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Enabling the rural poor
to overcome poverty

IFAD's plan for its future relationship with the International Land Coalition

Executive Board — Eighty-ninth Session
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For: **Information**

Note to Executive Board Directors

This document is submitted for the information of the Executive Board.

To make the best use of time available at Executive Board sessions, Directors are invited to contact the following focal point with any technical questions about this document before the session:

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Abbreviations and acronyms

IFI international financial institution
ILC International Land Coalition

IFAD's plan for its future relationship with the International Land Coalition

I. Background

A. International Land Coalition evaluation

1. As a key partner and host organization for the International Land Coalition (ILC), IFAD has long recognized the strategic importance of land issues in combating rural poverty. Enhanced access by the rural poor to productive natural resources and security of land tenure were identified as IFAD's strategic objectives in its Strategic Framework 2002-2006. The proposed Strategic Framework 2007-2010 confirms this importance and priority.
2. IFAD is an important founder and financier of the ILC. Since 1996, IFAD has provided grants to the ILC for a total of US\$7.2 million. Although funding of US\$4.3 million was received from non-IFAD sources in this period, these funds were restricted and periodic. While these funds provided for a larger programme than would have otherwise been possible, the stability of the ILC's operations, administration and programmes has been provided by IFAD, which in some years was the only source of new revenue. It is encouraging to see, however, that funding from non-IFAD sources is increasing. The 2005 audited statements show that IFAD accounted for 62 per cent, and for 2006 the figure is projected at 55 per cent – a meaningful improvement from 2003 when IFAD funding stood at 84 per cent.
3. In 2004, the IFAD Executive Board approved a grant of US\$1,865,000 for a period ending on 31 December 2006. In obtaining approval for the release of the second tranche of the grant, IFAD Management committed to undertake a full independent evaluation of the ILC, in accordance with the new IFAD Policy for Grant Financing approved by the Board in 2003. The external evaluation was carried out by Universalia from March to August 2006.¹ The key findings of the evaluation relate to the relevance, effectiveness and efficiency of the ILC's objectives, performance and structure. In addition, the evaluation made recommendations to IFAD, such as: (a) assist the Land Coalition, as appropriate, in maintaining the international status that the Coalition has attained as a result of its association with IFAD; (b) support the Coalition's institutional development, including the process of acquiring status as a legal entity, and assist in developing the Coalition's capacities; (c) continue as transitional host to the Land Coalition, providing institutional and financial support for a fixed period of time with clear objectives, milestones and reporting requirements to be monitored by an explicitly designated body within IFAD; and (d) assist the ILC in developing a phase-out plan that outlines how the ILC's financial reliance on IFAD will be further reduced over the agreed period.

B. Report to the September 2006 session of the Executive Board

4. The President of IFAD reported to the Executive Board, at its September 2006 session, on the outcomes of the external evaluation (EB 2006/88/R.36) and outlined the course of action to be followed by IFAD. This President's report concluded:

"In line with the recommendations of the external evaluation and the response received from the Coalition Council, IFAD Management will review the Plan of Action submitted by the Land Coalition. It will also review the role and relevance of the Coalition in relation to IFAD's future operations and strategic objectives. If such review concludes that the ILC is relevant to IFAD's strategic objectives and future operations and that the Plan of Action submitted by the Land Coalition is responsive to the recommendations of the evaluation, IFAD will prepare a grant proposal for submission to the Executive

¹ The main report and annexes are available on IFAD's internal website.

Board in December 2006 for the future financing of the Land Coalition. The financing plan will set clear milestones and specify the level of tranches attached to these milestones. In the event that the Plan of Action is considered unsatisfactory by IFAD Management, or that the relationship of the Land Coalition with IFAD is considered to be in need of substantial changes, IFAD will negotiate a strategy for modifying its various relationships with the Land Coalition (e.g. as a donor and host), including a possible phase-out.”

C. Cross-departmental working group

5. In September 2006, a cross-departmental working group² was established with the following objectives: (i) analyse the role and relevance (IFAD-wide) of the ILC in relation to IFAD’s operations, strategic objectives and policy dialogue processes; and (ii) review the Plan of Action submitted by the ILC to ensure that it is responsive to the recommendations of the evaluation, institutionally realistic and viable for both IFAD and the ILC.

