

Signatura: EB 2014/113/R. 7
Tema: 5 b)
Fecha: 7 de noviembre de 2014
Distribución: Pública
Original: Inglés

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Invertir en la población rural

Evaluación a nivel institucional de la Política del FIDA relativa a la financiación mediante donaciones

Nota para los representantes en la Junta Ejecutiva

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Junta Ejecutiva — 113º período de sesiones
Roma, 15 y 16 de diciembre de 2014

Para examen

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Evaluación a nivel institucional de la Política del FIDA relativa a la financiación mediante donaciones: Informe principal

Evaluación a nivel institucional de la Política del FIDA relativa a la financiación mediante donaciones

I. Sinopsis

1. **Introducción.** La Oficina de Evaluación Independiente del FIDA (IOE) realizó, a petición de la Junta Ejecutiva, la presente evaluación a nivel institucional del programa de donaciones del FIDA. Es la primera evaluación independiente completa que se realiza desde el inicio del programa de donaciones. La evaluación se basó en la Política del FIDA relativa a la financiación mediante donaciones, que aprobó la Junta, por vez primera, en 2003 y posteriormente fue revisada en 2009. En la evaluación a nivel institucional se evaluaron las actividades financiadas mediante donaciones desde 2004 hasta finales de 2013. Se realizó conforme a las disposiciones que figuran en la Política de evaluación (2011) y el Manual de evaluación (2009) del FIDA.
2. **Objetivos.** Tal como se acordó con la dirección del FIDA y el Comité de Evaluación al inicio del proceso,¹ los objetivos generales de la evaluación a nivel institucional eran: i) evaluar el desempeño de la Política del FIDA relativa a la financiación mediante donaciones (en términos de su pertinencia, eficacia y eficiencia), y ii) generar conocimientos y recomendaciones para conformar la estrategia y las prioridades del FIDA para futuras actividades financiadas mediante donaciones.
3. **Marco y metodología de la evaluación.** En este caso se aplicó el mismo enfoque que en evaluaciones anteriores, en las que se evaluaron la pertinencia, la eficacia y la eficiencia de las políticas. Se reunió información de una combinación de evaluaciones cualitativas y cuantitativas derivadas de exámenes teóricos (en particular documentación relativa a 152 donaciones: el 19 % de las donaciones aprobadas durante el período de evaluación 2004-2013); entrevistas con miembros del personal del FIDA y con representantes clave de organizaciones asociadas (por ejemplo, receptores de donaciones, gobiernos y usuarios finales); una encuesta del personal del FIDA, y estudios de caso de los siguientes países: Benin, Filipinas, Jordania, Kenya, el Líbano y el Uruguay. Contribuyó también a la evaluación un seminario de autoevaluación celebrado en junio de 2013, en el que miembros del personal directivo y otros funcionarios del FIDA hablaron de su experiencia en materia de donaciones, en particular sobre su potencial y sus limitaciones. Muchas de las conclusiones de esta evaluación coinciden con observaciones formuladas en el seminario de autoevaluación.
4. Para determinar la pertinencia de la política de donaciones, la evaluación se centró en: i) la medida en que los objetivos de la política eran adecuados para apoyar la consecución de los objetivos de desarrollo más amplios que figuran en los marcos estratégicos del FIDA a partir de 2004; ii) la claridad e idoneidad del marco especificado en la política para alcanzar los objetivos (por ejemplo, la coherencia del marco de resultados), y iii) las disposiciones previstas para la gobernanza de la política, como los procedimientos y mecanismos institucionales internos para la aplicación de la política (por ejemplo, los mecanismos de supervisión vigentes y las disposiciones relativas a la presentación de informes a la Junta Ejecutiva). Para evaluar la eficacia de la política, se examinaron los progresos realizados en la consecución de los objetivos definidos en las dos políticas de donaciones de 2003 y 2009. Este examen se complementó con el examen de una muestra de donaciones concretas financiadas por el FIDA. La eficiencia de la política se determinó mediante un examen de los procedimientos de aprobación de las donaciones, así como los relativos al seguimiento y la presentación de informes, y otro acerca del uso de los recursos (humanos y financieros) para lograr los resultados deseados.

¹ Documento conceptual de la evaluación a nivel institucional disponible solo en inglés: <https://webapps.ifad.org/members/ec/76/docs/EC-2013-76-W-P-5-Rev-1.pdf>.

5. Cabe señalar que la finalidad de la evaluación era realizar una evaluación general de las políticas y procedimientos de donaciones del FIDA y no generar evaluaciones independientes detalladas de donaciones concretas financiadas por el FIDA. No obstante, durante la evaluación a nivel institucional se analizaron cuidadosamente los informes, estudios y exámenes de evaluación elaborados por la dirección del FIDA y las organizaciones beneficiarias de las donaciones para comprender mejor los resultados y el impacto de determinadas donaciones financiadas por el FIDA. Las seis visitas a los países proporcionaron también una oportunidad para que la IOE recabara valiosos puntos de vista de los beneficiarios de las donaciones y de otros asociados acerca de las oportunidades y los desafíos de actividades específicas financiadas mediante donaciones.
6. El programa de donaciones del FIDA lleva funcionando mucho tiempo. En el Convenio Constitutivo del FIDA de 1976 las donaciones se citan explícitamente como uno de los instrumentos de financiación del Fondo. Según las Políticas y Criterios en materia de Préstamos del FIDA de 1978, la finalidad original de las donaciones era proporcionar asistencia técnica a los Estados miembros en desarrollo del FIDA, sobre todo para la elaboración de proyectos. Con el tiempo, el uso de las donaciones se ha ampliado para cubrir diversas actividades, como la investigación agrícola internacional, la gestión de los conocimientos, el diálogo sobre políticas y la creación de capacidad de organizaciones gubernamentales y no gubernamentales que trabajan directa o indirectamente en la reducción de la pobreza rural.
7. Hasta 2003, el FIDA no contaba con una política concreta dedicada exclusivamente a la financiación mediante donaciones. La financiación mediante donaciones se regía por criterios establecidos periódicamente por la Junta Ejecutiva, por ejemplo en el contexto del programa de trabajo y presupuesto anual del Fondo. El primer documento relativo a la política de donaciones se elaboró y fue aprobado por la Junta en 2003. Tras casi seis años de aplicación, la dirección revisó la política y la Junta Ejecutiva aprobó la política revisada en diciembre de 2009.
8. En la política de 2003 se fijaron dos objetivos para el programa de donaciones: i) promover la investigación favorable a los pobres para estudiar enfoques innovadores y alternativas tecnológicas que permitan mejorar el impacto sobre el terreno, y ii) fortalecer la capacidad de las instituciones asociadas de realizar actividades en favor de los pobres, incluidas las organizaciones comunitarias y las organizaciones no gubernamentales (ONG). También se establecieron en la política varias disposiciones relativas a las donaciones; a saber: i) no podían utilizarse para actividades financiadas normalmente con cargo al presupuesto administrativo; ii) no debían sustituir a los fondos en forma de préstamo; iii) debían ejecutarse con plena independencia (es decir, no debía ejecutarlas el FIDA, como ocurría antes de la aprobación de la política de 2003, sino las instituciones beneficiarias de la donación), y iv) no debían destinarse a actividades que duplicasen iniciativas financiadas por otros donantes.
9. En la política revisada de 2009 se mantuvieron los dos objetivos originales y las diversas estipulaciones, pero se introdujeron varios cambios; a saber: i) se admitió la posibilidad de ofrecer donaciones del FIDA a beneficiarios del sector privado para actividades específicas; y ii) se aumentó hasta USD 500 000 el límite de la cuantía de las donaciones que podía aprobar el Presidente del FIDA.² En el caso de las donaciones a nivel regional y mundial, la política de 2009 introdujo el principio de planificación estratégica basado en los planes de trabajo estratégicos sobre donaciones presentados por las divisiones.

² Antes de la política de 2009, el Presidente del FIDA podía aprobar donaciones de hasta USD 200 000.

10. El programa de donaciones se divide en dos modalidades: i) las donaciones a nivel mundial y regional, que prestan apoyo, respectivamente, a actividades que abarcan dos o más regiones geográficas y a actividades que abarcan dos o más países de una misma región, y ii) las donaciones por países, que prestan apoyo a actividades realizadas en un único Estado miembro. En 2003, se fijó como límite máximo de los recursos asignados a donaciones el 7,5 % del programa anual de préstamos y donaciones del FIDA, correspondiendo el 5 % a las donaciones a nivel mundial y regional y el 2,5 % a las donaciones por países. Cuando el FIDA introdujo el marco de sostenibilidad de la deuda en 2007, la asignación máxima para las donaciones por países se redujo al 1,5 %. La decisión se basó en la premisa de que los fondos con arreglo al marco de sostenibilidad de la deuda consumirían alrededor del 1 % del programa anual de préstamos y donaciones. Cabe señalar que las donaciones y el marco de sostenibilidad de la deuda son dos instrumentos distintos y responden a necesidades diferentes.³
11. **El programa de donaciones del FIDA es, en términos relativos, de gran cuantía.** Durante el período que abarca la presente evaluación (2004-2013), el FIDA aprobó 784 donaciones a 337 organizaciones en todo el mundo, por un total de USD 449 millones. Hubo, en todo momento, un mayor número de donaciones en curso que de préstamos en curso: 263 donaciones frente a 226 préstamos, de promedio.
12. La financiación mediante donaciones representó, por término medio, en el período de 2004 a 2013, el 6,1 % del programa anual de préstamos y donaciones del FIDA. En el período posterior a la aprobación de la política de 2003 (de 2004 a 2009) las donaciones financiadas por el FIDA correspondieron, en general, al 6,9 % del total del programa de préstamos y donaciones del FIDA. Tras la aprobación de la política de 2009 (entre 2010 y 2013), esta proporción disminuyó al 5,6 %. Otras instituciones financieras internacionales (IFI), en particular el Banco Mundial y el Banco Interamericano de Desarrollo, utilizan donaciones u otros instrumentos similares a las donaciones del FIDA. En otras IFI, las donaciones representan una proporción mucho menor, típicamente entre el 1 % y el 1,5 %, del programa anual de préstamos y donaciones financiados con los recursos básicos. En la evaluación a nivel institucional se reconoce que tales comparaciones han de hacerse con precaución porque el volumen del programa de préstamos del FIDA es mucho menor que el de otras IFI. Además, no es fácil determinar la cuantía total de los recursos invertidos por otras IFI que puede compararse con la dotación del FIDA para donaciones.
13. Entre 2004 y 2013, el FIDA aprobó, por término medio, poco más de 78 donaciones al año, con un ligero descenso a partir de 2010. Con todo, el volumen medio de las donaciones pasó de alrededor de USD 490 000 en el período 2004-2009 a USD 700 000 en 2010-2013. Este hecho fue positivo, ya que ayudó a reducir los costos de transacción. Se debió en parte al aumento del límite máximo de la cuantía de las donaciones que podía aprobar el Presidente y en parte a un aumento de la proporción de donaciones de gran cuantía (superiores a USD 1,5 millones). Al aumentar las asignaciones de forma correspondiente, las donaciones a nivel mundial y regional constituyeron el 70 % del número de donaciones aprobadas de 2004 a 2013, y el 77 % del volumen de financiación total de las donaciones.

³ La financiación mediante donaciones con arreglo al marco de sostenibilidad de la deuda tiene objetivos muy diferentes de los del programa de donaciones objeto de la presente evaluación a nivel institucional. El marco de sostenibilidad de la deuda está diseñado para garantizar que los países más pobres no vuelven a endeudarse hasta niveles insostenibles que pongan en peligro las iniciativas de desarrollo. Proporciona a dichos países asistencia para el desarrollo adicional en condiciones compatibles con el alcance y el mantenimiento de niveles de deuda sostenibles, apoyando así la gestión de la deuda de los países.

14. **Los beneficiarios de las donaciones son diversos.** Han recibido donaciones organizaciones diversas: gobiernos de los Estados miembros, organizaciones intergubernamentales (por ejemplo, organismos de las Naciones Unidas, organizaciones regionales y otras organizaciones multilaterales), organizaciones de la sociedad civil (entre las que se incluyen las ONG nacionales e internacionales, las federaciones de agricultores y sus organizaciones coordinadoras) e instituciones de investigación (en particular el Grupo Consultivo sobre Investigación Agrícola Internacional [GCIAI] y otras instituciones).
15. En cuanto al número de donaciones aprobadas, las organizaciones de la sociedad civil ocupan el primer lugar con 266 donaciones entre 2004 y 2013, seguidas por las organizaciones intergubernamentales, con 188. El mayor receptor de donaciones, tanto en términos de número como de volumen de financiación, fue la Organización de las Naciones Unidas para la Alimentación y la Agricultura (FAO), que recibió 64 donaciones (el 9 % del total) y USD 29 millones (el 7,6 %). El tipo de organizaciones que recibió la cantidad más grande, en términos de volumen de financiación, son las organizaciones dedicadas a la investigación. Siete de los diez principales receptores de donaciones son organizaciones del GCIAI. El Centro Internacional de Investigación Agrícola en las Zonas Secas (ICARDA) y el Centro Mundial de Agroforestería (ICRAF) ocupan el segundo y tercer lugar, después de la FAO, en cuanto al número de donaciones y el volumen de financiación; ambas organizaciones recibieron el 4 % del volumen total de financiación mediante donaciones aprobadas entre 2004 y 2013
16. Como se ha señalado, han recibido donaciones numerosos beneficiarios: entre 2004 y 2013 recibieron al menos una donación 337 organizaciones. Si bien algunas recibieron más de una donación, 224 beneficiarios –dos de cada tres– recibieron una sola donación. En el período evaluado, recibieron tres o más donaciones 55 beneficiarios (el 16 %), que recibieron el 62 % del volumen de financiación total.

II. Pertinencia

17. **Los objetivos en materia de políticas eran pertinentes, en términos generales, pero con carencias en materia de claridad y fijación de prioridades.** Los dos objetivos principales de la política de donaciones de 2003 –contribuir a la innovación y fortalecer la capacidad– eran pertinentes a efectos del mandato del FIDA y de sus objetivos más amplios de reducir la pobreza rural a través de actividades de apoyo a la agricultura en pequeña escala.
18. Los ámbitos de aplicación de ambos objetivos eran muy amplios. Particularmente en el caso de la creación de capacidad, la experiencia de otras IFI demuestra la importancia de un diseño cuidadoso, con expectativas claras, para evitar reunir en esta categoría diversas actividades sistemáticas como la capacitación y las conferencias, así como la adquisición de material de oficina y programas informáticos. Las prioridades no estaban establecidas claramente, lo que daba lugar a muy diversas interpretaciones de los dos objetivos en la aplicación de la política.
19. La revisión de la política de donaciones en 2009 podría haber supuesto una oportunidad para mejorar la claridad y el enfoque de las donaciones, pero no fue precedida de una evaluación exhaustiva de la experiencia anterior en materia de donaciones. La política revisada de 2009 no abordó las cuestiones de la claridad y la fijación de prioridades. Por el contrario, introdujo definiciones de “resultados” y “actividades” que permitieron utilizar las donaciones para una gama aún más amplia de iniciativas.
20. En parte, esto podría explicar también por qué, según se constató en la evaluación a nivel institucional, una proporción considerable de las donaciones (el 30 % de las examinadas) no estaban correctamente alineadas con los objetivos de la política o no cumplían algunas de sus disposiciones. Por lo general, los problemas relativos al

cumplimiento guardan relación con el modo de aplicar una política, pero la evaluación a nivel institucional reveló que, en este caso, los problemas se debieron en gran parte a la falta de claridad de la política. Los tipos de incumplimiento más frecuentes fueron: i) el uso de donaciones con un componente crediticio para financiar actividades de gestión de los proyectos o componentes de los proyectos con escaso contenido de innovación o de creación de capacidad (los dos objetivos principales de la política de donaciones); ii) el uso de donaciones para la construcción de infraestructuras después de una catástrofe (de nuevo, no relacionadas con los objetivos de innovación y creación de capacidad de la política), y iii) la financiación mediante donaciones de actividades que debían ser financiadas por el presupuesto administrativo (como la elaboración de informes y documentos, o de productos de comunicación principalmente para uso interno del FIDA) y que no tenían conexión clara con los objetivos de innovación o de creación de capacidad. Si bien algunas de estas donaciones habrán sido útiles, de un modo u otro, para el FIDA, para los gobiernos de los Estados miembros o para los beneficiarios y sus comunidades, la pregunta que plantea la presente evaluación es si eran coherentes con el espíritu y con las prioridades de la política de donaciones.

21. Aunque la pertinencia de la política se ha valorado en la evaluación como moderadamente insatisfactoria en general, se han constatado mejoras en el cumplimiento de los objetivos y disposiciones de la política en el conjunto de donaciones aprobadas a partir de 2010. Esto se debe a una supervisión más estricta por el personal directivo superior y al empeño —en particular del Presidente y el Vicepresidente— por mejorar la pertinencia de los programas de donaciones en general en los últimos años.

III. Eficacia

22. **En la evaluación a nivel institucional se señalaron varios ejemplos de donaciones que habían buenos resultados y contribuido a la eficacia de la política. Sin embargo, hay la posibilidad establecer vínculos más sólidos entre los préstamos y las donaciones y mejorar el aprendizaje derivado de las actividades financiadas mediante donaciones.** El equipo encargado de la evaluación a nivel institucional constató que varias donaciones financiadas por el FIDA producían resultados útiles, lo que ilustra la utilidad del programa de donaciones a los efectos del mandato del FIDA. Por ejemplo, se han respaldado mediante donaciones iniciativas regionales para promover el diálogo sobre políticas relativas a la agricultura familiar en el Mercado Común del Sur (MERCOSUR) que han contribuido de manera más eficaz a que se tomen en consideración las preocupaciones de los pequeños agricultores en la elaboración de políticas a los nivel regional y nacional. Las donaciones han sido fundamentales en la elaboración de estrategias para enfrentarse a la crisis de los precios de los alimentos en la región de Asia y el Pacífico con variedades mejoradas de raíces y tubérculos. Las donaciones han promovido intercambios entre el personal de los proyectos y los responsables de la formulación de políticas en la región del Cercano Oriente, África del Norte y Europa, mejorando así la concienciación de estos sobre problemas importantes que afectan a la agricultura en pequeña escala. Las donaciones también están usándose para financiar ensayos de instrumentos para mejorar la transparencia de las transacciones de mercado y aumentar los precios al productor en África Oriental, los que contribuye, a su vez, a aumentar los ingresos de los pequeños agricultores. Las donaciones han contribuido a fortalecer las redes regionales de federaciones de agricultores, especialmente en África Oriental y Occidental.
23. En la evaluación también se detectaron limitaciones que habían obstaculizado la consecución de los objetivos de la política. En primer lugar, los datos de evaluaciones anteriores de los programas en los países y de esta evaluación a nivel institucional indican que es posible establecer vínculos de forma más directa entre las donaciones a países concretos y otras actividades respaldadas por el FIDA en

los países (por ejemplo, el diálogo sobre políticas y proyectos de inversión financiados mediante préstamos), aunque podrían surgir en el futuro oportunidades para establecer vínculos incluso más fuertes. Pueden establecerse vínculos más directos si las donaciones por países se integran mejor en los programas sobre oportunidades estratégicas nacionales (COSOP) y en sus exámenes periódicos, y se proporciona una orientación más específica sobre la correcta utilización de estas donaciones para promover los objetivos más amplios de los COSOP. El problema más preocupante detectado por la evaluación a nivel institucional es que los vínculos entre las donaciones a nivel mundial y regional (que forman el grueso de la financiación mediante donaciones) y los programas concretos en los países son débiles, y los resultados y el aprendizaje de este tipo de donaciones no redundan suficientemente en beneficio de los programas del FIDA en los países. Además, es preciso reflexionar sobre la clasificación de algunas de las donaciones examinadas como "a nivel regional", ya que a menudo se financia una combinación de actividades específicas para cada país en diversos países (a veces vinculadas artificialmente) en lugar de abordar problemas verdaderamente transfronterizos (como el comercio, la migración y los acuerdos intergubernamentales).

24. En la evaluación se reconoce que algunas donaciones a nivel mundial y regional tienen por finalidad promover una investigación agrícola con una perspectiva más amplia, la cual puede considerarse, en sí misma, un bien público de interés mundial y un logro a efectos del desarrollo de tecnologías y sistemas que benefician a los pequeños agricultores de todas las regiones. Pero incluso en estos casos el efecto de esta investigación en las políticas y las operaciones del FIDA es limitado, lo que reduce el posible impacto directo de importantes donaciones financiadas mediante actividades crediticias del FIDA. Asimismo, se detectaron casos de donaciones que financiaban actividades de centros internacionales de investigación agrícola relativas a la movilización de las comunidades y actividades de extensión sistemáticas que podrían haber llevado a cabo los sistemas de investigación agrícola de los países o las ONG.
25. La segunda limitación, relacionada con la anterior, es la insuficiente atención que se ha prestado a la documentación y la difusión de los resultados de la investigación. Esta es una cuestión importante, sobre todo porque la gestión de los conocimientos era uno de los objetivos principales de la política de donaciones. Según se comprobó en la evaluación, la mayoría de los beneficiarios de las donaciones habían elaborado diversos tipos de informes en los últimos años. Sin embargo, aún no se había logrado la internalización sistemática de los conocimientos dentro del FIDA, particularmente en el caso de las donaciones a nivel mundial y regional.
26. En la evaluación a nivel institucional se determinaron cuatro obstáculos principales a la gestión de los conocimientos: i) el seguimiento de la documentación y la información sobre las donaciones sigue siendo complicado y requiere mucho tiempo; ii) si bien el FIDA ha establecido requisitos relativos a la elaboración de informes anuales sobre las donaciones, los informes producidos no se someten a suficientes controles de calidad y no se realizan análisis de las conclusiones ni una consolidación sistemática de datos; iii) cuando se han realizado evaluaciones *ex post* de las donaciones, con motivo de una fase de seguimiento, la calidad ha sido dispar, y los resultados son difíciles de recuperar y no se comparten de forma sistemática, y iv) el gran número y la alta variabilidad de las donaciones financiadas constituye un problema. El FIDA debe seguir reduciendo el número de donaciones financiadas, ya que así podrá asegurarse de que las enseñanzas extraídas de las donaciones pueden internalizarse adecuadamente para mejorar la eficacia general en términos de desarrollo.
27. En tercer lugar, en los últimos años la dirección del FIDA se ha esforzado por realizar una selección más rigurosa de las propuestas de donación. Por ejemplo, la dirección rechazó varias propuestas de donación porque no estaban adecuadamente alineadas con la política o porque su vinculación con los programas

en los países era débil. Sin embargo, ciertas cuestiones de diseño han obstaculizado el desempeño del programa de donaciones durante el decenio evaluado. Por ejemplo, muchos diseños de donaciones han sido impulsados por la oferta⁴ y, por lo tanto, no se han conectado en todos los casos adecuadamente con los programas del FIDA en los países o con las prioridades institucionales más amplias del Fondo. En las donaciones se han establecido a menudo objetivos demasiado ambiciosos en relación con los recursos asignados. No siempre se han plasmado claramente en la fase de diseño la manera en que el FIDA tiene intención de internalizar y utilizar la tecnología, la experiencia y los conocimientos generados mediante las donaciones.

28. En cuarto lugar, algunas donaciones han contribuido decisivamente a fomentar la cooperación con otras instituciones, como el Foro de los Pueblos Indígenas, las federaciones regionales de agricultores y los centros del GCIAI, entre otros. Las donaciones utilizadas para financiar actividades en esferas diversas han contribuido a fomentar el diálogo con ciertos beneficiarios seleccionados sobre cuestiones clave de tipo temático o en materia de desarrollo y de políticas. Es el caso, en particular, de las instituciones que han recibido varias donaciones del FIDA en diferentes momentos.
29. Al mismo tiempo, el establecimiento de asociaciones no han alcanzado el nivel previsto por la política, sobre todo en el caso de las instituciones que han recibido una única donación del Fondo. La colaboración con estas instituciones se ha orientado principalmente a la realización de actividades o la prestación de servicios específicos y, por lo tanto, no puede considerarse parte integral de los esfuerzos del FIDA para promover alianzas estratégicas con organizaciones clave en el ámbito del desarrollo.
30. Se ha señalado en la evaluación a nivel institucional que el programa de donaciones ha ayudado al FIDA a colaborar con instituciones que tienen una ventaja comparativa en ciertas esferas y que pueden, por ende, proporcionar aportaciones complementarias que contribuyan al mandato del Fondo. Este tipo de colaboración se ha establecido, por lo general, en respuesta a oportunidades que se han presentado, en vez de perseguirse de manera estratégica. Esto se debe en parte a la naturaleza del programa, impulsado por la oferta y fragmentado, y que no garantiza que todas las donaciones contribuyan de forma más directa a la consecución de los objetivos generales del Fondo.
31. La eficacia de la política se calificó en la evaluación a nivel institucional como moderadamente insatisfactoria a lo largo del decenio analizado. No obstante, desde 2010 se han evidenciado signos alentadores de mejora y de progreso hacia un desempeño moderadamente satisfactorio. La mayoría de las divisiones regionales han reducido el número de propuestas de donación que se tramitan anualmente, con el fin de facilitar su supervisión. En los exámenes anuales de la cartera realizados por las divisiones del Departamento de Administración de Programas se han analizado de forma más pormenorizada las donaciones de gran cuantía y estos exámenes contienen ahora una sección específica sobre las donaciones. La labor reciente para definir una estrategia institucional relativa a las donaciones destinadas a la investigación agrícola para el desarrollo (IAPD) pueden considerarse un prelude a una mejor definición de las prioridades estratégicas de las donaciones a nivel mundial.

IV. Eficiencia de los procesos y procedimientos

32. En 2004 se publicaron los procedimientos de ejecución correspondientes a la política de donaciones de 2003 y en 2011 los correspondientes a la política de 2009; en 2013 se elaboró un nuevo proyecto de documento de carácter provisional. En estos procedimientos se definen la asignación de donaciones, la

⁴ En otras palabras, responden a solicitudes ad hoc de diferentes organizaciones en los Estados miembros.

garantía de la calidad ex ante, el cumplimiento de las normas jurídicas y fiduciarias, la aprobación interna y la aprobación por la Junta Ejecutiva, así como el seguimiento, la supervisión, la presentación de informes y la evaluación de las donaciones. Según determinó la evaluación a nivel institucional, los procedimientos del FIDA en materia de donaciones se han inspirado en la sana intención de mejorar la calidad en el diseño de las donaciones y los resultados de su ejecución, pero han generado procesos internos engorrosos.

33. Los procedimientos actuales, en los que se establecen cuotas por divisiones para las donaciones a nivel regional y las donaciones por países se vinculan al sistema de asignación de recursos basado en los resultados (PBAS), no fomentan una competencia suficiente entre las divisiones por los recursos en forma de donación. Se corre el riesgo de que el PBAS genere la percepción de que las donaciones constituyen un "derecho", en lugar de ser iniciativas cuyo valor ha de demostrarse. Además, tras la aprobación del marco de sostenibilidad de la deuda en 2007, es necesario reflexionar más sobre la decisión de excluir a los países más pobres (países "rojos" y "amarillos") de la recepción de donaciones, puesto que estos países posiblemente tengan mayor necesidad de innovación y de creación de capacidad, actividades fundamentales que se financian con cargo al programa de donaciones.
34. El proceso de aprobación de las donaciones es oneroso e incide en la eficiencia institucional del FIDA. La mayoría de las donaciones se aprueban por medio de procesos de garantía de la calidad ex ante similares a los empleados para los proyectos de inversión financiados mediante préstamos. Las propuestas de donación se exponen al escrutinio de procesos de mejora de la calidad y de garantía de la calidad y en los exámenes de estos procesos se constata cierto grado de duplicación. Es preciso prestar atención a esta cuestión, sobre todo teniendo en cuenta que el nivel de esfuerzo que requiere el proceso de aprobación de las donaciones es similar al del proceso correspondiente a la aprobación de préstamos, para el que suele contarse con una dotación financiera significativamente mayor. El proceso desproporcionadamente riguroso de aprobación de las donaciones ha desalentado en ocasiones a los gerentes de los programas en los países de intentar acceder a recursos en forma de donación. Otra cuestión conexa detectada en la evaluación a nivel institucional se refiere a los casos en los que los recursos a título de donación se utilizaban para actividades básicas que deberían haberse financiado con cargo al presupuesto administrativo, lo que habría reducido la carga de trabajo que conlleva la tramitación de las donaciones.
35. También ha afectado a la eficiencia el gran número de donaciones que se han diseñado, aprobado y ejecutado cada año, lo que, a lo largo de los años, ha generado al Fondo unos costos de transacción altos. Es difícil tener bajo análisis, supervisión y evaluación constante a la totalidad de la cartera de donaciones en curso. En los últimos años, se ha intentado reducir el número de nuevas propuestas de donación formuladas cada año, lo cual constituye un paso en la dirección correcta para mejorar la eficacia y la eficiencia.
36. Tomando en consideración todo el período de evaluación (2004-2013), no ha habido una supervisión suficiente del programa de donaciones por parte de la dirección y la Junta Ejecutiva del FIDA y las divisiones regionales no llevaron a cabo tareas regulares de seguimiento y supervisión. La dirección y la Junta Ejecutiva del FIDA se centraron más en los documentos de diseño de las donaciones que en los resultados y en las enseñanzas derivadas de las actividades financiadas mediante donaciones. En el Informe sobre la eficacia del FIDA en términos de desarrollo hay una sección relativa a las donaciones, pero sería deseable que incluyera un análisis más sistemático del tema y una descripción de las enseñanzas extraídas.

37. En los últimos años, sin embargo, la dirección del FIDA ha dedicado más atención al programa de donaciones, y se exige a las divisiones que elaboren planes anuales de sus programas de donaciones. Actualmente, el plan de trabajo anual consolidado en materia de donaciones se analiza con el Presidente y el Vicepresidente, quienes examinan, por ejemplo, la coherencia de las propuestas con las prioridades generales del FIDA. Se elaboran también regularmente informes sobre la situación de las donaciones de gran cuantía, aunque se centran principalmente en los progresos en la ejecución y dedican poca atención a las mejores prácticas y al aprendizaje. El seguimiento y la supervisión deben adaptarse mejor al programa de donaciones y ajustarse más a la disponibilidad general de recursos del FIDA.
38. El archivo y la recuperación de documentos y datos relativos a las donaciones presentan carencias, lo cual ha dificultado, a su vez, el análisis de la información sobre la cartera para su gestión estratégica y el uso de los resultados de las donaciones para otros fines analíticos. La dirección ha introducido recientemente el sistema de proyectos de inversión y donaciones (GRIPS), en el que se incluyen principalmente los datos básicos sobre las donaciones. Sin embargo, GRIPS es una base de datos y no contempla el archivo y la recuperación inmediata de la documentación esencial sobre actividades específicas financiadas mediante donaciones.
39. En general, la eficiencia de los procesos y procedimientos se calificó como moderadamente insatisfactoria en el curso de la evaluación. Cabe señalar que, hacia finales de 2013 o principios de 2014 el Presidente del FIDA había encargado al Vicepresidente que realizara un examen exhaustivo de la orientación estratégica, la gestión, la eficiencia y la eficacia de la política y las operaciones del FIDA en materia de donaciones. Este examen se ha finalizado recientemente, se ha publicado un procedimiento provisional de garantía de la calidad de las donaciones y se ha creado un grupo de trabajo para elaborar una nueva política de donaciones, por citar algunos ejemplos de medidas adoptadas por la dirección del FIDA para mejorar los resultados del programa de donaciones.

V. Conclusión

40. La conclusión general de la evaluación a nivel institucional es que el programa de donaciones es realmente un recurso valioso y singular para cumplir el mandato del FIDA. Hay casos de concretos de donaciones que se han utilizado, con buenos resultados, para financiar actividades específicas relacionadas, por ejemplo, con la creación de capacidad, el fomento de la innovación, la gestión de los conocimientos, la ampliación de escala del impacto y la investigación agrícola. Las donaciones también han permitido al FIDA establecer asociaciones con instituciones que poseen conocimientos y experiencia complementarios a los suyos.
41. Al mismo tiempo, la evaluación a nivel institucional ha revelado también la existencia de una brecha entre el potencial de la política de donaciones y sus logros. Pueden mejorarse la utilización y la gestión de las donaciones para desarrollar plenamente la capacidad. Por ejemplo, la política institucional de donaciones y el marco operacional del FIDA pueden reforzarse para cerciorarse de que las donaciones contribuyan más eficazmente a los objetivos de los programas del FIDA en los países y se utilicen para crear asociaciones estratégicas. El aprendizaje derivado de las actividades financiadas mediante donaciones puede sistematizarse e incorporarse de forma más habitual en los proyectos y programas de inversión financiados mediante préstamos del FIDA y en las iniciativas de diálogo sobre políticas. Pueden mejorarse los procesos y procedimientos internos del FIDA, en particular los de seguimiento y presentación de informes. Las iniciativas emprendidas por la dirección para racionalizar el programa de donaciones son alentadoras.

VI. Recomendaciones

42. Si bien la formulación de la nueva política es responsabilidad de la dirección del FIDA, en consulta con la Junta, y puede ser necesaria cierta flexibilidad en la definición de los procesos de ejecución, en la presente evaluación a nivel institucional se exponen las recomendaciones de la IOE. Estas recomendaciones reflejan las constataciones y conclusiones de la evaluación a nivel institucional y se basan en las mejores prácticas de otras organizaciones con la finalidad de conformar la futura política de donaciones.

A. Estrategias

43. **Elaborar una nueva política relativa a la financiación mediante donaciones.** Se necesita una nueva política de donaciones que aborde los principales problemas señalados en el presente informe de la evaluación. La nueva política deberá elaborarse partiendo de cero, no como revisión de la política de 2009. Para ello, pueden ser referentes útiles para la dirección del FIDA las recomendaciones de la presente evaluación a nivel institucional, así como las de las evaluaciones de los programas en los países realizadas por la IOE y las mejores prácticas de otras IFI. La IOE está dispuesta a contribuir al proceso de diseño, a solicitud de la dirección del FIDA, en el momento y la forma en que se considere oportuno.
44. De conformidad con la Política de evaluación del FIDA (2011), la IOE formulará observaciones por escrito en el documento final de la política de donaciones. Las observaciones de la IOE se pondrán a disposición del Comité de Evaluación y de la Junta Ejecutiva en 2015 cuando examinen la versión final de la política.
45. **Especificar, de manera clara y realista, los objetivos y requisitos de la política de donaciones.** Se necesitan dos tipos de asignación de donaciones: i) por países, y ii) no centrada en países específicos (de nivel mundial y regional y de tipo temático). Si bien existe la posibilidad de financiar iniciativas regionales mediante donaciones, no es necesario establecer otra categoría singular con una asignación propia independiente. Estas donaciones, cuando se utilicen para abordar un tema transfronterizo válido, podrían financiarse con cargo a la asignación no centrada en países específicos (en competencia con otras propuestas de donación).
46. El objetivo general de las donaciones por países debería ser promover programas y políticas de reducción de la pobreza rural, aunque no en sustitución de las actividades financiadas mediante préstamos. Para alcanzar este objetivo, la financiación mediante donaciones del FIDA prestaría apoyo a: i) la elaboración de políticas y estrategias nacionales de desarrollo rural; ii) la realización de ensayos de enfoques innovadores cuya escala podría ampliarse a través de iniciativas financiadas por el FIDA así como los de otros asociados en el desarrollo; iii) el fomento de la capacidad de los principales agentes, gubernamentales y no gubernamentales, responsables de los programas de reducción de la pobreza rural, y iv) las actividades de gestión de los conocimientos que favorecen el diálogo sobre políticas y el programa del FIDA de ampliación de escala.
47. Las donaciones no centradas en países específicos deben utilizarse para: i) la investigación y el análisis de políticas, y ii) las asociaciones institucionales prioritarias para el FIDA. Mediante las donaciones destinadas a la investigación y el análisis de políticas se podría prestar apoyo a: i) la investigación de enfoques nuevos e innovadores para la reducción de la pobreza rural; ii) la investigación agrícola, y iii) la extracción de enseñanzas de la experiencia adquirida en diferentes países o la participación del FIDA en iniciativas de ámbito mundial o regional que favorecen sus prioridades institucionales, que han de definirse específicamente.
48. **Establecer prioridades estratégicas para las donaciones no centradas en países específicos.** Estas donaciones deberán regirse por las prioridades estratégicas a nivel institucional en materia de asociación, investigación y análisis de políticas. Las prioridades estratégicas se articularían mediante un examen a nivel institucional y debidamente documentado. El FIDA podría establecer las

prioridades y necesidades clave de forma eslabonada (por ejemplo, cada tres años) y especificar los tipos de instituciones asociadas y los temas que deberán apoyarse mediante las donaciones de acuerdo con sus prioridades institucionales, que a su vez tendrían que volver a examinarse periódicamente.

