

Carla Ferreira
Organizational Development Officer
Budget and Organizational Development Unit
Tel.: +39 06 5459 2722
e-mail: c.ferreira@ifad.org

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Deirdre McGrenra
Head, Governing Bodies Office
Tel.: +39 06 5459 2374
e-mail: gb_office@ifad.org

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For: **Review**

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Abbreviations and acronyms

BOD	Budget and Organizational Development Unit
CGIAR	Consultative Group on International Agricultural Research
CLEE	Corporate-level evaluation of IFAD's institutional efficiency and efficiency of IFAD-funded operations
CLPD	country-level policy dialogue
CPM	country programme manager
ERP	enterprise resource planning
FAO	Food and Agriculture Organization of the United Nations
GRIPS	Grants and Investment Projects System
HR	human resources
ICO	IFAD country office
ICT	information and communications technology
IOE	Independent Office of Evaluation of IFAD
KM	knowledge management
LGS	Loans and Grants System
MIC	middle-income country
PTA	Policy and Technical Advisory Division
QA	quality assurance
QE	quality enhancement
PPMS	Project Portfolio Management System
RB-COSOPs	results-based country strategic opportunities programme

IFAD Consolidated Action Plan to Enhance Operational and Institutional Efficiency

I. Introduction

1. In 2009, IFAD Management launched the Change and Reform Agenda (CRA) with the goal of making IFAD a more effective, efficient and agile institution. The CRA has transformed IFAD's organizational structure, its management of human and financial resources, and the overall conduct of its business.
2. During the IFAD9 consultation process, at the request of Members, Management submitted a paper entitled "Managing for Efficiency", which included proposals for enhancing IFAD's institutional efficiency further. These proposed actions were subsequently incorporated into the IFAD9 consultation report, and many of them are already under way. Management also committed to incorporating actions in response to recommendations of the Corporate-level evaluation of IFAD's institutional efficiency and efficiency of IFAD-funded operations (CLEE) – which was ongoing at the time of the IFAD9 consultation – into the IFAD9 commitment matrix endorsed by the Governing Council in February 2012.¹
3. The CLEE was completed in the first quarter of 2013 and was discussed by the Executive Board at its April 2013 meeting,² when Management presented its response.³ While Management contested some of the CLEE findings, it agreed to incorporate the recommendations into a unified action plan to enhance IFAD's efficiency. At the meeting, Management challenged the CLEE's findings that recommendations would be budget-neutral.⁴
4. In line with these commitments, this paper presents a consolidated action plan for enhancing IFAD's efficiency. It includes actions agreed by Management during the IFAD9 consultations and those recommended by the CLEE. For ease of reference, the relevant proposed actions follow each of the six CLEE recommendations intended for Management's consideration.⁵ Reflecting the evaluation's coverage and recommendations, the action plan first addresses actions related to enhancing IFAD's operational effectiveness and efficiency; it then deals with proposed actions to enhance institutional efficiency. The annex consolidates all the actions that IFAD will take.
5. For each action, a proposed timeframe and an indication of potential costs are given. The CLEE concluded that recommendations involving staffing and organizational changes would require additional resources, and that a capital budget may be necessary to fund the information and communications technology (ICT) investments needed to improve long-term administrative efficiency. The CLEE also noted that proposed actions to increase operational selectivity may result in budget flexibility in the medium term. The estimated costs in this paper therefore provide a reference on associated recurrent costs (staff-related and for ICT maintenance), capital costs (mainly for investment in ICT systems) and one-time adjustment costs (mainly for the set-up and rationalization of IFAD country offices [ICOs], and process improvement).

¹ GC 35/L.4, Annex I to the Report of the Consultation on the Ninth Replenishment of IFAD's Resources (covering the 2013-2015 period) (EB/108/R.3/Add.2).

² IOE Corporate-level evaluation of IFAD's institutional efficiency and efficiency of IFAD-funded operations, April 2013 (EB 2013/108/R.3/Rev.1).

³ IFAD Management Response to the Corporate-level evaluation of IFAD's institutional efficiency and efficiency of IFAD-funded operations, March 2013 (EB 2013/108/R.3/Add.2).

⁴ *Ibid.*, p. 3.

⁵ Of the seven CLEE recommendations, the sixth was on matters related to "oversight by governing bodies on key strategic issues" so is for consideration by the governing bodies of IFAD.

II. Managing for enhanced operational efficiency

CLEE recommendation 1: Scaling up of high-impact, innovative approaches emerging out of IFAD-supported projects and programmes should become the objective of IFAD's business model

6. The CLEE recognized IFAD's significant achievements in changing its operating model, mainly by rapidly taking over the direct supervision of its projects and expanding and strengthening ICOs. These changes have enabled IFAD to achieve better results. For example, over the last four years the amount of loans and grants approved increased by 76 per cent, and the number of effective projects by 25 per cent. Similar improvements are noted at the outcome level: the rate of overall project achievement⁶ increased from 76 per cent in 2006-2009 to 82 per cent in 2010-2013.
7. With a view to scaling up the impact of IFAD programmes and projects, the CLEE made a number of recommendations for improving IFAD's operating business model. These relate to strategic selectivity; increased in-house technical capacity and reduced reliance on consultants; a more balanced workload among country programme managers (CPMs); more differentiated allocation of resources, and increased customization; better integration between lending and non-lending activities; streamlining of operational processes; and enhancement of staff skills and productivity. The following sections detail actions that Management will take to respond to the CLEE recommendations.

