

Executive Board, April 2007

**Introductory Statement by the
Executive Director of the Action Plan**

Progress Report on the Action Plan

Thank you very much Lennart.

Over the past few months, I believe, the Action Plan has evolved considerably. It has gone from being a vehicle for preparing a series of discrete deliverables, to become a comprehensive, managed set of processes that will bring about real organisational change. I hope that my remarks to you today will convey that evolution.

I am going to focus on five broad areas.

1. The first is the **stock-taking exercise** that we started on in January, reviewing what we achieved under the Action Plan during 2006. We wanted to think through what was working well and what was working less well; and to build on the lessons of that experience as we moved forward in 2007.

I'm going to list five such lessons.

First, the importance of issues of human resource alignment and management. The original Action Plan document indicated that IFAD would pursue HR reforms to support the recommendations of the working groups. The lessons of the past year made it clear that the issue of aligning IFAD's human resources with its strategic priorities is a more substantial challenge than we originally envisaged. We concluded that if we are to achieve the Action Plan goal of improving our development effectiveness, then the issue needs explicit and specific attention.

Second, the need to operationalise the Action Plan. The Action Plan starts, not finishes, with the approval of the deliverables; and it is now critical to ensure that the changes brought about translate into our systems, our processes, and ultimately, the impact of our country operations on rural poverty reduction. A key challenge during 2007 then, is to start operationalising the deliverables – and above all, those related to IFAD’s country-level engagement.

Third, institutional culture. A prerequisite for internalising and sustaining change is an institutional culture that supports our focus on results and development effectiveness. We have concluded that we need to facilitate a process for management and staff together both to define the institutional culture that enables IFAD to attain its goals and strategic priorities, and to take active steps to create that culture.

Fourth, the importance of effective communication. My impression is that we did a relatively good job of keeping you, the Executive Board, fully informed on the progress achieved under the Action Plan during 2006. However, we were frankly less than effective in ensuring that all staff knew what was going on. The result was that many of our colleagues knew little about the Action Plan, but were worried about what it might mean for them. We realised how important it is for all staff to understand what the Action Plan is seeking to achieve, to believe in it, and to become active supporters of the changes taking place.

The fifth and final lesson is perhaps the most important of all of them. We all know that strategic change processes that lack the active engagement of senior managers are doomed to failure. So it was essential to find a way to directly involve IFAD’s new ***Senior Management Team*** in the Action Plan as quickly as possible. Happily, the new Team members have not only taken on full responsibility for the deliverables and their implementation, they have also become active champions of the Action Plan as a whole.

All of these lessons have been taken up, one way or another, as we move forward with the Action Plan, and I will be coming back to each of them during the rest of my opening remarks

2. The second area I am going to talk about today is the ***institutional arrangements for the Action Plan***, which we have modified, specifically in order to enable the new Senior Management team to more effectively drive the change process.

We have reformulated the ***Action Plan Management Team***. Its members now comprise the three Assistant Presidents, Kevin Cleaver (AP/PMD), Jessie Mabutas (AP/FAD) and Matthew Wyatt (AP/EAD), plus Gary Howe (Senior Director, FS and FH); and I continue to lead it. We meet regularly, to provide strategic guidance and oversight to the Action Plan working groups; we review and approve the deliverables; and we monitor the implementation and impact of the deliverables. Sandra McGuire provides advice to the Team on communication and ensures support through the Communication Division.

We have also had another look at ***the working groups*** responsible for preparing the deliverables, and increasingly for implementing them. These too we have reorganised, so that they respond better to what it is we are trying to achieve. Each of the three working groups is made up of a number of sub-groups, each of which covers a specific theme or topic.