49. En el caso de las donaciones por países, los COSOP serían la principal referencia estratégica. Los exámenes periódicos e informes finales de los COSOP, las evaluaciones de los programas en los países y los procesos en curso de diálogo sobre políticas con los países receptores podrían tomarse como referencia para la actualización y el perfeccionamiento de las orientaciones estratégicas.

B. Operaciones

50. **Requisitos y estipulaciones clave.** Se recomienda también mantener las estipulaciones clave de las políticas de 2003 y 2009, con algunas modificaciones y añadidos: i) en lugar de vincularse a proyectos financiados mediante préstamos del FIDA, las donaciones por países deben vincularse a los COSOP o servir de base para futuros COSOP; ii) las donaciones no deberán utilizarse para actividades que normalmente se financian con cargo al presupuesto administrativo del FIDA (como informes, documentos, talleres y productos de comunicación destinados principalmente al uso interno del FIDA); iii) las donaciones no deberán cofinanciar las actividades de gestión de los proyectos; iv) los beneficiarios deberán ejecutar las donaciones con independencia del FIDA, y v) deberá informarse a las autoridades nacionales sobre todas las donaciones por países y estas deberán examinarse periódicamente, con la participación de las autoridades, para facilitar el diálogo sobre políticas y la ampliación de escala.
51. **Requisitos que deberán cumplir los países.** Deberán poder acceder a las donaciones todos los prestatarios del FIDA, no solo los países “verdes”. Los países “rojos” y “amarillos” también podrían necesitar donaciones para financiar actividades esenciales relacionadas, por ejemplo, con la creación de capacidad, la innovación y la investigación agrícola.
52. **Mayor asignación a las donaciones por países.** Se recomienda asignar a las donaciones por países más recursos que en el pasado, por las razones siguientes, entre otras: i) en muchos casos, las medidas para reducir la pobreza rural deben aplicarse a nivel de cada país; ii) las políticas y programas de lucha contra la pobreza rural deberán, en último término, recibir apoyo de los gobiernos de los Estados miembros; iii) la ampliación de las asignaciones a las donaciones por países probablemente aumente la demanda por parte de los gestores de los programas del FIDA en los países de iniciativas en materia de políticas, para la creación de capacidad —de agentes públicos y privados— y para realizar ensayos de las innovaciones, y iv) esto permitiría al FIDA corregir el importante desequilibrio actual entre el gran volumen de investigación financiado por donaciones no centradas en países específicos y la escasa capacidad técnica interna del Fondo para absorber los resultados de la investigación. La capacidad de gestión y de absorción es una cuestión más apremiante para las donaciones no centradas en países específicos.
53. Se recomienda interrumpir las donaciones con un componente crediticio en su forma actual, dado que estas donaciones han financiado principalmente la gestión de proyectos o subcomponentes de los proyectos con escaso contenido en materia de innovación o de creación de capacidad. Además, las donaciones por países deberían asignarse mediante un proceso competitivo dentro de cada división regional, y no de forma automática a través del PBAS, lo que evitaría un enfoque basado en la adquisición de “derechos” por los países.
54. **Simplificar y reforzar la asignación de donaciones y el proceso de examen interno.** En la presente evaluación se recomienda la aplicación, para todas las donaciones, de un único proceso de aprobación fortalecido que centre el examen en el cumplimiento de la política, los vínculos con el COSOP actual o futuro (en el

caso de las donaciones por países) y con la estrategia institucional (en el caso de las donaciones no centradas en países específicos) y la probabilidad de que la actividad propuesta se incorpore al programa del FIDA de reducción de la pobreza rural, al del gobierno de que se trate o a ambos. El proceso de aprobación podría ajustarse en función de los riesgos inherentes a una iniciativa financiada mediante donaciones, la capacidad del receptor y los conocimientos internos del FIDA sobre la esfera de actividad que se propone financiar. Cuanto mayores sean los riesgos relacionados con el tema o institucionales, más intenso deberá ser el examen del proceso.

55. Es importante reducir al mínimo las duplicaciones y lagunas en el proceso de examen interno. Los procedimientos de ejecución de la nueva política de donaciones deberán simplificar y reforzar la debida diligencia fiduciaria proporcionando a los patrocinadores de las donaciones orientación sobre la forma de evaluar en qué medida son razonables los presupuestos de la propuesta de donación y de delimitar el alcance de los exámenes jurídicos y financieros de los documentos de diseño.
56. **Simplificar y fortalecer la gestión de las donaciones.** Deberá elaborarse, para todas las donaciones, un informe anual sobre la situación de las donaciones, u otro instrumento equivalente que el FIDA decida introducir una vez aprobada la nueva política. La calidad de estos informes deberá ser examinada por expertos y deberá presentarse un resumen de sus conclusiones a la dirección y a la Junta Ejecutiva. Las actividades de supervisión podrán orientarse al cumplimiento de los requisitos establecidos en los informes sobre la situación de las donaciones o en el documento equivalente.
57. **Fortalecer los sistemas de rendición de cuentas, la gestión de los conocimientos y la supervisión por la Junta Ejecutiva.** Las evaluaciones *ex post* de las donaciones deben hacerse más sistemáticas y sus resultados deberán poder consultarse fácilmente en una página web específica. Además, las constataciones de las evaluaciones deberán consolidarse –con atención especial a las principales enseñanzas extraídas y a los factores que limitan o favorecen la correcta ejecución– en un informe anual presentado a la dirección y a la Junta Ejecutiva del FIDA, junto con los informes sobre la situación de las donaciones –o documento equivalente– consolidados, con observaciones de la OIE, conforme a la práctica actual. Esto contribuiría también a mejorar la gestión de los conocimientos relacionados con las donaciones.
58. El informe anual presentado a la Junta deberá ser más amplio e incluir un examen de alto nivel consolidado de todas las donaciones finalizadas y del desempeño de las donaciones en curso. La información a la Junta que recomienda la EVALUACIÓN A NIVEL INSTITUCIONAL podría realizarse mediante una sección específica en el Informe sobre la eficacia del FIDA en términos de desarrollo que redacta la dirección cada año. Por último, la Junta podría considerar asimismo la posibilidad de conceder a la dirección plena autoridad para aprobar donaciones.
59. **Invertir en un sistema de información sobre la gestión de las donaciones.** La dirección del FIDA debe desarrollar y poner en práctica un sistema de información sobre la gestión de las donaciones en el que se registren todos los documentos relacionados con las donaciones, desde su comienzo hasta su finalización, y queden almacenados en un formato accesible.

Corporate-level evaluation on the IFAD Policy for Grant Financing

Main Report

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Abbreviations and acronyms

ADB	Asian Development Bank
AfDB	African Development Bank
APR	Asia and the Pacific Division of IFAD
AR4D	Agricultural Research for Development
ARRI	Annual Report on Results and Impact of IFAD Operations
BSF	Belgian Survival Fund
CFS	Controller and Financial Services Division of IFAD
CLE	corporate-level evaluation
CPM	Country programme manager
COSOP	Country strategic opportunities programme
DSF	Debt sustainability framework
EB	Executive Board
EC	European Commission
ESA	East and Southern Africa Division of IFAD
EMC	Executive Management Committee
FY	Fiscal Year
GEF	Global Environment Facility
ICARDA	International Center for Agricultural Research in the Dry Areas
ICRAF	International Center for Research in Agroforestry
IDB	Inter-American Development Bank
IFI	International financial institution
IOE	Independent Office of Evaluation of IFAD
LAC	Latin America and the Caribbean Division of IFAD
LEG	Office of the General Counsel of IFAD
NARS	National agricultural research systems
NEN	Near East and North Africa Division of IFAD
OSC	Operational Strategy and Policy Guidance Committee
PBAS	Performance-based allocation system
PMD	Programme Management Department
PTA	Policy and Technical Advisory Division of IFAD
QA	Quality Assurance Review
QE	Quality Enhancement Review
RB-COSOP	Results-based Country strategic opportunities programme
SKD	Strategy and Knowledge Department
TA	Technical assistance
WCA	West and Central Africa Division of IFAD

Corporate-level evaluation on the IFAD Policy for Grant Financing

Main Report

I. Introduction

A. Background

1. As decided by the Executive Board of IFAD in December 2012, between 2013 and 2014, IFAD's Independent Office of Evaluation (IOE) undertook a corporate-level evaluation (CLE) of IFAD's Policy for Grant Financing. The CLE was conducted within the overall provisions contained in the IFAD Evaluation Policy.⁵

While IOE had previously conducted two evaluations on specific aspects of IFAD's grant-based financing⁶, this is the first comprehensive evaluation on the subject. The overall objectives of this CLE are:

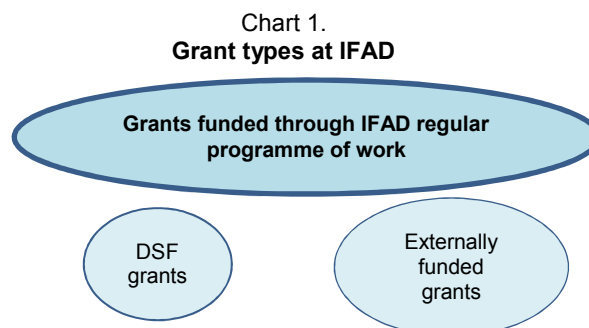
- (i) to assess the performance of the IFAD Policy for Grant Financing (in terms of relevance, effectiveness and efficiency aspects); and
 - (ii) to generate findings and recommendations that will inform IFAD's strategic directions and priorities for future grant activities.
2. **Grants at IFAD.** IFAD's use of grants as a financing instrument finds its justification in the 1976 Agreement Establishing IFAD. The Agreement allowed for grant financing (as distinct from debt sustainability mechanisms) provided that the proportion of grants would not exceed 12.5 per cent of annual commitments. Debt sustainability mechanisms would not be included in this percentage: "Financing by the Fund shall take the form of loans, grants and a debt sustainability mechanism" (Article 7.2(a)) and "The proportion of grants shall not normally exceed one-eighth of the resources committed in any financial year. A debt sustainability mechanism and the procedures and modalities therefor shall be established by the Executive Board and financing provided thereunder shall not fall within the above-mentioned grant ceiling" (Article 7.2(b)).
 3. According to the Lending Policies and Criteria of IFAD 1978, priority use of grants should have been for technical assistance, and mainly for project preparation. The use of grants, however, has been expanded over time to cover a variety of activities. This includes, for example, grants funding international agricultural research, NGO initiatives, capacity-building for government institutions and activities for strengthening agricultural producers' organizations and their networks.
 4. At IFAD the term "grant" is also used to describe initiatives financed through supplementary funds. In addition, some of IFAD's main investment projects are funded through non-reimbursable instruments in countries with high to moderate debt-distress risk: this is known as the Debt Sustainability Framework (DSF).
 5. The above poses some difficulty when retrieving data on grants from IFAD's multiple databases. Furthermore, until recently, there has not been a well-defined tracking system for grants: the Programme Management Department (PMD) introduced a specific grant database only in May 2013 and work is still in progress.
 6. **Coverage of this CLE.** For the purpose of this evaluation, the term "grants" applies only to those from IFAD's regular programme of work. IFAD has approved regular resources grants for US\$449 million under this facility between 2004 and

⁵ www.ifad.org/evaluation/policy/new_policy.htm.

⁶ Respectively, the CLE of IFAD's Technical Assistance Grants Programme for Agricultural Research (2003) and the CLE of the Extended Cooperation Programme with NGOs (2000).

2013 (6.1 per cent of the total annual programme of work) and US\$712 million between 1978 and 2013 (5 per cent of the cumulative programme of work).

7. This evaluation does not cover grants financed by external supplementary or complementary funds, nor does it cover the grants provided under the Debt Sustainability Framework (Chart 1).



Source: IOE elaboration (2013)

B. Evaluation Approach and Methodology

8. It is important to note that the main subject of this evaluation (the “evaluandum”) is the IFAD Policy for Grant Financing, not the individual grants approved by IFAD. At the same time, for practical purposes, the evaluation reviewed a sample of grants financed to assess to what extent the grant policy has been implemented and achieved its objectives, as well as the contribution that it has made to achieve the Fund’s ultimate development objectives.
9. **The Evaluation Framework** followed the approach of corporate level evaluations assessing policies for their relevance, effectiveness and efficiency aspects. The choice of these criteria is customised to the level of analysis of the evaluation (policy level). Other typical evaluation criteria (e.g., impact, sustainability) would better apply to the typical loan-financed investment projects of IFAD but less so to grants. As an example, not all grants are financing field-level activities and, due to the nature of some grant-supported activities (pilot initiatives, trials), the time frame would not allow the assessment of the longer-term impacts. Evidence was based on a combination of qualitative and quantitative assessments derived from the review of documents, interviews with relevant staff and IFAD and partner organizations (including grant recipients, Governments and end-users), an IFAD staff survey, and country case studies.
10. Under **relevance** of the policy, the evaluation assessed: (a) to what extent the objectives of the policy were the right ones for IFAD to support through grants; (b) clarity and adequacy of the framework specified in the policy to achieve the objectives; and (c) clarity and adequacy of the governance of the policy, including processes and arrangements to implement the policy.
11. Under **effectiveness** of the policy, focusing on the actual implementation of the policy (2003 and 2009), the evaluation assessed the progress made in achieving the stated objectives. This was assisted by a review of individual grants.
12. Under the **efficiency** aspects of the policy, the evaluation reviewed the processes and procedures for grant approval, monitoring, and reporting and the use of resources (human and financial) to achieve the desired results of the policy.
13. One of the constraints faced by the evaluation was the absence of a credible result framework for the overall policy as well as consistent monitoring activities (both at the grant and at the policy levels) before the current evaluation. The performance of individual grants as well as IFAD’s internal grant-related processes and their

evolution during the time cohorts 2004-2009 and 2010-2013 were used as a proxy for the performance of the policy. Chapters IV and V further explain these aspects.

14. **Coverage period.** The time frame of the evaluation spans from 2004 (after the approval of the first Policy on grants) to 2013, thus covering the 2003 and 2009 Policies for Grant Financing. This timeframe helps capture some of the development results to which the previous policy from 2003 and related grants have contributed, as well as emerging changes promoted by the revised 2009 policy.

C. Main building blocks, process and products

15. Evidence was gathered through several phases and building blocks described below.
16. **Desk review phase.** This included:
- The review of the policy documents (2003, 2009), of the implementation procedures (2004, 2011, 2013) and other related documentation, either internal or officially presented to the Executive Board. A review was done of the annual strategic work-plans on grants elaborated by IFAD's Departments and Divisions, and their corporate-level consolidation, from 2010 to 2014. In addition all result-based COSOPs approved from 2006 to 2013 were reviewed as it pertains to the discussion on grants. The IFAD strategic framework for 2007-2011 and 2011-2015 as well as Mid-term Plans for 2011-2013 and 2013-2015 were reviewed as well.
 - A review of annual portfolio review reports of the regional divisions of PMD, as well as of PTA (2009-2013), in order to capture the self-assessment of grant-based operations and their interactions with the lending programme. A review of all the grant status report ratings was done from 2007 to 2013.
 - Descriptive analysis of data from the available databases on grants to provide synthetic indicators of key grants characteristics (e.g. size, regional distribution, categories of recipients and purposes) and their evolution in the period 2004-2009 and 2010-2013.
 - A meta-analysis of existing IOE documents such as 36 country-programme and eleven corporate-level evaluations undertaken from 2000 to 2013. In addition, the meta-analysis covered the Independent External Evaluation of IFAD of 2005, and the Joint African Development Bank and IFAD Evaluation on agriculture and rural development in Africa (2010).
 - An initial desk review of 152 grants (19 per cent of the total number of grants approved between 2004 and 2013). This desk review contemplated several steps, each of them with a different focus. Accordingly the sample of grants for the initial desk review included several sub-samples, some of which selected randomly (e.g. a sample of 30 large grants and a sample of 30 loan-component grants), others purposively after stratification (i.e., by geographical scope; size; approving division; and policy cohort).
 - A second closer review was undertaken of 46 grants (of which two thirds approved under the 2009 policy and one third under the 2003 policy). This second review included intensive interviews with a standardised questionnaire as well as country visits field visits (see further below). In addition, interviews were conducted in Rome with staff from FAO, Bioversity International, and the Independent Evaluation Arrangement (IEA) of CGIAR, and in Washington DC, with IFPRI, a grant recipient. The second review generated a set of ratings discussed in Chapter IV.
17. **Self-assessment exercise.** The self-assessment was conducted through a workshop held in June 2013 at the IFAD headquarters, with a number of representatives from IFAD staff and Management. IFAD staff and managers

concerned with grants made presentation of their experiences, issues faced, and proposals for further reforms. The discussions during the workshop elicited frank and content-rich perspectives. Key points from the self-assessment are presented in Chapter III.

18. **Interview phase.** During this phase, IOE organised a number of interactions with IFAD management and staff, representatives of the Governing bodies of IFAD and other international financial institutions. The main components of this phase included:
- Interviews with IFAD Management and staff, including country office staff and consultants from the Office of the President and Vice President, the Programme Management Department, the Strategy and Knowledge Department, the Office of the General Counsel, the Office of Audit and Oversight, the Controller and Financial Services Division, the Office of Partnership and Resource Mobilization and the Communication Division. An interview was also held with the International Land Coalition, hosted by IFAD.
 - Discussion sessions were held with individual members of the Executive Board and the Evaluation Committee of IFAD, in order to better capture the priorities and opinions of the representatives of the governing bodies of the Fund concerning the use of grants.
 - Web-based survey. The survey was administered to IFAD staff to probe respondents' opinions as well as degree of agreement/disagreement on a number of issues identified through previous desk review and interviews. There were 105 respondents of which 21 Country Programme Managers, 28 grant sponsors in PTA, SKD or other IFAD divisions and 56 other IFAD respondents.
 - A focused review of the experience of selected international organization with grants or comparable instruments: the World Bank, Inter-American Development Bank, and the Asian Development Bank.⁷ The evaluation team also interacted with the Independent Evaluation Department of the Asian Development Bank, currently conducting an evaluation of technical assistance that has some points in common with the present evaluation.
19. **Grant case studies** (global, regional, country-level). The purpose of these was to validate the evaluation hypotheses formulated during the previous phases, and gather further evidence by interacting with IFAD partners and final beneficiaries in the field (Government representatives, IFAD project managers, representatives from grant recipient organisations, private companies, and grant end-users). These case studies involved visits to countries and regions where IFAD grants were implemented and were elaborated through a common protocol to ensure comparability of approaches, while allowing flexibility to analyse different contexts and situations. Countries (Benin, Kenya, Jordan, Lebanon, the Philippines, and Uruguay) were selected in order to represent the diversity of themes and categories of institutions involved.⁸ The selection took into account the number of recent grant activities, the presence of major grantees' and partners' organizations (e.g., agricultural research, intergovernmental organizations, farmers' federations, and other civil society organizations).⁹

⁷ The African Development Bank has no instrument that can be compared to grants at IFAD.

⁸ The selection of the countries started from a review of lists of countries and grants in each region. Preference was given to countries with no recent country programme evaluations. The selection took into account the scope of grants (global, regional, country-specific), the types of recipients (e.g. Government, NGO, research institution), grant themes. The presence/absence of an IFAD country office was taken into account in the selection of the countries.

⁹ The sample of 46 grants for closer desk review was not random. While the averages may not be fully representative of the entire grant population 2004-2013, they help highlight common issues that have been cross-validated through interviews and review of the documentation.

20. A **core learning partnership** is formed for each major evaluation at IFAD. The role of the core learning partnership was to provide guidance to the evaluation process and review key evaluation deliverables. In particular, at the start of the evaluation, the core learning partnership members reviewed the draft approach paper and supported the CLE team by drawing their attention to key issues, documents and data sources (February 2013). They also contributed to the self-assessment, attended and commented on presentations on emerging findings and on the synthesis of findings and recommendations (October 2013 and March 2014). They reviewed and discussed the draft final report and their comments were considered in the finalization of the same (April-May 2014).
21. The core learning partnership included the following members: Vice President of IFAD; Associate Vice President, Programme Management Department; Associate Vice President, Strategy and Knowledge Department; Officer in Charge, and Deputy Director, Independent Office of Evaluation; Directors, IFAD PMD Divisions; Director and General Counsel, Office of the General Counsel; Directors of: Controller and Financial Services Division, Office of Audit and Oversight, Office of Partnership and Resource Mobilization Division, Communication Division; Senior Portfolio Manager, PMD; Head of the Quality Assurance and Grants Unit; IOE Senior Evaluation Officer (i.e., the Lead Evaluator of this CLE).
22. Before sharing the report with the core learning partnership, the draft report was subjected to a peer review within IOE. The report was also reviewed by two Senior Independent Advisers, Mr Olivier Lafourcade and Mr Hans Binswanger, former Managers at the World Bank, by the Independent Evaluation Department of the Asian Development Bank, and the Independent Evaluation Arrangement of CGIAR. PowerPoint presentations were made to managers and IFAD staff of the above divisions as well as to the Office of the President before sharing the draft report.

Key Points

- The use of grant instrument at IFAD finds its justification in the 1978 Agreement establishing the Fund. From 1978 to 2013, IFAD approved grants worth of US\$712 million, equivalent to about 5 per cent of the cumulative work programme during these years.
- This is the first comprehensive evaluation on the matter of grants at IFAD. It evaluates the policy for grant financing of 2003 and its revision of 2009. It covers grants financed through IFAD regular resources, not grants from supplementary or complementary funds, nor grants belonging to the Debt Sustainability Framework.
- The evaluation assesses the policy in terms of relevance, effectiveness and efficiency aspects. It draws from an extensive desk review, interviews with staff from IFAD and its partners as well as from country case studies.

II. IFAD's Grant Programme

A. Historical Perspective

23. In the early years (1979-1984), IFAD grants were mainly dedicated to international agricultural research centres and focused on individual commodities (for example, varieties of cereals, legumes, roots and tubers). During these years, IFAD had no formal policy on grants. Rather, grants were governed by criteria and priorities established periodically by the Executive Board.¹⁰
24. In 1985, IFAD's focus started to shift from increasing production of individual commodities to supporting farming systems and technology-related socio-economic research. At the same time, national research institutions received more support.

¹⁰ For a historical perspective, see the Corporate-level Evaluation on the Technical Assistance Grants for Agricultural Research (2003).

Between 1992 and 1996, the poverty focus of grants increased, notably trying to strengthen linkages between small farmers and extension services. The first set of formal guidelines for grants was prepared in 1997. For the first time, IFAD's regional divisions were in a position to identify, initiate, develop and supervise grants, which, until then, had been a prerogative of the former Technical Advisory Division (currently Policy and Technical Advisory Division-PTA).

25. The Independent Office of Evaluation of IFAD completed two evaluations at the beginning of the last decade: the Corporate-level evaluation (CLE) of the Extended Cooperation Programme with NGOs (2000) and the CLE on the Technical Assistance Grants Programme for Agricultural Research (2003). After these evaluations, IFAD prepared its first Policy for Grant Financing in 2003.

B. The 2003 Grant Policy

26. **Two broad policy objectives.** The 2003 Policy set two strategic objectives for the grant programme: (i) promoting pro-poor research on innovative approaches and technological options to enhance field-level impact; and (ii) building pro-poor capacities of partner institutions including community-based organizations and NGOs. It also placed some stipulations on the use of grants: (i) grants could not be used to finance activities that would normally be funded from the administrative budget;¹¹ (ii) grants should not duplicate loan funds;¹² (iii) must be implemented at an arms-length relationship from IFAD, and (iv) not include activities that duplicate efforts being financed by other donors.
27. **Introduction of country-specific grants.** The 2003 policy proposed two mutually exclusive windows: (a) global and regional grants, which were expected to represent on average 5 per cent of the annual programme of work; and (b) country-specific grants, which were expected to hover around 2.5 per cent of the annual work programme¹³ (the policy allowed both stand-alone and loan component grants).¹⁴ The country-specific grants would be aligned with the country strategic opportunities programmes (COSOPs) and allocated according to IFAD's performance-based allocation system.¹⁵
28. The 2003 policy distinguished between smaller grants¹⁶ (up to US\$200,000) that could be approved by the President of IFAD¹⁷ and larger grants (above US\$200,000), which would continue to be approved by the Executive Board. In terms of knowledge management and communication, the policy required the preparation of technical advisory notes on pro-poor technologies to be disseminated internally as well as to partners outside IFAD and made available to the general public.

C. The 2007 Debt Sustainability Framework Policy

29. In 2007, the IFAD Policy for Grant Financing in relation to the Debt Sustainability Framework (DSF) was presented to the Board. The DSF is a non-reimbursable

¹¹ The policy did not specify which activities would be financed through the administrative budget.

¹² Paragraph 4 of the policy established two principles for the grant programme: (i) it should focus on interventions where grants have a significant comparative advantage over loans as a financing instrument; and (ii) it should complement the loan programme. This can be interpreted to mean that grants should not be used for those activities that are typically financed through loan funds although, admittedly, the division is not always clear-cut.

¹³ This is much higher than in other IFIs as further explained in this report.

¹⁴ Until then, grants were only for global and regional activities. It is to be noted however, that IFAD was approving non-reimbursable instruments for Governments called "soft operation facility" as a part of a loan package. These were used to help the start-up of project implementation.

¹⁵ The performance-based allocation system (PBAS) is rules-based using a formula that incorporates measures of country need and country performance. This allocates IFAD's loan and country grant resources to country programmes on the basis of country performance (the broad policy framework, rural development policy and portfolio performance), and need, (population and per capita gross national income).

¹⁶ Previously, the ceiling for small grants that could be approved by the President of IFAD was US\$100,000.

¹⁷ A list of small grants approved in a given year would be shared with the Board in the April session of the following year.

financial instrument that can be used to finance (part of) an IFAD investment project which would be normally financed through a loan. One of the objectives of the 2007 DSF policy was to clarify the difference between DSF grants and grants approved under the 2003 policy.

30. Countries classified as having low and medium debt sustainability ("red" or "yellow" cases) would be eligible for financing of investment projects through DSF grants. However, they would not receive a separate allocation through the "regular" country-specific grant window established through the 2003 grant policy.
31. Instead, countries with high sustainability framework ("green" cases) would not be eligible for DSF grants but would have access to regular country-specific grants up to a total of 1.5 per cent of the programme of work. As discussed later, the revised policy appears to have mixed the concept of country creditworthiness with eligibility to receive funding under the grant facility. The two concepts are kept separate in other IFIs.
32. The DSF policy brought about a reduction of the regular grant envelope from 7.5 per cent to 6.5 per cent of the annual work programme (5 per cent for regional and global grants, 1.5 per cent for country-specific grants in green-classified countries).¹⁸

D. The 2009 Revised Grant Policy

33. The revised policy for grant financing was approved by the Executive Board of IFAD in December 2009. The preparation of the new document appears to have been largely triggered by the perceived need to sharpen the focus of the grant programme and enhance the rigour of the grant approval processes.¹⁹ It is also clear from the documentation available and verbatim of the Executive Board sessions that the intention was to revise the 2003 policy and not to prepare a new one.
34. For this reason, the 2009 revised policy purported to have maintained the same overall objectives for the programme as the 2003 policy, namely (i) promoting pro-poor research on innovative approaches and technological options to enhance field-level impact; and (ii) building pro-poor capacities of partner institutions. However, as argued further below in this report, the 2009 revised policy introduced a set of "outputs" (innovations, policy dialogue, capacity building, knowledge management) and activities that in fact broadened in a significant manner the scope of application of grants and allowed virtually any division at IFAD to submit grant proposals.
35. The main changes brought about by the 2009 policy were: (i) to permit grants to be made to private sector (but with specific EB approval in a regular section, thus excluding the lapse of time procedure); (ii) instituting more demanding requirements for grant origination, review and approval processes; and (iii) explicit grant monitoring, supervision and reporting requirements. Finally, the policy increased the approval authority of the President from US\$200,000 to US\$500,000, and the definition of "small grants" was changed accordingly. For regional/global grants, the 2009 policy introduced the principle of bottom up strategic planning through the competition between PMD Divisional Strategic Work Plan for grants. As explained further below in this report, PMD Divisions have prepared annual work plans for grants but the principle of competition between Divisions, as initially envisaged, has not been applied.

¹⁸ The reduction by 1 per cent of the grant envelope was based on the forecast that red and yellow-classified countries would consume the equivalent of 1 per cent of the annual work programme and budget, based on historical trends.

¹⁹ In the interviews, many IFAD staff members indicated that the 2009 revised policy focus on strengthening internal grant-related processes was to bring reassurance within the organization that grant proposals would be screened in a consistent and impartial manner.

36. Following the 2007 Policy on Debt Sustainability, the 2009 Grant Policy confirmed the reduction of country-specific grants from 2.5 per cent of the annual work programme to 1.5 per cent while regional and global grants would remain at 5 per cent. Only countries classified as "green" (high sustainability of debt) would have access to the country-specific grant window. For "yellow" and "red" countries, a country-specific grant window was deemed as unnecessary as the financing of IFAD's interventions would take place in any case under non-reimbursable conditions (or a mix of reimbursable and non-reimbursable) and it would be up to the Government and IFAD to decide on the use of the same.
37. Following the approval of the 2009 revised policy, the secretariat for grants, which carries inter alia the function of ex ante quality assessment, was moved from PTA (under PMD) to the newly created Strategy and Knowledge Department (SKD). The main reason for this shift was to avoid potential conflict of interest within PTA, on the one hand, as the principal sponsor of grants and, on the other hand, ex ante quality assessor of grant proposals.
38. For the first time, the 2009 Policy introduced a result framework, articulated along four levels (goals, objectives, outputs, activities) and proposed indicators and means of verification (see Table 12 in Chapter IV). However, as explained further below in this report, this framework was not monitored, in part because of a lack of dedicated resources but mainly because the indicators selected would have been difficult to monitor.²⁰
39. The 2009 revised policy included a very detailed set of commitments ranging from resource allocation, to procedures for quality enhancement, supervision, knowledge management, monitoring and reporting (Table 1) which will be discussed in Chapter V.

²⁰ In its comments submitted to the Evaluation Committee in 2009 in view of the discussion on the revised Policy, IOE noted lack of prioritization of outputs and absence of specific output targets in the results framework.

Table 1

Main commitments made under the 2009 Grant Policy

A. Allocation of grant resources. No changes will be made to the current levels of grant resources. The Global and Regional grant window will remain at 5 per cent of the programme of work and the country-specific at 1.5 per cent (in 'green' countries only). The use of global and regional grant resources will be determined according to an enhanced competitive process; while country-specific grant resources will be allocated as determined by the PBAS. For each region, the allocation of grants will be based on the PBAS scores of the 'green' countries; no country-specific grants will go to 'non-active' countries in PBAS; and the total amount – loans and grants – going to any country will not exceed its total PBAS allocation. As under the current policy, 80 per cent of the grant resources will be allocated for 'large' grants and the remaining 20 per cent for 'small' grants

B. Enhancement of the competitive process. Senior Management will make global/regional grant resources available according to a competitive selection process. Competing divisions will submit annual grant strategic work-plans. The revised process will reduce internal transaction costs and ensure that the grant portfolio is more selective, with fewer, larger and more strategic grants. A synthesized, corporate-level grant strategic work-plan document will be presented annually to the Executive Board.

C. Quality enhancement and assurance. While a technical review function for grants is already in place, the current Operational Strategy and Policy Guidance Committee does not perform all the functions of an arm's length Quality Assurance. A tailored system for Quality Enhancement and Quality Assurance for large grants will be developed and implemented.

D. Grant approval. Under the revised policy, the authority delegated to the President will be increased from the current grant size of US\$200,000 to US\$500,000. Grants of more than US\$500,000 will be approved by the Executive Board according to a "lapse-of-time" procedure similar to that applicable to projects and programmes. For grant financing to the for-profit private sector, all such grants, irrespective of size, will be presented for the approval of the Executive Board at its regular sessions.

E. Supervision and evaluation. Minimum requirements for grant supervision will be developed. Moreover, under the revised policy, both the grant strategic work-plans submitted by the divisions and individual grant proposals will provide details of the proposed supervision arrangements. It is also recommended that the CPEs carried out by OE continue to review the impact of grant-financed projects and their linkages to country programmes, and that OE conduct an evaluation of the policy within three years of its introduction.

F. Learning and knowledge management. The grant portfolio will be made more effective as a platform for lessons learned on new approaches to rural poverty reduction, which can then be drawn on and scaled up wherever appropriate. Learning and knowledge management will be mainstreamed through the grant project cycle. All proposals will be expected to include a plan for knowledge management, defining the learning agenda to be pursued through the project and the knowledge management approach to be adopted. For all grant-financed projects, a short report on impact and lessons learned will be prepared at the end of the implementation period.

G. Monitoring and reporting. The logical framework will provide the basis for monitoring the grant portfolio. Under the revised policy, IFAD Management will report to the Executive Board at three levels: (a) through a synthetic annual grant strategic work-plan; (b) through the Report on IFAD's Development Effectiveness; and (c) through reports to each session of the Executive Board, it will provide an overview of all grants approved during the period immediately prior to that session.

H. Development of new procedures for improved grant management. Strengthen the quality enhancement and quality assurance processes; reduce the period from development of the concept note to the first disbursement of grant resources; focus more on supervision of on-going grant-financed projects; draw out more systematically the lessons learned from projects and the successes in scaling up; and more rigorously monitor and report on the portfolio. These issues will be addressed in new procedures for grant-financed projects. Once prepared, these procedures, plus the indicators for monitoring the implementation of the policy, will be shared with the Executive Board for its information.

I. Costs of implementing the policy. The revised policy is expected to bring about substantial benefits in terms of a more strategic, effective and efficient grant portfolio. No incremental net cost is expected associated with implementation of the policy. Additional staff time will be required for the preparation of grant strategic work-plans, the tailored quality assurance and the increased focus on supervision and knowledge management. However, this needs to be balanced against the reduced time spent on the competitive process. Equally, the new cost of preparing and submitting the annual grant strategic work-plan to the Executive Board must be weighed against reduced Board involvement in the review of individual grant proposals. In the development of the new procedures, further efficiency gains will be sought. A key determinant of cost will be the size of the grant portfolio – that is, the number of grant-financed projects approved each year, and this will be actively managed to ensure that it does not expand beyond the human and financial resource capacity of the organization.

Source: CLE Elaboration from the 2009 revised Policy for Grant Financing.

Grants Programmes of Other IFIs

40. Other international financial institutions (IFIs) have grants programmes similar to IFAD's but with some differences regarding the source(s) of funding, types of work supported by grants, eligible grant recipients, grant implementation responsibility, and governance of the programme, including approval and oversight processes. This section treats the case of the World Bank, the Inter-American Development Bank (IDB) and the Asian Development Bank (ADB). The African Development Bank has no instrument that can be likened to IFAD's grants.
41. **The World Bank** currently has five main grant programmes. These include the Institutional Development Fund, the Development Grant Facility, small grants programme (later renamed "Civil Society Fund") and an annual grant (US\$50 million in recent years) made to CGIAR. In addition, the State and Peace Building Fund supports certain priority activities in post-conflict (and more recently fragile) countries. Bank allocation for these programmes has been around US\$175 million annually since fiscal year 1998 (about 1 per cent of its annual lending), but with a decreasing trend in the last three fiscal years (Table 2). Funding of grants comes from the International Bank for Reconstruction and Development net income allocated annually by its Executive Directors, based on an annual report that reviews past grants' performance and recommends future allocation. Of the five grant facilities, the Institutional Development Fund and the Development Grant Facility have features similar to IFAD regular grants.
42. The Institutional Development Fund was established in 1992 in response to the recommendations of a Task Force that reviewed the effectiveness of the Bank's technical assistance activities. The Task Force recommended the establishment of a fund that could provide quick-disbursing grants for capacity building "in areas that are closely linked to the World Bank's policy dialogue".²¹ The underlying rationale of the Institutional Development Fund is that institutional quality and capacity are critical to the success of development projects and programs and thus development effectiveness would be enhanced by focusing funding explicitly on capacity building outside (or often in parallel with) the project.
43. The Development Grant Facility was established by the Bank in fiscal year 1998 designed to "encourage innovation, catalyze partnerships, and broaden the scope of Bank services".²² The proposal drew from the evaluation by the Operations Evaluation Department that concluded that "grants have generated positive development results, and can be the way to achieve the Bank's policy objectives".²³
44. Besides the above-mentioned grant facilities that are funded from the World Bank's net income, there are also other grant facilities funded by certain donors that are provided to member countries. The most prominent among these is the Policy and Human Resources Development facility, funded by the Government of Japan more than 25 years ago that provides grants to Bank's borrowing countries for project preparation and policy development. The Policy and Human Resources Development grants are untied, with the recipient expected to follow Bank procurement procedures. The size of the Policy and Human Resources Development window has been around US\$75-100 million per annum in recent years.
45. The World Bank as a matter of policy does not implement its grants, relying instead on recipient execution, similar to its loans. Overall, experience with Institutional Development Fund has been quite positive. The Development Grant Facility has had mixed experiences; the most significant issue it faces is the continued reliance of recipient on the Development Grant Facility funding without an exit strategy. Bank

²¹ FY09 IDF Performance Review, The World bank, January 27, 2010

²² "Development Grant Facility (DGF): A Proposal", World Bank July 29, 1997 (R97-185; M97-52).