A. Increase strategic selectivity

8. The CLEE recommended that IFAD be more strategically selective in two areas: country selectivity and thematic selectivity.

Country selectivity

9. In its response to the CLEE, Management concurred with the finding that IFAD, in general, suffers from low economies of scale in its operations. One reason for this weakness is IFAD's wide scope of country coverage, with operations in more than 90 countries; this has resulted in small allocations to 30 very small countries. Small operations in small countries cost nearly as much to prepare and supervise as do large operations in large countries, leading to high operational costs overall. However, while reducing the number of countries in which IFAD operates would increase cost-efficiency, it would also run counter to IFAD's mandate for providing support to the rural poor globally. In light of this divergence, IFAD Management will seek the Executive Board's guidance on country selectivity.

<i>Action</i>	<i>Timeline and indicative cost</i>
Prepare a paper outlining various options for country selectivity for consideration by the Executive Board*	September 2014 Executive Board session No incremental costs

* Entails a new deliverable in the IFAD9 commitment matrix, under the Project efficiency area of reform. (Commitments in this area of reform aim to ensure that results are achieved at a reasonable cost and enhance IFAD's value-for-money.)

Thematic selectivity

10. The CLEE concluded that there is insufficient thematic focus in IFAD's operations. However, the 64 categories that IFAD uses to monitor its resource allocation all fall into 12 technical areas related to agricultural and rural development, and are all within the scope defined in the Strategic Framework. More than half of the amounts approved in the last four years were in only three areas: agricultural development; rural infrastructure, including irrigation and farm roads; and rural financial services. The active portfolio follows a similar pattern. Further analyses

⁶ This is a composite of six criteria: relevance; effectiveness; efficiency; rural poverty impact; sustainability and ownership; and innovation, replicability and scaling up.

undertaken since completion of the CLEE show that, in qualitative terms, IFAD's technical staff provide the diverse set of skills⁷ required for IFAD to operate in the 12 technical areas. Management therefore believes that the Fund's operations enjoy adequate thematic focus and therefore do not require further concentration.

B. Increase in-house technical expertise and reduce dependence on consultants

11. Despite the availability of a broad range of technical skills in-house, Management agrees that the number of technical staff is inadequate to meet the demand for leadership in project design, supervision and implementation. As a result, IFAD's reliance on consultants is significantly higher than that of other international financing institutions. The CLEE linked these factors to the lack of substantive field support to CPMs and the resultant stress on the CPM model.
12. IFAD Management is cognizant of this situation and of the increasing breadth of tasks assigned to CPMs. In response, it has introduced a number of changes, including: (i) adding capacity for project supervision and loan administration, using resources previously passed on to cooperating institutions; (ii) enhancing the cadre of national officers and support staff in 40 ICOs; (iii) training CPMs and other relevant staff on project design, supervision and financial management; (iv) creating a separate department for knowledge management and strategy; and (v) creating specialized units, such as for policy dialogue, to provide additional support to CPMs.
13. In light of the CLEE finding and recommendation to enhance IFAD's technical expertise, Management will also take the following actions.

<i>Action</i>	<i>Timeline and indicative cost</i>
Develop a grant programme to enhance strategic partnerships with the Food and Agriculture Organization of the United Nations (FAO) and the Consultative Group on International Agricultural Research (CGIAR) to provide technical assistance to fragile and weakly performing borrowing countries and to increase the production and management of knowledge ^a	Beginning early 2014 Grant-funded
Help build national technical capacity by drawing on the growing skilled labour force in borrowing member countries ^b	Beginning early 2014 (long-term efficiency gain)
Expand, as warranted, ICOs and strengthen their capacity by recruiting country programme officers and assistants ^c	2014-2015 US\$250,000 recurrent (not including CFS)
Rationalize the use of consultants by recruiting additional specialist staff in PTA to increase in-house technical capacity for providing field support during project design and supervision ^b	2013-2015 US\$1.65 million, of which US\$1.1 million absorbed in the regular budget leaving a net incremental requirement of US\$550,000

^a Supports the IFAD9 commitment to "Enhance the quality of programme design and implementation support in fragile states by performing deeper analysis of the causes of fragility", under the Fragile states area of reform.

^b Supports the IFAD9 commitment to "Strengthen country programme development, monitoring and management processes to ensure systematic attention to scaling up, broader partnership-building, more rigorous policy analysis, and active engagement in national policy dialogue on agriculture and rural development", under the Scaling up area of reform.

^c Supports the IFAD9 commitment to "Open additional country offices in line with the IFAD Country Presence Policy and Strategy, ensuring adequate delegation of authority at the country level, and cost-efficiency in the set-up and operation of country offices", under the Country-level decentralization area of reform.

C. Balance the workload among CPMs

14. The change in IFAD's operating model has brought a quantitative and qualitative shift in the nature and variety of tasks that CPMs perform. The CLEE's conclusion that the CPM model is under pressure is to some extent valid, but the CLEE's analysis of the workload distribution among CPMs was superficial. A robust analysis

⁷ For example, current Policy and Technical Advisory Division (PTA) staff cover all thematic areas except fisheries, which accounts for only about 1 per cent of new approvals and less than 1.5 per cent of the value of the active portfolio.

with multiple and weighted load factors shows that the workload distribution among CPMs is far more balanced than indicated by the CLEE, although it also shows that some opportunity for further balancing exists in all regional divisions. Accordingly, IFAD will take the following actions.