- The *first* Working Group, now led by Gary Howe, is responsible for ***organisational effectiveness and human resource management***. It has sub-groups dealing with four inter-related topics, all of which revolve around the key issue of alignment of resources with corporate priorities. These are the Results Measurement Framework – the topic you reviewed yesterday; IFAD's Report on Development Effectiveness; human and financial resources alignment; and cultural change.
- The *second* group, led by Kevin Cleaver, is working on issues of IFAD's ***Country-level Engagement***. This includes the operationalisation of country-level deliverables, including issues of UN Reform and Aid Effectiveness; as well as Quality Enhancement/Quality Assurance.
- And the *third* group, led by Matthew Wyatt, is addressing IFAD's ***Strategies for Knowledge and for Innovation***.

All of these groups will be limited in time and scope, and as soon as is feasible, all their responsibilities and activities will pass to the appropriate line functions. As you have seen, all three are now led by either an Assistant President or a Senior Director – again, to put Senior Management in the driving seat. They are all supported by a selected membership from across the departments and the Action Plan Secretariat.

The ***Action Plan Secretariat*** itself remains a key body for ensuring delivery of Action Plan outputs. As you know, I am now supported in it by three colleagues (Richard Aiello, Monica Bugghi and Edward Heinemann). They participate in the working groups and help to ensure consistency between the deliverables. They also support, and report to, the Action Plan Management Team on progress achieved in delivering the outputs and their subsequent implementation.

3. At this stage let me turn to the third area I want to talk about, which is the progress we've made on the agreed deliverables since the Executive Board meeting last December.

First, we went back to the drawing board with our Knowledge Management strategy. In a little while I will introduce the revised strategy paper that we believe will meet with your approval and, even more important, IFAD's needs for knowledge management.

Two other deliverables we've been working on are IFAD's Innovation Strategy and the Results Measurement Framework. Yesterday we had informal sessions with many of you to review the work we have done to date in both of these areas, and we believe that we are on track to present both to you in their final form in September. Thank you to all who participated and provided valid comments and concerns.

As you know, the independent Office of Evaluation is currently evaluating the Field Presence Pilots, and in June they will be convening a stakeholder workshop in which a number of you will be participating. We understand that they are on schedule to deliver the Evaluation report in September, as planned.

These cover the major strategic documents that are to be delivered to the Board between now and September. However, before I move on to my next topic I would just like to say a word about the process we have established for engaging in dialogue on draft policy papers with Executive Board members. It's something we've done more and more in recent years, but it has become increasingly institutionalised under the Action Plan. I think we have all very much appreciated the opportunity that it provides for a genuine, informal exchange of ideas; and we're in no doubt that it adds value to the various deliverables. We will certainly be continuing to use it under the Action Plan.

4. These deliverables by no means represent all the work that is going on. The fourth area I want to touch on is the progress we are making in other aspects of the Action Plan.

The *first* of these aspects is ***operationalising the country-level deliverables***. In December you approved the new Supervision Policy, and over the past four months the responsible sub-working group has prepared draft *guidelines for project supervision* that reflect that policy. Distribution of it to staff and training will start shortly, roll-out shortly after that. The group is also working on preparing new *guidelines for project design*. These will look not only at the contents of the reports but also the process for developing them, and they will ensure that the projects that we support are consistent with our strategic framework and focus on what we consider to be the key success factors for project design. Work has also started on the development of a set of *guidelines for in-country engagement*.

Another initiative under this sub-group relates to the Aid Effectiveness and the "One UN" agendas. Under the Rural Poverty Portal we recently set up a work-space for knowledge sharing on these issues, to which CPMs and field presence staff are already starting to contribute. We have also prepared a first paper to draw out and synthesise the experiences and lessons we have learnt to date. In this way, our sharing of experience and knowledge on these issues is already providing a basis for shaping our new operations.

Finally, our plans to roll out new approaches to country-level engagement in all five regions are at an advanced stage. These approaches will include the outposting of a limited number of CPMs, strengthening the support for Field Presence staff, initiating in-country-based direct supervision of IFAD projects, and promoting enhanced knowledge management. In-country work in each of these areas will start shortly.

