

April 2008

# IFAD's Action Plan to improve its development effectiveness

## Working to improve efficiency, results, impact and sustainability

In 2004 and 2005, IFAD underwent a comprehensive Independent External Evaluation (IEE). The evaluation was conducted to determine IFAD's contribution to rural poverty reduction, examine the relevance of its mission and objectives, assess its corporate learning and performance, and make recommendations on policy directions and steps to improve IFAD's performance. It was, at the time, probably the most ambitious exercise of its kind for a United Nations agency, breaking new ground in addressing institutional performance in terms of impact.

The origins of IFAD's Action Plan for Improving its Development Effectiveness lie in the recommendations of the IEE, the views of the Executive Board on change priorities, and IFAD management's own ideas about how to strengthen the organization. The Action Plan is our principal vehicle for change at IFAD over the Seventh Replenishment period (2007-2009). Through the Action Plan, we are:

- strengthening strategic planning and guidance
- enhancing project quality, performance and impact
- improving our capacity to innovate and manage the knowledge gained
- improving financial and human resource management
- building a values-based, enabling corporate culture
- monitoring and reporting on our development and organizational effectiveness

## We aim to achieve or surpass three targets

### Relevance 100%

By 2009, 100% of IFAD projects will have a high or substantial degree of congruence with country development strategies and priorities

### Effectiveness 80%

By 2009, at least 80% of IFAD projects will achieve their development objectives

### Efficiency 60% or more

By 2009, 60% or more of IFAD projects will have a high or substantial level of efficiency

## Our achievements

We delivered more than 30 major actions or products by the end of 2007. We are grateful to Executive Board members, IFAD staff members, IFAD's Office of Evaluation, consultants and partners who have contributed to, and continue to implement, the plan. Here are highlights of our achievements.

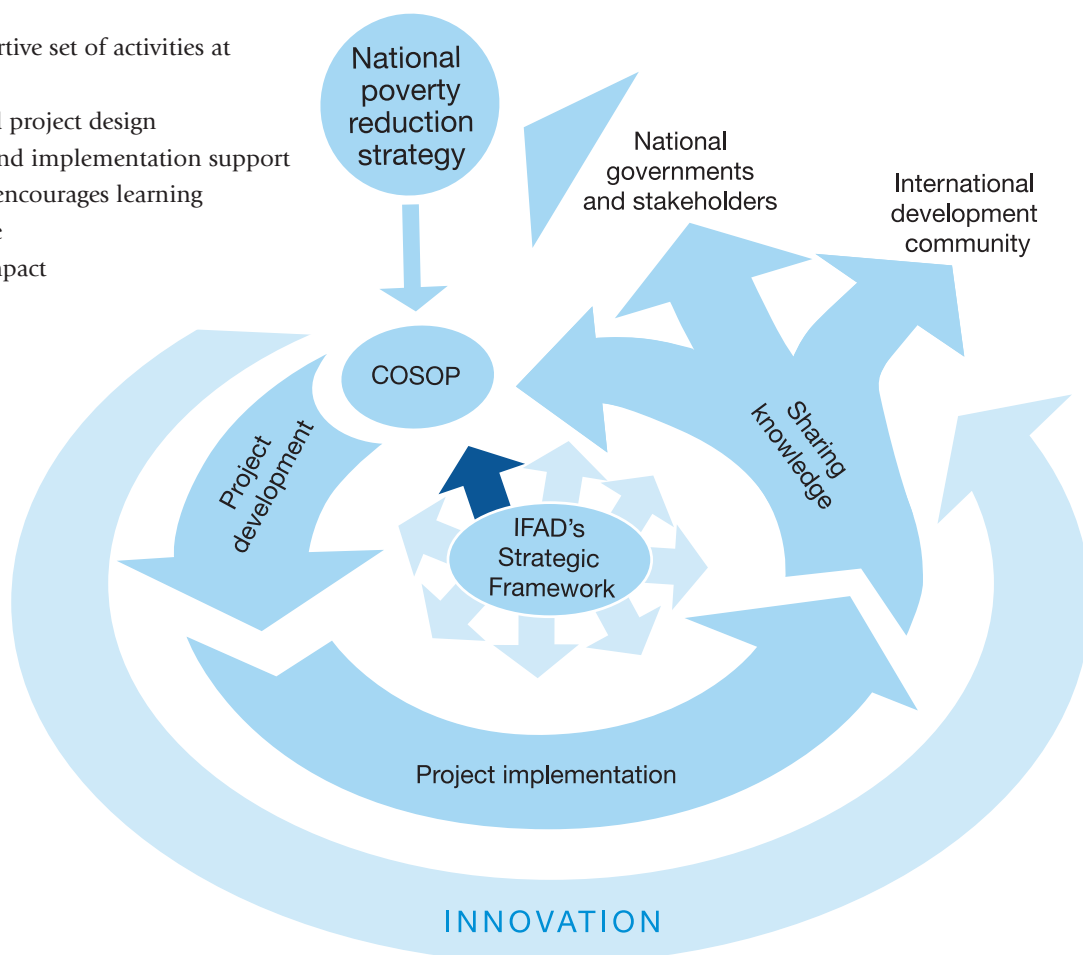
- We delivered all 14 Action Plan commitments to our Executive Board on time and on budget.
- By adopting Management for Development Results we are focusing on our strategic priorities, and monitoring and assessing our results.
- Our new Strategic Framework 2007-2010 defines our organizational priorities, provides a point of reference for all our reform efforts and guides all staff.
- Our new results-based programme of work and budget aligns our resources to our strategic priorities.
- We increased our work programme, while devoting a greater share of our resources to operations.
- Working more closely with our country partners and within their poverty reduction strategies, we developed 17 new results-based country strategic opportunities programmes (COSOPs). We are now developing a system for enhancing and assuring the quality of new COSOPs.
- Our new project design guidelines and processes are enhancing quality at entry by focusing discussion with our partners on key success factors.
- Our new arms-length quality assurance system is ensuring all our new projects meet stringent design quality standards.
- Our new Targeting Policy focuses our operations on poor rural people, particularly women, their problems and opportunities, and on improving their economic livelihoods.
- Our new Innovation Strategy and services integrate innovation into project design and implementation, and we are more systematically sharing and learning as we apply our new Knowledge Management Strategy. Already, the Rural Poverty Portal is online and 17 new Learning Notes guide IFAD staff members and consultants as they design programmes and projects.