D. Commitment to the evaluation

6. IFAD Management received the ILC’s initial response to the external evaluation on 22 September 2006 and the Plan of Action on 10 October 2006. This response confirmed that the ILC embraces the external evaluation as a fair and generally balanced organizational assessment and agrees with the main directions of its findings and recommendations. As part of this response, the ILC committed itself to prepare a Plan of Action for approval by the Coalition Council during its meeting on 7-8 November 2006. Any related decisions, requiring approval by the membership, would be taken at the Assembly of Members in April 2007.
7. IFAD’s commitment to the recommendations of the evaluation is strong. As a donor and host, IFAD is committed to actively engage in the steps to be followed, while being equally rigorous in expecting monitorable results. As a member and programme partner of the ILC, IFAD considers the recommendations to be very pertinent to strengthening future performance of the Coalition. As reported to the Executive Board in September, IFAD Management takes each of the recommendations to be an area for concrete results that need to be achieved within an interim two-year phase.

II. Role and relevance of ILC for IFAD

A. Policy dialogue and advocacy

8. The politically complex history of the land agenda requires a combined effort that includes civil society, works with governments to establish enabling conditions and achieves a high level of coherence with the international community. Each of the spheres of influence, authority and support of these diverse organizations, if combined, increases the probability of influencing change. This collaboration will be less likely and less sustainable if it is undertaken solely as a programme of one organization.
9. The ILC enhances IFAD’s convening capacity at the national, regional and global levels to interact with stakeholders to seek a common agenda on land; facilitates a civil society and network capacity-building role that increases the possibility of working as an effective partner with local organizations and other donors; and fosters collective action. In addition, the ILC plays an advocacy role and supports civil society actions that may be less opportune or too politically sensitive for a United Nations body or international financial institution (IFI) to support directly. In sum, the relevance of the ILC (its members and constituency) for IFAD is very important at the global, regional and country levels.

² The Working Group chaired by Isabel Lavadenz-Paccieri, Divisional Director PL included Cynthia Licul (OL), Jean-Philippe Audinet (OE), Harold Liversage (PF); Ganesh Thapa (PI); Raúl Hopkins (PL); Perin Saint Ange (FC), Mohamed Manssouri (PA); Sheila Mwanundu (PT); Charles Forrest (OL) and Rasha Omar (PN).

B. Operational relevance

10. IFAD Management considers that the ILC remains relevant to IFAD's strategic objectives and future operations, and shares the views of the external evaluators, who noted that, with the growing number of old and new actors focusing on land issues, a positive context is in place for the ILC "whose mission and objectives seem even more relevant today than they were a decade ago".
11. The ILC also provides IFAD with a space for learning and knowledge-sharing on land issues and situates IFAD, as the founder and leader in fostering multi-stakeholder approaches and innovative structures. Furthermore, the potential for expanded country-level programme collaboration has been confirmed by those IFAD country teams where the ILC and IFAD are currently working together, as is currently the case in Indonesia, Madagascar, the Niger, Peru and Uganda, among others. ILC members and partners are called upon by IFAD for advice and as sources of information in the preparation and other phases of IFAD's programme cycle. The ILC also provides opportunities to collaborate on policy work, such as seeking IFAD's input to ILC thematic initiatives on conflict, pastoralism and common property. The ILC creates opportunities to work together on regional and global initiatives, such as through IFAD's role in the ILC's annual ministerial sessions of the United Nations Economic and Social Council (ECOSOC) and IFAD's inclusion in the new joint initiative of the ILC and the International Development Research Centre (IDRC) on women's access to land.

C. Partnership and alliances

12. As a multi-stakeholder institution, the ILC forges partnerships and alliances with other IFIs and civil-society networks working on land issues which both add knowledge that can inform IFAD's policies and practices and offer opportunities to work jointly and/or bilaterally. Examples of activities in partnership directly with IFAD or alliances with or in which IFAD participates include (a) the support to land networks (three in Africa: LandNet West, East and Southern Africa), the ILC regional network in Asia, the Andean Forum and the Latin America Peasant Organization; (b) Land Alliances for National Development (LAND) programmes, which create and support national policy dialogue among government leaders, civil society and international donors on land issues (ongoing: Guatemala, Indonesia, the Philippines and South Africa; beginning in early 2007: Benin, Bolivia, Burkina Faso, the Niger, Madagascar and Uganda); (c) support for regional and global initiatives (African Union land policy guidelines, ILC/United Nations Development Programme land tenure in dryland areas, ILC/IDRC action research on the women's access to land initiative; and (d) land-related thematic and policy processes (ongoing topics: common property resources, mobile livelihoods and pastoralism, land conflicts, forest tenure).

