



**IFAD**  
**INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT**

**Governing Council – Twenty-Fifth Session**

Rome, 19-20 February 2002

**PROGRESS REPORT ON THE PROCESS RE-ENGINEERING PROGRAMME**

1. At its Twenty-Third Session in February 2000, the Governing Council, in adopting Resolution 116/XXIII, approved a capital budget of IFAD of USD 26 million for a Process Re-Engineering Programme (PRP) for a five-year period during financial years 2000 to 2005. The President of IFAD was authorized to appropriate the first tranche of the capital budget in the amount of USD 1.3 million (5% of the total budget) to carry out the detailed design phase of the programme. Subsequent tranches of the capital budget were to be appropriated by the President of IFAD only upon his submitting a report to the Executive Board on the use of the previous tranche and upon receiving the approval of the Board for a plan for the use of the next tranche.
2. The President of IFAD was requested to report on progress achieved in the implementation of the overall programme to each annual session of the Governing Council and to provide a final report on the implementation of the programme to the Governing Council session in February 2006.
3. At its Seventy-First Session in December 2000, the Executive Board reviewed the report on the detailed design of the PRP (document EB 2000/71/R.9) and approved a first phase for its implementation during the period 2001-2003, for an expenditure of USD 15.5 million.
4. At the request of the Executive Board, an international search for implementation partners was initiated in March 2001, with advertisements in major publications around the world. Executive Board members were sent a copy of the request for information (RFI) by facsimile transmission in mid-March.
5. The objective of the RFI was to identify qualified consulting firms either as prime contractors or as potential subcontractors to assist IFAD during implementation. Proposals were received from companies worldwide, including Austria, India, The Netherlands, New Zealand, Spain, Switzerland and the United Kingdom. A number of firms were invited to develop specific technical and financial proposals. In July 2001, a panel consisting of seven staff members representing various IFAD departments evaluated the proposals submitted and established a shortlist of three companies.



6. In February 2001, a knowledge management facilitator was appointed. As a first step, an in-house consultation process was initiated to provide inputs for the objectives, priorities and activities of a knowledge management strategy. A draft proposal was presented to senior management and is presently being revised to bring it in line with the Strategic Framework 2002-2006. Operational requirements and implications still need to be drawn up; knowledge management activities will be initiated during the course of 2002.

7. The initial change readiness assessment conducted by Deloitte Consulting in May 2000 and the Internal Audit report of December 2000 both pointed to the need for a common commitment to change, which remains crucial for the success of the PRP as a whole. In July 2001, the Programme Management Unit (PMU), with the assistance of a consultant, undertook an additional change readiness assessment to identify the existing IFAD cultural environment and define a change management strategy for the implementation phase. Informal interviews were held with management and some 60 staff members. The findings and conclusions were presented to the staff of the Fund at an interactive meeting and separately at a meeting with senior management.

8. The major conclusion of these meetings was that although staff is convinced that IFAD needs to change, they will only engage in the change process if it is credible, i.e. supported by senior management and allocated adequate resources. The review also concluded that the design phase of the PRP had not resulted in a clear view of what the strategic objectives were and what kind of organization IFAD would need to be in the future. In particular, further clarification was needed of the elements of PRP that focus on modernization to achieve greater efficiency and of those that focus on effectiveness to increase the impact of the Fund's programmes.

9. As a result of the findings and conclusions of the change readiness assessment and its direct implications for implementation of the PRP, it was decided that the latter should be aligned with the strategic framework (SF).

10. In consideration of its alignment with the SF and the fact that the programme will not just review existing processes, it was decided to change the name of the PRP to 'Strategic Change Programme' (SCP). The new name better reflects the main focus of the programme, which is to promote and achieve organizational changes that will allow IFAD to become more efficient and effective in realizing both its vision and the overarching goal of reducing poverty.

11. On 1 October 2001, a new manager was appointed to lead the PMU. The unit reviewed the five business processes approved as of December 2000 in order to ensure consistency in the proposed recommendations and identify gaps or areas requiring further work.

12. The above-mentioned review confirmed the need for the organizational units dealing with finance, human resources and administrative services to be modernized through investments in upgraded information systems, as approved by the Executive Board in December 2000. Upgrading the information technology (IT) and replacing the existing manual or isolated applications with the PeopleSoft integrated systems for finance and human resources will provide the support required in various areas of the organization. To ensure successful implementation, however, focus should be placed on training and involving staff and management throughout the implementation of this process.

13. The review also emphasized the need for the organization's strategic planning and management capacity to be strengthened. This is particularly important in terms of operationalizing the SF by tying strategic priorities to financial and human resource allocations. To that end, it was agreed that a new annual strategic planning and budget process would be initiated at the beginning of 2002. Furthermore, given its considerable investment in IT through the SCP, IFAD will need to strengthen its planning and priority setting in the field of IT.



14. The review also confirmed that investments in such modernization should lead to the freeing up of financial and human resources. In aligning the efforts of the SCP to the SF, care should be taken to ensure that any resultant savings are invested in increasing field impact and ensuring sustainable results.

15. The management of IFAD approved the work programme for the first phase of the SCP, with an expected implementation period of 2002-2004.

16. The major activities to be implemented in 2002 include:

- finalization of the procurement process from among the three shortlisted firms, with the award of a contract in March 2002;
- the sequencing of modernization projects in the areas of financial management, IT, human resources and administrative services will be defined and launched in April 2002, with the support of the firm selected as implementation partner;
- initiation, during the first quarter of 2002, of preparatory work to build up the Fund's strategic planning and management capacities, particularly in human resources and information systems;
- elaboration of more strategic planning and budget processes to support the SF and regional strategies; and
- implementation of specific projects in the areas of financial management, human resource management, administration management, information systems, and administrative services and knowledge management. Good progress is expected to be made in these areas during the course of 2002.

17. As of 31 December 2001, expenditure from the PRP design-phase budget stood at approximately USD 1.0 million of the USD 1.3 million approved by the Governing Council in February 2000 with the adoption of Resolution 116/XXIII. The remainder of the budget will be used to complete work on defining the priorities identified in the SF with regard to impact achievement and assessment, portfolio management and policy. The work is expected to be completed before the end of 2002, and a report thereon will be submitted to the Executive Board for review and approval.

18. As of 31 December 2001, approximately USD 0.57 million had been spent of the USD 15.5 million approved by the Executive Board in December 2000 for implementation of the first phase of the SCP.