²³ "Process Review of World bank Grants Programs", Operations Evaluation Department, World Bank, July 22, 1998 (OED Report No. 18357).

staff and borrowers report very favourable experience with the Policy and Human Resources Development grants.

Table 2

World Bank Trends in Grant-Making Facilities (US\$ million)

	FY2010	FY2011	FY2012
Institutional Development Fund	12	17	18
Civil Society Fund	2.8	2.8	2.8
State and Peace Building Fund	33	33	33
Development Grant Facility	73	64	57
Consultative Group on International Agricultural Research (CGIAR)	50	50	50
TOTAL Grant-Making Facilities Budget	171	167	161

Source: World Bank 2013

46. The **Inter-American Development Bank (IDB)** has a programme financed in part from its general resources (about US\$100 million annually or circa 1 per cent of the annual regular lending programme), supplemented by bilateral contributions (about US\$375 million available as of end-2012) that are generally tied, and linked to specific programme areas. Grants can be utilized for:
- 1) *Technical Cooperation – Operational Support* for activities that complement or contribute to the preparation, design, or implementation of, an IDB supported project. These could include, inter alia, feasibility studies, sector notes to underpin IDB’s country strategies, capacity building for project implementation.
 - 2) *Technical Cooperation – Client Support* for activities that are requested by IDB clients in support of their broader development agenda. This could include, inter alia, sector studies, policy analysis, knowledge sharing, study tours.
 - 3) *Technical Cooperation – Research and Development* for activities originated by IDB as an instrument for creating, capturing, and sharing regional or country knowledge.
47. IDB grant program has both some useful features and also significant weaknesses. Among its strong points:
- A strong focus on the member countries as the beneficiaries of a bulk (75 per cent) of the grants. IDB requires formal request from the government(s) concerned before proceeding with a grant.
 - A clear definition of grants based on the conventional definition of technical assistance.
 - A demarcation of research and development grants within a separate envelope, with different processes.
48. Among the weakness:
- Division of the grant resources into numerous thematic allocations
 - Multiplicity of donors each with its own unique requirements (although IDB is trying to rectify this by encouraging donors to make their contributions to multi-donor funds)
 - Because of the above two features, a very cumbersome process for grant approval.

Asian Development Bank

49. The Asian Development Bank (ADB) has no grant programme similar to that of IFAD. However one of ADB's financing instruments, technical assistance (TA), funds some activities that can be compared to those of IFAD's grants. According to ADB's 2008 Technical Assistance policy, TA can be used for several purposes: (i) project preparation; (ii) capacity development; (iii) policy advisory services; (iv) research and development.²⁴
50. At ADB, TA is financed from three sources: (i) core funds; (ii) external donors²⁵; (iii) portion of net income from commercial lending. In most cases, TA grants are managed by ADB units. The only exception is for grants for agricultural research to CGIAR Centres which are not managed by ADB staff.
51. In 2012, US\$95 million were invested in TA, representing 1 per cent of the total work programme of ADB. Regarding agricultural research, in the past 5-7 years, ADB has invested about US\$2 million per annum, compared to US\$10-14 million for IFAD.
52. IRRI, IWMI and IFPRI, have been the main beneficiaries of ADB funding to CGIAR. ADB funds are channelled through the so-called "window 3" used for specific projects because this is considered as the only way to keep regional focus (window 1 is used for general funding, window 2 is for thematic funding but without specific regional focus). Establishing linkages between TA funding to the CGIAR and ADB's lending programmes is considered a challenge. In the past, TA for research has been overseen by departments that were not in charge of lending operations. The latter are now displaying more interest in using technical assistance to finance agricultural research to be further up-scaled through loans. Furthermore, ADB has established communities of practices (including staff from operational departments) trying to enhance collaboration and increase resources for TA for research and development.²⁶

Key Points

- The 2003 Policy established two objectives for IFAD grants: (i) promoting pro-poor research on innovative approaches and (ii) building pro-poor capacities of partner institutions. It stipulated that grants should not substitute for administrative budget and for loan funds and must be implemented at arm's length from IFAD.
- The 2003 Policy introduced country-specific grants along with global and regional ones.
- The 2009 policy confirmed the same objectives as the 2003 one but broadened the scope of grants. It raised the threshold of grants that can be approved by the President to US\$0.5 million and introduced grants for private sector companies, albeit with restrictions on the approval procedures.
- Taking into account the Debt Sustainability Framework the 2009 Policy set the ceiling of the grant envelope to 6.5 per cent of total annual programme of work and introduced restrictions to eligibility of some countries for country-specific grants.
- Other IFIs have grants or similar instruments, with larger financial volumes in absolute terms, although in percentage they only account for about 1 per cent of the total programme of work.

²⁴ ADB (2008) Increasing the Impact of the Asian Development Bank's Technical Assistance Program. Manila, The Philippines.

²⁵ In particular the Japan Fund for Poverty Reduction.

²⁶ Interview with Ms Lourdes Adriano, Advisor and Practice Leader (Agriculture, Food Security & Rural Development), Regional and Sustainable Development Department, Asian Development Bank.

III. IFAD's Grant Portfolio

Overview

53. Between 2004 and 2013, IFAD approved 784 grants for an amount of US\$449 million, with an annual average approval of 78 grants and US\$0.57 million per grant across the whole period (Table 3). Consistent with the policy, grants constituted on average about 6.1 per cent of the regular programme of work between 2004 and 2013 (with a decline from 6.9 per cent to 5.6 per cent between 2004-2009 and 2010-2013, Table 3).
54. **Slight reduction in the average number of grants, marked increase in the average financial value after the 2009 revised policy.** According to IOE's calculations, the average number of grants approved annually between 2004 and 2009 and between 2010 and 2013 (i.e., under the 2003 and 2009 revised policy respectively) is very close (78.8 against 77.7 respectively). IFAD's Programme Management Department provided slightly different figures concluding that the annual average number of grants approved between 2010 and 2013 was 81.5.²⁷ It is in 2013 that the number of new grants approved dramatically declined to 58 (IOE counting, 66 according to PMD figures). It is not clear whether this corresponded to a one-year fluctuation or marked the beginning of a new structural trend. At the time of this report, IFAD divisions had formulated 70 new tentative grant proposals for 2014.

Table 3

Grant approval per year 2004-2013 (IOE counting/PMD counting in footnote)

	<i>Number</i>	<i>Annual amount (000 US\$)</i>	<i>Average per grant (000 US\$)</i>	<i>% of IFAD programme of work</i>
2004	80	32 981	412	7.4%
2005	61	35 659	584	7.3%
2006	107	40 460	378	7.5%
2007	64	31 094	486	5.3%
2008	67	45 156	674	7.6%
2009	94	45 778	487	6.5%
2010	79	46 991	595	5.6%
2011	80	50 321	629	5.0%
2012	94	73 838	780	6.8%
2013	58	46 781	806	4.4%
SUM	784	448 969		
	<i>Average per year</i>	<i>Average amount per year</i>	<i>Average per grant</i>	<i>% of IFAD programme of work</i>
2004-2013	78.4	44 554	571	6.1%
2004-2009	78.8	38 521	489	6.9%
2010-2013	77.7	54 356	699	5.6%

Source: IOE Elaboration 2014

²⁷ More precisely, PMD counting of grants approved in 2009 is 97 (75 global/regional, 15 country-specific and 7 loan component), in 2010 is 89 (52 global/regional, 26 country-specific and 11 loan component), in 2011 is 82 (65 global/regional, 11 country-specific and 6 loan component), in 2012 is 89 (67 global/regional, 7 country-specific and 15 loan component) and in 2013 is 66 (48 global/regional, 12 country-specific and 6 loan component). Differences between PMD and IOE counting are not dramatic and probably due to data sources. PMD figures are drawn from the GRIPS databases with some adjustments, IOE data are drawn from the LMS-Flexcube database with double-checking from official Executive Board documentation.

55. In terms of average size of the grants approved, there was a clear increase between 2004-2009 and 2010-2013, from US\$489,000 to US\$699,000 (Table 3), which is in line with the 2009 policy expectation. The distribution by size is better displayed in Table 4, which inter alia shows the clustering of grants at the threshold point for approval by IFAD's President (this was US\$200,000 in 2004-2009 and US\$500,000 in 2010-2013). Table 4 also shows a reduction in the proportion of grants equal or smaller than US\$100,000 and a five-fold increase in the percentage of grants higher than US\$1.5 million between 2004-2009 and 2010-2013. These are in line with the policy expectations.

Table 4

Distribution of grants by size: 2004-2013 (number of grants)

<i>Grant size ranges (US\$)</i>	<i>2004-2013</i>	<i>2004-2009</i>	<i>2010-2013</i>
$x \leq 100\,000$	14%	17%	10%
$100\,000 < x \leq 200\,000$	33%	43%	17%
$200\,000 < x \leq 500\,000$	18%	9%	32%
$500\,000 < x \leq 750\,000$	5%	4%	6%
$750\,000 < x \leq 1\,000\,000$	7%	6%	8%
$1\,000\,000 < x \leq 1\,500\,000$	17%	17%	16%
$1\,500\,000 < x$	5%	2%	10%
Total	100%	100%	100%

Source: CLE Elaboration 2013.

Regional Distribution

56. **Global and regional grants constitute 70 per cent by numbers and 77 per cent by volume** of all grants, with country-specific grants accounting for the remaining (Table 5). The proportion by number of global and regional grants has increased after 2009 (the revised policy had reduced the country-specific allocation). As can be noted, **an increasing proportion of country-specific grants have been loan-component grants**. In terms of numbers, they represented over one third of the country-specific grants between 2004 and 2009 and almost half of the country-specific grants between 2010 and 2013. In terms of financial volumes, loan component grants represented 60 per cent and 68 per cent of country-specific grants in the two periods respectively. This has implications that are discussed in Chapters IV and V.

Table 5

Distribution of Grants by Type (including loan component grants)^a

	<i>Numbers and (%)</i>			<i>Volumes (US\$ m) and (%)</i>		
	<i>Global/ regional</i>	<i>Country specific</i>	<i>Of which loan component grants (% of country- specific)</i>	<i>Global/ regional</i>	<i>Country specific</i>	<i>Of which loan component grants (% of country- specific)</i>
2004-2013	549 (70%)	235 (30%)	91 (39%)	345.9 (77%)	102.6 (23%)	65.4 (64%)
2004-2009	313 (66%)	160 (34%)	55 (34%)	175 (76%)	56.2 (24%)	33.7 (60%)
2010-2013	236 (76%)	75 (24%)	36 (48%)	170.9 (78.5%)	46.5 (22.5%)	31.7 (68%)

a. Loan component grants are included under the country-specific grants

Source: CLE Elaboration (2014)

Grant Recipients

57. **Civil society organizations received the largest numbers of grants while research institutions received the largest share of funding.** The grants recipients include member governments, inter-governmental organizations (including UN agencies and CGIAR centres), and civil society organizations (including NGOs and Farmers Organizations). IFAD's new database on grants (GRIPS) contemplates 19 categories of grant recipients.²⁸ The CLE reorganised them in five broad cluster (member states, inter-governmental organizations, civil society organizations, research institutions and others), and further disaggregated some of them in sub-groups, reflecting distinctions and categorizations that are usually made at IFAD.
58. The results are displayed in Table 6. Overall, in the period 2004-2013, the civil society organizations and the inter-governmental organizations received the largest numbers of grants (266 or 34 per cent and 188 or 24 per cent respectively). Research organizations (notably CGIAR centres) followed by civil society organizations received the major share of grant financial volumes (31 per cent and 26 per cent). Within inter-governmental category, UN agencies are prominent. At IFAD, the large number of grants to UN organization has raised questions in the past given that these organizations are funded from the same donors that provide funding for IFAD. There have also been concerns raised in IFAD whether the large amount of funding for CGIAR centres is yielding adequate returns for IFAD, while some in IFAD argue that IFAD should support their overall research efforts because of the global public goods nature of research. These aspects are discussed in Chapter IV.

Table 6
Total grants 2004-2013 by recipient category

Category of recipients	Number of grants	%	Value of grants (US\$ m)	%
1. Member States	132	17%	77	17%
2. Inter-governmental organizations	188	24%	106	24%
2.a UN Agencies	119	15%	57	13%
2.b Regional and other Inter-governmental, bilateral and Multilateral organizations	69	9%	49	11%
3. Civil Society Organizations	266	34%	116	26%
3.a Non-Governmental and not for profit	194	25%	85	19%
3.b Farmers and Umbrella organizations	54	7%	28	6%
3.c Media Organizations	18	2%	3	1%
4 Research Institutions	170	22%	138	31%
4.a CGIAR Institutions	106	14%	99	22%
4.b non-CGIAR Institutions	64	8%	39	9%
5. Others	28	6%	11	4%

Source: CLE Elaboration 2013

²⁸ The categories are: Academic Organisations, Bi-Lateral Organisations, CGIAR Organisations, Farmer/producer organisation, Foundation/Trust, Governments, IFAD Division, Indigenous peoples organisation, Inter-Governmental Organisations, Media Organisation, Multi-Lateral Organisations, Non-Governmental Organisations, Not for profit organisation, Other Institutions, Private Sector Organisations, Regional Organisation, Research Institution, Umbrella Organisation, United Nations Agencies. The categories are not mutually exclusive: for example, the difference between a not-for-profit organization, and NGO and Foundation is not clear.

59. **A high number of individual recipients.** Between 2004 and 2013, a total number of 337 individual recipients have received grant funding from IFAD. As shown in Table 7, the vast majority of these (224 recipients corresponding to 66 per cent of total recipients and 21.5 per cent of grant value) received only one grant, which suggests that with these grantees IFAD had a one-off contractual type of relationship, rather than a real partnership. A smaller number of grant recipients (58 or 17 per cent) received two grants. There were 55 grantees receiving three or more grants (62 per cent of total financial value) and, of these, only 26 grantees (7.7 per cent) had received five or more grants representing 48 per cent of the value of grants approved. However, receiving a higher number of grants should not be automatically understood as an indicator of a stronger partnership. According to PMD, efforts have been made in the recent years to progressively concentrate on a smaller number of grant recipients.

Table 7

Table Distribution of grant recipients by number of grants received (2004-2013) excluding loan-component grants

<i>Number of grants received</i>	<i>Number of recipients</i>	<i>Proportion of total recipients</i>	<i>Proportion of total value of grants</i>
1	224	67%	21.5%
2	58	17%	16%
3	18	5%	8%
4	11	3%	6%
5 and more	26	8%	48%
Sum	337	100%	100%

Source: CLE Elaboration (2013)

60. **FAO, ICARDA and ICRAF are the three top individual recipients.** As far as individual grants recipients are concerned, FAO dominates both the numbers and volumes of the grantees in the period 2004-2013. Seven of the top-ten largest individual grant recipients are CGIAR Centres, notably ICARDA and ICRAF-World Agroforestry Centre. These top ten grant recipients combined represent 22 per cent of the total number of grants approved and 23 per cent of the total amount (Table 8).

Table 8
Top individual recipients of grants 2004-2013 (excluding loan component grants)

<i>Organization</i>	<i>Number of Grants</i>	<i>Percentage of Total Grants</i>	<i>US\$ Amount in Millions (rounded)</i>	<i>Percentage of Total Grants</i>
FAO	64	9%	29.11	7.6%
International Center for Agricultural Research in the Dry Areas	23	3%	16.26	4%
ICRAF - World Agroforestry Center	11	1.5%	14.95	4%
International Water Management Institute	8	1%	9.12	2.4%
International Rice Research Institute	8	1%	8.79	2.3%
International Land Coalition	7	1%	8.78	2.3%
Biodiversity International	11	1.6%	8.1	2.1%
International Food Policy Research Institute	10	1.4%	7.7	2%
Corporación Regional de Capacitación en Desarrollo Rural	8	1%	7.4	2%
International Crops Research Institute for Semiarid Tropics	7	1%	7.3	2%

Source: CLE Elaboration (2013)

61. **The number of on-going grants is slightly higher than that of on-going loans.** Between 2007 and 2013, years for which data seem to be more reliable, the number of on-going grants hovered between 241 (2007) and 269 (2013).²⁹ To compare with lending figures, at the end of 2013 there were 241 on-going loans (Table 9).³⁰ It can be said that there are as many on-going grants as loans. The number of on-going grants with overdue closing date reached 26 per cent in 2013 after fluctuating between 15 and 24 per cent in the previous years. According to the Controller and Financial Services Division of IFAD, a sizable number of overdue grants have in fact completed their activities but can not be closed administratively, due to the absence of key documents to be produced by grant recipients. Reportedly, certain recipients such as small NGOs or civil society organisations experience difficulty in complying with administrative requirements.

²⁹ These figures have been taken from Flexcube, the new tracking system for loans and grants. In 2013 when retrieving similar figures from the previous LGS system, the CLE found different (higher numbers). For example the number of on-going grants in 2011 and 2012 according to LGS was 430 and 415 respectively. The reason for this discrepancy is not known. The Controller and Financial Services Division of IFAD has recommended using Flexcube figures.

³⁰ Figures in Table 9 do not include loan-component grant because their duration follows that of the related loan.

Table 9
Number of on-going and overdue grants (excluding loan-component grants)

Year	Number of on-going Grants at year end (according to Flexcube)	Grants with overdue closing at year end (% of on-going)	Number of on-going IFAD loans
2007	241	35 (14.5%)	196
2008	250	43 (17%)	204
2009	271	53 (19.5%)	217
2010	275	65 (24%)	231
2011	260	49 (19%)	238
2012	276	42 (15%)	255
2013	269	69 (26%)	241

Source: CLE Elaboration 2014

62. **Including implementation extensions, the average grant duration is about three and half years, almost five for larger grants.** The planned duration on average is 2.2 years for small grants and 4.29 years for the larger grants (Table 10), the policy generic recommendation was for short grants of two-three years. For certain grants (e.g. research), an expected duration of two-three years is not realistic and this has been taken into consideration in the 2013 interim procedures.³¹ Average delays of one year (small grants) and half a year (large grants) have been observed in actual closing.³² IFAD staff explain that such delays are generally caused by belated submission of documentation from the grant recipients.

Table 10
Duration of grants (small and large, excluding loan-component grants) 2004-2013

	Average time between approval and planned closing (years)	Average time between planned and actual closing (years)	Average actual duration (years)
Pooled small and large grants	2.69	0.90	3.60
Small grants	2.22	1.00	3.20
Large grants	4.29	0.63	4.95

This table has been calculated based on grants that were closed by December 2013

Source: CLE Elaboration 2013.

Grant Sponsors

63. Table 11 shows the number of grants approved between 2004 and 2013 by sponsoring Division. Division-wise, **PTA has been the largest sponsor of grants**, followed by APR and NEN. The Strategy and Knowledge Department (SKD), though established only in 2012 is indicated as the sponsor of a relatively large number of grants (55) although many of these grants were transferred to SKD from PTA in 2012-2013 along with responsible staff members. Table 11 also

³¹ The two-three year duration requirement is nuanced in the 2013 interim procedures: the implementation period for small grants should be two years and for large grants three to five years.

³² These figures exclude loan-component grants whose duration is normally tied to that of a loan-investment and thus longer (typically between six and eight years).

shows that many non-operational divisions have been sponsoring grants, notably the Communication Division (27, most of which in the triennium 2004-2006). As we discuss later, the use of grants by non-operational units raises questions about compliance with the policy for grant financing.

64. At the departmental level, the **Programme Management Department** (PMD) has been the main grant originator. In the recent years, there has been an effort within PMD to reduce the portfolio of grants. For example, according to the 2013 PMD division reports of annual review of portfolio performance, the number of outstanding grants in regional divisions and PTA had reduced from 295 to 242 between 2009-2010 and 2012-2013, with an increase in the average value of grants from US\$0.68, to US\$0.86. There have been three important factors underlying this trend:
- (i) a reduction in the “inflow” of new grants (a decision taken by the majority of PMD divisions);
 - (ii) a “cleaning up” of the respective regional portfolio of grants by closing under-performing grants or writing off those that were not financially closed due to missing documentation; and
 - (iii) the shift of agricultural research grants from PMD to SKD in 2012 under the new “Agricultural Research for Development” (AR4D) window.
65. Within PMD, the above dynamics have been particularly pronounced in PTA and APR, while the portfolio of grants has dramatically increased in NEN (from 27 to 57) and remained stable around 20 in LAC.

Table 11

Grants approved by sponsoring Division (2004-2013)

<i>Sponsoring Division/Department</i>	<i>Number of grants sponsored in 2004-2013</i>
Policy and Technical Advisory	183
Asia & Pacific Region	130
Near East & North Africa	104
East & Southern Africa	91
Latin America & Caribbean	75
West & Central Africa	67
Strategy & Knowledge Department	55
Communication	27
Programme Management Department (Front Office)	13
Partnership & Resource Mobilization	5
Office of President & Vice President	2
Controller & Financial Services	1
Office of General Counsel	1
Converted Business Units ³³	30
Total	784

Source: GRIPS System 2014

³³ Former Divisions that have either been merged or suppressed.

66. The **Strategy and Knowledge Department** (SKD) was created in 2012 and inherited part of the staff and of the research grants previously located under the Policy and Technical Advisory Division. As described in its 2014 grant strategy, SKD pursues knowledge development drawing from IFAD's operational experience as well as from external partnerships – seeking to leverage and promote extensive relevant work in like-minded institutions.
67. SKD has three granting windows:
- (i) the regular regional and global window (to help shape the understanding of IFAD's partners about the most effective use of their own material, institutional and policy resources) from which it has already approved 28 grants for a value of US\$3.8 million and with new proposal for four grants worth US\$1.2-1.7m in 2014;
 - (ii) the impact assessment window, since 2013 to support implementation of 30 impact evaluations in the period 2013-15 (as per commitment of IFAD under the IFAD9 replenishment) with five grants approved in 2013 for US\$2.5m and a pipeline of 4 grants in 2014 for US\$2.2m); and
 - (iii) the Agricultural Research for Development (AR4D) window (aimed at supporting innovative research programmes that deliver pro-poor global public goods, local capacity-development, knowledge management and sharing, and policy dialogue) established in 2013 (six large grants for US\$12m in 2013 and an envelope for 2014 still to be defined: 17 preliminary proposals worth US\$27.0 have been screened); however, most of the grants included under the AR4D window are sponsored by PTA and PMD's regional divisions.

Selected findings from past evaluations

Corporate-level evaluations

68. **Early evaluations on grant-related topics.** IOE conducted a Corporate-level evaluation (CLE) of the Extended Cooperation Programme with NGOs (2000) and a CLE on the Technical Assistance Grants Programme for Agricultural Research (2003). These evaluations highlighted that **grant financing had contributed to introducing innovative activities, technologies and approaches** in developing countries that were relevant for the rural poor and that the grant instrument provided IFAD with considerable flexibility of intervention. In the case of agricultural research, work done on neglected crops, integrated pest management and livestock research) was among the examples highlighted.
69. At the same time they underlined **two limitations**:
- (i) the difficulty in ensuring collaboration and synergy between grant-based programmes and IFAD's main investment projects funded through loans; and
 - (ii) the heterogeneous types of activities funded through grants and the limited resources available to monitor, assess, draw conclusions and learn from related experience.
70. In essence, the 2003 CLE evaluation IFAD's Technical Assistance Grants Program for Agricultural Research found that IFAD attempted to do too much with too limited resources and, therefore, recommended that IFAD should set priorities and develop a research strategy. The evaluation also recommended measures to enhance the contribution of the research funding to IFAD's investment program and to increase the poverty and institutional impact of research funding.
71. A number of corporate-level evaluations (CLEs) conducted between 2005 and 2013, as well as other "higher-plane" evaluations such as the 2005 Independent External Evaluation of IFAD (IEE) and the 2010 Joint Evaluation on agricultural and rural development in Africa conducted by IOE and the Operations Evaluation

Department of the African Development Bank (AfDB), contained findings that are relevant for this evaluation.³⁴

72. The 2005 IEE argued that IFAD had reflected little on the comparative advantages of using loans or grants instruments within varying policy contexts (for example using grants for activities that are needed but receive limited support by Governments, including policy dialogue on politically sensitive issues) and had under-utilised grants as an instrument of technical assistance to projects. It concluded that country-specific grants could bring in more coherence between grants and loan-related activities. The IEE considered grants an essential ingredient that could be used to pilot innovations, which would be scaled up through loans, or support project design, sector and poverty analysis that would inform policy dialogue.
73. Two CLEs that assessed regional strategies, respectively in the Asia and the Pacific Region -APR (2006) and in the Near East and North Africa, European and Newly Independent States Region-NEN (2008), found **limited connections between grants and other IFAD operations** (notably loans), due to: (i) poor synchronisation between grants and loans; (ii) weak reporting and knowledge sharing mechanisms for grants; (iii) limited awareness of IFAD and Government staff on the existing grants and, conversely, limited familiarity of grant recipient agencies with IFAD's activities in the region.
74. The CLE on Innovation and Up-scaling (2010) reckoned that **grant financing is essential in the early stages of innovations** for scouting and pilot testing where the risk element is high and loans are not the right instruments. The CLE observed that governments may be hesitant to allow experimentation in projects financed by loans and most of IFAD's country-level partners are planners and implementers rather than innovators. Unfortunately, according to the CLE on Innovation, evidence of linkages to technical assistance grants and grant funding to promote the earlier stages of innovations could be found only in 20 per cent of the projects reviewed.
75. The CLE on IFAD's Supervision and Implementation Support Policy (2013) noted that while the expectation of the Supervision Policy was that within 2-3 years from policy approval most IFAD-initiated loans and grants would be supervised by IFAD, this had happened for loans but at a far lower speed for grants. It also recognised that, in proportion to the small financial volumes mobilised by individual grants, costs of supervision of individual grants would be very high, unless several grants or a grant and a loan supervision could be combined in a single mission. The 2013 CLE on Efficiency reported weak linkages and synergies between loans and grants and with country strategies, as well as weak monitoring of grants. At the same time it highlighted their potential for innovation and policy dialogue.
76. A few CLEs indicated **positive contributions of grants**. According to the CLE on the Rural Finance Policy (2007), grants (including regional and global ones) had helped develop regional partnerships and expanded IFAD's knowledge base in **rural finance**. The examples quoted included grants to AFRACA³⁵ supporting pro-poor policy financial reform and development across the Africa region to the benefit of participating financial institutions, as well as the contribution of grants in building IFAD's long-term partnerships with the Consultative Group to Assist the Poor (established in 1995 and housed at the World Bank), FAO and the MIX Market³⁶

³⁴ Findings from earlier evaluations (CLEs 2000 and 2003) have already been summarised earlier in this document.

³⁵ The African Rural and Agricultural Credit Association is the Association of Central Banks, Commercial Banks, and Agricultural Banks, Micro-finance Institutions and National Programmes dealing with agricultural and rural finance in Africa.

³⁶ An organisation providing performance information on microfinance institutions, funders, networks and service providers dedicated to serving the financial sector needs for low-income clients, covering around 2000 microfinance institutions in the world

and think tanks such as and *Centre International de Développement et de Recherche*, and the Microfinance Centre.

77. Other positive experiences in the Africa region were quoted by the 2010 Joint IFAD-African Development Bank Evaluation on agricultural and rural development in Africa: positive linkages between **regional agricultural research grants on cassava** to International Institute for Tropical Agriculture for developing pest-resistant, high-yield cassava varieties and IFAD loan-funded projects in the West Africa region, contributing to the adoption of improved varieties.

Country Programme Evaluations

78. **Challenges in tracking regional/global grant activities in a specific country.** CPEs reviewed country specific, regional and global grants. As no systematic tracking system for grants was available until mid-2013, CPEs faced challenges in tracing activities of regional and global grant in the countries under observation. CPEs had to triangulate information from several sources, often finding that national actors were unaware of grant activities or, in the case of regional/global grants, foreseen activities in a specific country had not been undertaken due to a change in country coverage decided during grant implementation.
79. All the CPEs raise the issue of **disconnect** between grants and other country programme operations, noting that sometimes Government counterparts did not know of the existence of an IFAD grant instrument and the same was true for many loan-project managers. For regional and global grants, CPEs typically note that they were conceived and supervised outside regional divisions (although the involvement of the latter has increased during the recent years) thus complicating coordination and communication. Some CPEs argue that country-specific grants have been better connected to IFAD operations, although the nature of this connection is not systematically explained and sometimes it simply refers to geographic proximity between a grant and a loan or to a grant being a part of a loan package (loan component grant). In the next chapters this CLE proposes a different perspective on country-specific grants and argues that it is too restrictive to focus on linkages with individual loan-based projects and it would be more correct to look at broader linkages with a country programme.
80. Although not consistently, **selected examples of linkages** between grants and other IFAD country operations tend to appear **in recent CPEs**. When this happened it was mostly thanks to the initiative of individual CPMs and the collaboration between regional divisions and PTA. The message here is that working out synergies between grants (including regional and global) and other country activities is possible but requires specific attention and some degree of creativity both on the side of the CPM and the grant sponsor at IFAD (if the latter is different from the CPM). Some of these examples of linkages relate to: Argentina (2010: policy-related grants in the MERCOSUR sub-region with repercussion on Argentinian national policy), Rwanda (2012, a country grant supported the preparation of the Strategic Plan for the Transformation of Agriculture), Ghana (2012: grants for agricultural research and technology), Kenya (2012: regional grants on water management), Madagascar (2013: again water management, climate-change resilient agriculture, sustainable value chains based on bamboo and rattan), Nigeria (2009: cassava-related agricultural research and extension), Niger (2011: agricultural research) and Mali (2012 CPE, agroforestry, rangelands management, biofuels). Instead the CPEs in Bolivia, Senegal and Zambia found overall tenuous linkages.

Views from IFAD's Management

81. In recent years there has been **growing concern from IFAD's senior management with the strategic alignment of grants to IFAD's mandate**. Symptomatic of this was the Office of the President's issuance of a memorandum in

November 2012, raising the concerns on the relevance of certain grant proposals to IFAD's mandate, as well as on the rigour on grant-related processes. The President's memorandum suggested possible measures to be considered for enhancing rigour: (i) strengthening of the ex-ante quality assessment of grants; (ii) competitive tendering for grant delivery; (iii) setting and enforcing stricter requirements for reporting on grants; (iv) more systematic reviewing of grants experience and compiling of a related database; and (v) review of divisional strategies for grants by the Operational Strategy and Policy Guidance Committee in order to assure strategic coherence, knowledge exchanges and linkages with relevant policies and strategies, including country programme strategies.

82. A self-assessment seminar held in June 2013 provided very rich insights, mainly because of the frankness with which staff from various IFAD divisions shared their experiences. From a strategic perspectives, the main issues highlighted included the following:
- A perception that strategic directions for grants are not sufficiently outlined at all levels (corporate, regional, country), leading inter alia to unclear grant focus, limited coordination and wide variations in the quality of grant proposals.
 - Corollary of the former, a general absence of a "theory of change" for grants, an unclear definition of the pathway through which IFAD intends to achieve development results through grants. Some grants may be able to achieve development results even without the intermediation of loans.
 - A sense of disconnect between grants and IFAD's country programmes, constantly reported by IOE's evaluations, with the *caveat* that evaluations might have not detected certain indirect linkages.
 - At the same time, the recognition that pairing grants with existing individual loans is not always possible and that grant may instead accomplish a broader role, paving the way to future generation of projects, rather than being ancillary to the on-going ones.
 - A concern for the high number of grants, including very small ones, complicating the functions of supervision and internalization of knowledge.
 - On the positive side, the perception that grants can allow IFAD a broader partnership with institutions (beyond the state actors) that are more difficult to engage through loans (research centres, non-governmental and civil society organizations, policy think-tanks).
83. From an operational perspective, the following major points were raised:
- The recognition that the implementation procedures for the 2009 revised policy had required too long a gestation and had not been implemented to some extent (for example the principle of competitions between divisional work-plans rather than between individual grant proposals was found unpractical and thus not followed).
 - From staff members (notably those from regional divisions in PMD) perceptions of weak incentives to develop grant proposals: loans (design and supervision) are typically seen as priority, while grant proposal preparation is time consuming and for a financial envelope that is relatively small (at least compared with loans). At the same time, CPMs highlighted their potential interest for grants as a technical assistance tool for loans, in order to solve emerging issues flagged by supervision missions, for which administrative budget would not be available.
 - A consensus that human and financial resources for grant oversight after approval are scarce. At the same time, some highlighted that this could be seen as an "endogenous" problem. The high number of grants may make the

supervision of IFAD's grant portfolio unrealistic and, at the same time, resources should normally follow priorities: if grants are considered as a priority, then adequate operating resources would need to be allocated to them.

84. Overall, IFAD's Senior Management and most IFAD staff members tend to agree that the grant instrument has not been used up to its potential but with wide divergences on the identification of proximate causes and on the formulation on proposals to overcome current problems.
85. **Members of the Executive Board** believe that they have limited information on grants. Some of them find the term "grant" confusing as it is used – for example - for grants approved under the policy, and non-reimbursable funds approved under the Debt Sustainability Framework (see Chapter I and II). Through the documentation, they receive an echo as to limited monitoring of grants and issues in terms of connectivity with other IFAD initiatives.
86. There are no firm views emerging from Board members on the specific priorities for grants although some have mentioned regional technical assistance. From the verbatim of the ninety-eighth session of the Executive Board (agenda 6), that is when the 2009 revised policy was discussed, the four items that captured most attention were the following: (i) how grant would differentiate from the larger loan-based projects; (ii) how grants would support broader IFAD's operations; (iii) how IFAD would report information on grant performance and results to the board if grants are approved under lapse of time; and (iv) strong preference for discussing in regular sessions the grant proposals for private sector entities.

Key Points

- Between 2004 and 2013 IFAD approved 784 grants worth US\$449 million. Between 2004-2009 and 2010-2013, the average size of grants has increased and so has the percentage of regional and global grants. However, the average number of grants approved per year did not decrease as expected and it peaked in 2012. The proportion of regional/global grants has increased over country specific grants. Within country-specific grants, almost half are now loan-component grants.
- Grants have been approved for 337 organizations, including civil society organizations, inter-governmental organizations, research institution and member country governments. Most recipient organizations (two thirds) have received only one grant. The largest grant recipient in terms of numbers and financial volumes has been FAO. Seven out of the top ten recipients are CGIAR centres.
- Department-wise, PMD has been the main sponsor of grants (particularly PTA division). Within PMD there has been a reduction in the number of annual grant proposals and in the size of the grant portfolio in the recent years due to: (i) an effort to make the grant portfolio more manageable; (ii) the writing off of completed grants; and (iii) the transfer of agricultural research grants to SKD under a new window. In part thanks to the latter, SKD is emerging as an important grant sponsor. Other divisions outside PMD and SKD have sponsored grants as well.
- A wide body of evaluations have argued that grants have important potential for innovation and can be a flexible instruments but most find that grants have been disconnected from the main IFAD operations for a variety of reasons.
- Country Programme Evaluation experienced problems tracking grant activities at the country level. They sometimes found Government staff unaware of the IFAD grant instrument. They noted that, in the past, regional and global grants were approved by divisions outside PMD complicating coordination and communication activities. Although not consistently, recent CPEs have found selected examples of synergies between grants and other IFAD country operations, thanks to proactive efforts by CPM and good collaboration with grant sponsors.
- IFAD Management and staff emphasize that grants allow a broader partnership with institutions that are more difficult or impossible to engage through loans. At the same time, they have been critical of the use of the grant instrument, both from a strategic and operational perspective. Consensus is relatively strong on the assessment of the situation, less so on the causes and way forward.
- According to Executive Board members, information is limited on the use of grants and on their performance. In 2009 when the grant policy was discussed, key questions from Board members pertained to the differentiation between grants and loans, grants' support to IFAD operations, reporting of grant performance to the Board and discussion of private sector grants in the regular Board sessions.