- We are ensuring compliance with the new policies and strategies by mainstreaming them into the key success factors, and so into the quality enhancement and quality assurance systems for project design.
- We trained more than 130 IFAD staff members to directly supervise projects and provide implementation support under the guidance of our new Supervision Policy. One half of IFAD's project portfolio is now directly supervised, rather than outsourced to other institutions.
- Our enhanced country presence is improving impact and contributing to the Paris Declaration on Aid Effectiveness and the One UN pilots.
- We have introduced a Corporate Planning and Performance Management System, which we use to focus our human and financial resources on IFAD's objectives, and which provides the basis for planning and budgeting, for measuring and reporting results, and for linking priorities and results at all levels to those of the organization.
- We have developed, and started implementing, a Human Resources Framework to improve the management and skills of our human resources. We have introduced 360 degree assessment for all managers. We have also established a corporate HR Strategic Management Committee, chaired by the President, to guide the implementation of the framework and track changes.
- Our new core values – focus on results, integrity, professionalism, respect – guide our human resource and business processes and provide an accountability framework for all staff.
- We are consolidating, anchoring, deepening and furthering reform in 2008, with emphasis on transforming human resource management and aligning human resources with our corporate priorities.
- Our tripled staff training budget for 2008 is helping us meet new expectations.

## We're implementing a new operating model

Together, the Action Plan changes form a new operating model that:

- recognizes country leadership and builds national capacities
- strengthens engagement in country processes and with UN and other partners
- defines a mutually supportive set of activities at country level
- improves programme and project design
- strengthens supervision and implementation support
- nurtures innovation and encourages learning and sharing of knowledge
- increases development impact
- measures results



## We're measuring and reporting on our achievements

To measure and report on our progress in achieving results, we have developed a set of linked reporting tools.

- Our Results Measurement Framework enables us to measure our progress in achieving the goal and objectives of the Strategic Framework.
- We have launched our first annual survey of member countries and partners to solicit their feedback on our country programmes.
- Our Corporate Planning and Performance Management System provides the basis for us to measure our organizational effectiveness.
- Through our annual Report on IFAD's Development Effectiveness we report to our Executive Board on the relevance of our mandate and operations, the development effectiveness of our operations, our organizational effectiveness and our efficiency in delivering results.