<i>Action</i>	<i>Timeline and indicative cost</i>
Develop a more robust database with a management dashboard showing the status of the programme of work as a tool for workload analysis	2014-2015 US\$300,000 capital ICT costs; US\$100,00 recurrent costs
Monitor CPM workloads using multiple factors (design, supervision, policy dialogue, etc.) and redistribute workloads as necessary, through staff recruitment, rotation, country redistribution, etc.*	Starting in 2013, and continuing as part of the annual strategic workforce planning exercise

* Supports the IFAD9 commitment to "Reduce delays in the project cycle", under the Project efficiency area of reform.

D. Implement a more differentiated allocation of resources and increase customization to country needs

15. The CLEE recommended that IFAD consider a more differentiated allocation of resources and increase the customization of its services to country needs. As an international financing institution, IFAD depends heavily on the performance of its implementing partners for ultimate outcomes and impact. Keeping in mind this situation and the limited human and financial resources available to IFAD under its administrative budget, IFAD will augment its resources for supporting the underperforming part of its portfolio by assisting member countries, especially those with weak institutional capacity. To this end, IFAD will undertake the following actions.

<i>Action</i>	<i>Timeline and indicative cost</i>
Focus administrative budget allocations to increase support to projects facing potential or actual risks (need-based differentiated allocation of resources) ^a	2014-2016
Develop and implement more responsive instruments for middle-income countries (MICs) ^b	Ongoing US\$250,000 adjustment costs

^a Supports the IFAD9 commitment to "Reduce delays in the project cycle", under the Project efficiency area of reform.

^b Supports the IFAD9 commitment to "Explore the scope for raising financing from other sources to be submitted to the Executive Board, provided that any related agreements have no consequences for the governance of the Fund", under the New sovereign donors and alternative financing modalities area of reform.

E. Aim for better integration between lending and non-lending activities

Knowledge management and grants strategy

16. Strengthening and refocusing IFAD's capacity to manage knowledge is considered fundamental to achieving many of the IFAD9 commitments and raising IFAD's impact and efficiency. Management therefore agrees with the CLEE on the need for better integration between lending and non-lending activities in IFAD's operations.
17. A corporate knowledge management (KM) framework and plan are under preparation and will be finalized in 2013. As a key part of the KM plan, IFAD will leverage learning through its planned programme of impact evaluations, of which up to 30 will be carried out over the 2013-2015 period. A review of internal guidelines for grants and an analysis of future directions for IFAD's grants policy are also being undertaken, as grant resources are used to support research and knowledge-related activities.
18. IFAD will undertake the following actions to improve integration between lending and non-lending activities.

<i>Action</i>	<i>Timeline and indicative cost</i>
Implement the KM framework and plan, including incentives for staff participation	Starting end-2013 US\$250,000 adjustment costs
Conduct, synthesize and report on up to 30 impact evaluations ^a	End-2014; number will depend on available internal resources No cost implications
Revise internal guidelines to enhance the strategic orientation of IFAD's annual grant work plan for 2014-2015 ^b	Mid-2013 to early 2014
Review and update IFAD's grants policy, strategy and procedures ^b	End of 2014 to mid-2015
Upgrade the corporate management information system on projects (the Project Portfolio Management System [PPMS]) to include information on stand-alone grants.	End of 2013 No additional costs

^a This is an IFAD9 commitment.

^b Supports the IFAD9 commitment to "Strengthen knowledge management processes to enhance IFAD's capacity to capture and harness evidence-based knowledge for scaling up", under the Scaling up area of reform.

Policy dialogue

19. As the CLEE noted, effective country-level policy dialogue (CLPD) is a critical tool for IFAD, especially in efforts to mainstream scaling up. It is also an increasingly important "product" for IFAD to offer its member countries, particularly the growing number of MICs where IFAD's financial resources may be of less value than its expertise in issues related to rural development.
20. IFAD has prepared an action plan for CLPD, which it shared with the Executive Board at its 108th session in April 2013.⁸ The plan focuses on ensuring more effective integration of CLPD in IFAD country programmes by undertaking a series of activities. The following IFAD action related to this recommendation therefore consists of implementing and reviewing the CLPD plan.

<i>Action</i>	<i>Timeline and indicative cost</i>
Implement the action plan for CPLD prepared by PTA, including preparation of the first policy brief, active support to CPMs, and preparation of 4-5 country briefs per year*	Ongoing; review of progress and impact by end-2015

* Supports the IFAD9 commitment to "Strengthen country programme development, monitoring and management processes to ensure systematic attention to scaling up, broader partnership-building, more rigorous policy analysis, and active engagement in national policy dialogue on agriculture and rural development", under the Scaling up area of reform.

Results-based country strategic opportunities programmes

21. The integrated management of IFAD's lending and non-lending operations at the country level is at the core of its results-based country strategic opportunities programmes (RB-COSOPs). The CLEE's recommendations for enhancing RB-COSOP processes and value-added will be addressed as part of the review of IFAD's RB-COSOP guidelines, scheduled to start in late 2013 for completion by mid-2014. It is expected that RB-COSOPs will be more aligned with country strategies and will be strengthened as a tool for policy dialogue – essential for scaling up. Internal RB-COSOP review processes will be streamlined by integrating them more closely with project review processes, and through the participation of country partners. IFAD will take the following action in this regard.

<i>Action</i>	<i>Timeline and indicative cost</i>
Review and update IFAD's RB-COSOP guidelines, including the criteria for deciding when an RB-COSOP is required, e.g. in small country programmes*	Completed by mid-2014 US\$100,000 adjustment costs (for consultants)

* Supports the IFAD9 commitment to "Strengthen country programme development, monitoring and management processes to ensure systematic attention to scaling up, broader partnership-building, more rigorous policy analysis, and active engagement in national policy dialogue on agriculture and rural development", under the Scaling up area of reform.