IV. Grant Policy Relevance and Effectiveness

87. Chapters II and III have provided a historical perspective on the use of grants at IFAD, an overview of the grant portfolio and its salient characteristics, a summary of findings from previous evaluations, as well a synthesis of the views expressed by IFAD Management, staff and Executive Board members. This Chapter presents the main findings on the relevance and effectiveness of the grant policy, whereas Chapter V is dedicated to the processes and procedures attached to the grants and the related efficiency aspects.
88. In applying the criteria of relevance, effectiveness and efficiency to the policy, the evaluation took into account that two policy documents have been formulated in the past ten years (2003 and 2009), with a number of commonalities but also some differences in substantive focus as well as in requirements and in procedures and a different time frame to achieve results.
89. An assessment of the grants policy would have ideally required a detailed and measurable results framework and an on-going monitoring of outputs and

outcomes. As already noted and further explained in this Chapter, the 2003 policy did not have such a framework, and the 2009 policy included a results framework that set general goals, but introduced indicators that were not suitable to measure the achievement of the goals and objectives and, probably for this reason, was not the object of specific monitoring. Thus the evaluation had to operationalize the criteria as explained below.

90. The assessment of policy relevance was made on the basis of clarity of the objectives and of the results framework, as well as of the guidance to its implementation. This involved a review of the 2003 and 2009 policy documents supplemented by discussions with IFAD staff engaged in the preparation and implementation of the policy, and an assessment of the compliance of a sample of grants with the policy, covering grants of different types and grants implemented in different IFAD regions, as a proxy indicator of clarity of the policy objectives (Table 12). While compliance may have been affected by the procedures for policy implementation, this evaluation concludes that issues with policy clarity represent the core explanatory factors.
91. The evaluation of policy effectiveness focused on the actual implementation of the policy (2003 and 2009), on the progress made in achieving the stated objectives (within the evaluative time frame), as far as this could be established based on the evidence available to the team. This was supported by a review of individual grants, in terms of their relevance, effectiveness and knowledge management (Table 12). The premise behind this approach was that an effective policy would need to ensure that grants are relevant to IFAD's operations or broader strategies and policies, that they are effective in achieving their internal objectives as well as the broader policy goals, and that knowledge generated through the grants would be properly captured, shared and owned by IFAD and its partners (the importance of knowledge management was highlighted in the 2003 and 2009 policy).
92. At the individual grant level, the assessment of relevance involved the following domains:
 - (a) demand orientation at the country level (i.e. demand from national actors, beneficiaries, IFAD CPM);
 - (b) the type of linkages planned ex ante with IFAD's operations;
 - (c) the quality of the grant design including clarity and realism of objectives; and
 - (d) whether there was a plan or a clear vision for IFAD on how to "use" the results or knowledge generate through the grant.
93. As for effectiveness of individual grants, the review assessed the following domains:
 - (a) internal effectiveness (producing results that affect IFAD's country operations, or its broader policies or strategies);
 - (b) external effectiveness (generating results with repercussions on operations, on policies, strategies or behaviours of other partner organizations); and
 - (c) the actual (or likely) "utilization" of grants by IFAD or any other partner.
94. Knowledge management was reviewed in terms of the plans made for each of the grants as well as actual implementation of the same, as well as with regard to corporate knowledge management processes.
95. Efficiency aspects were assessed through a review of the procedures as well as a review of the available documentation, and through discussions with relevant IFAD staff responsible for managing or supporting the grant processes, and with grant originators/proponents.

96. The above analysis was first informed by a review of 152 grants and their documentation, interviews and country visits and a closer review of 46 grants in six countries (see Chapter I).

Table 12

Operationalization of the main evaluation criteria

Criterion	Operationalization
Policy Relevance	<ul style="list-style-type: none"> ▪ Review of the 2003 and 2009 policies and related documents (clarity of the objectives and definitions and of the result framework, guidance to policy implementation) ▪ Review of compliance issues in a sample of grants (proxy for policy clarity)
Policy Effectiveness	<ul style="list-style-type: none"> ▪ Progress made in achieving the stated objectives, seen through the lenses of the review of individual grants: <ul style="list-style-type: none"> (i) grant relevance (ii) grant effectiveness (iii) grant knowledge management
Efficiency Aspects	<ul style="list-style-type: none"> ▪ Review of the processes and procedures for grant approval, monitoring, and reporting and the use of resources (human and financial)

Source: CLE Elaboration 2013

E. Relevance of the Policy

97. This section focuses on two aspects. First a review of the 2003 and 2009 policy documents and, second, a review of the grants' compliance with the policy objectives and principles.
98. As observed in Chapter II, the 2003 grant policy provided two strategic objectives for grants: (i) promoting pro-poor research on innovative approaches and technological options to enhance field-level impact; and (ii) building pro-poor capacities of partner institutions including community-based organizations and NGOs. It also provided specific requirements: namely that grants should not finance activities normally funded through IFAD's administrative budget, should be implemented at an arms-length relationship from IFAD, should not duplicate loan funds nor efforts financed by other donors.
99. **The above two objectives are overall pertinent** to IFAD's mandate as well as to the vision of IFAD's role and focus that prevailed at that time. Of course the experience that has followed in the recent years would now allow IFAD Management to further elaborate and sharpen the policy objectives.
100. The **2003 policy document did not elaborate on what is meant by, as well as what the priorities should be for, innovation and capacity building**, both of which have potential for very broad application as well as for interpretation or misinterpretation. Regarding *innovation*, IFAD's innovation strategy was approved four years later, in 2007. However, a corporate level evaluation of IFAD's capacity as a promoter of replicable innovation in co-operation with other partners had already been completed in 2002. Moreover an evaluation of the grants under the Extended Cooperation Programme for NGOs had been completed in 2000 and the corporate level evaluation of Technical Assistance Grants Programme for Agricultural Research was completed in 2003. All these evaluations hinged upon operational definitions of what is innovation and conceptualised the steps required from piloting innovative activities, assessing their performance and, if appropriate, fostering their replication and up-scaling. In sum, in 2003 there was already a sufficient body of knowledge on innovation that would have allowed for a clearer definition, as well as a clearer set of priorities on what to fund.

101. Issues of clarity on innovation continue nowadays. IFAD's 2007 innovation strategy defines three essential elements that comprise innovation: the activity is: (i) new to its context of application; (ii) useful and cost-effective in relation to a goal; and (iii) able to "stick" after pilot testing. Through its desk review and IFAD staff interviews, this evaluation found that this three-part framework was not clear to all staff as well as reviewers of grant proposals. Most respondents implicitly placed emphasis on (i) but insufficient emphasis on (ii) and (iii).
102. Similarly, it is well known through the experience of all IFIs that *capacity building* is a difficult and complex task that requires careful design and clear expectations to be effective. Otherwise, many routine tasks such as training, study tours, conferences, acquisition of computer software, can be lumped under the rubric. In many cases such activities could be funded under loan-projects.
103. The 2003 policy did not provide clear and adequate guidance to IFAD managers in proposing and approving individual grant proposals. There were inconsistencies, and often imprecise language in the policy document to leave much room for interpretation and prepare grant proposals for any activity that IFAD considered useful in one way or another.
104. Unfortunately, **the 2009 revised policy did not address the weaknesses of the 2003 policy and thus did not improve clarity**. As already noted in the comments prepared by IOE on the 2009 revised policy, the policy revision was not based on an assessment of the experience since the 2003 policy that would have identified strengths and shortcomings. Instead, it largely endorsed continuation of the 2003 policy based on examples of stories of grants considered to be successful. The two main changes it introduced – making private sector eligible for receiving grants and raising the threshold for EB approval from US\$200,000 to US\$500,000 – were somewhat peripheral issues to the main grant policy. In addition, it dwelled heavily on process changes, reportedly driven by the view of some in IFAD that the process was not sufficiently transparent or impartial.
105. The 2009 policy revision did not improve clarity about the objectives. It termed previous "objectives" into "goal and objective". The goal was defined to "promote successful and/or innovative approaches and technologies, together with enabling policies and institutions that will support agricultural and rural development". The objective was for "IFAD, its partners and other rural development stakeholders improve their knowledge and understanding of what constitutes successful and/or innovative approaches and technologies".
106. In addition, it further introduced "outputs" and "activities" to support the "goal and objective". Four outputs were specified: (i) promotion of innovative activities, technologies and approaches; (ii) awareness, advocacy and policy dialogue of importance for the rural poor; (iii) strengthened capacity of partner institutions to deliver support services for the rural poor; and (iv) lesson learning, knowledge management, dissemination of information (Table 13).³⁷
107. The 2009 Policy document does not indicate the rationale for the newly introduced hierarchy of objective, goal, outputs and activities, nor is it clear about how they relate to one another. The new "objective and goal" is largely a restatement of the 2003 policy objectives, but with co-mingling of the knowledge management requirement. Outputs (i) and (iii) overlap with the two objectives of 2003 Policy, and output (iii) was required of all grants even previously. The activities were similarly partly a restatement of tasks that had been supported by grants in the past (e.g. agricultural research, consulting services), and partly activities that had only a tenuous relationship to the grant objectives (e.g. meetings and workshops).

³⁷ The following activities were considered eligible for grant financing: (a) agricultural research; (b) piloting innovative initiatives; (c) policy fora (national, regional, global); (d) media outreach; (e) technical assistance for state and non-state actors; and (f) knowledge networks; all with an overarching focus on the rural poor.

108. The inclusion of a three-tier structure of goal and objective, outputs and activities seems to have created further confusion in the implementation of the policy. Partly as a consequence of this, the indicators proposed in the results framework of the 2009 were not helpful to monitor the trends and progress of the grant portfolio and its contribution to the policy objectives.³⁸
109. It is not surprising that the framework has not been used for monitoring purposes. A more conducive alternative could have consisted of making full use of an instrument that already existed at the time: the annual grant status reports (adopted systematically by PMD since 2007), consolidating findings, analysing ratings and identifying trends (see further discussion on this topic in Chapter V). As already observed in the 2009 IOE comments, the 2009 revised policy makes the assumption of “cost neutrality” while requiring improved management and monitoring processes. The issue of calibration between envisaged enhancement in processes and procedures on the one hand and available resources and capacity on the other hand remains valid today and is further treated under Chapter V.

Table 13
The 2009 revised Policy results Framework

<i>Narrative summary</i>	<i>Indicators</i>
<p>Goal: The promotion of successful and/or innovative approaches and technologies, and of enabling policies and institutions, for agricultural and rural development contributes to the achievement of IFAD’s overarching goal</p>	<p>Percentage of country programmes rated 4 or better for contribution to (a) increasing the incomes of, (b) improving the food security of, and (c) empowering poor rural women and men.</p> <p>Percentage of projects rated 4 or better at completion for effectiveness in one or more thematic areas of engagement; poverty impact on the target group; and innovation, learning and/or scaling up</p>
<p>Objective: IFAD, IFAD’s partners and other rural development stakeholders improve their knowledge and understanding about what constitutes successful and/or innovative approaches and technologies, and enabling policies and institutions, for poor rural women and men</p>	<p>Numbers of IFAD country programmes, projects scaling-up/replicating lessons learned through grants portfolio</p> <p>Numbers of partners and other rural development stakeholders scaling-up/replicating lessons learned through grants portfolio</p>
<p>Outputs:</p> <ol style="list-style-type: none"> 1. Innovative activities promoted, and innovative technologies and approaches developed, in support of IFAD’s target group. 2. Awareness, advocacy and policy dialogue on issues of importance to poor rural people promoted by, and on behalf of, IFAD’s target group. 3. Capacities of partner institutions strengthened to deliver a range of services in support of the rural poor. 4. Lesson learning, knowledge management and dissemination of information on issues related to rural poverty reduction promoted among rural development stakeholders. 	<p>Numbers and percentage of projects achieving individual grant objectives</p>
<p>Activities:</p> <ol style="list-style-type: none"> 1.1. Agricultural research focused on the needs of resource- poor farmers. 1.2. Innovative initiatives piloted for addressing constraints faced by poor rural people. 2.1. Policy forums supported at national, regional and global levels on pro-poor agriculture and rural development, and participation of rural civil society organization in such forums facilitated. 2.2. Media outreach supported to promote greater awareness on policy issues of direct relevance to poor rural people. 3.1. Technical assistance and capacity- building provided for state and non-state actors. 4.1. Knowledge networks and associations established or strengthened at community to global levels. 	<p>Number of projects and value of grant resources allocated to different project activities</p>

Source: extracted from the 2009 Revised Grant Policy Document

³⁸ Indicators for example insist on targets in terms of country programme or loan-project performance (for example in terms of innovation and replication) without a clear nexus to the actual contribution of grants.

110. Compounding the above problems, **priorities for grant financing have not been clearly defined**. At the divisional and regional level, annual strategic work-plans for grants have been produced since 2010. While quality varies, some proposals in 2010 (e.g. APR and NEN) presented a convincing justification of grant priorities. However, probably because such documents had to be produced annually, the strategic part has eroded, gradually turning into a list of annual pipelines for grants.
111. At the corporate level, priorities have not been stated clearly for global grants. The Strategic frameworks for 2007-2010 and for 2011-2015 provide broad strategic objectives to which the grants could conform although the specific "niche" or contribution for grant is not clear. The Medium-term plan for 2011-2013 had a section entitled "grant programme outcomes 2011-2013" describing the broad objectives of the 2009 revised policy and mentioning the use of grants to fund international agricultural research to be conducted by CGIAR centres, as well as farmers' and indigenous peoples' organizations, international and local NGOs, specialized United Nations agencies, developing country research institutes, educational institutions, regional organizations and private sector organizations. The Medium-term plan for 2013-2015 does not contain a dedicated section for grants.
112. Country strategic opportunity programme documents (COSOPs) present opportunities for innovation and policy dialogue and often also an overview of partners' capacity gaps but do not discuss the role that grants could play (e.g. capacity building). Part of the problem may be that grants have become less attractive to country programme managers, due to the complications in the approval process. This aspect is further discussed in Chapter V.
113. **Elusive formulation of Executive Board Documents**. This evaluation also notes that both the 2003 and the 2009 policy papers conclude by requesting EB approval of "the policy as contained in this document". This opens the risk of each staff member or manager reaching his/her own conclusions based on his/her understanding of a rather complex paper that this assessment already found confusing. In order to avoid misunderstanding, the best practice would be to seek EB endorsement by listing every recommendation at the end of the paper. Regarding IFAD staff, the survey conducted by this evaluation showed that a quarter of the respondents were not aware of the revisions to the grant policy introduced in 2009 and more than half of those who were aware had never been briefed about the main changes brought up by the policy (see also Chapter V).
114. The above discussion may help explain the finding of this evaluation that a **significant number of grants were not aligned with the strategic objectives or not compliant with one or more of the stipulations**. While compliance problems typically are associated with the implementation of a policy, according to the assessment of this evaluation, in this case compliance problems are largely due to the lack of clarity on the policy. Procedures for *ex ante* grant screening have a responsibility as well and are further examined in Chapter V. Through its desk review and field visits, the evaluation identified the following types of grants with low policy compliance.

(a) Loan-component Grants

115. The majority of loan-component grants have financed technical assistance and project management activities that IFAD (and other IFIs) normally funds through loans or would be paid through the government counterpart funding.³⁹ This has included surveys and studies, workshops, training of project staff, and sometimes

³⁹ This CLE has conducted first a desk review of a random sample of 30 loan-component grants, complemented by a review involving interviews and country visits. In the initial desk review, only 24 per cent of loan component grants were found to be compliant with the policy, a percentage which increased to 33 per cent during the closer review.

even project management expenses. The main issue with loan component grants is not the usefulness of the financed activities but rather the consistency with the objectives of the policy (innovation, capacity building) and its stipulations (e.g. avoiding duplication with loans). Discussions with country officials during the country visit further illustrated this point.

116. Examples of loan component grants were found in most country case studies. Four most recent loan component grants in the Philippines funded workshops, conferences, training, and in one case, expenses incurred to support IFAD supervision missions. In Jordan, a loan component grant funded procurement of computer hardware and software and study tours for the institution responsible for the microfinance component of the related loan-project. In Kenya, a major part of a loan component grant attached to a dairy sector loan, which was originally foreseen for technical assistance and policy dialogue, was later reallocated to provide dairy goats free of charge to women beneficiaries.
117. While the Government's reluctance to fund "soft" components through loans is often invoked as a justification for loan-component grants, further probing with IFAD staff and Government officials suggested that this was not always the case. Incentives to use grants as loan component had to do with the length of the process for grant approval within IFAD (see also Chapter V).
118. Loan component grants, being co-terminus with the loan period have an implementation period 7-8 years which is inconsistent with the intention of the grants policy that country-specific grants should be "short-term interventions". As a result, many loan component grants continue to be drawn from during project implementation to meet ad hoc project needs that may arise.
119. To compound the problem, in most cases there is no clear definition of the loan component grant in the project documentation, contrary to the requirement of developing a fully-fledged proposal for the other stand-alone grants. They also appear to receive little scrutiny, with the focus of the reviews during the process being almost all on the underlying loan-project.
120. Discussions with CPMs and other country staff indicated lack of clarity about the loan component grants and their relationship with the grants policy. Some CPMs assume that these grants are meant to finance the "software components" of the project for which the country may be unwilling to borrow (an assumption that was found not to be warranted in several instances). Some see it as an entitlement for the country that should be used up to co-finance projects. Country clients tend to assume that this is a normal IFAD practice.
121. The 2003 policy did not clearly define the purpose of the loan component grants and indeed appears to have contributed to the confusion through internal inconsistencies in various contextual parts. In various places, it mentions country-specific grants to be used for "the design and development of country-specific loan products"; to "directly or indirectly support and complement the Fund's loan portfolio".

(b) Grants for post-disaster emergency operations

122. There are several cases of grants approved for rehabilitation and reconstruction of infrastructure (roads, bridges, water supply, farm input distribution centres) following a natural disaster or conflict. Among the several examples found during the desk review and the field visits are:
 - two grants in Guatemala for smallholder agricultural production reactivation and infrastructure reconstruction programme in response to Hurricane Stan in the department of Sololá, and the access roads to the Laguna Itzacoba Community, Jalapa Department;

- the drought recovery and smallholder adaptation programme in Somalia and Djibouti;
 - supplementary financing of the Rapid Food Production Enhancement Programme in the Philippines to finance reconstruction of agriculture infrastructure damaged by tropical storm Sendong; and
 - supporting food security for Syrian refugees in Zataari camp in Jordan.
123. This evaluation does not dispute the severity of the crisis situation faced in all these cases by rural communities and acknowledges the pressure from the Government counterparts on IFAD to intervene. However, these were not the type of activities contemplated under the policy objectives.
124. The 2003 grants policy had language in the contextual parts that may seem to provide for the use of grants for such activities. Under the objective of “building pro-poor capacities of partner institutions”, it gave an example of “support (to) local communities in post-conflict situations and those affected by natural disasters – providing the rural poor with crucially needed support to enhance their resilience to external shocks”. The intention of this statement under the objective of building pro-poor capacities is not entirely clear. If indeed the intention of the grant policy was to help in emergencies (which was probably not the case taking into account the full context), this should have been specifically stated as one of the objectives of the policy.

(c) Grants used for activities typically funded through administrative budget

125. There are grants that financed activities that should normally have been funded under the administrative budget. Examples of these include studies (e.g. the Brookings Institution work on scaling-up), workshop or conferences, impact evaluations,⁴⁰ communication products mainly benefiting IFAD. Although the related documentation may invoke policy objectives such as capacity building, the tenor of these grant design documents is very similar to that of one-time contractual agreements and with unclear pertinence to capacity building of IFAD partners involved in rural poverty reduction activities (unless the notion of “partners” and their involvement in rural poverty reduction is interpreted in a very broad manner).⁴¹
126. Again this evaluation fully acknowledges the need and usefulness of the above initiatives from IFAD’s point of view and understands that many divisions were facing budget constraints. At the same time it observes that the 2003 policy (and the 2009 revision) did not contemplate these activities for grant use (the notion that IFAD would not “give grants to itself”). In addition to the fact that some of these activities could have been funded through the administrative budget, the fundamental question concerns their conformity with the original grant policy objectives of pro-poor innovation and pro-poor capacity building for IFAD’s partners.

⁴⁰ The quality assurance review note prepared for four impact evaluation proposals in 2013 recognised this issue as well.

⁴¹ Some of the communication grants have been approved for training journalists on how to present rural development issues. According to the Communication Division of IFAD, these grants have been sponsored primarily to provide capacity development to communication professionals in developing countries, to make them aware of issues and challenges faced by rural communities and smallholder producers in their countries and to build their ability to report on those issues and challenges effectively and to advocate on behalf of poor rural populations within their own countries and regions. IOE notes that, while this is an area where Communication’s work can be useful, according to the grant policy’s original formulation, grants would be used to support pro poor technology and innovations or pro poor capacity development for IFAD’s partners. The nexus between the training of communication professionals and poverty reduction appears as a “stretch” in the interpretation of the policy original definition: the policy mainly referred to partners directly involved in development and poverty reduction activities.

(d) Grants outside of core grant strategic objectives

- 127. The three above-mentioned categories of grants are the most obvious examples of non-compliant grants. Other more subtle examples concern grants for capacity building approved for organizations that had no direct role in rural poverty alleviation and could not be considered as having “pro-poor capacities”. In still other cases, capacity building was defined loosely with all the well-known challenges of having a well-grounded strategy for capacity building.
- 128. An example of such non-compliance is a grant to IFPRI to study income diversification and remittances for livelihood security and rural development in the Philippines, Nepal, Bangladesh and Sri Lanka. This research project was not designed to generate knowledge that would lead to any innovation. Moreover, it had no linkage with any IFAD projects in the study countries. A recent CFS grant aims to strengthen audit capacity in member countries, although its pertinence to the pro-poor capacity building objective of the policy is not very clear and it might have been judicious to harmonize it with similar efforts by the large IFIs to avoid the risk of redundancy.

Insights from the grant review on policy compliance

- 129. The significant level of non-compliance with grants policy raises questions about the relevance of the policy in that it apparently does not provide clear and adequate guidance to IFAD managers in proposing and approving individual grant proposals. In order to get a sense of the magnitude of the problem, the review assessed policy compliance of the 46 grants in the country case study sample. The results are summarized in Table 14 below.
- 130. Overall, the average rating of the entire sample was 4.0, which is just moderately satisfactory. While the majority (70 per cent) of the grants in the sample were found to be compliant, a considerable proportion (30 per cent) was found to be non-compliant (rating of 3 or lower).

Table 14
Individual Grant Compliance Ratings (Country Case Studies)⁴²

<i>Grant Type</i>	<i>No.</i>	<i>Average Rating</i>	<i>No. (%) Rated 3 or lower</i>	<i>No. (%) Rated 4 or higher</i>	<i>No. (%) Rated 5 or higher</i>
Global	10	4.7	0	10 (100%)	7 (70%)
Regional	27	4.1	8 (30%)	19 (70%)	13 (48%)
Country	9	3	6 (67%)	3 (33%)	2 (22%)
Total	46	4	14 (30%)	32 (70%)	22 (48%)
Large	31	4.1	9 (29%)	22 (71%)	15 (48%)
Small	15	3.9	5 (33%)	10 (67%)	7 (47%)
2003 Policy	15	3.7	6 (40%)	9 (60%)	6 (40%)
2009 Policy	31	4.2	8 (26%)	23 (74%)	16 (52%)

Source: CLE detailed country visits and interviews 2013-2014

- 131. Global grants had an average compliance rating of 4.7, while country grants had an average rating of 3.0, with ratings for regional grants falling between the two. Consistent with the conclusions reached during the desk review, country-specific grants were the most non-compliant (67 per cent), largely because of the presence of loan-component grants. Another reason is that grants used for emergency operations are generally country-specific grants.

⁴² The rating scale was from 1 to 6: 1 = highly unsatisfactory; 2 = unsatisfactory; 3 = moderately unsatisfactory; 4 = moderately satisfactory; 5 = satisfactory; 6 = highly satisfactory, as per IFAD practice.

132. The higher compliance for global and regional grants is perhaps explained by the fact that the grant policy has “research” and “innovation” as prominent parts of its objectives, both of which are much more likely to be a part of proposals by research organizations, think tanks and UN organizations that are mostly the recipients of regional or global grants. Large grants were only slightly more likely to be in compliance than small grants, but still only at the moderately satisfactory level, suggesting that EB approval (and a heavier screening process) does not appear to be a decisive factor in ensuring policy compliance.
133. **Some indications of improvement in the 2009 cohort.** Finally, ratings for compliance for grants approved under the 2009 policy are higher on average than for those approved under the 2003 policy (4.2 against 3.7). The difference is statistically not significant, due to the small size of the two sub-samples and the high variance of ratings between grants. However, average ratings for grants belonging to the 2009 cohort are systematically higher across the criteria and sub-criteria considered by this evaluation. While the formulation of the 2009 policy presented clarity issues, as argued at the conclusion of this chapter, a set of managerial decisions undertaken in some IFAD divisions can be credited for the observed improvements.
134. Based on the above findings, the assessment considers the relevance of both 2003 policy, and the 2009 revised policy to be moderately unsatisfactory.

F. Effectiveness of the Policy

135. The analysis of the effectiveness of the policy considers progress made in achieving the policy objectives through a review of a sample of grants (in terms of their relevance, effectiveness and knowledge management, all instrumental to contribute to the policy objectives). As discussed in Chapter III and as emerging in many interviews with IFAD staff, one of the typical concerns about grants is their linkage with other IFAD operations. The 2003 grants policy underscores the need for grants to be linked to IFAD loans. It does not define the nature of the linkages, but implicitly expects that the work carried out under the grant would feed into on-going or future IFAD-funded projects. This is a somewhat narrow definition of linkages since it may exclude rural poverty alleviation support more broadly through policy dialogue at country or global level, and through research. Hence, the assessment conducted by this evaluation expanded the definition of linkage to include linkage with country programs and priorities for rural poverty alleviation, and IFAD’s corporate strategies and priorities (present and future).
136. The assessment of the **relevance of individual grants** was based on four factors: first, whether the activity funded by the grant indeed corresponded to some form of demand by IFAD’s country clients. Many CPEs by IOE pointed out that IFAD grants had been recipient-driven, developed bilaterally between IFAD staff and grant recipients without the involvement, and sometimes even the knowledge, of the Government actors. This evaluation appreciates the fact that not all activities need to be demand-driven and sometimes demand needs to be “stimulated” (IFAD staff or IFAD partners may not always express a demand of work on certain themes, for example on gender equality). However, it is also true that lack of interest or commitment from key stakeholders can reduce the chances of realising linkages with IFAD’s operations.
137. The second aspect of relevance is the planned (*ex-ante*) linkage between the grant and IFAD country programmes and operations (in a broader sense as explained above). The third aspect related to the quality of grant design, including the clarity and realism of the objectives (e.g., it is not very realistic to assume that a training programme for project managers would lead, on its own, to poverty reduction). Fourth and more broadly, the evaluation assessed whether IFAD had any concrete plan on utilizing the results of and the knowledge generated by the grants.

138. Overall the average rating for relevance of the sample was 3.7 (below 4.0 which is considered as the cut-off point for “moderately satisfactory”). About a third had a rating of 5 (satisfactory) or higher (Table 15). Global grants perform somewhat better than country grants on this dimension (keeping in mind that the main issue here is not country-specific grants *per se* but rather loan-component grants), but still only 70 per cent of global grants and 63 per cent of regional grants were rated moderately satisfactory or above.

Table 15

Individual Grant Relevance Ratings for Relevance (Country Case Studies)

Grant Type	No.	Average Rating	No (%) Rated 3 or lower	No. (%) Rated 4 or higher	No. (%) Rated 5 or higher
Global	10	4	3 (30%)	7 (70%)	3 (30%)
Regional	27	3.8	10 (37%)	17 (63%)	8 (30%)
Country	9	3.7	5 (56%)	4 (44%)	4 (44%)
Total	46	3.8	18 (39%)	28 (61%)	15 (33%)
Large	31	3.9	12 (39%)	19 (61%)	11 (35%)
Small	15	3.6	6 (40%)	9 (60%)	4 (26%)
2003 Policy	15	3.8	8 (53%)	7 (47%)	6 (40%)
2009 Policy	31	3.8	10 (32%)	21 (68%)	9 (29%)

Source: CLE detailed country visits and interviews 2013-2014

139. Within the sub-criteria of grant relevance, “demand orientation” had a positive average rating (4.1, see Annex 1, Table 3) while ratings were slightly lower for quality of the proposal and objectives (3.7), planned linkages with operations (3.8) and ex-ante plans to utilize the grant for IFAD’s operations, policies or strategies (3.6).
140. In general, the grants rated fully satisfactory (5) or higher on relevance were those based on a clear demand from the client and had a clear ex-ante link with IFAD country programmes or broader policies. Some examples are:
- A grant to the NGO “Pride Africa”-1278 for the Development of a viable Cash-on-the-Bag transaction model for small farmers in Kenya, Tanzania and Uganda. This grant had a clear demand from projects in the region for tools to improve transparency in price setting for crops to the benefit of farmers and to ensure immediate payments at the delivery of produce (as opposed to having farmers deliver their produce “on credit” to the buyers). The demand was combined with well-defined objectives and an ex-ante plan for scaling up defined in the proposal.
 - A grant to CIP for “Root and Tuber Crops Research and Development Program for Food Security in the Asia and Pacific Region” - 1239. This Grant was part of APR’s response to the food crisis and perceived degradation of food security in Asia. Several IFAD-funded on-going and future projects in the Philippines, Vietnam, China, Laos and Cambodia are expected to benefit from this grant.
 - A grant to COPROFAM for “Strengthening Rural Organizations for Policy Dialogue in South America” (Grant 1109). This grant focused on capacity building of an influential organization in the region involved in promoting policies on an important pro-poor issue in the region. The grant also promoted IFAD’s policy agenda in the region.

141. Examples of grants that received a rating of moderately unsatisfactory or lower on relevance:
- PLAMSUR - 710, "Programa Regional de Apoyo a la Red de Desarrollo de Plantas Medicinales en Argentina, Brasil, Paraguay y Uruguay", intended to teach poor farmers how to diversify their production and increase their incomes through production and processing of medicinal plants. However, the grant objectives were defined in a very generic manner and were not well linked to any country strategy or even investment project. In addition, while Paraguay and Uruguay were added in the grant title to justify funding from the regional window, the grant was meant to fund activities in Brazil.
 - A grant to ICARDA – 1240 for "Improving Food Security and Climate Change Adaptability of Rainfed Barley Farmers in Iraq and ". This grant was largely a small-scale extension activity (rather than research) with no clear plans for scaling up and for establishing linkages with IFAD present or future operations.
 - A grant to IFPRI – 1364 to "Develop Innovative Policies on Climate Change Mitigation and Market Areas". This grant was designed as an effort to develop IFAD-IFPRI partnership but without involving intended beneficiary countries and with insufficient consideration of how IFAD would internalize the emerging research findings into its policies and programmes.
142. **Effectiveness of the individual grants** was assessed based on three sub-domains: first "internal" effectiveness, whether the grant had (or had the prospect of having) an effect on IFAD programmes at the country level or broader IFAD policies or processes. Second, the evaluation assessed "external" effectiveness, that is whether a grant had the prospect of influencing national government policies or strategies, policies or behaviours of other key partners (including non-governmental partners) or broader goals. This would be the case, for example, when IFAD funds research that produces global public goods (e.g., improved crop varieties). The review also assessed grants' effectiveness in terms of results on other partners' capacities, strategies and behaviours: this is important for those grants that were not principally meant to work at the country level or with national public actors (e.g., regional grants for farmers' organizations or grants to strengthen capacity of other civil society organizations). Third, the review assessed to what extent IFAD and its partners had "utilized" grant results and knowledge.
143. Assessed against these criteria, the average rating for effectiveness of the grant sample as 3.5, at the middle point between "moderately unsatisfactory" and "moderately satisfactory" (Table 16). About a quarter of the grants reviewed were rated satisfactory (5) or more on effectiveness. Again, the disaggregated average for grants approved under the 2009 policy was higher than that of the older grants (3.7 vs. 3.3) and country-specific grants had the lowest ratings (3.3), with the caveats already expressed about loan component grants.
144. Effectiveness ratings for all three sub-criteria were between "moderately satisfactory" and "moderately unsatisfactory": internal effectiveness (effects on IFAD country operations, strategies or policies) was rated on average 3.6, external effectiveness (effects on partners' policies, capacities, public goods) 3.8 and overall utilization of grant results and learning 3.6 (Annex 1, Table 3).

Table 16
Individual grant ratings for effectiveness (country case studies)

<i>Grant Type</i>	<i>No.</i>	<i>Average Rating</i>	<i>No. (%) Rated 3 or lower</i>	<i>No. (%) Rated 4 or higher</i>	<i>No. (%) Rated 5 or higher</i>
Global	9	3.4	3 (33%)	6 (67%)	1 (11%)
Regional	24	3.6	10 (42%)	14 (58%)	7 (29%)
Country	7	3.3	4 (57%)	3 (43%)	1 (14%)
Total	40	3.5	17 (42%)	23 (58%)	9 (23%)
Large	26	3.5	11 (42%)	15 (58%)	5 (19%)
Small	14	3.6	6 (43%)	8 (57%)	4 (29%)
2003 Policy	14	3.3	8 (57%)	6 (43%)	4 (29%)
2009 Policy	26	3.7	9 (35%)	17 (65%)	5 (19%)

Source: CLE detailed country visits and interviews 2013-2014

145. According to another source, the IFAD staff survey conducted for this CLE, IFAD staff perceptions of effectiveness of grants was only slightly more positive with 72 per cent of staff responding to the survey describing the grants at least “moderately effective”, but only 30 per cent described them as “effective” or “highly effective”. In addition, contrary to the improvement noted in the evaluation sample after the 2009 policy, IFAD staff respondents did not consider that there had been much change in effectiveness since 2010 when the revised policy was adopted (58 per cent). Instead, only 22 per cent of the respondents described the policy either to have made an improvement and 20 per cent to have made matters worse (Table 17).

Table 17
IFAD Staff general perceptions on grant effectiveness

How do you rate the average effectiveness of IFAD Grants?				
	CPMs	Grant Sponsors from SKD, PTA, PMD	Others	Total
Rated 4 or higher	76%	78%	68%	72%
Rated 3 or lower	24%	22%	32%	28%
Total	100%	100%	100%	100%
Have you observed any changes in the effectiveness of IFAD's grants since 2010, that is, after the policy was revised?				
	CPMs	Grant Sponsors from SKD, PTA, PMD	Others	Total
Became more effective	40%	17%	18%	22%
Remained the same	50%	39%	67%	58%
Became less effective	10%	44%	5%	20%

Source: CLE IFAD Staff survey – November/December 2013

146. To illustrate, some examples of grants that were effective in influencing IFAD's operations, policies and directions or capacities of key partners or the results of which were convincingly internalised by IFAD or its partners were the following:
- A grant to MERCOSUR - 804 for the "Institutional and Policy Support Programme to Alleviate Rural Poverty in the MERCOSUR area". The grant (or, more correctly, the set of grants approved in the course of several years) led to the creation of an active commission within MERCOSUR combining the public and private sector, and civil society, promoting institutional developments that are in favour of the rural poor and helping define and coordinate strategies to alleviate rural poverty in a framework compatible with the regional integration process.
 - A grant to IDRC - 1112, for "Knowledge Access to Rural Interconnected People - Phase II" in the NEN region, which went beyond information sharing activities found in many "knowledge management" grants and contributed to policy exchanges between national decision makers, at the regional level.
 - A grant for the SFOAP - 1404 programme "Support to Farmers' Organizations in Africa Programme" (Benin case study), where the grant had helped not only strengthen the capacity of a national association of farmers but also established linkages with the Benin country programme, informing the COSOP and collaborating with a loan-project.
 - A grant to the National Economic Development Authority (NEDA) - 1235 in the Philippines for "Institutional Strengthening of Results-Based Monitoring and Evaluation," which helped improve the capacity of a national agency for results-based monitoring and evaluation, applied at the regional level.
147. Conversely, examples of grants that received a rating of moderately unsatisfactory or lower for effectiveness included:
- A grant to Bioversity for the "Programme for Empowering the Rural Poor by Strengthening their Identity, Income Opportunities and Nutritional Security through the Improved Use and Marketing of Neglected and Underutilized Species" - 899. Through two grant cycles, Bioversity developed an approach to supporting neglected crops (e.g. quinoa in Bolivia and minor millet in India), encompassing community mobilization, crop management techniques, and value chain analysis. In spite of their potential, until 2013 these activities were virtually unknown to the CPM and the Government, indicating that the experience and knowledge from the grant had not been utilized by the Fund and its partners.
 - A grant to UN-HABITAT - 1325 for "Land and Natural Resource Tenure Security Learning Initiative for East and Southern Africa". While the theme was in principle a very interesting one and fieldwork was conducted in the areas of selected project sites in the region, the grant lacked a clear plan to support IFAD project design or implementation or, more broadly, government programmes. The grant has produced background information papers, but limited analytical tools that can be used as an instrument for project design or implementation support.
 - A grant to IFPRI - 839 on *Income Diversification and Remittances for Livelihood Security and Rural Development*: While the research resulted in two publications in peer-reviewed journals on the results from Bangladesh and Sri Lanka, effects on IFAD strategies in the four countries covered by the study were negligible.
148. **Grant linkages with IFAD Operations.** As noted in Chapter II, the lack of strong linkages between grants and IFAD operations has been a recurring theme in past evaluations. The IFAD staff survey undertaken for this evaluation confirmed this assessment, as only 17 per cent of the respondents considered the linkages to be satisfactory or better, and 40 per cent moderately so. Moreover, only 32 per cent of

the respondents believed that the linkages had become stronger since the 2009 policy, while the majority (59 per cent) believed that they had remained the same.