Second are the related areas of **quality enhancement** and **quality assurance**. Last month we piloted elements of an improved *quality enhancement* process for project design. We used explicit quality standards – key success factors – as the basis for reviewing the project documents, and we brought in outside panellists and reviewers to support the process. Over a one-week period we had what we found were positive, proactive and focused discussions on six projects. We believe that these will lead directly to enhanced quality in the final project designs. Much of our pilot experience will almost certainly find its way into the final organisational arrangements for quality enhancement that we will introduce during the second half of the year.

The key success factors that we developed for the quality enhancement process will also feed their way into the arrangements for *quality assurance*: the aim of course is to ensure that the two processes are consistent with each other and are focused on the same issues. While we have yet to finalise the arrangements for quality assurance, they are likely to involve a small independent team, comprising both IFAD staff and external reviewers, which will report to Vice-President Kanayo Nwanze; and they will use the key success factors as a basis to assess project quality prior to Board presentation.

Third is the central issue of **human resource alignment and management**. Here, our key concern is to ensure that IFAD's resources – financial and human – are effectively aligned with our strategic objectives and are used effectively, efficiently and transparently. It is because of this need to ensure alignment that the President, on a temporary basis, has brought together the linked issues of strategic planning and human resources under a single line manager. We have also taken up the topic under

Working Group #1, which has already identified a number of key areas that it needs to work on. These include the development of a strategy for aligning HR management with IFAD's effectiveness and efficiency goals; the development of staffing plans and a staff mobilisation policy; the training of managers in HR management skills; the introduction of HR management mechanisms; strengthening of the Human Resource Division; and updating of IFAD's HR policy and procedures.

Fourth is the more slippery – yet absolutely critical – issue of ***cultural change***, and in particular, of fostering an institutional culture within IFAD that is conducive to our focus on results and development effectiveness. When I speak of culture, what I mean is a set of behaviours and attitudes, codes and norms, processes and procedures, all of which is built upon a specific set of institutional values. The idea is that the institutional values guide the behaviour of managers and staff; and they also provide a basis for re-examining IFAD's HR and business processes, to ensure that they are consistent with those values. All of this will progressively build a new culture for the institution, and a conducive and trusted working environment for all staff. Work has already started on agreeing what sort of culture it is we are trying to establish, what are the underlying values that will drive the culture, and how it should be managed.

5. The fifth and very final issue I would like to raise with you today is that of ***communications***.

As I mentioned earlier, we know that we must communicate better. Keeping you, the Executive Board, fully informed as to the progress being achieved under the Action Plan will continue to be a priority for us. However, we need to give much more attention to is communicating effectively with our colleagues – IFAD's staff. We recently developed a communications plan, which we have just started to roll out. Above all, over the coming months we will be scheduling more opportunities for face-to-face interaction between staff and me and my colleagues working on the Action Plan. We will be communicating honestly and openly about key aspects of the Action Plan and what it means for all staff; and all staff will have the opportunity to pose questions and to seek further

information about whatever aspects of it are of interest or concern. We will be starting off by having an introductory Open Forum for all interested staff, which will be followed up with three departmental Forums, to focus more on the issues of specific relevance to all staff.

Here I would like to stop and ask your support. Keeping all staff informed, involved and committed, is critical to the success of any change programme. And equally, in any change programme, it is very easy for fears, doubts and tensions to emerge. Our communications programme will seek to do the former and avoid the latter. You can help us in this. Back in February, at the Governing Council, there was almost unanimous support for the progress we are making under the Action Plan; I would ask simply that you continue to show us that same support. We do not want your uncritical support – we want to continue to have frank and open discussions and we will happily receive your criticism; but we do want to know that we can count on you to give a clear and positive message about the change process as a whole.

That brings my opening remarks to an end. As I said at the beginning of my statement, I believe that there has been a sea-change in the role of the Action Plan over the past few months. I am convinced that we are now well on track to bring about the institutional changes within IFAD that are an absolute necessity if we are to achieve the Action Plan's goal of increasing IFAD's development effectiveness.

Let me now pass the floor back to Lennart.