⁸ A Plan for Country-level Policy Dialogue (EB 2013/108/INF.3).

F. Streamline operational processes

22. The policy papers and procedural guidelines prepared by IFAD in recent years have focused more on achieving better development outcomes and less on reducing transaction costs and increasing institutional efficiency. IFAD Management will therefore review a number of key business processes related to its operations, to make these processes more efficient while improving – or at least maintaining – the level of development effectiveness. The processes to be improved are discussed in the following subsections.

Quality enhancement and quality assurance processes

23. As noted by the CLEE, IFAD has recently revised the quality enhancement (QE) process, which now encourages PTA staff to go on field missions, undertake specific technical assignment on behalf of regional divisions, and provide project development support. Envisaged changes in the quality assurance (QA) process will aim to increase the engagement of QA staff in the early stages of project development.
24. The revised QE and QA processes will put greater emphasis on: (i) scaling up the results of IFAD's operations; (ii) improving analysis of the economic efficiency of projects and achieving more sustainable impacts; (iii) ensuring readiness to implement projects at the time of their approval; and (iv) increasing the customization of IFAD's assistance, especially to MICs and fragile states. The following are the timelines for these revisions.

<i>Action</i>	<i>Timeline and indicative cost</i>
Revise the QE process*	Major reforms already in place (2013); fine-tuning 2014-2015
Revise the QA process; early engagement of QA staff may involve travel	Revisions being finalized (2013); fine-tuning to continue US\$350,000 recurrent additional travel expenses

* Supports the IFAD9 commitment to "Strengthen country programme development, monitoring and management processes to ensure systematic attention to scaling up, broader partnership-building, more rigorous policy analysis, and active engagement in national policy dialogue on agriculture and rural development", under the Scaling up area of reform.

Project supervision and financial management

25. Management notes the CLEE finding that "the change in IFAD's business model, combining direct supervision with decentralization, has brought substantial benefits to the Fund". Management agrees with the CLEE that there is need to consolidate the modality for direct supervision and to strengthen financial management. IFAD will therefore undertake the following actions.

<i>Action</i>	<i>Timeline and indicative cost</i>
Issue revised guidelines for project supervision that incorporate the recommendations made in the CLEE and the corporate-level evaluation of supervision ^a	By 31 March 2014
Implement reforms to enhance the quality of financial management in projects, such as introduction of risk-based methodologies, increased reliance on country systems and capacity-building in financial management for project staff and IFAD's workforce ^b	End-2014 Capital and recurrent costs can be absorbed into existing budgets
Replace the legacy Loans and Grants System (LGS) with a new, modern web-enabled platform, to create a strong foundation for subsequently developing a borrower self-service portal that supports electronic disbursements ^c	2014-2015 Recurrent costs of US\$3 million, including depreciation in 2014, growing to US\$4.5 million to support decentralized operations
Scale up the Nairobi Disbursement Processing Unit to an interregional decentralized hub servicing Western and Central, Eastern and Southern, Northeast and Near African countries, by gradually shifting additional loan administration tasks from Rome to the Nairobi unit	In progress; completion by end-2014

^a Supports the IFAD9 commitment to "Strengthen country programme development, monitoring and management processes to ensure systematic attention to scaling up, broader partnership-building, more rigorous policy analysis, and active engagement in national policy dialogue on agriculture and rural development", under the *Scaling up* area of reform.

^b Supports the IFAD9 commitment to "Strengthen and, where feasible, increase reliance on country systems and implementation structures", under the *Aid effectiveness* area of reform.

^c Supports the IFAD9 commitment to "Streamline the Fund's processes and workflows through adoption of improved information and communication technologies", under the *Institutional efficiency* area of reform.

Accounting and financial reporting

26. IFAD will introduce improvements to accounting and financial reporting processes through the following actions.

<i>Action</i>	<i>Timeline and indicative cost</i>
Provide an enabling environment to support extension of decentralized country offices by implementing a financial accountability framework for decentralized operations in ICOs and enabling access to financial systems ^a	By 30 September 2014
Enhance system automation and business processes to achieve both reporting accuracy and resource monitoring effectiveness, as well as process simplification ^b	End-2014 One-time cost implications shown as a consolidated process improvement

^a Supports the IFAD9 commitment to "Open additional country offices in line with the IFAD Country Presence Policy and Strategy, ensuring adequate delegation of authority at the country level, and cost-efficiency in the set-up and operation of country offices", under the Country-level decentralization area of reform.

^b Supports the IFAD9 commitment to "Streamline the Fund's processes and workflows through adoption of improved information and communication technologies", under the Institutional efficiency area of reform.

G. Enhance staff skills and productivity

27. In line with the recommendation of the CLEE, IFAD will intensify its training for staff engaged in operations under its new business model. It will also continue progressively to introduce productivity-enhancing technology. These ends will be accomplished by undertaking the following actions.

<i>Action</i>	<i>Timeline and indicative cost</i>
Intensify staff training programmes in project supervision, financial management, etc.*	Ongoing; will be intensified in future US\$500,000 consolidated incremental recurrent costs
Make relevant knowledge products available to frontline staff, such as CPMs, in easily accessible formats*	Ongoing; will be intensified in future

* Supports the IFAD9 commitment to "Strengthen knowledge management processes to enhance IFAD's capacity to capture and harness evidence-based knowledge for scaling up", under the *Scaling up* area of reform.