149. A desk study conducted by SKD in 2013⁴³ identified several constraints in establishing grant-operations linkages which resonate with the findings of this evaluation, in particular:
- (i) recipient-driven grants that do not respond to the needs of IFAD's beneficiaries nor are their themes aligned to government priorities;
 - (ii) varying degree of engagement of CPM/Country Offices ("chemistry" between grant sponsor and CPM);
 - (iii) duplication of grants activities: grant-funded activities are seen as parallel to on-going loan activities rather than complementing them;
 - (iv) perceived lack of incentives for project staff to follow up on grant activities, especially if there are no additional monetary incentives.
150. At IFAD, staff mainly understand the problem of linkages as a problem involving regional and global grants. Such grants are often formulated first between the IFAD grant sponsor and the proposed grant recipient, with beneficiary countries indicated only tentatively and generally without prior consultation with them and with a very cursory discussion with the CPM (although there are signs that CPM are now better involved and more proactive). The country consultations happen only after grant approval, with a need for retrofitting the grant design and activities to the on-going IFAD operations. This is often challenging for project managers (i.e., justifying project activities initially not foreseen) and thus bound to generate some resistance (as grants are perceived as "yet another task").
151. Despite these limitations, some country managers have in recent years taken effective steps to promote linkages between global and regional grants and country programmes by bringing explicit focus on them during project supervision. Such practices, if adopted more widely, would no doubt enhance the effectiveness of grants, but they do not obviate the need for an explicit ex-ante focus on this issue during the preparation of the grant proposals.
152. IFAD's own experience shows that better collaboration between grants and country programmes can be enhanced using instruments that already exist, such as the annual country programme review, where the inclusion of grant recipients can improve coordination. Text Box 1 illustrates cases from the Philippines and India, suggesting that country offices can play an important role.

Text Box 1.

Concrete measures can help improve synergies between grants and country programmes

Synergies between regional grants and IFAD's country programmes can be enhanced through regular (e.g. annual) meetings. Two promising examples are those of India and the Philippines. While the presence of a country office has been an enabling factor, proactive efforts of IFAD staff have been crucial.

In the Philippines, since 2009, the country programme officer has promoted exchanges between focal points of regional grants and the loan-based project coordinators. When holding the annual country programme review, both project managers and grant focal points have been invited to participate, discuss progress and exchange experiences. These measures have been complemented by a set of arrangements from the regional division (APR) at the headquarters. In particular: (i) even for regional grants, APR has assigned to selected CPMs the role of focal point with the support of the regional economist; (ii) APR has conducted an annual supervision of regional grants and foreseen a budget for the same. (Source: CLE field visit).

In India, in early 2012, the country office conducted a stock-taking exercise of regional grants with a significant presence in the country. A forum between grant and loan partners was organized in August 2012 and similar events have been planned for the future so that exploring ways of partnering with grant projects so as to make better use of the knowledge they generate, towards policy advocacy. The first step has been to start collecting publications/knowledge products of our grant partners and sharing these with the Government as appropriate. (Source: SKD review of loan-grant linkages June 2013).

⁴³ A review on linkages between IFAD-funded loans and global/regional grants. Quality Assurance and Grants Unit, IFAD (June 2013).

153. However this evaluation finds that the issue of linkages is broader than just connecting loans to grants or vice versa and need to be treated as a matter of linkages to country programmes. Moreover, even country-specific grants are not immune of this problem. The fact that the lack of linkages with operations has been a recurring theme of all evaluations going back to 2003 points to the need to address this issue specifically and more concretely going forward.

Knowledge Management

154. The 2009 revised grants policy requires that all grants have an explicit plan for knowledge management and indeed most grants (except for loan component grants) reviewed had made a provision for this. The evaluation based its assessment, however, not just on the plan in the grant proposal, but on how it was put into practice.
155. **Individual grants.** Our review indicates that in general, grant recipients met their obligations for producing knowledge materials as per the requirement. In some cases, the grant recipients also held seminars and workshops as per grant agreement. This was particularly the case for regional research grants where a considerable amount of knowledge outputs were produced (as indeed one would expect from research organizations). However, it was often unclear what IFAD and other key partners did with such knowledge products or whether and how the knowledge products were internalized. There were few cases where IFAD used the knowledge products to issue its own policy documents or publications.
156. Despite knowledge products being produced, knowledge management was assessed in our sample to have an average rating of 3.8, with regional grants doing somewhat better with a rating of 4.0. Grants that were rated satisfactory (5) or more represented almost a third of the sample. The average rating of 3.5 for global grants may signal, inter alia, an issue with IFAD's absorptive capacity for research (Table 18). After all, there is need for staff with relevant and solid technical background to understand, process and internalize research results and to interact with researchers in a credible manner.
157. Similar to previous cases, grants from the 2009 revised policy cohort appear to perform better in terms of knowledge management compared to the previous cohort. It is possible that more focus on knowledge management as a corporate priority may have contributed to enhanced attention, although the average for the 2010-13 cohort is only moderately satisfactory.

Table 18

Individual grant ratings for knowledge management (country case studies)

<i>Grant Type</i>	<i>No.</i>	<i>Average Rating</i>	<i>No (%) Rated 3 or lower</i>	<i>No. (%) Rated 4 or higher</i>	<i>No. (%) Rated 5 or higher</i>
Global	8	3.5	5 (62%)	3 (38%)	2 (25%)
Regional	26	4	8 (31%)	18 (69%)	9 (35%)
Country	5	3.4	3 (60%)	2 (40%)	1 (20%)
Total	39	3.8	16 (41%)	23 (59%)	12 (31%)
Large	27	3.8	11 (41%)	16 (59%)	10 (37%)
Small	12	3.75	5 (42%)	7 (58%)	2 (17%)
2003 Policy	14	3.4	8 (57%)	6 (43%)	3 (21%)
2009 Policy	25	4	8 (32%)	17 (68%)	9 (36%)

Source: CLE country visits and interviews 2013-2014

158. **Knowledge Management has been the specific objective of some grants.** Examples of these are the grants to AFRACA for knowledge management for rural finance), the grant to the PICO team for IFADAFRICA in East and Southern Africa,

- to ICARDA for the Regional Agricultural Information Network for West Asia & North Africa, to IDRC for Knowledge Access to Rural Interconnected People Regional Agricultural Information Network for West Asia & North Africa, and the several grants to PROCASUR for a variety of initiatives in knowledge management, knowledge exchange and brokerage (Latin America, Africa and Asia).
159. An exhaustive review of these experiences is beyond the scope of this evaluation. There is evidence that these grants helped improve exchanges between IFAD project managers and country programme managers (greater awareness of rural finance activities, and of events and selected thematic issues in the region). They also helped disseminate information on IFAD's activities in the respective regions. This should not be considered a negligible achievement as, in the past, managers of different IFAD supported projects in the same country often did not cooperate to a significant extent.
 160. At the same time, limitations have been highlighted by the available documentation and through several interviews. In several cases, knowledge outputs (e.g. newsletters, webpages) essentially meant descriptive and "public relations" products, with less attention for analytical tools or systematization of knowledge that allows extracting lessons learned and factors of success (what worked, where and under what conditions). During interviews, respondents questioned the use of grants for the simple knowledge dissemination, implying that this could be done, and in fact has been done by certain regional divisions, using administrative funds and staff resources.
 161. There have also been some experiences at using grants not just to disseminate information but also to establish knowledge management capacity within IFAD project teams (IFADAFRICA), which is more in line with the policy tenets. Cases of success have been recorded (for example in Madagascar, Rwanda, Tanzania) although progress has been variable, mainly correlated with the degree of the support and interest from individual CPMs and sometimes put at risk by CPM turn-over.
 162. Some grants have tried more interactive avenues for knowledge management. One example was a grant to IDRC in the Near East, facilitating face-to-face interactions between policy makers. Another example is PROCASUR with its focus on customised support to the diffusion of innovation and knowledge exchanges, including study tours involving government and project staff as well as beneficiaries. While study tours are by no means a novelty in the development landscape, PROCASUR approach hinges on an analysis of requests for collaboration submitted by IFAD projects or CPMs (diagnose of the issues, search of existing good practices, identification of partners to be involved), focused training and preparation of innovation plans. Given that PROCASUR has been on-going for several years, it is now ripe for a specifically dedicated external evaluation.
 163. **Corporate constraints to knowledge management.** While individual grants may have planned and implemented knowledge management activities, at the corporate level, three constraints to knowledge management have been observed and are briefly presented here and further discussed in Chapter V.
 164. The first issue is the difficult tracking of documentation and information on grants. This is very time consuming as experienced by this evaluation. Reasonable knowledge "storage" is a first basic step towards knowledge management. The second issue has to do with the limited use made of grant status reports (no meta-analysis nor consolidation of findings). The third is that no-consolidation is done of the findings of grant evaluations. The underlying problem relates to limited demand/incentives for taking up knowledge products.

Policy effectiveness

165. Based on the assessment of individual grants (in terms of relevance, effectiveness and knowledge management) and their average ratings (Table 19), for the whole period 2004-2013 policy effectiveness is overall rated moderately unsatisfactory, with signs of a progression towards moderately satisfactory for the period 2010-2013, thanks to enhanced attention to the management of the grant programme.

Table 19

Average Ratings of Individual Grants

	<i>Relevance</i>	<i>Effectiveness</i>	<i>Knowledge Management</i>
Average 2004-2013	3.8	3.5	3.8
Average 2004-2009	3.8	3.3	3.4
Average 2010-2013	3.8	3.7	4.0

Source: Averages of ratings in Table 15,16, 18.

166. The next sections discuss thematic issues that emerged during the review of individual grants and of the managerial steps that have been taken in the recent years regarding the grant programme.

G. Other thematic issues

Grants to CGIAR Centres

167. CGIAR Centres, account for 22 per cent of grant financial volume in 2004-2013 (see also Table 6). During the review, many IFAD staff expressed concern about what to them appeared to be a "privileged relationship" enjoyed by the CGIAR Centres at the expense of others such as national agricultural research systems (NARS) who may be equally well (or better) equipped to handle a particular assignment. While a full review of IFAD-CGIAR relationship is beyond the scope of this assessment (and may well be something IFAD should undertake in the future as it considers alternative options for funding CGIAR), the desk review and in-depth field reviews of selected CGIAR-implemented grants confirmed that the above concern is valid to some extent.
168. Many CGIAR Centres have over the years developed serious expertise in cutting edge research and it is understandable for IFAD to be relying on them when the task involved truly innovative pro-poor research. The evaluation found many such examples: with IRRRI on stress-tolerant varieties of paddy, with ILRI on establishing dairy innovation platforms, with Africa Rice on improved rice varieties and crop management techniques, with Bioversity on neglected species such as quinoa and amaranth. Similarly, some IFAD grants involved policy analysis that was assigned to IFPRI, highly regarded internationally for such work. In these cases the potential impact of research goes beyond IFAD projects and the notion of "public good", often invoked at IFAD headquarters, appears to be justified.
169. On the other hand, it was also found that many other grants funded activities built on already existing technologies and approaches and in several instances supported micro-development activities at the community level, or extension programmes, similar to those typically funded through IFAD projects (community mobilisation, formation and training of groups) rather than conducting research activities *stricto sensu*. Examples of these were several grants to ICARDA (Food Security and Climate Change Adaptability of Rain fed Barley farmers; Managing Awassi Dairy Sheep to Small Scale Sheep Farmers; Water Management for Sustainable Mountain Agriculture in the Near East and North Africa), ICRAF (Payment for environmental services in Asia).
170. The work under these grants was based on previous innovative research (often developed by the same centre) but mainly concentrated on community-level activities or routine extension work. These activities could have been carried out as

well by national extension systems or NGOs in collaboration with NARS and within the arrangements of a typical IFAD loan-based project, since such an approach would have promoted capacity development of the respective national research and extension organization, which is essential for ensuring sustainability and scaling up the interventions promoted by IFAD projects.

171. In order to indicate the extent of the issue, the desk review broke down CGIAR grants into different categories (Table 20). The desk review found that agricultural research represented only a part of the number of grants approved (35 per cent if strictly considering agricultural research and if 43 per cent if including policy work, corresponding to just above 50 per cent of the CGIAR grant volume in the period considered), while the others focused on activities such as piloting development activities, providing training and capacity building services, policy work and support to knowledge networks. This indicates considerable scope for a more discriminating approach in giving grants to CGIAR Centres (largely research and possibly policy development) and promoting a greater involvement of other organizations, particularly national or regional institutions, in applied work.

Table 20

Activities financed through CGIAR grants: 2004-2013

	Number of grants	%	Value of grants (US\$ m)	%
Agricultural research -	35	35%	44.8	51%
Piloting development initiatives	32	32%	21.9	25%
Training and capacity building	16	16%	14.5	17%
Policy work, policy related workshops	8	8%	2.6	3%
Knowledge networks	8	8%	3.7	4%

Source: CLE Desk Review Elaboration (2013)

172. A priori, funding work of research by international agricultural research centres on technologies or institutions that are *per se* not new could be justified if the knowledge gaps that need to be filled from IFAD's perspective were clearly defined and if cutting-edge research methods, for which international centres have a comparative advantage, were used to address them. In such case, international centres could, in the process, collaborate with national research and extension institutions and their partners and help building their capacity. IFAD could work with the international centres and the other partners to translate the findings into lessons that can be used for up-scaling. The Agricultural Research for Development window (AR4D) in SKD provides an opportunity for IFAD management to take a more strategic view of relationships with CGIAR Centres, for undertaking research and innovation.
173. Another aspect that deserves consideration is the time for research to produce results and technologies that can be adopted and disseminated or up-scaled. For the development of new varieties, for example, this may require six-seven years or more, rather than the conventional two or three for grant duration. The implication is that many research grants go through a series of phases, while the option of longer-term grants for specific research activities may also be considered as an alternative. The new financing system stemming from the 2010 CGIAR reform provides new opportunities: (i) window 1: core contribution across the entire CG System; (ii) window 2: contribution to a specific large programme (CGIAR Research Programme implemented by several CG centres; (iii) window 3: contribution to a specific CG centre. So far IFAD has funded CGIAR centres under window 3, which appears appropriate since IFAD has yet to develop a partnership strategy with any of the CGIAR Centres. As experience is gained with AR4D

process, IFAD may consider channelling a part of CGIAR funding through window 2 (particularly for longer-term research activities).

Funding UN Organizations

174. This evaluation's review of documentation and the records of the discussions held with the EB leading up to the 2009 policy shows that some EB members questioned the justification of IFAD providing funding to other UN agencies since all of them receive their funding from the same sources as those that provide funding for IFAD's grants program. By the same token, a memorandum from the Office of the President issued in 2012 questioned the choice of approving grants to other UN agencies.
175. Given the large number of grants approved to UN agencies and the diversity of agencies and programmes, this evaluation cannot provide an exhaustive coverage but only informed insights. Overall, the above question remains valid today. In some cases, the UN agency had a comparative advantage in terms of the work funded under the grant. One example was a grant to UNIDO for *Youth as catalyst for promoting small-scale agri-business development in West Africa - 1232*. This grant skilfully used UNIDO regional contacts for policy dialogue initiatives on the development of agribusiness and agro-Industries which helped showcase the innovative experience of the Songhai Center funded through other IFAD grants.
176. In some cases UN agencies had comparative strengths in high-level policy dialogue or normative work. As an example, IFAD cofinanced the activities of the Committee on Food Security, a global arena to discuss policies and good practices, to which IFAD has made a substantive contribution (e.g. by providing inputs to the elaboration of voluntary guidelines on land tenure, reflecting the Fund's experience with small-scale irrigation and indigenous peoples). It can be questioned whether such grants would conform to the notion of capacity building of the 2003 grant policy but the comparative advantage of FAO is clear. Similarly, a grant to FAO for the *Development of innovative site-specific integrated animal health packages for the rural poor - 1075* supported an area of expertise of FAO although the relevance to IFAD work in the concerned countries was variable (e.g. good in Kenya but less so in Ghana).
177. But in other cases, the comparative advantage of UN agencies as subject matter specialist was less evident. Examples of this are several grants to UNOPS (including diverse activities such as medicinal plants or remittances) acting as a contractor for work that could well have been performed by other organizations including national and regional organizations. Another example was a grant for UN-HABITAT (1325) on land-tenure security related activities. UN-HABITAT hosts the secretariat for the Global Land Tools Network but its experience at the time of the grant awarding was confined to urban areas. The grant was a "learning experience" for UN-HABITAT but it is difficult to identify an analytical or methodological added value (in this grant at least). A further example of unclear technical comparative strengths was a grant to ESCAP in Asia for promoting mini-hydro projects. In such cases, IFAD could have considered casting the net wider in its search for an organization to cooperate with (also outside the UN family).
178. The recent grant to FAO for *Capacity development for better management of public investments in small-scale agriculture in developing countries* is meant to address weaker performance of IFAD-funded projects in fragile states. Since the grant was approved only in the second part of 2013, it is impossible at this stage to make any comment on its effectiveness. The grant may help support capacity development if FAO's Investment Centre proves to have adequate skills and experience (not only as subject matter specialists but also in project management and fiduciary aspects) in the countries that are eventually selected.
179. Past experience suggests that important discriminating factors for UN grant suitability could have been: (i) specific and cutting edge thematic/normative

expertise; (ii) leadership in high-level policy discussion and dialogue, strength of network and demonstrated convening capacity, in both cases in areas that IFAD considers as a priority.

Partnerships

180. One of the expectations of the 2003 and 2009 grant policy was that it would promote partnerships between IFAD and others. There is a lack of clarity within IFAD whether partnership is an objective in itself, or a by-product of grants that pursue the core objectives of innovation and capacity building. In practice, it calls every guarantee recipient a partner, most of whom, as noted in Chapter II, have been the recipients of a single IFAD grant. Equally, some grants (often for NGOs) are justified on the basis of promoting partnership.⁴⁴ Effective partnerships require, inter alia: (i) commonality of interest; (ii) sharing of resources, (iii) a long-term perspective (particularly for research), and (iv) division of responsibility (e.g., the partner doing the work, and IFAD devoting resources for absorbing the outputs and knowledge dissemination). Such relationships were not evident with many grant recipients during the review of this evaluation.
181. Yet IFAD has benefited from the grant programme in developing a collaboration platform with key institutions and enhance its corporate stature as a leading organization supporting poor and disadvantaged groups and recognising the contribution and importance of previously neglected partners and clients. The grants to farmers' federations in Africa (SFOAP) and the grants for the Indigenous Peoples Assistance Facility are examples of use of grants that serve IFAD's corporate partnership goals. They are connected to global initiatives and events (e.g. the Farmers' Forum and the Indigenous Peoples' Forum hosted by IFAD, the UN Permanent Forum on Indigenous Peoples) to which IFAD has contributed and through which the Fund has gained visibility.
182. Regarding both grants for regional farmers' organizations and for the Indigenous Peoples Assistance Facility, major outstanding issues that emerged during the review include variable (and overall tenuous) linkages with IFAD's country strategies and operations. One of the main factors was that CPMs acted as the main "gatekeeper" and their degree of interest and support determined opportunities for collaboration.
183. Another question is whether the accent needs to be placed on funding micro-projects of farmers' organizations or indigenous people or on strengthening the capacity of these organizations. In the case of indigenous peoples, IFAD provided grants under the Indigenous Peoples Assistance Facility (IPAF, Grant 1282) to regional organizations (for East Africa, the Mainyoto Pastoralists Integrated Development Organization MPIDO based in Kenya), which then channelled funding to indigenous organizations in individual countries for micro project proposals (e.g. beekeeping, agroforestry, small livestock). In the case of the SFOAP grant, regional farmers' federations passed on funding to national farmers' associations for value chain development and policy dialogue if the recipient national membership organization already had strong capacity, and for institutional strengthening of the organization otherwise.
184. For micro project activities that are not focused on the institutional development of the respective organizations (and that are very similar to a typical IFAD project sub-component), it seems more effective to integrate them into IFAD loan projects. Transaction costs would also be lower (the relative costs for regional organizations to supervise small-scale activities of their member or sub-grantees in several

⁴⁴ There appears to have been one attempt to forge partnership with IFPRI in 2009, but the result was not much different from what IFAD would expect from any other grant. Most observers in IFAD and IFPRI who were interviewed for this evaluation consider it not to have yielded tangible results.

countries are high) and the use of grants for capacity building would be better justified.

185. **Grants to foster partnerships on policy dialogue** The 2005 Report on the Implementation of the IFAD Policy for Grant Financing which IFAD presented to the Executive Board mentioned the use of grants for policy dialogue activities quoting examples from LAC (MERCOSUR) and from ESA (Rwanda).
186. LAC has given special emphasis to policy dialogue through its grant portfolio, initially through partnerships with intergovernmental organizations. The best known case at IFAD is that of the support to the Commission on Family Farming (Reunión Especializada de Agricultura Familiar) within MERCOSUR through a series of grants (e.g. 904, 1109). The Commission combines public and private sector, governments and civil society, that through knowledge sharing and involvement at the country level have played an important role in promoting the creation of institutional developments pro- rural poor, such as the Secretary for Family Agriculture in Argentina. In addition, it helped attract attention to policy changes of importance for IFAD's ultimate clients in the country and in the region, particularly with respect to family agriculture, as well as gender equality, youth and climate change. More recently, LAC has also sponsored grant funding to a regional institution that can be mobilised for country-specific socio-economic analysis (e.g. grant 1373 to the Universidad de los Andes). Other initiatives with the think-tank RIMISP *Centro Latinoamericano para el desarrollo rural* based in Chile have helped spur debate with diverse partners in several LAC countries.
187. Other (non-exhaustive) examples of grants for policy dialogue are the above mentioned one for Rwanda (733 to help the Government prepare the Agriculture Strategy and Action Plan), a recent one for Indonesia for promoting South-South and triangular cooperation (n. 2000000101), as well as two grants in Kenya that included, inter alia, policy dialogue activities (951 and 1305).⁴⁵ The progress and limitations encountered by some of these grants show the importance of: (i) inserting the grant instrument in a strong partnership with national actors as well as their commitment to policy dialogue; (ii) involving all the relevant actors, for example not only project managers and officials in an individual Ministry but also members of the Parliament as the latter will be sooner or later be in charge of voting on legislative initiatives. When this does not take place, efforts spent on organizing workshops, preparing studies and drafting policy papers may lead to scanty results in terms of reforms.

Grants for private sector entities

188. Regarding private sector grants, to date only two grants have been approved, one sponsored by NEN in 2011 to *Making Cents International* for Scaling Up IFAD Rural Youth Employment Interventions in the NENA Region (US\$2.5 million but leveraging an investment of US\$6.8m) and one sponsored by WCA in 2012 to *Mali Biocarburant Sa* for Building farmers' income & safety nets while securing local energy supplies in West Africa (US\$0.5m but leveraging an investment of US\$4.3m). With only two grants approved so far, and also only recently, there is not yet enough experience to make an assessment of the experience.

Improvements observed in the recent years

189. In response to concerns about the efficacy of the grants programme, IFAD management has taken steps to improve grant management processes in the recent years. These have included the following:
- The requirement for each division to submit an annual grant strategy: this has contributed to a more orderly submission and screening process, and in some

⁴⁵ These loan component grants were an exceptional case compared to the majority of loan component grants financing project management activities or classical project components.

cases to a clearer setting of priorities (as an example LAC has “zoomed in” policy dialogue and on the related socio-economic analysis at the regional and national level in its grant portfolio). Yet this cannot be generalised: most annual work-plans are in fact a list of grants in the pipeline.

- Regional divisions encouraged (some indeed required) a greater role and responsibility for CPMs to sponsor and manage grants. This change has led to emerging links between grants and IFAD operations, some of which have been highlighted in recent CPEs.
 - More detailed treatment of the large grants in the annual portfolio review which now contain a dedicated section on grants. Unfortunately, findings from grant status reports have not yet been aggregated systematically.
 - Focus on reducing the number of grants and encouraging larger grants in order to make supervision more manageable. As indicated in Chapter III, the number of on-going grants for most (although not all) of the PMD divisions declined between 2010 and 2013.
 - Increased focus on ensuring that grants are closed in a timely manner by requiring timely follow-up on outstanding issues. As indicated above, there were a considerable number of grants still kept open because of missing documents, even though the grant activities had been completed.
 - Shifting the focus of PTA from quality control to operational support that, in turn, also encouraged PTA staff to support the efforts of regional divisions in developing and implementing grants.
 - Recent initiatives to define a corporate strategy for grants in agricultural research under AR4D.
 - In June 2014, an interim quality assurance procedure for grants has been issued and a working group to prepare a new grant policy has been established.
190. These changes are positive, and possibly the reasons for slight improvement in grant performance since 2009. The fact that concrete improvements have been worked out (as in the section before) provides a menu of options for further refinement and that can be built upon going forward.

H. An overview

191. As explained in this Chapter, and probably thanks to the above changes, there are signs of improvement in the performance of grants after 2009. Overall, however, the grants programme is far from achieving its expected potential. While performance is variable, the review of grants suggests that this instrument can be made to work. There were eight grants (17 per cent of those closely reviewed) with ratings of satisfactory or higher for both relevance and effectiveness, which can be considered as a proxy for strong performance.
192. The performance of country specific grants has been below that of other grants. However, this should not be interpreted as an inherent weakness of this category of grants. As a matter of fact, many grants in this category have been loan-components (and some emergency grants) and did not comply with the main policy tenets. A priori, there is no reason why country-specific grants should not perform as well as any other type of grant.
193. Regarding the regional and global grants, in many cases they financed activities that should have been financed as country-specific grants, but artificially bundled into multiple country or cross-regional work to be able to tap more abundant regional or global allocation. To be sure, there were regional and global grants that were appropriately designed to cover regional or global issues but such cases were relatively few.

Key Points

- The 2003 Grant Policy defined two main objectives for grants: innovation and capacity building and stipulated a set of requirements for grants (notably no duplication with administrative budget and arm's length implementation). However, the concepts of innovation and capacity building and the priorities involved were very loose. Similarly, the demarcation about activities to be financed through grants, loans, or administrative budget was not fully specified. Finally, the justification for grants to be considered regional or global was not well articulated.
- The 2009 Policy did not enhance the focus and potentially brought in more confusion by introducing definitions of outputs and activities that would allow grants to be used for activities not in line with the originally objectives.
- A significant proportion of grants have been found to be not compliant with the policy, a confirmation of lack of clarity. Among the typical cases were: (i) loan-component grants; (ii) grants used for emergency operations; (iii) grants financing activities that could be funded by the administrative budget.
- Looking at individual grants, there are some indications of improvements between the 2003 and 2009 policy cohorts, mainly due to some improvements in managerial decisions and internal processes as well as learning by doing. Average ratings for grant relevance, effectiveness and knowledge management are close to (but mostly not yet) moderately satisfactory indicating the ample space for improvements.
- While the performance of grants is variable and average ratings are rather low, the evaluation identified a group of grants (17 per cent) with strong performance, indicating that the grant instrument can be made to work.
- Relevance of individual grants is challenged inter alia by weak demand for grants from IFAD operational staff, and partners in the countries including (but not limited to) Government actors; and insufficient reflection ex ante on how a grant can be useful to and used by IFAD.
- Weak linkages with country strategies (not just with individual loans) as well as corporate policies and priorities constrain individual grant effectiveness. In recent years, knowledge management plans for individual grants have been prepared and to some extent implemented. There are still constraints with corporate processes and practices, in particular difficulties in tracking basic information and documentation and limited efforts to systematise feedback that already exists on grants (e.g., grant status report, grant final assessments).
- Grants have allowed IFAD to collaborate with a number of actors that could not have been supported through loans: CGIAR, other research institutions, farmers' and civil society organizations and UN agencies, although the comparative strengths of the latter do not always emerge unequivocally.
- A potential source of technological innovation (agricultural research grants) is not fully used to its comparative strengths. Many research grants are in fact funding micro-projects (à la IFAD) where national research and extension agencies supported by IFAD loan-projects may have comparative advantages. There is also a limit to IFAD's absorption capacity of research results and knowledge further pointing to the need to better establish priorities.

V. Efficiency - Grant Policy Processes and Procedures

194. This Chapter focuses on the post-2009 processes, while Annex 2 presents a summary of the pre-2009 processes in order to provide background for the changes introduced in 2009. IFAD Management issued detailed implementation procedures codified in the form of an Executive Board (EB) document in 2011, with a subsequent update in 2013 as an internal document. The 2013 procedures are termed as "interim," reflecting the complications encountered in the revision work

and their temporary nature, and pending the results of the present evaluation.⁴⁶ Currently, a review of the procedures is underway by the Vice President of IFAD.

195. The implementation procedures cover: (i) grant preparation and approval processes, including processes for allocation of grants among competing needs, quality assurance, legal and fiduciary compliance, management review and approval, and EB approval; and (ii) grant monitoring, supervision, reporting and assessment.

I. Grant Review and Approval

A.1. Allocation of Resources

196. **The total grant allocation was reduced in 2007 from 7.5 per cent to 6.5 per cent of programme of work.** The reduction followed the introduction of the Debt Sustainability Framework (DSF – see Chapter II) that required loans in some countries to be made more concessional through partial financing on a non-reimbursable basis. The reduction in overall grant resources was made entirely from the country-specific allocation, while maintaining the global and regional grant allocation at 5 per cent.
197. **Unlike in other IFIs, IFAD has conflated the concept of country creditworthiness with country-specific grants allocation.** After the approval of the 2007 policy on the DSF, the lending terms for country programs are determined by their creditworthiness. Programmes for the poorer (and less creditworthy) countries receive only grants (“red” countries”) and the higher income countries receive only loans (“green countries”) and those in-between receiving a blend of loans and grants (“yellow countries”). This practice of determining lending terms is consistent with that of all other IFIs. However, contrary to the practice of other IFIs, it was also decided to make the “red and yellow countries” ineligible for receiving grants from the grant country window, apparently based on the argument they were already receiving DSF funds for their country programmes.⁴⁷
198. In other IFIs, the concept of lending terms for country programmes and eligibility to receive grants are distinct, with no relationship between them or if there is any (e.g. in the World Bank), the relationship is the opposite. The poorer countries are also the ones often given more favourable consideration for receiving grants from freestanding facilities.⁴⁸
199. At IFAD, the PBAS⁴⁹ has been used for both DSF and regular grants. Besides penalizing the poorer countries, this also leads to the perception that (green) countries are “entitled” to receive grant allocations and that the same can be used as a part of an investment package (a loan component grant). However, as discussed in Chapter IV, a large part of loan component grants have been found to be non-compliant with the policy.
200. **The 2009 policy reduced the allocation for country-specific grants, thereby reinforcing incentives to use regional/global grants for cluster country activities.** A second aspect of the allocation policy that has raised issues is the decision to limit country grants to only 1.5 per cent, while keeping the global/regional grants at 5 per cent. This may have exacerbated the already existing incentives to use regional grants for a collection of country activities. Many of the development challenges are at the country level, but given the small portion

⁴⁶ The interim procedures were issued as an internal draft document with the indication that it was the 33rd revision of the draft.

⁴⁷ At IFAD this is often explained as guidance received from the Executive Board.

⁴⁸ The 2003 Policy Paper shows this misunderstanding when discussing IDA financing as a part of the World Bank's grants program, which it is not.

⁴⁹ For country grants the PBAS allocation is first made at the regional level and thereafter assigned to individual countries.

of funds allocated for country grants and the narrow eligibility requirement, countries are often artificially bundled together within a region to allow financing from the larger regional and global allocations. Similarly, for the global grants, there are many cases where countries across two or more regions are bundled together to seek funding under the global rubric.

201. **The allocation process for grant resources is more orderly than pre-2009 but limited progress has been made in establishing clear strategic priorities for grant financing.** The 2009 policy envisaged grant allocations to hinge on a competitive process between divisions. However, this was found not to be practical and was not implemented. As previously mentioned in this report, since 2010, IFAD Divisions intending to sponsor regional and global grants have prepared an annual strategic work plan. Divisional work plans have been aggregated into Departmental grant plans and, in turn, departmental submissions have been further aggregated into a Corporate annual strategic work plan for global and regional grants.
202. Divisional work plans and their departmental aggregations are discussed at a session of the Operational Strategy and Policy Guidance Committee (OSC), chaired by the President of IFAD and attended by Departmental and Divisional Heads. This has given an opportunity for the senior management to have a better sense of the quality of divisional submissions and provide feedback including that of critical nature.⁵⁰ After the discussion at the OSC, IFAD’s senior management have made allocations for regional and global grants to Departments. Within each Department, allocations have been made by the Department’s management to individual Divisions (Chart 2).

Chart 2

Current process for pipeline entry for regional and global grants



Source: 2013 interim grant procedures as applied in 2014

203. Overall the above processes have ensured a more orderly preparation of the grant pipeline for IFAD’s Divisions and Departments. Some regional Divisions in PMD have also used the process to increase coherence in their grant programme. At the same time, three observations can be made: first, the criteria for Departmental allocations have not been specified and are not clear. This is evidenced by the allocation process followed for 2014, which resulted in Executive Management Committee (EMC) decisions to allocate \$47.6 million for 67 grants.⁵¹ The grant allocation matrix approved by the EMC classifies grant allocations by 5 cross-cutting functions and 5 thematic areas of engagement, plus allocations for proposals that cut across all thematic areas. However, the absence of ex ante guidance from senior management on the relative priorities of these functions and areas makes it difficult to see whether the allocations reflect IFAD’s strategic priorities for grant making. The interim nature of the 2014 allocation process was confirmed in the minutes of the EMC meeting which state: “The President opened this agenda item indicating that 2014 would be a transitional year for IFAD on

⁵⁰ To quote a recent example, the minutes of the OSC held on 3 February 2014 underline the need to “to raise clarity and cross-IFAD coherence with regard to: selection criteria for grant prioritisation; collaboration on thematic focus areas across departmental or divisional boundaries; competitive approaches to grant resource allocation; and avoiding displacement of grant resources to activities more appropriately placed under other financial source headings”.

⁵¹ EMC meeting of 12 February 2014.

grants, with more substantial reforms taking place upon the Vice President's completion of his review of the entire grants system and the IOE report on its evaluation of the grants policy and procedures".

204. Second, there is at present no pre-screening of individual grant concept notes contained in the Divisional proposals. As such they will be allowed to enter the pipeline even if their adherence to the policy is not clear.
205. Third, as observed by IFAD's senior management in the 2013 and 2014 OSC meetings, work plans are more a compilation of individual grants that the Divisions wish to pursue rather than a strategy driven from IFAD's corporate and Divisional priorities.⁵² This is reinforced by the fact that the work plans need to be submitted annually while a strategy would typically cover a longer period. Divisional strategies would not be needed if senior management were to provide corporate guidance at the start of the annual grant planning process on a few strategic issues such as the priority and importance for IFAD of the areas that should be targeted by grants. Even if the Divisional work plans were to be retained, they could be made more concise by eliminating the lengthy descriptions of prior achievements in grant making and lessons learned that duplicate some of the contents of Divisional Annual Performance Reviews.
206. In 2013, IFAD created a new grant window (Agricultural Research for Development or AR4D), with an allocation US\$12 million, or slightly over a quarter of the total value of grants approved in 2013. The arrangement is intended to develop coherence around an agenda for agricultural research that IFAD would consider within its own strategic framework. Although it is too early for an assessment, it could be a first step to develop regional and global grants around a corporate-driven research as well as a policy analysis agenda.