## Evidence suggests the quality of our projects is improving

Early results show that we are broadly on track to meet our 2009 targets under the Action Plan. The chart below shows how IFAD-funded projects performed in 2005 and 2006 relative to performance in 2003, as reported in the IEE, and the targets of both the Action Plan and the Results Measurement Framework for 2009-2010. It shows substantial improvement in IFAD's project performance since the IEE. Project relevance continues to be high, and there is improvement in project effectiveness, efficiency, rural poverty impact and innovation. Performance on sustainability of benefits is also improving, but we must do better. Overall, our independent Office of Evaluation found that 80 per cent of projects evaluated in 2006 were satisfactory for overall performance.

External benchmarking confirms that, overall, these are good results in a difficult environment, as other international financial institutions have found.

These results are in part due to IFAD's growing involvement in project supervision and implementation support. In 2008 we will be getting ever more engaged in these areas, and we will also be focusing on strengthening project quality-at-entry. Issues such as innovation, and sustainability of impact, will be given particular attention at all stages of the project cycle.

### IFAD-funded project performance against IEE baseline and Action Plan and Results Management Framework targets



## Challenges

At IFAD, we are pleased with the progress we've made so far. But we know that we can't afford to be complacent. We know that consolidating the gains made, and anchoring the new approaches in the organizational culture, are keys to the success of any change programme.

So looking to the future, we believe that there is still much that needs to be done. We need to fully mainstream the deliverables in our day-to-day work; and we need to train staff both to implement the new processes and develop new skills.

We also need to pursue the reform agenda. There are many areas we still need to work on; during 2008 the most critical are human resource management and alignment. We will be building on the work started in 2007 to get the organization to a point where it has the right staff, in terms of numbers, skills, quality and distribution around core priority areas, to deliver a high-quality and relevant work programme.

At the same time as we respond to today's need for change, we also need to be developing tomorrow's agenda.

New issues are emerging and we will need to respond to them. We believe that, through the Management for Development Results agenda, we are also mainstreaming our capacity to change.

Our aim is to ensure that IFAD is – and continues to be – a relevant, effective and efficient development organization with a clear comparative advantage in enabling poor rural women and men to overcome poverty.

## Leadership and institutional arrangements

IFAD's senior management team is accountable for implementing IFAD's Action Plan to Improve Development Effectiveness. The change process is led by an Executive Director, who reports directly to IFAD's President and is accountable for the overall delivery of the Action Plan. An Action Plan Management Team (APMT) provides strategic guidance and oversight, ensures consistency and coherence in implementing the deliverables, and champions the change agenda. Members include IFAD's three Assistant Presidents for Programme Management, Finance and Administration, and External Affairs, plus the Director of Strategic Planning. A small Action Plan Secretariat plays a key role in ensuring delivery of Action Plan outputs.

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### For more information

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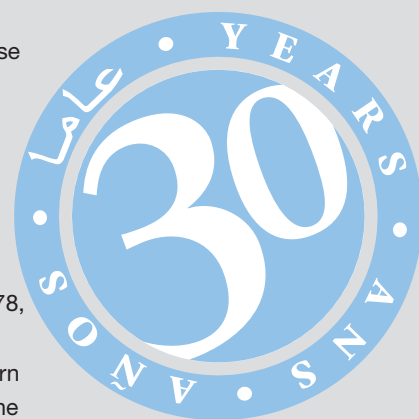
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## Building a poverty-free world

In 2008, IFAD marks 30 years of fighting rural poverty and hunger. IFAD was created in response to the droughts and famines that killed many millions of people in Africa and Asia in the early 1970s. World leaders at the 1974 World Food Conference decided to form a global alliance to fight rural poverty, an underlying cause of hunger and malnutrition. Their vision was a new and unique partnership between the members of the Organisation for Economic Co-operation and Development (OECD) and the Organization of the Petroleum Exporting Countries (OPEC) and other developing countries dedicated to agriculture and rural development.

IFAD is an international financial institution and a specialized United Nations agency. Since 1978, IFAD's member countries have together invested more than US\$10 billion in loans and grants, helping over 300 million poor rural women and men to grow more food, improve their land, learn new skills, start businesses, build strong organizations and communities, and gain a voice in the decisions that affect their lives. But hunger and poverty remain widespread in many countries, and poor rural people face new and daunting challenges, such as climate change. Now on the 30th anniversary of IFAD's founding, we honour our founders' vision and renew our commitment to enabling poor rural people to overcome poverty.



Enabling poor rural people  
to overcome poverty

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