CLEE recommendation 2: Articulate and implement a clear vision for country presence and how IFAD would operate in a decentralized environment

28. As the CLEE noted, IFAD has established country offices to enhance its development effectiveness and contain the costs of administering its increasing portfolio of loans and grants. The ICOs established so far have been selected strategically so that with only 40 offices IFAD is able to serve about 60 per cent of its total projects and about 75 per cent of its total financing. In response to the CLEE recommendation that IFAD articulate and implement a clear vision for its country presence, Management will undertake a review of the Country Presence Policy and Strategy and present its findings and recommendations to the Executive Board in December 2013.

<i>Action</i>	<i>Timeline and indicative cost</i>
Prepare and submit for Board approval a review of IFAD's Country Presence Policy and Strategy*	December 2013 US\$1.75 million one-time adjustment cost for setting up and administering ICOs

* Supports the IFAD9 commitment to "Open additional country offices in line with the IFAD Country Presence Policy and Strategy, ensuring adequate delegation of authority at the country level, and cost-efficiency in the set-up and operation of country offices", under the Country-level decentralization area of reform.

III. Managing for enhanced institutional effectiveness and efficiency

CLEE recommendation 3: Manage oversight and support units, including critical ICT functions, with a clear focus on increasing service quality and cost-efficiency

29. Value for money and cost-efficiency are central priorities for IFAD as it works on maximizing the impact of its own resources and those of its partners, and on improving its services to Member States.
30. Following the conclusion of the IFAD9 consultations in December 2011, Management has taken actions to enhance the Fund's efficiency. These actions encompass all important determinants of organizational efficiency: streamlining of business processes, increased application of ICT, effective administration of budgetary resources, and better management of human resources (HR).

A. Improve business processes

31. Improving cost- and process-efficiency is a key element of IFAD's institutional efficiency drive during the IFAD9 period. In response to the CLEE recommendation that further efforts should be made to increase service quality and reduce costs, Management will introduce new tools to enable the Fund to monitor the costs of its business processes more effectively and to facilitate cost containment and reduction wherever possible. As part of IFAD9 commitments to monitoring efficiency, new indicators and more ambitious targets for operational and institutional efficiency have been included in the Results Measurement Framework 2013-2015, to support enhanced performance and enable more comprehensive reporting on progress and achievements.
32. Streamlining of the Fund's processes and workflows through adoption of improved ICT has begun. An assessment of administrative workflow processes has also commenced. Key workflows identified as areas where processes can be streamlined include travel processing, procurement, HR management, payment processing, and records management.
33. A key driver for the implementation of corporate efficiencies is the automation of manual processes. The ICT Division is working closely with business users in all areas to identify opportunities and deliver solutions. The following are the main actions to increase service quality and achieve cost-effectiveness.

<i>Action</i>	<i>Timeline and indicative cost</i>
Develop efficiency indicators and benchmarks for key business processes to facilitate the identification of opportunities for process streamlining and cost saving ^a	Proposals by mid-2014
Review and change key business processes to enhance efficiency ^a	End-2014 US\$300,000 one-time adjustment cost
Delegate procurement authority to division directors for conducting low-value procurement of up to €10,000 and related changes in workflow ^b	Mid-2014 US\$300,000 capital costs absorbed under existing 2013 capital project
Further streamline travel processing, including necessary adjustments to the enterprise resource planning (ERP) system ^c	Completion by end-2014 US\$300,000 capital costs
Streamline the Corporate Procurement Guidelines to enhance administrative efficiency by eliminating transactional steps for low-value and low-risk purchases ^b	Completion by mid-2014

^a This is an IFAD9 commitment under the Institutional efficiency area of reform.

^b Supports the IFAD9 commitment to "Assess value-added of business processes, and the potential for adopting more cost-effective alternative delivery modalities, including through joint servicing initiatives with other Rome-based agencies", under the Institutional efficiency area of reform.

^c Supports the IFAD9 commitment to "Streamline the Fund's processes and workflows through adoption of improved information and communication technologies", under the Institutional efficiency area of reform.

B. Increase application of information and communications technology

34. In the light of the CLEE finding that historically "IFAD's spending on ICT has been very low relative to its comparators", Management will increase the levels of investment for both capital and recurring expenditures.
35. IFAD continues to integrate its core platforms – Oracle-PeopleSoft ERP, Agile Open Source and Microsoft. All newly implemented and upgraded systems are being developed using these platforms, to increase integration with other systems and simplify ongoing support after deployment.
36. All new ICT developments are being delivered on web-based technologies to facilitate access to and from remote locations. The primary goal of this objective is to offer staff in country offices exactly the same ICT systems that are available at Headquarters. The ICT Division has launched an ICO connectivity project to ensure that country offices are provided with improved connectivity to facilitate reliable access to and use of IFAD applications.
37. Building on and following the Delivering as One principles, the ICT Division and its business partners are identifying opportunities and developing roadmaps to ensure that the future direction of management information systems in IFAD directly support IFAD's business direction. The following are key actions to enhance IFAD's ITC capacity.