D. The issue of ILC institutional identity and legal status

13. The evaluation noted that the ILC is not an international organization with legal personality. This is why the first recommendation of the external evaluation was to establish the ILC's legal status. Both IFAD Management and the ILC agree that it is in the interest of both organizations, particularly for the long-term viability of the ILC, that its status be resolved in an unambiguous and definitive manner.
14. IFAD Management agrees with the external evaluation and with the ILC that the establishment of a clear and viable identity and legal status for the ILC is a priority and must be among the first deliverables of the Coalition's Plan of Action. However, IFAD acknowledges that the process will require time, the involvement of all members of the Coalition and its governing bodies, and the active and constructive support of IFAD. While not all options have as yet been identified, those that are emerging fall either into ways that provide for independent legal status as an organization or those, similar to institutions housed in other United Nations agencies

and IFIs, where the secretariat is located within the host institution and supported by a multidonor trust fund.

15. In considering options, it should be kept in mind that the strength of the Land Coalition lies in its members and partners, and in their willingness and capacity to act as allies and work together at all levels. It is by broadening the membership of the Coalition and by strengthening operational collaboration between members and partners that the Coalition will become more effective. The form of legal status for the ILC would be selected to foster this characteristic.

III. ILC response to the evaluation

A. ILC proposed Plan of Action

16. On 16 October 2006, the ILC submitted a more detailed Plan of Action – Advancing Together 2006 – in response to the external evaluation.³ The IFAD working group reviewed the document, taking into consideration the legal and procedural constraints and the need for a transitional phase in the IFAD-ILC relationship. The Plan of Action addresses all of the recommendations of the external evaluation and defines time-bound activities and deliverables within an interim phase of two years. This plan constitutes, from IFAD’s point of view, a satisfactory basis to proceed with grant funding to the ILC.

B. Main thrusts of the Plan of Action

17. ILC’s Plan of Action has two thrusts. It establishes a set of agreements and commitments to institutional and structural change; and it simultaneously involves the development and implementation of programming changes to transform its current programmes and activities into more strategically focused and integrated programmes at the country, regional and global levels. Each of these thrusts is presented with actions, results and target dates in the ILC Plan of Action. While these institutional and programme changes will be internally managed within the ILC, affecting both its governance and programme management structure, the plan will also be shared with external parties needing to understand the direction and change agenda of the ILC in order to assist them in deciding on their options and future engagement.

C. Results and monitorable indicators

18. The ILC Plan of Action will be monitored by IFAD at an overall level in relation to its five areas of action. These action areas and results are embedded in the triggers and milestones, and will form the basis for the ILC’s use of the IFAD grant. On or by the completion of the interim four-phase process, the results will be:
 - (i) the ILC has legal status and an approved new strategic framework;
 - (ii) the ILC is a member-led and member-based institution as validated by its revised governance framework, has a regionalized programme strategy designed and implemented by members, and is an effective partner at the policy and operational levels;
 - (iii) the ILC membership is expanded;
 - (iv) IFAD’s relationship with the ILC is clearly established under an agreement(s) making explicit the roles and responsibilities of each institution with a set of measurable results for each party;
 - (v) the ILC has a programme that is focused on concrete results and supported by a business plan linking programmes to resources and an integrated resource mobilization strategy; and

³ The Plan of Action is available to Executive Board members on the IFAD restricted site.

- (vi) cofinancing by other donors accounts for not less than 65 per cent of the required funding, of which not less than 50 per cent is the administrative portion.

IV. IFAD proposed interim four-phase process

A. Justification

19. An interim four-phase process is required to set the conditions and basis for the required changes and to pursue them in an effective fashion. Such changes must be discussed and agreed upon by Coalition members beyond the secretariat and need to be approved through the ILC's governing structure – its Council and Assembly – for which due processes and schedules are necessary. These actions, processes and decisions are to be achieved during the two-year, interim four-phase process.
20. The ILC Plan of Action includes a request for a two-year "interim grant" from IFAD. IFAD Management noted that, while the ILC has diversified its funding sources for its programme in 2006 and has reduced its dependency on IFAD, the ILC secretariat and governing bodies would be unable to function effectively without IFAD funding. While the new funding from other sources has reduced the dependency of the ILC on IFAD for its overall budget, when operational and programme costs are combined, the secretariat and governing bodies of the ILC would not be able to implement the Coalition's programme of action without a new grant from IFAD.
21. The two-year process also accounts for the ongoing ILC programme of work, including forward commitments to current partners. The ILC is about to enter into funding agreements that will have two-year horizons, making it necessary for the institutional costs provided under this proposed grant to match that period. These new sources of funding do not, as yet, contribute in a meaningful way toward the institutional costs involved in implementing the ILC's programmes and activities.

