

Document: REPL.IX/4/C.R.P.2
Agenda: 3
Date: 16 December 2011
Distribution: Public
Original: English

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Enabling poor rural people
to overcome poverty

Report of the Consultation on the Ninth Replenishment of IFAD's Resources

Consultation on the Ninth Replenishment of IFAD's
Resources — Fourth Session
Rome, 15-16 December 2011

For: **Approval**

Report of the Consultation on the Ninth Replenishment of IFAD's Resources

The Consultation is hereby requested to consider the revised paragraphs shown herebelow for inclusion in the report.

III. Increasing IFAD's operational effectiveness

14. In IFAD9, the Fund's operational focus will continue to be on low-income countries, where the need for development assistance remains most critical. Given the good prospects major opportunity in Sub-Saharan Africa to increase agricultural productivity and achieve the MDGs, ~~increase agricultural productivity and~~ considering the urgency to address the impact of climate change, during the IFAD9 period and in accordance with its performance-based allocation system (PBAS), IFAD expects to spend 40-50 per cent of its resources in this region.

15. **Aid effectiveness.** Building on recent reforms aimed at strengthening adherence of the Fund's business model to aid effectiveness best practice, over the IFAD9 period IFAD will strengthen the implementation of ~~all~~ the commitments and actions set out in the Paris Declaration on Aid Effectiveness and the Accra Agenda for Action, and agreed as considered appropriate by the Fund's governing bodies, also those set out in the Busan Partnership for Development Cooperation at the Fourth High Level Forum on Aid Effectiveness in Busan, Republic of Korea, alongside those set out in the Paris Declaration on Aid Effectiveness and the Accra Agenda for Action over the IFAD9 period. While virtually all of the key commitments for IFAD9 discussed in this section of the report will underpin efforts in this direction, specific additional commitments will be pursued to advance the aid effectiveness agenda.

Key commitments:

- Strengthen country leadership and ownership;
- Strengthen, and where feasible, increase reliance on country systems and implementation structures.
- Raise the level of IFAD technical cooperation implemented through coordinated programmes.

20. **Project efficiency.** Ensuring that results are achieved at a reasonable cost is central to IFAD's drive to enhance its value-for-money.

Key commitments:

- Strengthen assessments of economic returns on investment during project design, recognizing the need to ensure that social and environmental objectives are also met.
- Implement the scaling-up agenda.
- Reduce delays in the project cycle implementation.

IV. Increasing IFAD's institutional effectiveness and efficiency

A. Institutional efficiency

29. Improving cost and process efficiency will be key elements of IFAD's institutional efficiency drive during the IFAD9 period. New management tools will be introduced to enable the Fund to better monitor the costs of its business processes and to facilitate cost containment and reduction, wherever possible. Furthermore, new indicators and more ambitious targets for operational and institutional efficiency have been included in the Results Measurement Framework 2013-2015 in order to support enhanced performance and to enable more comprehensive reporting on progress and achievements.

Key commitments:

- Introduce a fit-for-purpose and efficient-to-use staff time recording system to measure the full costs of performing key business processes and activities.
- Develop key business process efficiency indicators and benchmarks to facilitate identification of opportunities for process streamlining and cost-saving.
- Assess value-added of business processes, and the potential for adopting alternative, more cost-effective delivery modalities, including through joint service initiatives with other Rome-based agencies.
- Integrate recommendations of the corporate-level evaluation of IFAD's efficiency into the Change and Reform Agenda, and strengthen indicators used to measure performance with respect to efficiency, including IFAD's efficiency ratios, accordingly.
- Streamline the Fund's processes and workflows through adoption of improved information and communication technologies.
- Report progress against IFAD9 efficiency targets, including cost savings, to governing bodies through the annual Report on IFAD's Development Effectiveness.
- Liaise with the Executive Board to explore opportunities to reduce costs associated with the operations of IFAD's governing bodies.

B. Human resources reform

33. Given the material bearing on the overall cost structure and efficiency of the Fund, innovation within the compensation and performance management system – in collaboration with the International Civil Service Commission (ICSC) – will represent a key area of focus for human resources reform in IFAD9.

Key commitments:

- Consolidate and deepen reforms completed in IFAD8.
- Equip IFAD with instruments and resources to promote gender competence, and gender equality, and equitable geographical distribution in its human resources management policies, as well as gender and geographical balance in its staffing.
- While maintaining alignment with the United Nations Common System, continue to explore opportunities for flexibility in IFAD's compensation and benefits system so as to ensure, as a way to achieve institutional efficiency goals, that appropriate levels of compensation and performance-based reward

systems are in place for all IFAD staff. This would include such efforts as participating actively in the 2011-2012 ICSC Rome Local Salary Survey Committee with respect to GS salary levels, urging the ICSC to ensure appropriate compensation levels at the Professional level, and piloting a pay-for-performance model in collaboration with the ICSC.

V. Strengthening IFAD's financial capacity and management

36. **Internal resource mobilization.** Internal resources, especially loan reflows, represent an important source of financing for IFAD's POLG. Relevant feasible measures to enhance this resource stream, and in turn strengthen IFAD's finances include: revision of IFAD's lending terms in line with those adopted recently by the International Development Association;²⁰ loan prepayments (to be pursued on a voluntary case-by-case basis) and accelerated loan repayments (currently not provided for in IFAD's loan agreement model). Among these, the first option would yield the greatest benefit in strengthening the Fund's long-term financial capacity and sustainability, as it represents a structural measure.

Key commitments:

- Increase internal resources available to support IFAD's Programme of Loans and Grants in the IFAD9 period in line with the decision taken at the 104th session of the Executive Board to carry out a comprehensive review of IFAD's Lending Policies and Criteria in 2012, and to align IFAD's lending terms as much as possible with those of the International Development Association and the International Bank for Reconstruction and Development, taking into account IFAD's specificity as outlined in the Agreement Establishing IFAD.
- Enhance IFAD's internal resources by soliciting payment of loan and contribution arrears, and exploring the possibility of loan prepayments with interested borrowing Member States.

²⁰ Historically, IFAD's lending terms have been developed in close alignment with those of the International Bank for Reconstruction and Development and the International Development Association.

Draft Resolution on the Ninth Replenishment of IFAD's Resources

Changes to Section III b (iv)

With respect to special contributions from sources other than States, the Executive Board may review and approve related agreements with the contributors. ~~and~~ Based on its review of the potential implications, the Executive Board may also consider adopting measures to enable such contributors' ~~their~~ participation in its meetings on an ad hoc basis, provided that these measures have no consequences for the governance of the Fund.