<i>Action</i>	<i>Timeline and indicative cost</i>
Integrate the core ICT platforms (Oracle-PeopleSoft ERP, Agile Open Source and Microsoft)*	2013-2015 US\$200,000 capital costs
Upgrade IFAD's software systems to enable more effective and efficient administrative support of ICOs*	Completion by end-2015 US\$900,000 capital costs US\$200,000 recurrent costs
Implement ICT systems to support IFAD's operational monitoring and evaluation processes*	Completion by 2015 US\$700,000 capital costs US\$100,000 recurrent costs
Implement mobile technologies to allow access to IFAD systems on the move via a range of devices including smart phones and tablets*	Pilot 2013; development 2014-2015 US\$100,000 capital costs.
Develop business intelligence solutions to provide relevant management information to support business decisions*	Completion by 2015 US\$375,000 capital costs US\$200,000 recurrent costs
Introduce the comprehensive Grants and Investment Projects System (GRIPS), retire PPMS and reconfigure existing systems that rely on PPMS*	End-2013 US\$375,000 capital costs
Upgrade the Operations Dashboard to accommodate new business imperatives, using information from GRIPS and Flexcube*	End-2014 Costs absorbed by previous action

* Supports the IFAD9 commitment to "Streamline the Fund's processes and workflows through adoption of improved information and communication technologies", under the Institutional efficiency area of reform.

CLEE recommendation 4: Better manage scarce budgetary resources towards high-quality results

38. Since late 2010, the role of the Budget Unit has significantly expanded and now includes more intensive budget preparation and management and a more rigorous mid-year budget review. Prior to the CLEE, Management had noted that the corporate budget function was understaffed and had decided to establish a Budget and Organizational Development Unit (BOD) with a Director reporting to the Vice-President of IFAD. This new unit will ensure the link between budget and annual workforce planning. Along with reorganization of the Budget Unit, the practice of conducting a mid-year budget review started in 2011 and is now an established annual exercise. Quarterly reporting has also been introduced, to provide timely inputs to departments, focusing on over- and underutilization trends by cost category to facilitate better budget management.
39. In line with the CLEE recommendation, Management will take the following actions to ensure effective administration of budgetary resources, with the goal of ensuring that the budget becomes results-oriented while allowing flexibility for the optimal use of resources.

<i>Action</i>	<i>Timeline and indicative cost</i>
Augment capacity in the central budget function, a Director of BOD will be recruited, reporting to the Vice-President of IFAD ^a	Recruitment under way
Strengthen the mid-year review and optimize the budget reallocation process ^b	Ongoing
Study the possibility of automating quarterly budget monitoring and sharing ^b	By end-2014 Recurrent costs absorbed in existing staff resources

^a Supports the IFAD9 commitment to "Consolidate and deepen reforms completed in IFAD8", under the Human resources reform area of reform.

^b Supports the IFAD9 commitment to "Streamline the Fund's processes and workflows through adoption of improved information and communication technologies", under the Institutional efficiency area of reform.

CLEE recommendation 5: Manage strategically the skills composition, cost and performance of the workforce

40. As part of the Change and Reform Agenda, Management has introduced a series of initiatives to improve HR management. Key initiatives have included an external

review of IFAD's HR management, which allowed benchmarking of HR management with other comparable institutions, a revision of staff rules and procedures, refinement of the staff performance assessment system, a job audit exercise to classify and grade all positions in IFAD, the introduction of strategic workforce planning in 2010, and the introduction of a new wage scale for general service staff that is more in line with market conditions in Rome.

41. Management agrees with the CLEE finding on the need to build on these initiatives and will undertake the following actions.

<i>Action</i>	<i>Timeline and indicative cost</i>
Refine the strategic workforce planning exercise in 2014 (and successive years), to ensure that IFAD has the requisite workforce in terms of headcount, competencies and skills to enable it to deliver on the key strategic objectives of IFAD9 2013-2015 ^a	Ongoing
Develop and implement a job titling and job family system for IFAD, as a follow-up to the job audit exercise ^a	December 2013
Implement a new rewards and recognition framework, taking into account best practices for talent and rewards management that include monetary and non-monetary rewards ^b	January 2014 Included in the regular budget increase
Strengthen the performance management system to provide managers with the tools to recognize excellent performance and to motivate staff to achieve continuously stronger results	December 2014
Follow up on the 2012 Global Staff Survey to address key staff concerns ^a	December 2013

^a Supports the IFAD9 commitment to "Consolidate and deepen reforms completed in IFAD8", under the Human resources reform area of reform.

^b Supports the IFAD9 commitment to "...pilot a pay-for-performance model...", under the Human resources reform area of reform.

CLEE recommendation 7: Instil an institutional culture of accountability and performance, and strengthen reporting for results

42. The CLEE emphasized that continued improvement of IFAD's accountability framework for high-quality results and performance will underpin efforts to make IFAD's impact more efficient. The CLEE recognized that many elements of this framework, such as the Results Measurement Framework and the corporate planning and performance management system, are already in place, and that recent developments such as preparation of a rolling medium-term plan (including the impact evaluation programme referred to in paragraph 17) and the more rigorous budget mid-term review process are steps in the right direction. As stated in paragraphs 40 and 41, further elements have been introduced since the CLEE's completion, including a reward and recognition framework for high-performing staff and the IFAD Awards Programme, which provide additional incentives for superior performance.
43. Development of a comprehensive accountability framework for IFAD is currently under discussion with the governing bodies, and Management is committed to ensuring that relevant elements of accountability identified by the CLEE are addressed in a consistent manner.
44. In addition, in the context of the planned impact evaluations, Management is taking steps to improve the data and information base for its Results Measurement Framework. Accordingly, Management is committed to the following actions.

<i>Action</i>	<i>Timeline and indicative cost</i>
Revise the IFAD accountability framework to incorporate CLEE recommendations ^a	Completion by end-2014
Define delegation of authority to address CLEE recommendations ^a	End-2014
Improve the data and information base for IFAD's Results Measurement Framework ^b	Continuous

^a Entails a new deliverable in the IFAD9 commitment matrix under the Institutional efficiency area of reform.