A2. Grant Quality Review

207. **The 2009 procedures aimed to strengthen the technical quality of design documents by introducing a two-step review of the grant design document.** The two-step process consists of: (i) a Quality Enhancement Review (QE) that is done internally within the sponsoring division, and (ii) a Quality Assurance Review (QA) carried out as the basis for approval by IFAD management. The sequence of QE and QA has been drawn from loan quality review procedures where a very similar process has been in place since 2007.
208. The QE process is similar for all kinds of grants. When the grant design document is available, the Director of the sponsoring Division forms a QE Review group headed by a person of the Director's choice, consisting of staff across the organization, and may also include experts from Policy & Technical Advisory Division (PTA), as required. The group conducts a written review of the grant document after which a meeting is held to discuss on the suitability of the grant to move further to the QA process. After the meeting, the sponsor of the grant along with the envisaged grant recipient may have to make changes to the design document as suggested during the QE review. A compliance note is prepared to specify the manner in which the comments of the QE review were incorporated in the revised design document.
209. The QA process is the next step. When a large grant design document is received by the Grants Secretariat after QE, it is sent to external reviewers. Their comments serve as an input for the meeting of the Quality Assurance Group. The latter was chaired, until 2013, by the Associate Vice President, PMD (for grants originated by SKD), or by the Associate Vice President, SKD (for grants originated by PMD) with the Head of Grant Secretariat acting as the secretary to the meeting. The QA uses

⁵² The minutes of the OSC meeting of 3 February 2014 included the following: "The President and the Vice President commended the effort spent in developing grant work plans, but highlighted the importance of strategic approaches to grant selection in the context of concerns about institutional efficiency and development impact at scale".

certain pre-defined guidelines⁵³ to assess if the grant is aligned with the grants policy, strategic framework and has addressed all issues raised during QE of the grant. The feedback is shared with the grant sponsor who may respond to the comments and make appropriate changes in the design. For small grants the process is somewhat simplified (see Table 21).

Table 21
Grant approval steps 2013 procedures (Implementing 2009 grant policy)

Stage of Grant Approval \ Type of Grant	Large Global/Regional	Large Country Specific	Small Global/Regional	Small Country Specific
Allocation of Resources	Total allocation for global regional at 5 % of programme of work. 80% of this window for Large grants. <i>[Inter divisional allocation based on competition of DSWPs]*</i>	Total allocation for country specific grants at 1.5 % of programme of work. Inter divisional allocation based on PBAS allocation of the countries in the region.	Total allocation for global regional at 5 % of programme of work. At least, 80% of this window for Large grants. <i>[Inter divisional allocation based on competition of DSWPs]*</i>	Total allocation for country specific grants at 1.5 % of programme of work. Inter divisional allocation based on PBAS allocation of the countries in the region.
Entry into the pipeline	Enter pipeline either through Divisional Strategic Work plan (DSWP) or through RB COSOPs. May also be proposed through a stand-alone concept note to be screened by the director of the division.			
Quality Enhancement	A Quality Enhancement review group formed by the director of the sponsoring division. Technical advice from PTA, if necessary.		A reviewer appointed by director to review the grant proposal.	
Quality Assurance	QA reviewer's note along with a compliance note submitted to QAG meeting, chaired by AP, PMD. Recommendations by QAG to sponsor.		A reviewer from the grants secretariat or an assigned reviewer, internal or external, reviews the proposal and makes recommendations	
Final Approval	Changes incorporated in the grant proposal and sent to QAG with a note indicating changes made. President's report prepared by sponsor. Cleared by Associate President. President's report posted online for approval by Executive Board under lapse of time.		Changes incorporated in grant proposal and sent to QAG with note indicating changes made. Proposal sent to Associate President for clearance and finally to president for approval.	

* Not applied in practice
Source: CLE 2013 Elaboration

A.3. Final Approval

210. **Final approval follows essentially the same process under both the pre-2009 and current procedures.** Once a large grant has undergone the QA process, the sponsor prepares the President's report in a pre-defined format. This is reviewed by LEG and CFS, and cleared by the responsible Associate Vice President, before being posted on the IFAD website. The posting is notified to the Executive Board members through email, who have 30 days to make comments on the proposal. In the absence of any comments within the stipulated period the grant is considered to have been approved, following IFAD's Lapse of Time procedure.

⁵³ Refer to attachment 10 of the grant implementation procedures: <http://intradev:8015/gbdocs/eb/102/e/EB-2011-102-R-28.pFCdf>

211. In the case of small grants proposals, once the Associate Vice-President of the department clears the grant after the QA, the proposal is forwarded to the President for a final approval. All small grants approved by the President in a particular year are reported to the Board in the April session of the subsequent year.
212. In the recent years, LEG and CFS have provided comments, partly reversing previous decisions even after the completion of the QA. During discussion, CFS staff noted that such comments were made when changes in grant design were found to have been made subsequent to the completion of the QE. In addition, the Office of the President has in several instances returned grant proposals to the originating Division after the completion of the review process. These interventions have been explained as measures to address problems of compliance with the policy or the procedures, or other issues of merit, that had not been detected in previous steps.

A.4. Assessment of Approval Procedures

213. **There is a generally held view among IFAD staff that the grant processes and procedures are onerous.** This view should be seen in the context of the volume of grant activities relative to the staff and budgetary resources of IFAD: in 2013, 19 large grants and 33 small grants were approved,⁵⁴ while the same number of large grants and 52 small grants went through the QA process, and there were 269 on-going grants in the portfolio at the end of 2013 (131 large grants and 138 small grants).⁵⁵ Bunching of grants processed in October and November 2013 accentuated this workload.⁵⁶
214. Inadequate management of timelines for approval processing, cumbersome paper flows of documents and delays in receiving CFS clearance were mentioned in interviews as adding to the heaviness of the formal procedures. It was suggested that some CPMs consider this combination of factors to be one of the reasons for their lack of interest in using grants (although the very low and restrictive allocation for country-specific grants is perhaps a bigger reason). The CLE staff survey revealed a more split view, with 63 per cent describing the procedures as at least moderately effective (Table 22), while 37 per cent of respondents considered them as moderately ineffective to highly ineffective.
215. Nevertheless, the survey still revealed overall dissatisfaction, with 59 per cent of respondents describing the procedures “moderately inefficient” or worse in the use of time. Percentage of responses in “negative” zone was higher for grant sponsors in PTA or SKD. Surprisingly, CPMs tended to be more positive, contradicting the view widely expressed during interviews. It is possible that the survey result reflects CPMs’ increased use of loan-component grants that do not entail additional screening beyond the loan design.

⁵⁴ These figures exclude loan-component grants.

⁵⁵ Of this year-end total, there were 69 grants that were overdue for closure.

⁵⁶ Six out of the 19 large grants (i.e., one-third of the total) approved in 2013 were submitted for QA in October, while 20 out of the 52 small grants (i.e., nearly 40 per cent of the total) approved in 2013 were submitted for QA in November.

Table 22

Grant Sponsor views on approval procedures

To what extent are grant approval procedures effective in ensuring the quality of a grant? (for grant sponsors)				
	CPM	Other grant sponsors in PTA, SKD or other IFAD division	Others	Total
Moderately effective or more	12 (71%)	13 (57%)	20 (65%)	45 (63%)
Moderately ineffective or less	5 (29%)	10 (43%)	11 (35%)	26 (37%)
Total	17 (100%)	23 (100%)	31 (100%)	71 (100%)
To what extent are grant approval procedures efficient in the use of staff time? (for grant sponsors)				
	CPM	Other grant sponsors in PTA, SKD or other IFAD division	Others	Total
Moderately efficient or more	12 (75%)	7 (30%)	10 (32%)	29 (41%)
Moderately inefficient or less	4 (25%)	16 (70%)	21 (68%)	41 (59%)
Total	16 (100%)	23 (100%)	31 (100%)	70 (100%)

Source: CLE Grant IFAD Staff Survey November- December 2013

216. The evaluation team made a special effort to understand the nature of the issue through in-depth discussion with IFAD staff and managers who have been involved with grants as sponsors, reviewers, and those providing support. Based on the insights gained through these discussions, this evaluation considers the following as among the contributory factors to making the process complex.
217. **The merits of dividing a single technical review phase (situation before the 2009 policy) into two steps (QE and QA as per current arrangements) are not unequivocally clear.** The QE process is largely an internal process of the division sponsoring a grant proposal. A review of a random sample of minutes of QE and QA of 12 grants that were approved between 2012 and 2013 suggests that the majority of comments raised during the QE largely requests of clarification or editorial (70–80 per cent) rather than substantive (20–30 per cent). While the small proportion of substantive comments may be interpreted as an indicator of sound proposals, the reading of the minutes suggests that QEs did not systematically treat issues such as foreseen linkages with IFAD's operations strategies and policies, clarity and realism of objectives, as well as the overall plan to use grant results and knowledge, which appeared to be weaker points in the relevance of many grants (see Chapter IV). In interviews with grant sponsors, some expressed the view that the quality of QE reviewers was uneven, and some reviewers did not have adequately substantive knowledge or experience in the types of activities proposed to be funded by grants.
218. According to the initial intentions, the QA was meant to be a relatively light process to ensure a grant's alignment with IFAD's mandate and compliance with QE comments. The CLE review of the notes prepared by the external reviewers and the minutes of the QAG meetings suggests that the QA has diverged from this intent and to a large extent duplicates comments already made during the QE.
219. **The legal and fiduciary reviews by LEG and CFS respectively are done at multiple stages.** These reviews are performed at the Concept Note, design documents, and after the QA (management approval stages). According to some grant sponsors interviewed, in selected cases, inputs from CFS and LEG have not been consistent through the process, with staff participating at earlier stages and not raising particular issues but with their managers involved at a later stage in the

- process raising a number of issues in terms of fiduciary aspects that were not highlighted before.
220. LEG staff indicated in interview that their review of documents may extend beyond legal issues in order to ensure the overall quality of grant documents. For example, LEG looks at the eligibility of recipients (as required by the interim 2013 procedures, paragraph 26) and ensures that the period covered by a grant does not exceed the provisions of the interim 2013 procedures.⁵⁷
221. CFS staff stated in interview that their due diligence review is primarily limited to ensuring that the recipient is able to submit audited financial statements and audited statements of expenditure. Beyond this, CFS staff also find that design documents frequently include proposed budgets where the proportions of staff costs and overheads in the total budget exceed reasonable thresholds and, in the case of overheads, the maximum prescribed by the 2013 interim procedures.⁵⁸ Grant sponsors find that CFS's comments are mostly limited to these two areas. Thus, although CFS has prepared an extensive guidance note and checklist for fiduciary due diligence of non-country grants, in reality CFS's due diligence is limited to the above two areas, given the large number of grants approvals and the size of the active grants portfolio and the loans-related workload of the CFS Loans and Grants Unit. Due diligence in review of budgets is hampered also because the 2013 interim procedures do not provide adequate guidance to grant sponsors or CFS on the reasonableness of budgets or ways to review them. In interviews, grant sponsors agreed that such guidance would be helpful.
222. **The QE/QA process dilutes the accountability of the grant sponsor and Division and Department Heads for the quality of grant proposals made by staff in their units.** External reviewers are normally engaged at both the QE and QA stages. And senior managers have a significant involvement at the QA stage through the reviews performed by the Quality Assurance Group. A simpler and more appropriate role for senior management could have been to provide guidance at the concept stage focusing on the key issues of policy compliance and linkages with IFAD programmes and the potential contribution the grant could make in advancing IFAD's goals, and in setting strategic priorities for the grant programme.
223. **The QE/QA process does not specifically cover the review of loan-component grants.** It is important to recall that the above procedures apply to all the stand-alone grants but not to the grants that are part of a loan package (loan-component grants). According to previous practices, accepted under the 2009 revised policy and the 2013 interim procedures,⁵⁹ these grants would be screened simultaneously with the loan ex ante quality review process. In practice this has meant that there has been no elaboration of a specific grant proposal (or description) for these grants in the majority of cases.⁶⁰ The contents of these grants have to be inferred from the loan-project design document, often only from the project budget table, without a clear justification of the reason for using a grant. Since the grant proposal is embedded in a loan-project document, the QE and QA process do not normally review the grant aspect specifically, and do not question its adherence to the grant policy objectives and principles. It appears that different sets of standards are applied to stand-alone and loan-component grants.

⁵⁷ Para 21 of 2013 interim procedures states: The implementation period for large grants is normally three to five years, and for small grants it is normally two years or less. Longer proposed implementation periods should be flagged at the concept note stage and justification provided in the design document".

⁵⁸ Para. 26 of the 2013 interim procedures states that overheads are "normally expected to be no more than 8 per cent of the total grant size, and only in exceptional cases the maximum percentage will be at 13 per cent". No such limits are prescribed for staff costs.

⁵⁹ Paragraph 19 of the 2013 interim procedures.

⁶⁰ This evaluation found exceptions for two loan-component grants in Kenya where a detailed grant activity description was provided as an annex to the main loan-project design document.

Grants Secretariat and Quality Assurance and Grants Unit

224. **The Quality Assurance and Grants Unit performs an amalgam of functions, mostly legacy, that are not well correlated.** The unit, located in SKD, coordinates the approval process for grants through its grants secretariat function. This includes, inter alia, ex ante screening of grant proposals, monitoring the approval of grants, and reallocating grant resources when necessary. It also provides guidance and support to grant sponsors on grant processes. For many years, this function was hosted by the Policy and Technical Advisory Division (PTA) of PMD. PTA was also in charge of sponsoring and overseeing the grants on agricultural research. At the time of the preparation of the 2009 revised policy, many at IFAD deemed that such arrangement generated some confusion of roles (i.e., major grant sponsor and in charge of ex-ante quality assessment) and the potential for conflicts of interest.
225. In 2012 IFAD moved the Grants Secretariat to the newly created SKD to form the Quality Assurance and Grants Unit, responsible for organising QA of both loans and grants. The Quality Assurance and Grants Unit would contract external (i.e., outside IFAD) experts to conduct the quality assurance of agricultural research grant proposals. The same unit was also assigned the coordination of the AR4D window, with the understanding that it would act as a “custodian”: most grant proposals would be sponsored by other divisions, but staff in the unit could manage a few such grants each year because of their individual expertise. In late 2013, the Office of the President decided that, beginning with 2014, the function of quality assurance for loans and grants would be brought under the responsibility of the Vice President of IFAD. This new setting may enhance senior management’s oversight of grants, and place judgement on the ex-ante quality of proposals at an arm’s length from grant sponsors.
226. The Quality Assurance and Grants Unit performs two other important partnership and coordination functions:
- First, it acts as the focal point for liaison with the European Commission (EC) on grants made by the EC to CGIAR centres which are channelled through IFAD. As part of this function, the Grants Secretariat discusses the AR4D grants in the pipeline with the EC for possible co-financing and, on behalf of the EC, manages the review of grant proposals, handling of funds and grant supervision.
 - The Unit Head serves as the IFAD representative to the CGIAR Council, which provides an important forum to influence the agricultural research agenda outside IFAD.
227. It appears that some of the functions have become the unit’s responsibility due to the unique knowledge and experience of individual staff, or historically by default as there is no other unit in IFAD that was deemed appropriate for executing such functions. This evaluation has found no evidence of conflict of interest resulting from this combination of functions. However, the placement of quality assurance, coordination of the AR4D window, and the partnership and coordination roles vis-à-vis two important partners of IFAD – the CGIAR and EC – has concentrated many roles in the same unit. Resources available in other units of the organization (e.g. in PTA) may have not been fully utilised.

J. Grant Management

B.1. Monitoring and Supervision

228. **Both the 2004 and 2011/2013 procedures established largely similar requirements for grant management.** These include:

- An annual work programme and budget (AWPB) to be submitted each year, prior to disbursement, for grants with planned duration above twelve months.

- Submission by grant recipients of annual audited statements of expenditure prior to disbursement.
 - Submission by grant recipients of annual progress reports.
 - Preparation of a completion report by the grant recipient within six months of the completion of the grant.
 - For all grants for which a successive phase is intended, a grant evaluation by IFAD or a third party. The evaluation should be against the log frame that is expected to be included in each grant design document.
 - Supervision: according to the 2013 interim procedures, this would include at a minimum an on-going desk-based process, involving reviewing the available documentation. On-site visits are also encouraged. Large global/regional grants require one on-site supervision during the grant's implementation. Combining field visits for grants with other missions is recommended for cost containment reasons. A supervision report is to be prepared after each supervision mission.
 - An annual Grant Status Report (GSR) is to be prepared for all large grants reflecting the findings of the supervision.
229. **In general, there is evidence that sponsoring divisions and staff have made efforts to ensure systematic supervision including field visits when applicable.** These efforts have been well described in the annual portfolio reviews of PMD divisions at least since 2012. Emerging examples from India and the Philippines suggest that annual COSOP reviews may provide an opportunity to review grants as well, particularly in those countries that have an IFAD country office, by inviting local grant partners to participate and contribute to dialogue and exchanges and opportunities for collaboration.
230. **However, assessing compliance with the above requirements was constrained by the difficulty of tracking relevant documents in IFAD's files.** It would be impractical and extremely time-consuming with the current system to compile credible statistics on compliance with fiduciary aspects. As explained later in this chapter, the grant information system is not always user-friendly. In many cases, for example, progress or audit reports could not be found in the folders dedicated to the grant nor with the grant sponsor but could later be located with the grant recipient.
231. Through spot-checking, the evaluation found that by and large, as can be expected, grant recipients comply with the requirement for progress reports, annual work programme and budget and completion reports. There have been problems with belated submissions of documents, notably for completion reports, which caused many completed grant to appear as grant with overdue closing (without a completion report a grant can not be considered as closed) and required much portfolio "clean-up" work by Divisions.
232. **The practice of preparing an annual GSR for larger grants has been largely complied with and reported by the PMD Divisions concerned in the annual portfolio reviews, although this is less clear from other departments outside PMD.** However, most GSRs tend to focus mainly on implementation details with little critical assessment of the achievements and their implications for IFAD. This topic is further discussed later in this chapter.
233. **The requirement of producing a grant supervision report after a mission was often not adhered to, reportedly due to shortage of time and resources for IFAD staff.** Cases where reports were produced more systematically were observed in APR, PTA and in the SKD unit in charge of the agricultural research grants. In other cases, sections on grants were included in back-to-office reports, or the mission findings were embedded in the GSR.

234. When available, grant supervision reports went to great lengths in describing the grant output and issues of compliance with the original design requirements and provided abundant factual information, similar to supervision reports of loan-funded projects. While this reflects the commitment of the individual staff involved, the question arises whether requirements for grant supervision ought to be moulded on the same criteria and standards as for loan-project supervisions, because loan-funded projects involve higher financial volumes and wider scope of activities and represent IFAD's major financial assets.
235. With the exception of APR, PMD Divisions generally did not make specific allocations from the administrative budget or systematically plan for the supervision of grants. Divisions other than APR tended to piggyback on loan-project supervision and support missions or other commitments in the region, and extend staff presence to carry out grant supervision. This is already a step forward compared to the past, although the example of APR suggests that it would be possible to move from an ad hoc and case-by-case approach to a more systematic supervision plan with specific (even if small) resources allocated.
236. **The requirement for an evaluation either by IFAD or by an external entity was generally adhered to when a further grant phase was considered, while the quality of evaluations varied.** In some cases, however, the evaluation was done by the grant sponsor, or the grantee itself, rather than by a third party. An important limitation noted by the CLE was that evaluations were generally used internally as a step for the preparation of a follow-up grant phase, without much in-house dissemination, and with little consolidation of results across evaluations, which could instead contribute to better knowledge management. In addition, grant evaluation reports are not easily accessible: there is no website or shared folder dedicated to grant evaluations. In some instances, the CLE had to retrieve grant evaluation reports from the grant recipient, as they were not available at IFAD.
237. **The above findings suggest that several requirements of the grant procedures (both 2004 and 2013), or at least their operationalization, were not fully calibrated to the resources and capacity available within the organization.** Moreover, IFAD applies uniform procedures without due risk assessments of the complexity of grant-funded activities and institutional arrangements for their execution, as well as IFAD's prior experience with recipients' capacity and performance. Therefore, while staff often observe that resources are limited, the converse is also true, that expectations need to be set at a realistic level, particularly if the policy (as the 2009 revised policy did) makes the assumption of cost neutrality.
238. **Opportunities also exist for reducing the workload of grant recipients.** One possible example of streamlining could have been to combine the annual work programme and budget and progress report into a single document and using a template for the latter. Grant sponsors also generally agreed that instead of complicated log-frames included in design documents,⁶¹ the output indicators – provided they are monitorable – could be used for reporting by recipients and for IFAD supervision, and this would have simplified the preparation of progress reports and supervision reports. However, this would have required greater clarity in definition of outputs vs. objectives and activities, as discussed earlier in this report.
239. **In the context of scarce resources, it might have been more appropriate to set less ambitious goals for the supervision of grants.** For example, supervisions may have focused on identifying emerging knowledge, technologies

⁶¹ Para. 70 of the 2013 interim procedures states that a logframe is required for large grants and is the starting point for monitoring and evaluation. A logframe is currently included in design documents and the President's Report to the EB, but not in grant agreements.

and lessons learned from grants and helping connect them with on-going or planned future operations and strategies, with less emphasis on preparing fully-fledged reports. This might have helped ensure that requirements for grant supervision are feasible within the available human and financial resources. In general, supervision efforts could have been aligned more closely with the requirements for the annual grant status report.

240. **The grants status report (GSR), in principle, could be an instrument around which to build regular monitoring of grants. That said, GSRs deserve strengthening and their findings have not been consolidated.** Similar to project status reports (elaborated for loans), GSRs provide a concise account of the performance of large grants⁶², according to a standardised format. They also provide ratings (on a six-point scale)⁶³ on several criteria related to the grant performance. The GSRs were uniformly adopted across PMD divisions (practices in other Departments are not clear) since 2007. GSRs have thus generated a historical series that could have been used to detect trends and provide feedback to the Management and to the governing bodies. However, until 2014 GSR ratings have not been used systematically within IFAD nor have they been presented to the governing bodies.
241. There is also scope for strengthening GSRs, for example by ensuring a minimum of quality control and peer review within and between divisions. More broadly, the GSRs reviewed by this evaluation and their ratings did not capture in an adequate manner a number of issues that were found by reading the documentation of the relevant grants:
- (i) over-ambitious objectives at the grant design stage compared to the resources available, resulting in under-achievements (to quote just one example, an IFPRI grant purported to influence policy making in fifteen countries with eight distinct outputs and a budget of US\$0.5 million);
 - (ii) delays in financial reporting (although the quality of financial reports was not a systematic problem);
 - (iii) widespread variation in the content and quality of technical reports;
 - (iv) weak linkages with operations and strategies in IFAD countries;
 - (v) unclear effects on the intended beneficiaries and the absence of a plausible “theory of change” explaining how the grants would directly generate effects that benefit the rural poor.
242. Concise and well-prepared GSRs could have substituted for lengthy supervision reports. In addition, not all GSRs do necessarily require field missions. In some cases, these could be based on the progress reports and discussions with the sponsors.

B.2 Tracking of grant documents and information

243. **Issues with tracking of grant documents and information.** This basic function has been recognised for years as a generalised problem. The 2013 procedures mention the tracking of information and documentation of grants. Until recently, information on grants had to be extrapolated from Loan and Grant Systems a database that is mainly used to monitor disbursement and repayment of loans and provides limited information on grants. A dedicated database for policy grants was introduced by PMD only in May 2013, which might simplify in future the search of grant information, including the identification of countries where activities of a

⁶² Small regional and global grants as well as country-specific grants of any size do not produce an annual status report.

⁶³ The rating scale follows the practices of IOE-IFAD and of other multilateral financial institutions.

grant are on-going. At present this database does not include the loan-component grants.

244. In the experience of this CLE, the tracking of grant-related documentation (July–November 2013) was a highly time-consuming task, particularly if compared to the search of documents on loans. The evaluation also noted massive disparities amongst Divisions in maintaining an effective grant database. Each Division applied a different way to store electronic documents. Grant folders, as well as the documents themselves, were labelled in all sorts of manners complicating the search functions (see also a dedicated section in Annex 2, Box 1 for further details).

B.3. Reporting to the Executive Board

245. **Reporting to the EB so far has not sufficiently supported accountability for use of grant resources.** The 2009 policy stipulated that three types of report on grants would be shared with the EB: (i) a synthetic annual grant strategic work-plan; (ii) reports to each session of the Executive Board on the grants approved during the period immediately prior to that session; and (iii) the Report on IFAD's Development Effectiveness.
246. So far regular reporting to the EB has provided limited information and value added in terms of accountability. IFAD shared the first type of report (annual strategic work-plan) with the EB in its first annual sessions in 2011 and 2012, while in 2013 the report was treated as an internal management document. The second document (report on the grants approved prior to the session) is regularly shared with the EB. However, its usefulness is questionable. The report consists of a simple list of grants approved: there are neither data on historical trends nor indications on the quality of the grant portfolio.
247. The third type of report (Report on IFAD's Development Effectiveness) has typically concentrated on loan-based operations. Following the approval of the 2009 grant revised Policy, this report has provided some discussion on grants. However such discussion is not systematic and information is mostly descriptive and anecdotal, without consolidated treatment of the grants' performance.
248. In sum, none of the reporting currently available to the EB provides an analysis of what should be the essential requirements: (i) the implementation status of the 2009 policy and the key management commitments made under it; (ii) the quality of the performance of the grant portfolio and its evolution; and (iii) assessments of achievements, including success and failures, and lessons learned. These are essential inputs for ensuring accountability for grant resource use and strategic feedback from governing bodies.

B.4. Staff knowledge of 2009 policy changes

249. **There is inadequate awareness among staff of the changes introduced by the revised 2009 grant policy.** For policies to be implemented effectively, it is very important that staff members are aware of key contents (particularly changes). Results from the IFAD staff survey revealed that about a fourth (23 per cent) of the respondents were not aware that the grant policy had been revised in 2009, with a higher prevalence of unawareness among CPMs (44 per cent, Table 23).
250. The majority of respondents (52 per cent) stated that they had not received any briefing on the main changes brought about by the 2009 policy revision. Moreover, 23 per cent respondents self-assessed their knowledge of the revised policy as high, 51 per cent as moderate and 13 per cent as minimal. While EB documents are available on IFAD intranet, sessions to familiarise staff with policy changes might have helped clarify the main policy objectives and rationale and reduce many of the existing ambiguities.

Table 23

Staff Knowledge of Grant Policy

	CPM	Other grant sponsors in PTA, SKD or other IFAD division	Others	Total
Prior to this survey, were you aware that the Grant Policy was revised in 2009?				
Yes	10 (56%)	21 (91%)	33 (78%)	64 (77%)
No	8 (44%)	2 (9%)	9 (22%)	19 (23%)
Total	18 (100%)	23 (100%)	42 (100%)	83 (100%)
Were you briefed about the changes brought by the 2009 revision of the Grant Policy? (Conditional to the answer of the first question being 'Yes')				
Yes	3 (30%)	11 (53%)	15 (50%)	29 (48%)
No	7 (70%)	10 (47%)	15 (50%)	32 (52%)
Total	10 (100%)	21 (100%)	30 (100%)	61 (100%)
How do you rate your understanding of the revised policy? (Conditional to the answer of the first question being 'Yes')				
High	1 (10%)	10 (47%)	9 (30%)	20 (33%)
Moderate	7 (70%)	10 (47%)	14 (47%)	31 (51%)
Minimal	2 (20%)	0 (0%)	6 (20%)	8 (13%)
Don't know what changes were made	0 (0%)	1 (6%)	1(3%)	2 (3%)
Total	10 (100%)	21 (100%)	30 (100%)	61 (100%)

Source: CLE Grant IFAD Staff Survey November- December 2013

K. Synthesis of findings

251. This evaluation finds that recent changes in procedures have made the grant allocation process more orderly, and there have been efforts in recent years to conduct more systematic supervision of grants. In addition, some current processes and procedures have the potential to add value if they are significantly streamlined. These improvements, together with more systematic use of them by staff, would enhance (i) regular monitoring of the performance of the grant portfolio and its contribution to development results, and (ii) internalization and use by IFAD of knowledge generated by grant-funded activities. On the other hand, the evaluation also finds that the 2003 policy, and even more so the 2009 revised policy, established some other processes and procedures that are time-consuming, often without an obvious value-added, as well as workloads that may not be realistic within IFAD's staff and budgetary resources. Taking into account the above, the overall CLE rating for the efficiency aspects of processes and procedures is moderately unsatisfactory.

Key Points

- There is no clear rationale for IFAD's linking of country creditworthiness and performance with country-specific grants allocations. This practice is not followed by other IFIs, and it creates the perception that only "green" countries are "entitled" to receive grant allocations and that the same can be used as a part of an investment package (i.e., a loan- component grant).
- The reduced allocation under the 2009 revised policy for country-specific grants created further incentives to use regional/global grants for cluster country activities.
- The allocation process for grant resources is more orderly than pre-2009 but limited progress has been made in establishing strategic priorities for grant financing.
- The 2009 procedures aimed to strengthen the technical quality of design documents by introducing a two-step review of the grant design document. However, the merits of splitting the pre-2009 single technical review phase into these two steps (replicating the procedures for loan processing) are not clear.
- Sponsoring divisions and staff have made efforts to ensure systematic supervision including field visits when applicable. However, assessing compliance with the requirements of the 2009 policy and 2013 interim procedures was constrained by the difficulty of tracking relevant documents in IFAD's files.
- The grants status report (GSR), in principle, could be an instrument around which to build regular monitoring of grants, provided GSRs are strengthened and their findings consolidated and subjected to regular quality reviews within Divisions.
- Creation and maintenance of a grant database is essential for proper recording and tracking of grant documents and information but retrieving documentation on grants is still cumbersome and time consuming.
- Reporting to the EB does not adequately support accountability and strategic feedback from governing bodies.
- There is inadequate awareness among staff of the changes introduced by the revised 2009 grant policy.

VI. Conclusions and Recommendations

L. Conclusions

252. **Overview.** Consistent with previous evaluations and with views expressed by IFAD's Management, this evaluation concludes that grants can be an important instrument to achieve IFAD's mandate of rural poverty reduction, complementing loans and other non-lending activities. Grants have been instrumental to supporting the collaboration with a number of organizations (e.g. international research, farmers' federations, civil society organization). There are examples of grants that have been well conceived and performed well and grants have the potential to make far-reaching contributions to furthering IFAD's scaling up agenda.
253. IFAD has however missed the opportunity to leverage the grants programme in a strategic manner at all levels, partly due to a weak corporate policy environment and insufficient linkages with corporate and country-level priorities. The synergies between grants and country programmes and other policies are generally not adequate across the board, with insufficient attention to learning from grants, thus constraining results at the country programme level. IFAD internal procedures governing grant processes and overall management are cumbersome and not calibrated to the available resources, and impinge on the efficiency of the policy implementation and on the organisation's overall institutional efficiency.
254. **A tool that in principle has high potential to achieve IFAD's mandate.** This CLE supports the views expressed by previous evaluations as well as IFAD management and staff that grants can be an invaluable tool available to IFAD to promote its agenda of rural poverty alleviation. Grant resources available to IFAD,

- at 6.1 per cent of its programme of work in 2004-2013 (with a decline to 5.6 per cent in the period 2010-2013), are significantly larger than the 1 – 1.5 per cent level set by other IFIs. IFAD's larger proportion can be understood, not only with reference to the smaller scale of its programme of work, but also in view of the fact that IFAD does not have comparable resources as other IFIs for economic and sector work and research. As such, IFAD's grant programme has the potential of enriching and helping scaling up its important role in rural poverty alleviation at country and global levels.
255. It is also clear that grants allowed IFAD to better collaborate with a wider range of organizations, for example non-governmental organizations, notably farmers' federations, civil society organizations, indigenous people's organizations, and of course institutions involved in international agricultural research, including -but not limited to- the CGIAR centres (reference Chapter III and IV – section C).
256. **However, missed opportunities to leverage the grant programme in a strategic manner.** A fundamental premise for achieving full grant potential is for IFAD to set clear principles on what type of activities should be funded (and not funded) through grants, priorities areas for grant funding, and plans on how the Fund intends to "use" grant outputs and internalize knowledge stemming from the grant activities. There is a widespread perception among IFAD senior managers and staff (as documented through the self-assessment and the evaluation interviews) that the potential of grants has not been fully brought to fruition. The findings of this evaluation are consistent with this perception but add further analytical perspective and explanation of the main factors involved.
257. This evaluation finds that there were gaps in the 2003 policy. While setting the objectives of contribution to innovation and capacity building, both having a broad area of application, the policy provided limited guidance as to grant priorities. By de facto allowing loan-component grants, it introduced a dual set of standards with implications for policy compliance. The 2009 policy missed the opportunity of closing or at least narrowing these gaps. By introducing a wide range of outputs and activities, it set a more permissive framework for the use of grants. The implication of all this was that the grant programme was often used as a source of funding for any "worthwhile" initiative, thereby defeating the stated policy objectives and stipulations (ref. Chapter IV section A).
258. **Policy effectiveness is overall assessed as moderately unsatisfactory, but with progress towards moderately satisfactory since 2010.** The evaluation found cases of very successful grants, compliant with the policy and with satisfactory (or higher) relevance and effectiveness, in 17 per cent of the grants closely reviewed. The indication here is that grants are an instrument that can be made to work. However, this evaluation also concludes that the overall effectiveness of the policy has been moderately unsatisfactory but with a progression towards moderately satisfactory since 2010 (ref. Chapter IV section B).
259. While the 2009 policy *per se* did not provide the strong signal of discontinuity with the past that it purported to introduce, this evaluation found that, in the recent years, IFAD has taken steps to improve the management of the grant programme. These measures appear to be the reason for some improvements in the performance of grants since 2010, although key issues still need to be addressed.
260. The above management steps include the following: first, the beginning of strategic thinking on grants and of using grants to respond to issues previously identified within country operations (demand-driven grants as opposed to recipient-driven grants). Second, efforts were made by the majority of the divisions in PMD to reduce the size of their grant portfolio to improve its manageability and this has been complemented with a more detailed treatment of grants in the annual performance reports. Third, CPMs have become increasingly proactive in facilitating linkages between grants and operations and strategies at the country level. Fourth,

there has been an initiative to define a corporate strategy for grants in agricultural research (AR4D); although this is recent and can be further sharpened, this could represent a *prelude* to defining strategic priorities for global grants at the corporate level (ref. Chapter IV section C).

261. Overall, ratings for individual country-specific grants tended to be lower than for other grant types. This should not be understood as an "indictment" on this type of instrument. Instead, the observed problems mostly related to the loan-component grants. While receiving generally higher ratings, many of the so-called regional and global grants in fact financed a collection of activities implemented in individual countries rather than involving cross-country learning or focusing on trans-boundary issues (e.g. trade, migration, epidemics, inter-governmental agreements) or supporting truly corporate goals (ref. Chapter IV section C).
262. **Weak linkages with corporate and country-level priorities.** Many grant designs have been and continue to be recipient-driven, not adequately connected to IFAD's country operations and strategies or to broader corporate priorities. There are also issues with the clarity in the definition (and realism) of grant objectives and with the *ex-ante* identification of modalities through which IFAD plans to internalize and use knowledge generated through grant activities. Problems relating to the definition of grant objectives and unclear plans to internalize results have constrained the achievement of the stated objectives and grants' support to the operations and strategies of IFAD and its potential partners (ref. Chapter IV sections A and B).
263. While grants have been instrumental in fostering collaboration with many actors that could not have been engaged through loans, the grant programme has not established partnerships to the extent envisaged under the policy. As noted in Chapter III, many grants have been a one-off collaboration with a recipient, similar to a contractual cooperation. There is a smaller group of grant recipients with which grant-based collaboration has been more regular: among others international agricultural research institutions. Agricultural as well as policy research can provide opportunities for real partnerships and the evaluation found several examples of considerable achievements. However, it also noted a tendency to fund international agricultural research centres for community mobilization and routine extension activities that could have been conducted by national agricultural research systems or NGOs and funded through loan-based projects.
264. Collaboration with non-governmental actors as in the case of farmers' organizations and indigenous people also presents opportunities for full partnerships. At the same time, this CLE finds that there is not yet full consensus within IFAD as to the priority themes for such collaboration and how these partnerships could further support its country strategies and operations (ref. Chapter IV section C).
265. The grant programme also envisaged a significant effort by IFAD for knowledge management to be able to benefit from the results of the grants either within its own country programmes or as IFAD's contribution to creating global knowledge on rural poverty alleviation. While almost in all cases the grant recipients produced reports of various kinds, these were insufficiently internalized by IFAD (ref. Chapter IV section C).
266. **Cumbersome procedures impinging on the efficiency of policy implementation.** Combined with the fundamental problem of lack of clarity in both the 2003 and 2009 policy documents, the grant procedures have led to complicated and cumbersome processes around grants and not provided the right incentives to achieve the expected objectives and goals. The main examples are reviewed in the next paragraphs and addressed in the recommendations.
267. In terms of allocation of grant resources, the current system may not foster sufficient competition within and between the sponsoring divisions. In particular,

the separate allocation for regional grants is not necessary. Those grants that are truly cross-border can be delivered under the global grant umbrella, while those that collect individual country initiatives for the purpose of reducing transaction costs could in principle have been mobilised from a country-specific window. As for country-specific grants, tying country grant allocations with the performance based allocation system risks creating a perception of grants as an “entitlement” rather than initiatives whose worth must be demonstrated. Furthermore, the confusion between the allocation for the grant programme and the concept of debt sustainability has in fact reduced the availability of grants for countries (red and yellow-rated) that may need most of genuine capacity building support. Finally the fact that access to grants is open to virtually any IFAD Division, along with the breadth of the policy objectives has contributed to a dispersion of activities (ref. Chapter V section A).