B. Triggers and milestones

22. Notwithstanding the above, it is proposed that the two-year grant period contain milestones that must be satisfied to trigger the ILC's continued disbursements against the grant. These should be at six-month intervals based on the implementation schedule presented to IFAD in the Plan of Action. Key milestones from the Plan of Action are built into the grant agreement. In line with the central importance given by the evaluation to the ILC's legal status, the sequence of milestones for these requirements will be as follows:
 - By the 6-month point, the Council and the Assembly of Members must have fully approved (i) the Plan of Action and the ILC's new Strategic Framework 2007-2010, and (ii) an integrated resource mobilization strategy.
 - By the 12-month point, a final decision must have been taken on the form of legal status that the ILC intends to adopt, and the process must have been activated to register the ILC as such an entity. In addition, a strategy for expanding its membership is to have been approved.
 - By the 18-month point, the ILC should have completed all legal requirements related to its legal status and have revised its governance structure accordingly.
 - By the 24-month point, (i) a new business and housing agreement with IFAD must be approved and activated by both parties, as a prerequisite for any further IFAD funding; and (ii) a results-based programme of work must have been agreed with IFAD and the other Council members. This programme of work should reflect complementarities through common strategic activities and approaches, in line with the IFAD grant policy. In addition, future funding will depend on achieving targets for cofinancing by other donors such that by month 24, cofinancing of the overall budget by other donors must account for not less than 65 per cent of required

revenues and, within this, the cofinancing by other donors of the administrative portion must be not less than 50 per cent.

C. Process to be followed

23. IFAD will actively monitor the interim period according to the triggers and milestones that are to be achieved. The ILC will periodically report according to the triggers and will provide details of the steps being undertaken and actions achieved toward the future milestones in the remaining period of the interim four-phase process. This will be done every six months.

D. Funding

The issue of eligibility

24. The most recent grants to the ILC were approved by the Executive Board in 2004 and 2005. The IFAD Policy for Grant Financing adopted by the Executive Board in December 2003 specifically established the eligibility of the ILC for grant funding under the global and regional grant window (EB 2003/80/R.5/Rev.1, paragraph 37). The eligibility criteria state that grants may be provided to IFAD-hosted initiatives, which is a reference to the ILC and to the Global Mechanism of the United Nations Convention to Combat Desertification in those Countries Experiencing Serious Drought and/or Desertification. The additional restrictions contained in the eligibility criteria against financing IFAD activities and staff or activities normally supported by other IFAD resources, therefore, do not apply to the ILC.

Grant proposal: Goals and objectives

25. The proposed grant will provide institutional support to the ILC to allow it to achieve a set of precise outcomes over a two-year period as described herein. First, the grant will support the transformation of the ILC, as set forth in the Plan of Action, by supporting the secretariat staff, administrative and operational costs, and governance functions required to plan and engage the membership in the implementation of the change agenda, including, in part, the meeting costs of the ILC Council and the 2007 Assembly of Members. Second, the grant supports the ILC's ongoing operations involved in implementing its programmes, including the Knowledge and Network Support Programmes, the Community Empowerment Facility, the Land Alliance for National Development (LAND) Partnerships programme, plus policy analysis and advocacy programmes. These programmes, while being largely funded by other donors, do not adequately cover the staff services involved in managing implementation, including the cost of field monitoring and the development of knowledge products to share the lessons learned with members, partners and other stakeholders.

E. Monitoring and grant supervision

26. IFAD, through its Programme Management Department (PMD), will monitor the ILC's compliance with the two-year Plan of Action and the related milestones. It will also supervise the implementation of the grant. Since the Plan of Action outlines the objective of enhancing the working relationship between the ILC and IFAD on various institutional levels, PMD will seek input from other IFAD divisions to inform its monitoring function. In particular, this will involve consulting with the Policy Division, the Technical Advisory Division and other relevant parties. PMD will also be required to take the lead role, in collaboration with the Office of the General Counsel, in coordinating the development and finalization of future agreements established between IFAD and the ILC, including any revisions to or replacement of the currently applicable President's Bulletin.