^b Supports the IFAD9 commitment to "Report annually to the Executive Board and Evaluation Committee on performance against Results Measurement Framework (RMF) 2013-2015 indicators and targets through the Report on IFAD's Development Effectiveness", under the Results reporting area of reform.

IV. Cost implications and reporting

45. As agreed during discussions in the Evaluation Committee and Executive Board meetings, the implementation of CLEE recommendations is not cost-neutral. It will involve ICT-related capital costs; one-time adjustment costs, which will eventually result in improved efficiency and effectiveness; and increased recurrent costs. Preliminary estimates by Management find that: (i) the ICT-related capital costs for the development and automation of various systems are US\$3.6 million, including the normal provision for project management costs; (ii) one-time adjustment costs are approximately US\$3.0 million; and (iii) the increase in recurrent costs in 2014 is US\$5.25 million (a substantial part of which relates to the operating, maintenance and depreciation costs of the LGS replacement project), with further increases in 2015 of US\$2.2 million, including depreciation on the roll-out of the LGS replacement project to borrowers, and the depreciation associated with the ICT-related capital costs noted in point (i).
46. The estimated incremental budgetary requirements will be included in the 2014 High-Level Preview Budget document for the Board's consideration in September 2013. The CLEE-related ICT capital cost will form part of the normal request for capital budget, while the one-time adjustment costs will be shown separately. The CLEE-related recurrent costs of approximately 3.6 per cent in 2014 will form part of the regular budget proposal.
47. As the action plan presented in this document forms part of IFAD's commitment to IFAD9, the Executive Board will be updated on progress through the "Report on IFAD's Development Effectiveness". Updates on the status of implementation of individual CLEE recommendations will be reported through the President's Report on the Implementation Status of Evaluation Recommendation and Management Actions in 2014, and possibly also in 2015.

Consolidated action plan

	<i>CLEE recommendation/action</i>	<i>Timeline and indicative cost</i>
	<i>CLEE recommendation 1: Scaling up of high impact, innovative approaches emerging out of IFAD-supported projects and programmes should become the objectives of IFAD's business model</i>	
	Increase strategic selectivity	
1	Prepare a paper outlining various options for country selectivity for consideration by the Executive Board.	September 2014 Executive Board session No incremental costs
	Increase in-house technical expertise and reduce dependence on consultants	
2	Develop a grant programme to enhance strategic partnerships with FAO and CGIAR to provide technical assistance to fragile and weakly performing borrowing countries and to increase the production and management of knowledge	Beginning early 2014 Grant-funded
3	Help build national technical capacity by drawing on the growing skilled labour force in borrowing member countries	Beginning early 2014 (long-term efficiency gain)
4	Expand, as warranted, ICOs and strengthen their capacity by recruiting country programme officers and assistants	2014-2015 US\$250,000 recurrent (not including CFS)
5	Rationalize the use of consultants by recruiting additional specialist staff in PTA, to increase in-house technical capacity for providing field support during project design and supervision	2013-2015 US\$1.65 million, of which US\$1.1 million absorbed in the regular budget leaving a net incremental requirement of US\$550,000
	Balance the workload among CPMs	
6	Develop a more robust database with a management dashboard showing the status of the programme of work as a tool for workload analysis	2014-2015 US\$300,000 capital ICT costs; US\$100,00 recurrent costs
7	Monitor CPM workloads using multiple factors (design, supervision, policy dialogue, etc.) and redistribute workload as necessary, through staff recruitment, rotation, country redistribution, etc.	Starting in 2013, and continuing as part of the annual strategic workforce planning exercise
	Implement a more differentiated allocation of resources and increase customization to country needs	
8	Focus administrative budget allocations to increase support to projects facing potential or actual risks (need-based differentiated allocation of resources)	2014-2016
9	Develop and implement more responsive instruments for MICs	Ongoing US\$250,000 adjustment costs
	<i>Aim for better integration between lending and non-lending activities</i>	
	Knowledge management and grants strategy	
10	Implement the KM framework and plan, including incentives for staff participation	Starting end-2013 US\$250,000 adjustment costs
11	Conduct, synthesize and report on up to 30 impact evaluations	End-2014; number will depend on available internal resources No cost implications
12	Revise internal guidelines to enhance the strategic orientation of IFAD's annual grant work plan for 2014-2015	Mid-2013 to early 2014
13	Review and update IFAD's grants policy, strategy and procedures	End-2014 to mid-2015
14	Upgrade the corporate management information system on projects (PPMS) to include information on stand-alone grants	End-2013 No additional costs
	Policy dialogue	
15	Implement the action plan for CLPD prepared by PTA, including preparation of the first policy brief, active support to CPMs, and preparation of 4-5 country briefs per year	Ongoing; review of progress and impact by end-2015