268. Procedures for grant approval, oversight and monitoring, and fiduciary aspects were motivated by the commendable intention of making *ex-ante* grant reviews more transparent and impartial and grant management more rigorous. Unfortunately the resulting processes are overly complicated and cumbersome and do not ensure commensurate value added or selectivity of grant proposals or better internalization of knowledge and results. It is also widely claimed that supervision of grants has been insufficiently funded. Yet part of the problem is endogenous: supervision of grants needs not be the same as loan supervision; instead, simple and realistic reporting requirements may require moderate financial resources and staff time. Moreover, linking grants more closely to IFAD work programme at country or corporate level would also reduce the need for supervising grants on a stand-alone basis. Another enabler of efficiency improvement, the systematic recording and retrieving of information and documentation about grants received little attention in the past (ref. Chapter V B.1 and B.2).
269. Finally, the current practices for assessing and reporting on grants, both internally as well as to the governing bodies do not facilitate the accountability and strategic guidance role of both IFAD management and the Executive Board. In contrast with loans, so far the reporting on grants to the governing bodies has had limited analytical content and does not help monitor the implementation of the grant policy.
270. Many of the above issues relate to improvements that are within reasonable reach for IFAD. The Fund is not the only IFI using the grant instrument and lessons from other organizations can be built upon, with the obvious differentiation for IFAD’s specific mandate and institutional configuration (ref. Chapter V B.3).

M. Recommendations

271. This evaluation recognises the important potential for the grant instrument but also the limitations in the grant policy (2003 and 2009) formulation, as well as in the effectiveness and efficiency of the use of this instrument. Accordingly it argues that a major departure is necessary from the *status quo ante* situation if the grant instrument is to be used at the same level of resources. A new policy is required that vigorously addresses the main issues highlighted in this report.
272. While the new policy should be formulated by IFAD Management in consultation with the EB, and some flexibility may be needed in the definition of implementation processes, this evaluation presents IOE’s recommendations reflecting the evaluation’s findings and conclusions and drawing from good practices of other organizations that can inform the way forward.

B.1. Strategic recommendations

Recommendation 1: Prepare a new policy for grant financing (ref. paragraph 257).

273. The first recommendation is to prepare a new policy for grants that incorporates the features that IFAD and the EB agree following this evaluation. The new policy should be prepared afresh instead of a revision to the 2009 policy that overall lacked clarity.

Recommendation 2: Specify clear and realistic grant policy objectives and eligibility (ref. paragraph 257; 261).

274. There should be two types of grant allocations: (i) country-specific and (ii) non-country-specific (including global, regional and thematic) and the objectives should be different given the different nature of the two.

275. The overarching objective of the country-specific grants would be to promote programmes and policies for rural poverty alleviation without substituting for activities funded through loans. Within this objective, IFAD grant funding would support: (i) development of national policies and strategies for rural development; (ii) testing innovative approaches that could be scaled up through IFAD-funded initiatives as well as other development partners; (iii) capacity-building of key players, governmental and non-governmental, responsible for rural poverty alleviation programmes in the country. This would draw from practices for "economic and sector work" and "institutional development" support provided by other IFIs; (iv) knowledge management that relates to policy dialogue and IFAD's scaling up agenda.

276. The non-country-specific grants (including global, regional and thematic) should be for: (i) research and policy analysis; and (ii) IFAD's priority corporate partnerships. The research and policy analysis grants could include support for: (a) research into development of new and innovative approaches to rural poverty alleviation; (b) agricultural research; and (c) drawing lessons from experience from across countries or IFAD's participation in important global or regional initiatives based on its corporate priorities (e.g. supporting the involvement of farmers' organizations in policy dialogue, indigenous peoples, gender equality) which would need to be defined specifically.

277. While there is scope for grants to fund regional initiatives, there is no need to establish a further, separate category with its own financial allocation. Such grants could be funded from the non-country-specific allocation (competing with other grant proposals) when a genuinely trans-border theme is involved.

Recommendation 3: Establish corporate strategic priorities for non-country-specific grants (ref. par. 262).

278. Non-country-specific grants should be driven by corporate-level strategic priorities for partnership, research, and policy analysis. These priorities should be articulated through an institution-wide review and duly documented. Priorities and needs could be established on a rolling basis (for, say the next 3 years), and identify the types of partner institutions and themes that IFAD would support through grants in line with its corporate priorities, with periodical reviews.

279. IFAD should also set standards and results indicators for monitoring grant-funded projects and, most importantly, for ensuring that the results from the grants are adequately internalized. This would be analogous to the development of the AR4D, but with greater management guidance upfront in establishing priorities.

280. For country-specific grants, COSOPs would represent the main strategic reference. Periodic COSOP reviews, COSOP completion reports, country programme evaluations and on-going policy dialogue with the recipient countries can help update and refine strategic directions.

B.2. Operational recommendations

Recommendation 4: Key stipulations and eligibility (ref. par. 257; 267).

281. Key stipulations. It is also recommended that the key stipulations of the 2003 and 2009 policies continue with certain modifications and additions: (i) instead of being linked to IFAD loan projects, country-specific grants should be linked to COSOPs or provide the basis for a future COSOP; (ii) grants should not finance activities (e.g. reports, documents, workshops and communication products of which IFAD is the main user or beneficiary) that are normally funded from IFAD's administrative budget; (iii) grants should not co-fund project management activities; (iv) grants should be implemented by the recipients at an arm's length relationship with IFAD; and (v) all country-specific grants, even when made to a non-governmental organization, or when channelled as multi-country work for a regional organization, should be brought to the knowledge of and reviewed periodically in consultation with the national authorities to facilitate policy dialogue and up-scaling.
282. Country eligibility. Grants should have applicability to all IFAD borrowers and not just to the "green" countries. The fact that the "red" and "yellow" countries receive non-reimbursable funds through the debt sustainability framework should not determine their ineligibility for the use of grants for policy and institutional development. Indeed, their need for such assistance may be greater.
283. Duration of grants. The current policy stipulates grant duration to be 2-3 years. This is appropriate as an overall policy goal for country-specific grants and most non-country-specific grants. However, for selected research grants, there may be a need for longer-duration. Management could exercise appropriate judgement in such cases.

Recommendation 5: Larger allocation for country-specific grants

(ref. par. 257; 261).

284. Interest of CPMs in applying for (stand-alone) country-specific grants has been constrained by the limited allocation, restricted country eligibility, and complex review processes. The recommendations of this evaluation (above and below) address these issues and could foster greater demand for country-specific grants. In addition, grants are increasingly seen as useful tools to support IFAD's policy dialogue role that has been given much greater prominence in COSOPs.⁶⁴
285. It is recommended that country-specific grants receive a significantly larger allocation from the total resources for a number of reasons. First, the most significant needs for rural poverty in most cases require country-level actions. Second, policies and programmes for rural poverty must ultimately be supported by the member governments. Third, much greater demand for country-specific work would result from broadening the country eligibility (see below). Fourth, this would address the current significant imbalance between the high volume of research supported by global and regional grants and the limited IFAD technical capacity to absorb research. Manageability and absorptive capacity has been a bigger issue for the current global and regional rather than country-specific grants, since the latter could be managed as a part of the country programme.
286. At the same time, it is recommended that the practice of loan-component grants as undertaken so far be discontinued. Each country-specific grant request should require a dedicated proposal and a dedicated review process.
287. Country-specific grants should be allocated through a competitive process within each regional division which rewards the quality of the grant proposal and its relevance to the country strategy and programme, rather than through the

⁶⁴ "Policy Dialogue", The 2012 Annual Report on Results and Impact of IFAD Operations, Independent Evaluation Office.

automatismos of the performance-based allocation system: this will avoid a “country entitlement” attitude.

Recommendation 6: Simplify and strengthen grant allocation and internal review processes (ref. par. 268).

288. For all grants, this evaluation recommends a single strengthened approval process focusing the review on policy compliance, linkage with current or future COSOP (for country-specific grants) or with the corporate strategy (for non-country-specific grants), and likelihood of the work proposed being incorporated in IFAD’s and/or the government’s program of rural poverty alleviation. The approval process could be calibrated on the risks inherent in a grant-funded initiative, on the level of capacity of the recipient, as well as on IFAD’s in-house knowledge of the area of activity proposed to be funded. The intensity of the process should be higher when topic-specific or institutional risks are higher.
289. It will be important to minimize duplications and loops in the internal review process. The implementation procedures of the new grant policy should simplify and strengthen fiduciary due diligence by providing clear guidelines for grant sponsors on reviewing the reasonableness of grant proposal budgets, and clearly delineating the scope of reviews of design documents by LEG and CFS.

Recommendation 7: Simplify grant management (ref. par. 268-269).

290. An annual Grant Status Report (GSR), or any equivalent instrument that IFAD may introduce after the approval of the new policy, should be a requirement for all grants (independent of size and of the sponsoring division).⁶⁵ Supervision activities could be calibrated on fulfilling the requirements of GSRs (or equivalent tool) rather than mimicking loan supervision requirements and this may not necessarily call for field missions in all cases. The reporting format should be kept simple, with reporting limited to implementation progress, achievement against planned activities and outputs, and the likely influence on COSOP (for country-specific grants) or on IFAD (for global / thematic grants). With a larger number of country-specific grants that are linked to COSOP, the annual COSOP review should provide the grounds for supervision. In addition, GSRs (or equivalent) should be peer-reviewed for quality and findings consolidated and presented to the Management and to the Executive Board (see also next section).
291. Similarly, IFAD should simplify its requirements for the content of reports that grant recipients have to produce and calibrate them on the grant complexity and riskiness. Audit requirements could be simplified as well. The current practice of not requiring audits from UN organizations could be extended to other reputed recipients, provided their financial management integrity and capacity can be adequately vetted at the design stage.

Recommendation 8: Strengthening accountability, knowledge management and Executive Board oversight (ref. par. 269).

292. *Ex-post* grant assessment needs to become more systematic and made easily available through a dedicated electronic page. This may require: (i) a mandatory assessment for all grants at completion using a simple and standardised format and involving peer-reviewers within and outside IFAD, and highlighting lessons learned; (ii) third-party evaluations for large or strategic grants (e.g. cluster evaluations covering two or more grants belonging to the same theme or country or with a prominent common feature would enhance financial viability). In addition, findings from the assessments or evaluations should be consolidated and presented annually to the Management and to the Executive Board, along with the consolidated GSRs (see recommendation above), for example in a dedicated

⁶⁵ Grants considered small from the perspective of EB processes should not be taken to mean that such grants do not also need much Management oversight. Grants of \$500,000 are not considered small in this respect by any other IFI.

section within the Report on IFAD's Development Effectiveness, with IOE's comments as per current practices. This would also improve the management of knowledge from grant experience.

293. The current process of EB approval of larger grants appears reasonable from the perspective of managing the EB's workload. However, it has not proven to be effective in ensuring effective EB oversight of grants in terms of their alignment with IFAD's strategic priorities and compliance with the Grants Policy.
294. The EB may consider giving full authority to Management for grant approval but needs a more comprehensive annual report that provides a high-level consolidated review of completed grants and on-going grants, including achievements, failures, issues and challenges encountered, and proposals for the future. This would allow a more substantive focus on grants by the EB instead of the present system that is too micro-level for effective EB oversight. However, if the EB does not wish to grant this additional authority to Management, it should still require a comprehensive annual report along the above lines.
295. Grants to the private sector should continue to be subject to EB approval until such time that there has been sufficient cumulative experience and a separate focused review of these grants has been undertaken.

Recommendation 9: Invest in a Grant Management Information System

(ref. par. 268).

296. The serious gaps in records pertaining to grants and the difficult access to the same require immediate attention. IFAD Management should immediately develop and implement a Management Information System for grants that maintains a record of all grant-related documents, saved in an accessible format, from inception to completion. The grants' Management Information System would also serve as an important means for supporting knowledge management and dissemination relating to grant-funded activities. The World Bank has developed a good Management Information System for its grants that IFAD can possibly borrow and adapt for its purpose.
297. IFAD Management should set a two-year time frame for having all documents related to all active grants available in a searchable form posted in the Management Information System. Internal Audit should be requested to conduct a "compliance audit" at the end of two years.

Complementary tables to Chapter IV

Table 1.
List of Grants reviewed in field visits

LGS ID	Grant Title	Recipient	Type	Year of Approval	Amount	Brief Description
Philippines						
782	Rural Micro-Enterprise Promotion Programme (RuMEPP)	Department of Trade and Industry and Small Business Guarantee and Finance Corporation, Government of Philippines	Country Specific	2005	521000	The grant financed capacity building of MFIs by the Small Business Guarantee & Finance Corporation (SBGFC), part financing of business development services (BDS) by Department of Trade and Industry (DTI), and provincial action planning/needs assessment in the targeted poorer provinces (by DTI).
1030	Second Cordillera Highland Agriculture Resource Management Project (CHARMP)	Department of Agriculture	Country Specific	2008	560,000	The grant co-funded loan financing for training and studies and consultant services. Funding from the grant has been utilized by the PMU to generally finance the “software” components of the project including orientation of NGOs supporting the project, training of project personnel, planning workshops, production of training and IEC materials, project management including procurement and disbursement staff, preparation of manuals, project evaluation, etc.
1235	Institutional Strengthening of Results-Based Monitoring and Evaluation for National Economic Development Authority (NEDA) and Implementing Agencies of the Philippines	National Economic Development Authority (NEDA), Government of Philippines	Country Specific	2010	200000	The grant seeks to improve the efficiency and effectiveness of government and external donor-funded development projects in achieving their development objectives of rural poverty reduction attained in a sustainable manner” (Supervision Mission Aide Memoire 2012). A bulk of the grant was used to finance consultants (Desarrollo International Consult, Inc.) who provided training in Results based Monitoring Evaluation to NEDA and its regional offices.
1402	Supplementary Financing to Rehabilitate Key Agricultural Infrastructure Damaged by Tropical	Department of Agriculture/National Irrigation Administration, Government of Philippines	Country Specific	Awaiting Government clearance	1300000	With the damage from the tropical storm Sendong in December 2011, the Government requested financing from IFAD to assist with the rehabilitation of the agricultural

LGS ID	Grant Title	Recipient	Type	Year of Approval	Amount	Brief Description
	Storm Sendong					infrastructure (roads, dam, canals) in the affected severely affected region north of Mindanao. This grant has been approved as a response to this request to finance rehabilitation of the destroyed infrastructure.
1239	Root and Tuber Crops Research and Development Programme for Food Security in the Asia and Pacific Region.	International Potato Centre	Regional	2010	1450000	Improve food security through sustainable utilization of roots and crops. More precisely the grant has three objectives: (i) map and prioritize area of food insecurity; (ii) understand how roots and tuber crops can contribute to improved food security and income; (iii) select research and development actions, and value chain development in collaboration with IFAD projects, responding to the previous analysis.
1227	Programme for Improving Livelihoods and Overcoming Poverty in the Drought-Prone Lowlands of South-East Asia	International Rice Research Institute	Regional	2010	1200000	Generating and disseminating improved technologies (seeds and growing practices) for environments characterized by higher risk of crop losses (drought, flooding, saline soil) and for poorer farmers including women and indigenous peoples.
1032	Rewards for, Use of and Shared Investment in Pro-poor Environmental Services	World Agroforestry Centre	Regional	2010	1500000	Communities of small farmers can help improve watershed management and reduce erosion as well as provide other type of environmental services. However this is very labour intensive and farmers may lack incentives. The grant concept is to mimic a market system whereby communities of farmers will be compensated financially for water management services (payment for environmental services - PES, also called reward for environmental services-RES).
Benin						
1428	Strengthening rice value chains in West and Central Africa	Africa Rice Center	Regional	2012	1470000	The participating countries are DRC, Guinea, Senegal and Sierra Leone. The objectives are to improve the productivity and efficiency of rice value chains and increase income of the value chain actors. The Grant allowed

LGS ID	Grant Title	Recipient	Type	Year of Approval	Amount	Brief Description
						AfricaRice to establish strong partnerships with NARs for the implementation of supported activities.
1245	Rural youth and agricultural business development in West and central Africa	Songhai Center	Regional	2010	1800000	The Project is implemented by Songhai Center which a cooperative center for training, production, hands-on activities, and for research and development of sustainable agricultural practices. The grant was designed to support the regional scale-up of the activities of the Center in promoting access of youth, men and women, to appropriate agribusiness entrepreneurial, leadership and management skills required for their effective participation in the creation of and investments in commercially viable agribusiness enterprises in selected African countries.
1352	Improving the inclusiveness of the agricultural value chains in West and Central Africa: The role of market segmentation and emerging sub-channels.	Michigan State University	Regional	2012	500000	
1232	Youth as catalyst for promoting small-scale agri-business development in West Africa.	United Nations Industrial Development Organization	Regional	2010	250000	The overall goal is to enable young women and men to contribute to rural poverty reduction by supporting them in the creation of sustainable opportunities in the rural areas. The specific objectives are: (i) to contribute to the promotion and/or development of entrepreneurship and on/off and non-farm business opportunities for poor rural youth; (ii) to support the development of poor rural youth (leadership and advocacy) capacities; and (iii) to contribute to the development of spaces for sharing knowledge and experiences on youth-led initiatives in rural areas.
1404, 1405, 1406, 1407, 1408, 1409	Support to Farmers' Organizations in Africa Programme (SFOAP) –	Eastern Africa Farmers Federation, Sub Regional Platform for Farmers'	Global	2012	2500000	The purpose is to improve the policy and economic services provided by Farmers' Organizations to their members at the national,

LGS ID	Grant Title	Recipient	Type	Year of Approval	Amount	Brief Description
	Main Phase	Organizations of Central Africa, Network of Farmers' and Agricultural Producer Organisations of West Africa, Southern African Confederation of Agricultural Unions, Union Maghrébine des Agriculteurs, Formation pour l'épanouissement et le Renouveau de la Terre (Interview with Plateforme Nationale des Organisations Paysannes et de Producteurs Agricoles du Bénin – PNOPPA)				regional and continental levels. In Benin, the farmers are organized at the national level in PNOPPA (National Platform for Smallholders' and Agricultural Producers' Organizations), and at departmental level into Regional Unions of producers. At village level they are organized into groups of farmers. There is a strong partnership and synergies between IFAD projects (PADER-PACER) and PNOPPA and regional unions.
Jordan/Lebanon						
729	Loan Component Grant under Agriculture Resource Management Project II (ARMP II)	Government of Jordan	Country Specific	2004	420000	The amount of USD 420000 has been given to the Agriculture Credit Corporation (ACC) of Jordan for the 'Rural Financial Services' component of the loan project. Capacity building of ACC will be carried using the grant funds.
1195	Loan Component Grant under Hilly Areas Sustainable Agriculture Development Project (HASAD)	Government of Lebanon	Country Specific	2009	600000	The grant is to be used in the first year for the start-up activities of the project until the loan is approved by the parliament of Lebanon.
1423	Enhanced Food Security for Syrian Refugees in Zataari Camp	Jordanian Hashemite Charity Project (JHCO)	Regional	2012	500000	This small global grant was given to a Jordan-based NGO "Jordanian Hashemite Charity Organization (JHCO)" to address the difficult food security situation of Syrian refugees who fled their country with very little money and assets in their possession, which they have exhausted over the time. To achieve this, it intends to enable the recipient to lease land from the government of Jordan and enable it to plant Herbal Medicinal & Aromatic plants (HMAPs) and market the produce.

LGS ID	Grant Title	Recipient	Type	Year of Approval	Amount	Brief Description
1112	Knowledge Access to Rural Interconnected People – Phase II Karianet	International Development Research Center	Regional	2009	1500000	The grant envisages the creation of a region-wide network which connects projects and stakeholders across the region can enable the exchange of knowledge and experiences. Apart from a web based platform face-to-face interactions and learning route (project site) visits were also planned.
International Centre for Agricultural Research in Dry Areas						
1240	Improving Food Security and Climate Change Adaptability of Rain fed Barley farmers in Iraq and Jordan	International Centre for Agricultural Research in Dry Areas	Regional	2010	1500000	This grant seeks to increase productivity and climate change resilience of farming communities in targeted areas of Jordan and Iraq. Activities involve identification and pilot testing of appropriate barley-livestock packages to enhance livestock production.
1212	Scaling up Best Practices for Managing Awassi Dairy Sheep to Small Scale Sheep Farmers in West Asia	International Centre for Agricultural Research in Dry Areas	Regional	2010	200000	This grant intends to build the capacity of the sheep owners in the Syria & Lebanon through documentation of knowledge on best practices in sheep rearing and sharing of such knowledge with the livestock owners to increase their productivity. Activities involve preparation of a series of Arabic manuals and training of beneficiaries, including training of trainers from relevant government ministries.
1226	Improved Water Management for Sustainable Mountain Agriculture: Jordan, Lebanon & Morocco	International Centre for Agricultural Research in Dry Areas	Regional	2010	1000000	This grant intends will pilot various existing technologies and approaches to promote productive and climate change resilient agriculture in the mountainous regions of the target countries. It is planned that the results of the pilot activities will be shared across the region and scaled up, presumably, by IFAD funded projects and by other government and non-government institutions.
1221	Regional Agricultural Information Network for West Asia & North Africa	International Centre for Agricultural Research in Dry Areas	Regional	2010	200000	This small regional grant is a knowledge management grant aimed at improving the performance of IFAD's projects, partners and grant programmes in the region by facilitating sharing of knowledge between them. A web based platform will be established to facilitate knowledge exchange and learning between all

LGS ID	Grant Title	Recipient	Type	Year of Approval	Amount	Brief Description
						stakeholders in the seven countries being targeted through this grant.
Bioversity						
899	Programme for Empowering the Rural Poor by Strengthening their Identity, Income Opportunities and Nutritional Security through the Improved Use and Marketing of Neglected and Underutilized Species	Bioversity	Global	2006	1400000	This grant focuses on introducing improved practices for growing neglected and under-utilised crops (e.g. amaranth, quinoa in the Andean area and minor millets in India), as well as developing the value chain: from processing to retailing (e.g. food recipes).
1241	Programme for Reinforcing the Resilience of Poor Rural Communities in the Face of Food Insecurity, Poverty and Climate Change through On-farm Conservation of Local Agrobiodiversity	Bioversity	Regional	2010	975000	This grant focuses on community seeds banks to preserve traditional genetic resources, (small millet varieties). The grant also include work on improving agronomic practices, and processing (e.g. developing a milling machine)
1362	Improving Productivity and Resilience for the Rural Poor through Enhanced Use of Crop Varietal Diversity in Integrated Production and Pest Management (IPPM).	Bioversity	Global	2012	1000000	This grant focuses on the practices to use crop genetic diversity to improve crop resilience to pest and diseases and reduce consumption of pesticides.
Uruguay						
710	Regional Programme in support of a Medicinal Plants Development Network (PLAMSUR)	Brazilian Ministry of Agrarian Development	Regional	2004	1000000	Regional program which intended to teach poor farmers how to diversify and increase their incomes through production of medicinal plants, while also teaching them how to process them into herbal medicine.
1077	Empowering Smallholder Farmers in Markets (ESFIM)	IFAP – International Federation of Agricultural Producers//AgriNatura	Global	2008	1000000	The goal of the programme is to empower smallholder Farmers in markets. The objective is to strengthen the capacity of FOs to

LGS ID	Grant Title	Recipient	Type	Year of Approval	Amount	Brief Description
						contribute to policy and institutional initiatives to enhance smallholder farmers' participation in agricultural markets.
1109	Strengthening Rural Organizations for Policy Dialogue in South America programme	Confederation of Family Farmer Producer Organizations of Mercosur	Regional	2009	416000	The purpose of the grant was to help vulnerable groups be part of and contribute to the mainstream economy by taking advantage of the new niches created by the expansion of MERCOSUR markets, while also preventing possible negative effects Program also aimed to enhance women's economic roles in order to assure household food security and nutrition, while also training poor rural farmers and entrepreneurs in complying with laws and regulations deriving from international agreements, including MERCOSUR. Last phase includes KM and consolidation of REAF
804	Strengthening of the Participation of Small Farmers' Organizations in Policy Dialogue within the Commission on Family Farming of the Southern Cone Common Market (MERCOSUR)	Southern Cone Common Market	Regional	2005	1090000	
International Food Policy Research Institute						
839	Income Diversification and Remittances for Livelihood Security and Rural Development	International Food Policy Research Institute	Regional	2006	200000	The goal of this research program is to identify key policy steps that will lead to fuller integration of remittance flows into domestic financial systems such that their contribution to poverty alleviation and broader rural development is significantly enhanced. The research carried out in Bangladesh, the Philippines, Sri Lanka and Nepal.
950	Assessing the Potential of Farmer Field Schools to Fight Poverty and Foster Innovation in East Africa	International Food Policy Research Institute	Regional	2007	196000	To assess the effectiveness of Farmer Field Schools in providing effective extension services to farmers. The study resulted in a series of papers by IFPRI that have provided the basis for discussions in various

LGS ID	Grant Title	Recipient	Type	Year of Approval	Amount	Brief Description
						international for a in which IFAD is a participant.
1272	Leveraging Agriculture for Improving Nutrition and Health	International Food Policy Research Institute	Global	2011	50000	This small grant was IFAD contribution to a major multi-donor effort (\$1.5 million) designed to draw attention to linkages between agriculture and nutrition and health. Donors funded a series of research papers by leading experts that explore the links among agriculture, nutrition, and health and identify ways to strengthen related policies and programs. These papers formed the basis of a major IFPRI publication: In Reshaping Agriculture for Nutrition and Health (2011) that in turn was the basis for a major international conference held in New Delhi in 2011.
1433	Collaboration research and capacity strengthening for monitoring and impact assessment of IFAD projects in India and Bhutan	International Food Policy Research Institute	Regional	2012	500000	The overall goal of the grant is to improve M&E performance of projects, in order to generate strong evidence of project outcomes and impact, along with clear data on project implementation. The grant supports impact assessment of IFAD projects in India and Bhutan. The demand for this work essentially originated from the CPM who is trying to respond constructively to IFAD's corporate requirement of more robust for impact assessment.
1364	IFAD-IFPRI Strategic Partnership to Develop Innovative Policies on Climate Change Mitigation and Market Areas	International Food Policy Research Institute	Global	2008	3000000	This grant was the test case to implement the strategic partnership between IFAD and IFPRI. It funded work in two areas that were identified as priority: (1) climate change and (2) market access. The market access work decided initially to focus on impact assessment of ongoing IFAD initiatives to provide a basis for future interventions. It identified a number of issues with IFAD's approach to M&E and impact assessment.

LGS ID	Grant Title	Recipient	Type	Year of Approval	Amount	Brief Description
Kenya						
1381	Knowledge Management and Learning on Gender Empowerment of Producer Rural Groups in East and Southern Africa	Alliance for Green Revolution in Africa	Regional	2012	200000	Strengthen women's leadership capacities and decision making skills in producer organizations, build/strengthen rural women's entrepreneurial skills through training and other innovative. Knowledge management
1218	Loan component grant for the Programme For Rural Outreach Of Financial Innovations And Technologies (PROFIT)	Government of Kenya	Country	2012	600000	Part of financing of the Innovation facility which is a sub-component of first project component (Rural Finance Outreach and Innovation)
1325	Land and Natural Resource Tenure Security Learning Initiative for East and Southern Africa	UN Habitat	Regional	2011	200000	Lessons learned, analytical tools and approaches for land tenure security
1282	Indigenous Peoples Assistance Facility (IPAF) - MPIDO	Mainyoito Pastoralist Integrated Development Organization, MPIDO	Regional	2011	405670	Empower indigenous peoples' communities and their organizations to foster their self-driven development.
1330	Rural finance knowledge management partnership (KMP)- Phase III (the "Project")	AFRACA - African Rural and Agricultural Credit Association	Regional	2012	1500000	Knowledge Management Programme on Rural Finance in Eastern and Southern Africa.
1331	IFAD Africa Regional Knowledge Network - Phase II	PICO Knowledge Net Ltd.	Regional	2012	1800000	Supporting knowledge management capacity of IFAD project team, directly promoting knowledge management activities in the region.
951	Loan component grant for the Smallholder Horticulture Marketing Programme (SHOMAP)	Government of Kenya	Country	2007	500000	Support to policy dialogue for the formulation of a national horticulture policy
1229	Scaling-up Beekeeping and other Livelihood Options to Strengthen Farming Systems in	International Centre of Insect Physiology and Ecology	Global	2010	1200000	Up-scaling of bee keeping and sericulture with farmers' groups, including the development of marketing channels

LGS ID	Grant Title	Recipient	Type	Year of Approval	Amount	Brief Description
	NENA and Eastern Africa					
1228	Enabling rural transformation and grassroots institutional building for sustainable land management and increased incomes and food security in East Africa	World Agroforestry Centre	Regional	2010	1500000	Support to rural grassroots organization for natural resource management following the <i>Landcare</i> experience; development of a tool to assess the capacity of rural grassroots institutions
1311	Enhancing dairy-based livelihoods in India and Tanzania through feed innovation and value chain development approaches	International Livestock Research Institute	Global	2011	1000000	Use of a value chain approach including innovation platforms to promote innovations in the feeding of dairy animals
1394	Innovative beef value chain development schemes in Southern Africa	International Livestock Research Institute	Regional	2012	1000000	Development of a business model for beef fattening by smallholders, which includes an innovative finance mechanism
1278	Development of a viable Cash-on-the-Bag transaction model for small farmers in Kenya, Tanzania and Uganda	Pride Africa	Regional	2012	440000	Development of market transaction companies that provide "Transparent Transaction Services" (TTS) and thereby increase the farm gate price (by reducing the share that goes to middlemen)
1404	Support to Farmers' Organizations in Africa Programme	Eastern Africa Farmers Federation	Regional	2012	500000	Grant to regional farmers' organizations to strengthen capacity of their members' organizations, including their capacity to engage in policy dialogue and provide economic services
815	National Policy Reforms, Provision of Technical Advice and of Resource Poor Women's Groups in Support of the IFAD Smallholder Dairy Commercialization Programme	Ministry of Livestock and Fisheries Development	Regional	2005	845000	Support to policy development; provision of technical assistance; financing the distribution of dairy goats to resource-poor female farmers

Table 2.

List of grants considered through desk reviews

LGS ID/Flexcube ID	Grant Title	Recipient	Type	Year of Approval	Amount (US\$)
Large Grants GSR Sample					
701	Remittances and Rural Development Programme in Latin America and the Caribbean – Strengthening the Income-Generating Capacity of the Rural Poor in Remittance-Recipient Countries	United Nations Office for Project Services	Global/Regional	2004	1000000
704	Programme for Improving Livelihoods in Rural West and Central Africa through Productive and Competitive Yam Systems – Phase II	International Institute of Tropical Agriculture	Global/Regional	2004	1500000
708	Regional Water Demand Initiative	International Development Research Centre	Global/Regional	2004	1200000
773	Programme for Securing Livelihoods in the Uplands and Mountains of the Hindu Kush Himalayas, Phase II	International Centre on Integrated Mountain Development	Global/Regional	2005	1200000
776	Management-Capacity-Strengthening Programme for IFAD-Funded Projects in Western and Central Africa	West Africa Rural Foundation	Global/Regional	2005	1500000
816	Programme for Community Action in Integrated and Market-Oriented Feed-Livestock Production in Central and South Asia	International Center for Agricultural Research in the Dry Areas	Global/Regional	2005	1200000
818	Regional Programme to Strengthen “Managing for Impact” in Eastern and Southern Africa	DLO Foundation	Global/Regional	2005	1100000
819	Programme for the Development of Sericulture and Apiculture Products for the Poor in Fragile Ecosystems, Using the Value Chain Approach	International Center of Insect Physiology and Ecology	Global/Regional	2005	1400000
824	Local Livelihoods Programme	Centre for Environmental and Agricultural Policy Research, Extension and Development	Country Specific	2005	485000
852	Support Programme to the Poverty Reduction Strategy Paper Process in Western and Central Africa	International Food Policy Research Institute	Global/Regional	2006	500000

LGS ID/Flexcube ID	Grant Title	Recipient	Type	Year of Approval	Amount (US\$)
853	Programme for Enhancing Livelihoods of Poor Livestock Keepers through Increased Use of Fodder	International Livestock Research Institute	Global/Regional	2006	1600000
854	Learning Routes Training Programme	Corporación Regional de Capacitación En Desarrollo Rural	Global/Regional	2006	900000
881	Programme for Accelerating Agricultural Technology Adoption to Enhance Rural Livelihoods in Disadvantaged Districts of India	International Rice Research Institute	Country Specific	2006	1000000
898	Programme for Facilitating the Adoption of Conservation Agriculture by Resource-Poor Smallholder Farmers in Southern Africa	International Maize and Wheat Improvement Center	Global/Regional	2006	1500000
903	Programme for Facilitating Widespread Access to Microinsurance Services	Microfinance Centre for Central and Eastern Europe and the Newly Independent States	Global/Regional	2006	952000
904	Programme for Strengthening Support Capacity for Enhanced Market Access and Knowledge Management in Eastern and Southern Africa	SNV Netherlands Development Organization	Global/Regional	2006	1550000
952	Programme for Technology Transfer to Enhance Rural Livelihoods and Natural Resource Management in the Arabian Peninsula	International Center for Agricultural Research in the Dry Areas	Global/Regional	2007	1500000
953	Programme for Pro-poor Rewards for Environmental Services in Africa	World Agroforestry Centre	Global/Regional	2007	1000000
978	Programme for Extending Agro-Input Dealer Networks (EADN)	International Fertilizer Development Centre	Global/Regional	2007	1000000
1031	Programme for Linking Livelihoods of Poor Smallholder Farmers to Emerging Environmentally Progressive Agro-industrial Markets	International Center for Tropical Agriculture	Global/Regional	2008	1500000
1032	Programme on Rewards for, Use of and Shared Investment in Pro-poor Environmental Services (RUPES-II)	World Agroforestry Centre	Global/Regional	2008	1500000
1034A	Medium-term Cooperation Programme with Farmers' Organizations in Asia and the Pacific Region	Self Employed Women's Association	Global/Regional	2008	337000

LGS ID/Flexcube ID	Grant Title	Recipient	Type	Year of Approval	Amount (US\$)
1036	Regional Research and Dissemination Programme on Campesino Innovations: A Joint IFAD-IDRC Initiative (Scaling up Rural Innovations)	International Development Research Centre	Global/Regional	2008	1000000
1038	Traidcraft Exchange: Local Market Services Development Project	TRAIDCRAFT	Global/Regional	2008	1000000
1074	Putting a Pro-Poor Agenda into Practice	International Land Coalition	Global/Regional	2008	1150600
1081	Mainstreaming of Rural Development Innovations Programme in the Pacific – Phase II	Foundation of the Peoples of the South Pacific International	Global/Regional	2008	1500000
1166	Development Marketplace 2009: Climate Adaptation (DM2009)	International Bank for Reconstruction and Development	Global/Regional	2009	1100000
Loan component Grant Sample					
1337	Rural Business Development Project	Bosnia And Herzegovina	Country Specific	2011	768000
1052	Projet D'appui Au Renforcement Des Organisations Professionnelles	La Republique De Madagascar	Country Specific	2008	496000
779	Investissement/Developpement Rural Des Regions Du Nord Mali	La Republique Du Mali	Country Specific	2005	797000
1071	Participatory Natural Resource Management Programme (The West Bank)	Palestine Liberation Organization	Country Specific	2008	5000000
831	Programme De Développement. des Filières Agricoles Dans Les Zones Montagneuses.	Royaume Du Maroc	Country Specific	2010	504000
1159	On-Farm Irrigation Dev. Project In The Oldlands	The Arab Republic Of Egypt	Country Specific	2009	996000
1338	Promotion Of Rural Incomes Through Market Enhancement Project	The Arab Republic Of Egypt	Country Specific	2011	968000
1358	Value Chain Development Programme	The Federal Republic Of Nigeria	Country Specific	2012	507000
780	Agriculture Marketing And Enterprise Promotion Programme	The Kingdom Of Bhutan	Country Specific	2005	105000
847	Haor Infrastructure And Livelihood Improvement Project	The People's Republic Of Bangladesh	Country Specific	2011	995000
1105	Sichuan Post-Earthquake Agricultural Rehabilitation Project	The People's Republic Of China	Country Specific	2009	1500000
1054	Mountain To Markets Programme	The Republic Of Albania	Country Specific	2008	403000
994	Northern Rural Growth Programme	The Republic Of Ghana	Country Specific	2007	4088000

LGS ID/Flexcube ID	Grant Title	Recipient	Type	Year of Approval	Amount (US\$)
1029	Mitigation Poverty In Western Rajasthan Project	The Republic Of India	Country Specific	2008	607000
1106	Convergence Of Agriculture Interventions in Maharashtra's Distress Districts	The Republic Of India	Country Specific	2009	1003000
1392	Coastal Community Development Project	The Republic Of Indonesia	Country Specific	2012	1837000
1028	Marine & Agriculture Resources Support Programme	The Republic Of Mauritius	Country Specific	2008	410000
997	Developing Business With The Rural Poor Programme	The Socialist Republic Of Viet Nam	Country Specific	2007	550000
826	Agriculture Farmers & Rural Areas Support Project .In Gia Lai,Nt & Tq Province	The Socialist Republic Of Viet Nam	Country Specific	2010	307000
1359	Horticultural Support Project	Uzbekistan	Country Specific	2012	991000
784	Proyectos Desarrollo Y Modernización Rural-Región Oriental	El Salvador	Country Specific	2005	1006000
1070	Programa Desarrollo Rural Sustentable Para La Región Norte	La Republica De Guatemala	Country Specific	2008	456000
1158	Proy Para El Mejoramiento De La Vida En La Sierra Sur	La Republica Del Peru	Country Specific	2009	332000
814	Programme De Rehabilitation De L'agriculture Province Orient	La Republique Democratique Du Congo	Country Specific	2005	303000
970	Projet De Developpement Agricole Et Rural	La Republique Gabonaise	Country Specific	2007	293000
1340	Developpement. Agro-Pastoral Et Promotion Initiatives Locales Sud-Est	La Republique Tunisienne	Country Specific	2011	538000
870	Rural Finance Institution-Building Programme	The Federal Republic Of Nigeria	Country Specific	2006	400000
727	Leasehold Forestry And Livestock Programme	The Kingdom Of Nepal	Country Specific	2004	1292000
1219	Rural Assets Creation Programme	The Republic Of Armenia	Country Specific	2010	501000
1418	Murat River Watershed Rehabilitation Project	The Republic Of Turkey	Country Specific	2012	430000
786	Pilot Community-Based Rural Infrastructure Project-Highlands	The Republic Of Yemen	Country Specific	2005	406000

LGS ID/Flexcube ID	Grant Title	Recipient	Type	Year of Approval	Amount (US\$)
FAO Grants					
1264	IFAD Contribution to the Committee on World Food Security (CFS)-Preparatory Work for the 37th Session	Food and Agriculture Organization of the United Nations	Global/Regional	2010	200000
1302	IFAD 2nd grant to the 2010-2011 biennium costs of the Committee on World Food Security (CFS) Joint Secretariat-preparatory work for the 37th session	Food and Agriculture Organization of the United Nations	Global/Regional	2011	200000
1380	IFAD 1st grant to the 2012-2013 biennium of the Committee on World Food Security (CFS) Joint Secretariat-preparatory work for the 2012 annual session	Food and Agriculture Organization of the United Nations	Global/Regional	2012	200000
1075	Development of Innovative Site-specific Integrated Animal Health Packages for the Rural Poor	Food and Agriculture Organization of the United Nations	Global/Regional	2008	1600000
1417	Enhancing the CABFIN partnership's delivery of policy guidance, capacity development and global learning to foster financial innovations and inclusive investments for agricultural and rural development	Food and Agriculture Organization of the United Nations	Global/Regional	2012	560000
1076	Reducing Risks of Wheat Rusts Threatening the Livelihoods of Resource-poor Farmers through Monitoring and Early Warning	Food and Agriculture Organization of the United Nations	Global/Regional	2008	1500000
1034	Medium-term Cooperation Programme with Farmers' Organizations in Asia and the Pacific Region	Food and Agriculture Organization of the United Nations	Global/Regional	2008	1083000
1111	Smallholder Poultry Development Programme	Food and Agriculture Organization of the United Nations	Global/Regional	2009	600000
1328	Drought recovery and smallholder adaptation programme in Somalia and Djibouti	Food and Agriculture Organization of the United Nations	Global/Regional	2011	1300000

LGS ID/Flexcube ID	Grant Title	Recipient	Type	Year of Approval	Amount (US\$)
1457	Capacity Development for Better Management of Public Investments in Small-scale Agriculture in Developing Countries programme	Food and Agriculture Organization of the United Nations	Global/Regional	2013	2000000
Other grants reviewed in LAC					
1373	Programme for Conditional Cash Transfers and Rural Development in Latin America	Universidad de Los Andes	Global/Regional	2012	1750000
1211	Productive Reactivation in Three Municipalities in El Quiché Affected by the Tropical Storm Agatha, Guatemala	Asociación de Agricultores Integral el Sembrador	Country Specific	2010	300000
1346	Productive Capacity Building, Business and Export Market Access for Women Producers of Vegetables 275 of the Cooperative "MUJERES 4 PINOS"	Cooperativa Agrícola Integral Unión de 4 Pinos	Country Specific	2011	250000
Other grants reviewed in APR					
781	Rural Livelihoods Improvement Programme In Attapeu And Sayabouri	The Lao People's Democratic Republic	Country Specific	2005	676000
1010a	Implementing Gender-Sensitive Project Management Training: Cambodia, Lao People's Democratic Republic and Viet Nam	Asian Institute of Technology	Global/Regional	2007	200000
1244	Leveraging Pro-poor Public-Private Partnerships (5Ps) for Rural Development – Widening Access to Energy Services for Rural Poor in Asia and the Pacific	United Nations Economic and Social Commission for Asia and the Pacific	Global/Regional	2010	1350000
1304	Strengthening Knowledge-sharing on Innovative Solutions Using the Learning Routes Methodology in Asia and the Pacific	Corporación Regional de Capacitación En Desarrollo Rural	Global/Regional	2011	1000000
1308	Improved Forage based Livestock Feeding Systems for Smallholder Livelihoods in the Cambodia, Laos and Viet Nam development triangle Cambodia-Laos-Viet Nam Development Triangle	International Center for Tropical Agriculture	Global/Regional	2011	1500000

LGS ID/Flexcube ID	Grant Title	Recipient	Type	Year of Approval	Amount (US\$)
Other grants					
1412	Plantwise, a country based approach to improve farmer livelihood through reduced crop losses and increased productivity	Centre for Agricultural Bioscience International (CABI)	Global/Regional	2012	1400000
1362	Improving Productivity and Resilience for the Rural Poor through Enhanced Use of Crop Varietal Diversity in Integrated Production and Pest Management (IPPM)	Bioversity International	Global/Regional	2012	1000000
1386	Climate Risk Management in Agriculture with Demonstration Sites in the Lao People's Democratic Republic, Indonesia and Bangladesh	Trustees of Colombia University, Earth Institute	Global/Regional	2012	700000
1369	Programme to Increase the Visibility and Strengthen the Entrepreneurship of Rural Afro-descendant Communities in Latin America	Fundación Acua	Global/Regional	2012	1750000
1280	Developing Inclusive Financial Systems for Improved Access to Financial Services in Rural Areas programme	International Bank for Reconstruction and Development	Global/Regional	2011	1500000
1410	Smallholder Access to Markets in Bosnia and Herzegovina and Egypt Programme	Oxfam Italia	Global/Regional	2012	1300000
1363	Sustainable Management of Crop-based Production Systems for Raising Agricultural Productivity in Rainfed Asia	International Crops Research Institute for Semi-arid Tropics	Global/Regional	2012	1500000
1442	Enhancing Food Security in the Horn of Africa through Diaspora Investment in Agriculture Programme	BiD Network Foundation	Global/Regional	2012	1500000
1372	Programme for Alleviating Poverty and Protecting Biodiversity	Phytotrader Africa Trust	Global/Regional	2012	1500000
1441	Cash-on-the-Bag – Scaling up a secure, transparent trading business model for smallholders in East Africa	Trade4All Limited	Global/Regional	2012	1440000

LGS ID/Flexcube ID	Grant Title	Recipient	Type	Year of Approval	Amount (US\$)
1413	Programme for Promoting Local Economic Development and Food Security through Local Development Financing in the Decentralized Contexts of IFAD Country Programmes	United Nations Capital Development Fund	Global/Regional	2012	900000
1343	From Islands of Success to Seas of Change: Scaling Inclusive Agri-food Market Development	Centre for Development Innovation	Global/Regional	2012	75000
1425	Strengthening NGO Roles and Capabilities to Scale-up Agricultural Development	American Council for Voluntary International Action	Global/Regional	2012	324706
1183	Smallholder Agriculture Support Project	Africare	Country Specific	2009	500000
823	Smallholder agricultural production reactivation and infrastructure reconstruction programme in response to Hurricane Stan in the department of Sololá, Guatemala	Fondo Nacional Para la Paz	Country Specific	2005	500000
1231	Access Road to the Laguna Itzacoba Community-SCAMPIS Facilities (Jalapa Department), Guatemala	Servirural	Country Specific	2011	27920
1018	Water Supply and Sanitation in Burtinle (Somalia)	Horsocde	Country Specific	2007	73000
1135	Scaling up Review - Phase 1	Brookings Institution	Global/Regional	2009	200000
1261	Scaling up Review - Phase 2	Brookings Institution	Global/Regional	2010	500000
1438	Enhanced Smallholder Engagement in Value Chains through Capacity Building and Organizational Strengthening	International Institute of Tropical Agriculture	Global/Regional	2012	495000
	Communication grants				
9000	Conference on Scaling Up Poverty Reduction, Shanghai (China)	IFAD	Global/Regional	2004	79000
761	Advocacy for Rural Poverty through Inter Press Service	Inter Press Service	Global/Regional	2004	200000
1353	Developing Country Journalists training	Thompson Reuters Foundation	Global/Regional	2012	379310
1319	"Feeding the Future" global television series	Television Trust for the Environment	Global/Regional	2011	499932
1274	Empowering Developing Country Journalists	Thompson Reuters Foundation	Global/Regional	2011	289140

LGS ID/Flexcube ID	Grant Title	Recipient	Type	Year of Approval	Amount (US\$)
Impact Evaluation grants					
2000000276	Technical Support to 6 ex-post impact evaluation using mixed methods approach	Royal Tropical Institute	Global/Regional	2013	500000
2000000275	Project Monitoring & Policy Scenarios	International Institute for Applied Systems Analysis	Global/Regional	2013	500000
2000000274	Technical Support to 4 ex-post impact evaluation using mixed methods approach	International Food Policy Research Institute	Global/Regional	2013	500000
2000000376	Technical Support to 6 ex-post impact evaluation using mixed methods approach	Institute of Development Studies	Global/Regional	2013	500000
2000000165	Country level support external validity of project level evaluations	International Initiative for Impact Evaluation	Global/Regional	2013	500000

Table3

Average ratings of sample grants by Grant type

Type of Grant	Ratings on selected criteria										
	Compliance with IFAD's grants policy 2003	Relevance					Effectiveness				Knowledge Management
		Demand Orientation	Planned linkages with IFAD Country Prog.	Were objectives realistic and implementable	Did IFAD have ex-ante plan	Overall rating	Effect on country prog. or IFAD policy	Did grant influence policies of partners	Utilization of results by IFAD & partners	Overall Rating	
Global (10)	4.7 (10)	3.9 (10)	3.9 (10)	4.3 (10)	3.7 (10)	4 (10)	3.4 (9)	4 (9)	4 (8)	3.4 (9)	3.5 (8)
Regional (27)	4.1 (27)	4.1 (27)	3.8 (27)	3.7 (27)	3.5 (27)	3.8 (27)	3.7 (24)	3.8 (20)	3.5 (20)	3.6 (24)	4 (26)
Country Specific (9)	3 (9)	4.3 (9)	3.7 (9)	3.7 (9)	3.7 (7)	3.7 (9)	3.3 (6)	3.5 (4)	3.3 (6)	3.3 (7)	3.4 (5)
Overall Average of all grants (46)	4 (46)	4.2 (46)	3.8 (46)	3.8 (46)	3.6 (44)	3.8 (46)	3.6 (39)	3.8 (33)	3.6 (34)	3.5 (40)	3.8 (39)

Table 4.
Average rating by Grant size

Type of Grant	Ratings on selected criteria										
	Compliance with IFAD's grants policy 2003	Relevance					Effectiveness				Knowledge Management
		Demand Orientation	Planned linkages with IFAD Country Prog.	Were objectives realistic and implementable	Did IFAD have ex-ante plan	Overall rating	Effect on country prog. or IFAD policy	Did grant influence policies of partners	Utilization of results by IFAD & partners	Overall Rating	
Large (31)	4.1 (31)	4.3 (31)	3.9 (31)	3.9 (31)	3.8 (29)	3.9 (31)	3.6 (25)	3.9 (21)	3.6 (22)	3.5 (26)	3.9 (27)
Small (15)	3.9 (15)	3.8 (15)	3.6 (15)	3.7 (15)	3.3 (15)	3.6 (15)	3.6 (14)	3.7 (12)	3.7 (12)	3.6 (14)	3.75 (12)

Complementary tables to Chapter V

Table1.

A comparison of 2004 and 2013 Procedures for IFAD's Grant Programme

	2004 Grant Procedures	2013 Procedures	Notes for the CLE
Allocation	Grant Allocation Committee, meeting three times per year	<ul style="list-style-type: none"> - For regional and global grants: Based on Division Strategic Workplans for grants, which is consolidated at the corporate level - For country-specific grants it is based on PBAS Reallocation is done in September	Principle of competition between regional programmes has been de facto abandoned.
Design Review	<p><u>Large grants</u></p> <ul style="list-style-type: none"> - Concept note to be reviewed by the Grant Screening Committee - Second review by Operational and Strategic Guidance Committee - Design document stage to be reviewed by a Technical Review Committee <p><u>Small grants</u></p> <ul style="list-style-type: none"> - Concept note to be approved by regional director - Grant Design document reviewed by an abbreviated technical review 	Grant sponsor prepares concept note <ul style="list-style-type: none"> - QE on concept note (organised by sponsor's division, including technical, financial, legal review) - QA by QAG-SKD: either approves or requests modifications Same procedures for small and large grants. Opportunities of fast tracking for very small grants (US\$75 000)	It is difficult to appreciate ex ante the different rigour of the design review between 2004 and 2013.
Approval	<ul style="list-style-type: none"> - Large grants (above US\$200 000) approved by Executive Board - Small grants (<= US\$200 000) approved by IFAD's President 	<ul style="list-style-type: none"> - By President up to US\$500 000. By Executive Board (laps of time) if above. - By the Executive Board in regular session for private sector grants in any case 	This creates incentives for consolidating grants.
Fiduciary aspects	<ul style="list-style-type: none"> - Annual work plan and budget - Audit every fiscal year 	<ul style="list-style-type: none"> - Annual workplan and budget required to justify withdrawal application (the latter reviewed by CFS) - Audit every fiscal year 	Data are not available in electronic form which means no statistics are available on compliance.

	2004 Grant Procedures	2013 Procedures	Notes for the CLE
Supervision	Responsibility of grant sponsor (within IFAD) for the technical part	<ul style="list-style-type: none"> - Responsibility of grant sponsor (within IFAD) for the technical part - Responsibility of CFS for the financial part 	The question is whether these expectations are realistic under the current resource allocations (human and financial) and hence what is the level of compliance.
Amendment and changes	Require review by CFS and LEG	Require review by CFS and LEG	No significant change.
Completion and closing	<ul style="list-style-type: none"> - A grant completion report is mandatory - A grant evaluation is mandatory if a successive phase of the grant is foreseen 	<ul style="list-style-type: none"> - A grant completion report is mandatory - A grant evaluation is mandatory if a successive phase of the grant is foreseen 	In the past there have been problems due to the absence of completion report which meant that many grants could not be closed from an administrative point of view. This required a time-consuming clean-up operation in several divisions.
Reporting	<ul style="list-style-type: none"> - Grantees to prepare annual or bi-annual progress report - Portfolio Review and Biennial Implementation Progress Report to be prepared by sponsoring IFAD division - Grant completion report to be prepared by the grantee 	<ul style="list-style-type: none"> - Annual progress report - Completion report prepared by grantee <u>to be reviewed by QAG</u> and used to prepare the corporate portfolio performance report - Annual grant status report mandatory for large regional/global grants - During 1st quarter of the year SKD prepares a grant fact sheet 	The key question relates to resources available to carry out this work and to the level of compliance.
Knowledge management	<ul style="list-style-type: none"> - Preparation of technical advisory notes 	<ul style="list-style-type: none"> - All grant designs need to include a knowledge management plan - Workshops and seminars to be organised at headquarters - Learning notes at the completion of grants are suggested but not mandatory - Information should be easily available through electronic platforms of IFAD (ERMS, xDESK, QAG Secretariat) - QAG Unit to undertake portfolio reviews 	<p>Again there is an issue of resource available compared to the size of the grant portfolio.</p> <p>The procedures do not mention the crucial aspect of grant tracking and documentation tracking. This is a basic aspect of knowledge management: knowledge storage.</p>

Table 2
Grant approval steps 2004 procedures (implementing the 2003 Grant Policy)

Grant <i>Type of</i> Stage of Grant Approval	Large Global/Regional	Large Country Specific	Small Global/Regional	Small Country Specific
Allocation of Resources	Total allocation of Global/Regional grants at 5 % of the Programme of work. 80 % reserved for large grants. No further inter divisional distribution.	Country specific window of grants at 2.5 % of the Programme of work. At least 60 % of this to be used for Large CS grants.	20 % of the Global/Regional envelope for small grants. 50/50 allocation between PMD & EAD. Each PMD regional division given 15 % each while PTA given 25 %.	Allocation from the Country specific window of 2.5 % of Programme of Work. At least 60 % of this to be used for Large CS grants & rest for small grants.
Entry into the pipeline	Entry into pipeline after approval of concept notes by Grant Screening Committee.		Screening and approval of concept notes is an internal process of the division under the guidance of director.	
Technical Review	Initial review by PTA assigned reviewer. A note produced by reviewer acts as input for a Technical Review committee composed of Associate Vice President & Divisional Directors.		Handled by PTA & reviewed by a PTA assigned reviewer.	Reviewed by Ad hoc committee set up by PTA Director composed of regional economist and technical expert from PTA.
Final Approval	Comments of TRC incorporated. President's report prepared by sponsor. Submitted to board for approval		Final grant proposal sent to President for approval through the concerned Associate President's office.	

Source: CLE Elaboration from the 2004 grant procedures document

Table 3
Results from Staff Survey

Serial No.	Questions	CPM (21)	Other grant sponsors in PTA, PMD, SKD or other IFAD division (28)	Others (56)	Total (105)
1	Have you been the sponsor of an IFAD grant?				
	Yes	13 (62%)	25 (89%)	7 (12%)	45 (43%)
	No	8 (38%)	3 (11%)	49 (88%)	60 (57%)
	Total	21 (100%)	28 (100%)	56 (100%)	105 (100%)
2	Have you been involved with grants in any other way ? (Conditional to the answer of question 1 being 'No')				
	Yes	7	3	36	46 (81%)
	No	0	0	11	11 (19%)
	Total	7	3	47	57 (100%)
3	Please specify what type of grant-related activities you have been involved in? Check all that apply. (Conditional to the answer to question 2 being 'Yes')				
	Proposal Development	2	3	12	17
	Supervision	5	1	11	17
	Review of grant documents	3	3	23	29
	Others	1	0	15	16
	Total respondents: 44				
4	To what extent are grant approval procedures effective in ensuring the quality of a grant? (Conditional to answer to question 1 or question 2 yes)				
	Highly Effective	0 (0%)	0 (0%)	0 (0%)	0 (0%)
	Effective	2 (12%)	4 (17%)	5 (16%)	11 (15%)
	Moderately Effective	10 (59%)	9 (39%)	15 (48%)	34 (48%)
	Moderately Ineffective	4 (24%)	4 (17%)	7 (23%)	15 (21%)
	Ineffective	0 (0%)	5 (22%)	4 (13%)	9 (13%)
	Highly Ineffective	1 (6%)	1(4%)	0 (0%)	2 (3%)
	Total	17 (100%)	23 (100%)	31 (100%)	71 (100%)
5	To what extent are grant approval procedures efficient in the use of staff time? (Conditional to answer to question 1 or question 2 yes)				
	Highly Efficient	0 (0%)	0 (0%)	0 (0%)	0 (0%)
	Efficient	2 (12.5%)	2 (9%)	4 (13%)	8 (11%)
	Moderately Efficient	10 (63%)	5 (22%)	6 (19%)	21 (30%)
	Moderately Inefficient	2 (12.5%)	3 (13%)	9 (29%)	14 (20%)
	Inefficient	1 (6%)	5 (22%)	9 (29%)	15 (21%)
	Highly Inefficient	1 (6%)	8 (34%)	3 (10%)	12 (18%)
	Total	16 (100%)	23 (100%)	31 (100%)	70 (100%)

6	How would you rate the value added of each of the following grant approval steps? (Conditional to answer to question 1 or question 2 yes)			
	Quality Enhancement (QE)			
	Highly Effective	0 (0%)	0 (0%)	3 (10%)
	Effective	5 (31%)	9 (39%)	8 (26%)
	Moderately Effective	9 (56%)	10 (44%)	12 (39%)
	Moderately Ineffective	2 (13%)	3 (13%)	6 (19%)
	Ineffective	0 (0%)	1 (4%)	2 (6%)
	Highly Ineffective	0 (0%)	0 (0%)	0 (0%)
	Total	16 (100%)	23 (100%)	31 (100%)
				70 (100%)
	Quality Assurance (QA)			
	Highly Effective	0 (0%)	2 (9%)	2 (6%)
	Effective	3 (19%)	2 (9%)	10 (32%)
	Moderately Effective	10 (62%)	8 (35%)	9 (29%)
	Moderately Ineffective	2 (13%)	6 (26%)	6 (19%)
	Ineffective	1 (6%)	4 (17%)	3 (10%)
	Highly Ineffective	0 (0%)	1 (4%)	1 (4%)
	Total	16 (100%)	23 (100%)	31 (100%)
				70 (100%)
	Contribution/Clearance by CFS			
	Highly Effective	0 (0%)	0 (0%)	2 (6%)
	Effective	7 (44%)	5 (23%)	8 (25%)
	Moderately Effective	7 (44%)	6 (27%)	10 (32%)
	Moderately Ineffective	2 (12%)	5 (23%)	9 (29%)
	Ineffective	0 (0%)	3 (14%)	1 (4%)
	Highly Ineffective	0 (0%)	3 (14%)	1 (4%)
	Total	16 (100%)	22 (100%)	31 (100%)
				69 (100%)
	Contribution/Clearance by LEG			
	Highly Effective	0 (0%)	0 (0%)	3 (10%)
	Effective	7 (44%)	4 (18%)	7 (23%)
	Moderately Effective	7 (44%)	8 (36%)	10 (32%)
	Moderately Ineffective	2 (12%)	4 (18%)	9 (29%)
	Ineffective	0 (0%)	3 (14%)	1 (3%)
	Highly Ineffective	0 (0%)	3 (14%)	1 (3%)
	Total	16 (100%)	22 (100%)	31 (100%)
				69 (100%)

7	Please indicate what percentage of your working time you spend overall on grants(Conditional to answer to question 1 or question 2 yes)				
	Less than 10%	5 (28%)	9 (39%)	12 (38%)	26 (36%)
	10% - 30%	12 (67%)	8 (35%)	9 (29%)	29 (40%)
	30% - 50%	1 (5%)	3 (13%)	5 (16%)	9 (13%)
	50% - 70 %	0 (0%)	2 (9%)	3 (10%)	5 (7%)
	More than 70%	0 (0%)	1 (4%)	2 (7%)	3 (4%)
	Total	18 (100%)	23 (100%)	31 (100%)	72 (100%)
8	Are grants on your personal evaluation form? (Conditional to answer to question 1 or question 2 yes)				
	Yes	10 (56%)	20 (91%)	13 (42%)	43 (60%)
	No	8 (44%)	2 (9%)	18 (58%)	28 (40%)
		18 (100%)	22 (100%)	31 (100%)	71 (100%)
9	If not, how do you rate the recognition you receive from working on grants? (Conditional to answer of question 8 being 'No')				
	Fully Recognized	1 (13%)	0 (0%)	2 (12%)	3 (11%)
	Somewhat	1 (13%)	1 (50%)	7 (41%)	9 (33%)
	Not much	5 (61%)	0 (0%)	8 (47%)	13 (49%)
	Not at all recognized	1 (13%)	1 (50%)	0 (0%)	2 (7%)
	Total	8 (100%)	2 (100%)	17 (100%)	27 (100%)
10	Prior to this survey, were you aware that the Grant Policy was revised in 2009?				
	Yes	10 (56%)	21 (91%)	33 (78%)	64 (77%)
	No	8 (44%)	2 (9%)	9 (22%)	19 (23%)
	Total	18 (100%)	23 (100%)	42 (100%)	83 (100%)
11	Were you briefed about the changes brought by the 2009 revision of the Grant Policy? (Conditional to the answer of question 10 being 'Yes')				
	Yes	3 (30%)	11 (53%)	15 (50%)	29 (48%)
	No	7 (70%)	10 (47%)	15 (50%)	32 (52%)
	Total	10 (100%)	21 (100%)	30 (100%)	61 (100%)
12	How do you rate your understanding of the revised policy? (Conditional to the answer of question 10 being 'Yes')				
	High	1 (10%)	10 (47%)	9 (30%)	20 (33%)
	Moderate	7 (70%)	10 (47%)	14 (47%)	31 (51%)
	Minimal	2 (20%)	0 (0%)	6 (20%)	8 (13%)
	Don't know what changes were made	0 (0%)	1 (6%)	1(3%)	2 (3%)
	Total	10 (100%)	21 (100%)	30 (100%)	61 (100%)

13	Have you observed any changes in the effectiveness of IFAD's grants since 2010, that is, after the policy was revised (Conditional to the answer of question 10 being 'Yes')				
	Became more effective	4 (40%)	3 (17%)	4 (18%)	11 (22%)
	Became less effective	1 (10%)	8 (44%)	1 (5%)	10 (20%)
	Remained the same	5 (50%)	7 (39%)	17 (67%)	29 (58%)
	Total	10 (100%)	18 (100%)	22 (100%)	50 (100%)
14	How do you rate the average effectiveness of IFAD Grants				
	Highly Effective	2 (12%)	1 (4%)	1 (3%)	4 (5%)
	Effective	2 (12%)	6 (26%)	11 (30%)	19 (25%)
	Moderately Effective	9 (53%)	11 (48%)	13 (35%)	33 (42%)
	Moderately Ineffective	4 (24%)	3 (13%)	10 (27%)	17 (22%)
	Ineffective	0 (0%)	0 (0%)	2 (5.4%)	2 (3%)
	Highly Ineffective	0 (0%)	2 (9%)	0 (0%)	2 (3%)
	Total	17 (100%)	23 (100%)	37 (100%)	77 (100%)
15	Based on your experience, how do you rate the effectiveness of IFAD in linking grants with its loan projects?				
	Highly Effective	3 (18%)	0 (0%)	0 (0%)	3 (4%)
	Effective	1 (6%)	2 (9%)	7 (19%)	10 (13%)
	Moderately Effective	8 (47%)	9 (39%)	13 (36%)	30 (40%)
	Moderately Ineffective	5 (29%)	8 (35%)	11 (31%)	24 (32%)
	Ineffective	0 (0%)	3 (13%)	5 (14%)	8 (11%)
	Highly Ineffective	0 (0%)	1 (4%)	0 (0%)	1 (1%)
	Total	17 (100%)	23 (100%)	36 (100%)	76 (100%)
16	Have you observed any changes in the linkages between IFAD's grants and loans after 2010 (that is, when the policy was revised)?				
	Linkages remained the same	7 (44%)	10 (48%)	21 (75%)	38 (59%)
	Linkages became stronger	8 (50%)	8 (38%)	5 (18%)	21 (32%)
	Linkages became weaker	1 (6%)	3 (14%)	2 (7%)	6 (9%)
	Total	16 (100%)	21 (100%)	28 (100%)	65 (100%)
17	Have you ever used a specific output from a grant in the design or implementation of a project? (question only for CPMs/CPOs)				
	Yes	10 (67%)	-	-	
	No	5 (33%)	-	-	
	Total	15 (100%)	-	-	
18	Please estimate to what extent you have used the following outputs from grants in your investment projects (question only for CPMs/CPOs)				
	Results from socio-economic studies				
	Always	1 (9%)	-	-	

	Very often	2 (18%)	-	-	
	Often	5 (46%)	-	-	
	Occasionally	1 (9%)	-	-	
	Rarely	0 (0%)	-	-	
	Never	2 (18%)	-	-	
	Total	11 (100%)			
	Agricultural technologies (e.g., new crop varieties or crop management practices)				
	Always	4 (34%)	-	-	
	Very often	2 (17%)	-	-	
	Often	1 (8%)	-	-	
	Occasionally	3 (25%)	-	-	
	Rarely	1 (8%)	-	-	
	Never	1 (8%)	-	-	
	Total	12 (100%)			
	Institutional innovations (e.g. a new form of agricultural insurance or new type of rural finance scheme)				
	Always	3 (27%)	-	-	
	Very often	2 (18%)	-	-	
	Often	2 (18%)	-	-	
	Occasionally	3 (27%)	-	-	
	Rarely	0 (0%)	-	-	
	Never	1 (10%)	-	-	
	Total	11 (100%)			
	Capacity building/training				
	Always	5 (46%)	-	-	
	Very often	1 (10%)	-	-	
	Often	3 (27%)	-	-	
	Occasionally	2 (17%)	-	-	
	Rarely	0 (0%)	-	-	
	Never	0 (0%)	-	-	
	Total	11 (100%)			
19	Have you ever used a grant for non-lending activities in a country program? (only for grant sponsors)				
	Yes	9 (90%)	14 (64%)	1 (50%)	24 (71%)
	No	1 (10%)	8 (36%)	1 (50%)	10 (29%)
	Total	10 (100%)	22 (100%)	2 (100%)	34 (100%)
20	For which of the below non lending activities have you used these grants? (Check all that apply) (Conditional to answer for question 19 being 'Yes')				
	Policy Dialogue	6	10	0	16

	Partnership development	5	9	1	15
	Monitoring and evaluation	4	4	0	8
	Knowledge management	10	10	1	21
	Other (please specify)	3	4	0	7
	Total (Total Respondents: 25)	28	37	2	67
21	The 2009 policy introduced grants for private sector (for-profit) entities. So far, very few private sector grants have been made. In your view, what has been the main reason for this? (Check only the reason that you consider the most important)				
	Lack of interest from private sector	1 (10%)	0 (0%)	1 (50%)	2 (6%)
	Lack of interest from IFAD staff	5 (50%)	5 (25%)	0 (0%)	10 (31%)
	Lack of approval from board irrespective of grant size	1 (10%)	5 (25%)	1 (50%)	7 (22%)
	Others	3 (30%)	10 (50%)	0 (0%)	13 (41%)
	Total	10 (100%)	20 (100%)	2 (100%)	32 (100%)

Box 1

Tracking of Grant-related Documents and Information

The CLE found it difficult to track grant-related documents and information due to major inadequacies of the current system. As an example, in order to compile a list of key information on small grants approved from 2004 to 2013, this evaluation had to extract, copy and paste tables from Executive Board documents and reformat them into Excel as no user-friendly and comprehensive database was available.

This evaluation had to collect several documents on many grants and this proved to be less simple than desired. There were three sources used to find grant documentation:

- Xdesk is online database within IFAD used for document sharing and other knowledge sharing activities, which can only be accessed by IFAD staff. Each Division has its own xdesk page, which is managed in a decentralised manner.
- The *Electronic Records Management System* (ERMS) is a database for all IFAD official documents. ERMS is run by the IFAD Library and creates folders for each Loan and Grant that include documentation that might not be placed on the xdesk (such as correspondence, and draft versions of design reports and agreements). However, it relies on grant sponsors to provide documentation.
- When documents could not be found in either of the above databases (a relatively frequent occurrence), the grant sponsors were contacted directly.

Both the xdesk and ERMS were found to have significant flaws. In particular: (i) xdesk was not consistently utilised or updated (in one case no update had been done between January 2011 and July 2013); (ii) the structure to store documents varied widely; (iii) many reports were missing and had to be traced with ERMS or divisional staff; (iv) the format of the files varied, complicating the basic search functions.⁶⁶

The most effective record-keeping system was that of PMD's NEN Division (followed by the ESA Division) where the task of updating xdesk had been assigned to a temporary staff member. Although the search was somehow lengthy, in the majority of the Divisions, the required grant documentation was in fact available and could be retrieved once the grant manager was contacted.

⁶⁶ To provide an example, many documents were compiled in the TIFF format (sometimes occupying 100 times the hard drive space compared to a PDF file), and making it impossible to use the "search" function, so that large documents had to be fully reviewed in order to extract basic information.

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1. The two peer reviewers were asked to submit joint comments and observations on the final draft of the report: Corporate Level Evaluation of the IFAD Policy for Grant Financing, prepared by IFAD's Independent Office of Evaluation, as well as on the conduct of the evaluation process. Both reviewers had previously submitted ample comments on (a) the draft approach paper; and (b) a previous version of the draft report, before its submission to the comments of IFAD management. Both reviewers have expressed their appreciation and pleasure for being part of this evaluation exercise.
2. The two reviewers concur in their assessment concerning both the conduct of the evaluation, and the conclusions and recommendations of the report. Overall this assessment in both cases is highly positive and the reviewers agree that the evaluation team, its leadership and the IOE staff involved in this exercise should be complimented for the excellence of the job done.
3. The reviewers in particular wish to acknowledge the extent to which their previous observations, comments and suggestions have been taken into account in the preparation of the final draft. Admittedly, and predictably, not all comments and suggestions have been agreed to, if only because the two reviewers may have offered slightly different sets of observations which were either perceived as not necessarily entirely relevant, or not easily reconcilable. This is perfectly legitimate, and it is to the credit of the team to have exercised discrimination in the treatment of comments offered by the reviewers.
4. The reviewers wish to acknowledge and commend the highly professional manner in which the entire exercise was conducted by the evaluation team. The reviewers wish in particular to acknowledge the improvements made in the final report in the final chapter on Conclusions and Recommendations. This chapter represents a significant improvement over the previous version, especially in its format; focus on the main conclusions; and ordering and presentation of the main recommendations. This lends additional strength and credibility to these recommendations.
5. Both reviewers agree that the main strengths of the report lie in the following elements:
 - The report is highly informative; it is well written and clearly presented
 - Its analysis covers the full range of issues associated with the IFAD grants policy and its implementation, including the more difficult ones
 - It reaches conclusions that are consistent with the facts and analysis of the issues as presented in the report
 - It makes a set of highly relevant, practical and implementable recommendations that are consistent with the findings, taking account of the budgetary and staff constraints of IFAD.
 - The report in all aspects responds fully to the terms of reference for the evaluation and to the norms and standards of IFAD for such an exercise
 - This report should result in bringing about a significant improvement in the policy, design, implementation and impact of IFAD's grant program.
6. Both reviewers fully concur with the assessment made in the report that (a) IFAD grants have made significant contributions to poverty reduction, but the impact of this program has been far from its potential; and (b) there are several ways in

which to make IFAD grant program more effective for a greater and more meaningful impact in line with IFAD's mandate on poverty reduction.

7. The reviewers agree fully with the main conclusion and recommendation of the evaluation, that there is the need for a clear new corporate level strategy for grant financing. It needs to incorporate the feature that the Executive Board and IFAD management agree following this evaluation. One of the major elements of this strategy relates to the need for specifying clear and realistic grant policy objectives and eligibility. As stated in the report, "the new policy should be prepared afresh instead of a revision to the 2009 policy that overall lacked clarity" (para 272 of the report).
8. The reviewers also broadly agree with the specific recommendations as presented in Chapter VI, Section B of the report, concerning strategic, operational, procedural and managerial dimensions of the proposed new strategy.
9. The reviewers only felt some discomfort with the recommendation to maintain a competitive process for the allocation of country level grants. This results in the need to consistently rank grant request across the wide spectrum of grants that are of a very different nature. The criteria for such a ranking need to be designed so that they do not provide advantages to one type of grants over the other types. Such criteria could include measures of conformity with the priorities of the new grants policy, conformity with COSOP objectives, or measures relating to the quality of the proposals.
10. Both reviewers express their hope that this excellent evaluation exercise will find its prompt translation in the formulation of a new strategy for grant financing for IFAD.