Results-based country strategic opportunities programmes		
16	Review and update IFAD's RB-COSOP guidelines, including the criteria for deciding when an RB-COSOP is required, e.g. in small country programmes	Completed by mid-2014 US\$100,000 adjustment costs (for consultants)
Streamline operational processes		
Quality enhancement and quality assurance processes		
17	Revise the QE process	Major reforms already in place (2013); fine-tuning 2014-2015
18	Revise the QA process; early engagement of staff may involve travel	Revisions being finalized (2013); fine-tuning to continue US\$350,000 recurrent additional travel expenses
Project supervision and financial management		
19	Issue revised guidelines for project supervision that incorporate the recommendations made in CLEE and the corporate-level evaluation of supervision	By 31 March 2014
20	Implement reforms to enhance the quality of financial management in projects, such as introduction of risk-based methodologies, increased reliance on country systems and capacity-building in financial management for project staff and IFAD's workforce	End-2014 Capital and recurrent costs can be absorbed into existing budgets
21	Replace the LGS with a new, modern web-enabled platform, to create a strong foundation for subsequently developing a borrower self-service portal that supports electronic disbursements	2014-2015 Recurrent costs of US\$3 million, including depreciation in 2014, growing to US\$4.5 million to support decentralized operations
22	Scale up the Nairobi disbursement processing unit to an interregional decentralized hub servicing Western and Central, Eastern and Southern, and Northeast and Near African countries, by gradually shifting additional loan administration tasks from Rome to the Nairobi unit	In progress; completion by end-2014
Accounting and financial reporting		
23	Provide an enabling environment to support extension of decentralized country offices by implementing a financial accountability framework for decentralized operations in ICOs and enabling access to financial systems	30 September 2014
24	Enhance system automation and business processes to achieve both reporting accuracy and resource monitoring effectiveness, as well as process simplification	End-2014 One-time cost implications shown as a consolidated process improvement
Enhance staff skills and productivity		
25	Intensify staff training programmes in project supervision, financial management, etc.	Ongoing; will be intensified in future US\$500,000 consolidated incremental recurrent costs
26	Make relevant knowledge products available to frontline staff, such as CPMs, in easily accessible formats	Ongoing; will be intensified in future
27	Intensify staff training programmes for topics such as project supervision and financial administration, etc.	On-going but will be intensified in future.
CLEE recommendation 2: Articulate and implement a clear vision for country presence and how IFAD would operate in a decentralized environment		
28	Prepare and submit for Board approval a review of IFAD's Country Presence Policy and Strategy	December 2013 US\$1.75 million one-time adjustment cost for setting up and administering ICOs
CLEE recommendation 3: Manage oversight and support units, including critical ICT functions, with a clear focus on increasing service quality and cost-efficiency		
Improve business processes		
29	Develop efficiency indicators and benchmarks for key business processes to facilitate the identification of opportunities for process streamlining and cost saving	Proposals by mid-2014
29a	Review and change key business processes to enhance efficiency	End-2014 US\$300,000 one-time

		adjustment cost
30	Delegate procurement authority to division directors for conducting low-value procurement of up to €10,000 and related changes in workflow	Mid-2014 US\$300,000 capital costs absorbed under existing 2013 capital project
31	Further streamline travel processing, including making the necessary adjustments to the ERP system	Completion by end-2014 US\$300,000 capital costs
32	Streamline the Corporate Procurement Guidelines to enhance administrative efficiency by eliminating transactional steps for low-value and low-risk purchases	Completion by mid-2014
Increase application of information and communications technology		
33	Integrate the core IT platforms (Oracle-PeopleSoft ERP, Agile Open Source and Microsoft)	2013-2015 US\$200,000 capital costs
34	Upgrade IFAD's software systems to enable more effective and efficient administrative support of ICOs	Completion by end-2015 US\$900,000 capital costs US\$200,000 recurrent costs
35	Implement ICT systems to support IFAD's operational monitoring and evaluation processes	Completion by 2015 US\$700,000 capital costs US\$100,000 recurrent costs
36	Implement mobile technologies to allow access to IFAD systems on the move via a range of devices including smart phones and tablets	Pilot 2013; development 2014-2015 US\$100,000 capital costs
37	Develop business intelligence solutions to provide relevant management information to support business decisions	Completion by 2015 US\$375,000 capital costs US\$200,000 recurrent costs
38	Introduce GRIPS, retire PPMS and reconfigure existing systems that rely on PPMS	End-2013 US\$375,000 capital costs
39	Upgrade the Operations Dashboard to accommodate new business imperatives, using information from GRIPS and Flexcube	End-2014 Costs absorbed in previous action
<hr/> CLEE recommendation 4: Better manage scarce budgetary resources towards high-quality results		
40	Augment capacity in the central budget function; a Director of BOD will be recruited, reporting to the Vice-President of IFAD	Recruitment under way
41	Strengthen the mid-year review and optimize the budget reallocation process	Ongoing
42	Study the possibility of automating quarterly budget monitoring and sharing	By end-2014 Recurrent costs absorbed in existing staff resources
<hr/> CLEE recommendation 5: Manage strategically the skills composition, cost and performance of the workforce		
43	Refine the strategic workforce planning exercise in 2014 (and successive years), to ensure that IFAD has the requisite workforce in terms of headcount, competencies and skills to enable it to deliver on the key strategic objectives of IFAD9, 2013-2015	Ongoing
44	Develop and implement a job titling and job family system for IFAD, as a follow-up to the job audit exercise	December 2013
45	Implement a new rewards and recognition framework, taking into account best practices for talent and rewards management that include monetary and non-monetary rewards	January 2014 Included in the regular budget increase
46	Strengthen the performance management system to provide managers with the tools to recognize excellent performance and to motivate staff to achieve continuously stronger results	December 2014
47	Follow up on the 2012 Global Staff Survey to address key staff concerns	December 2013

<i>CLEE recommendation 7: Instil an institutional culture of accountability and performance, and strengthen reporting for results</i>		
48	Revise the IFAD accountability framework to incorporate CLEE recommendations	Completion by end-2014
49	Define delegation of authority to address CLEE recommendations	End-2014
50	Improve the data and information base for IFAD's Results Measurement Framework	Continuous