V. The way forward for IFAD

A. Strategy for strengthening and/or modifying IFAD's various relationships with the ILC

27. The external evaluation and the response of the ILC called for a clarification of IFAD's different roles with the ILC, as partner, as donor, as member and as a host. Clarification of IFAD's roles will be achieved on a priority basis within the proposed interim phase. This will include a revision to the business agreement between IFAD and the Coalition and to President's Bulletin PB/05/10. In order to clarify its roles as member and programme partner, IFAD needs to further develop its corporate policy and principles of engagement in the areas of access to land and productive natural resources. This corporate guidance is necessary for ensuring coherence between different units and departments and between different functions, such as IFAD engagement in global policy dialogue, representation of the Fund on the ILC's governing bodies and for a more coherent development of country and regional land-related programmes and projects in partnership with ILC members and other IFAD allies.

Corporate policy and rules of engagement for land-related interventions

28. IFAD has started to develop, and will finalize in 2007, its own corporate principles of engagement on issues related to access to land by the rural poor. IFAD will define its engagement with key partners in this strategic area at the global, regional and country levels, including with the ILC and its member organizations. To this end, IFAD will set up an in-house cross-departmental policy reference group that will ensure and bring coherence to IFAD's engagement as a member and partner of the International Land Coalition.

Housing and arrangements (hosting)

29. IFAD has started assisting the ILC secretariat in identifying options for establishing a clear and viable legal identity for the ILC. The IFAD Office of the General Counsel will accompany the ILC's efforts in determining the most appropriate ways and means for the ILC to achieve such status.

Conditionalities for the future

30. Unless the issue of the legal status of the ILC has been resolved by the end of this two-year period, IFAD will neither provide further financial support nor accept to receive any funding on behalf of the ILC that will extend beyond the two-year interim phase.

B. Schedule for the interim four-phase process

Triggers and milestones	2007	2008
1.1. Plan of Action approved	■	
1.2. Strategic Framework 2007-2010 approved	■	
1.3. Integrated resource mobilization strategy approved	■	
2.1. Form of legal status approved		■
2.2. Registration procedures authorized and activated		■
3.1. Finalization of legal status completed		■
3.2. Revisions to the governance structure approved		■
4.1. New business and housing agreement approved and activated with IFAD		■
4.2. Results-based programme of work agreed with IFAD and Council	■	■
4.3. Funding by other donors of overall budget at 65 per cent level	■	■
4.4. Funding of administrative portion at 50 per cent level		■

Historical operations as per audited financial statements

	IFAD	NON-IFAD	TOTAL
1996/1998			
Administrative*	294 355	148 381	442 736
Programmes	350 914	119 935	470 849
TOTAL	645 269	268 316	913 585
* Includes Staff cost:	97 880	29 998	127 878
1999			
Administrative*	281 248	166 373	447 621
Programmes	98 386	224 143	322 529
TOTAL	379 634	390 516	770 150
* Includes staff costs:	99 438	111 259	210 697
2000			
Administrative*	75 472	208 530	284 002
Programmes	21 994	158 027	180 021
TOTAL	97 466	366 557	464 023
* Includes staff cost:	57 972	124 157	182 129
2001			
Administrative*	273 502	74 384	347 886
Programmes	154 705	206 448	361 153
TOTAL	428 207	280 832	709 039
*Includes staff cost:	226 423	29 225	255 648
2002	IFAD	NON-IFAD	TOTAL
Administrative*	401 380	57 740	459 120
Programmes	544 900	171 529	716 429
TOTAL	946 280	229 269	1 175 549
*Includes staff cost:	262 416	14 653	277 069
and consultants	35 449	11 993	47 442
2003			
Administrative*	667 560	91 920	759 480
Programmes	940 215	212 945	1 153 160
TOTAL	1 607 775	304 865	1 912 640
*Includes staff cost:	388 960		388 960
and consultants:	109 360		109 360
2004			
Administrative*	650 362	82 761	733 123
Programmes	118 943	476 881	595 824
TOTAL	769 305	559 642	1 328 947
*Includes staff cost:	379 414		379 414
and consultants:	112 778		112 778
2005			
Administrative*	753 105	113 374	866 479
Programmes	195 930	461 724	657 654
TOTAL	949 035	575 098	1 524 133
*Includes staff costs:	485 695	21 220	506 915
and consultants	50 175	255	50 430
2006			
Administrative*	848 009	116 166	964 175
Programme	1 101 219	1 445 577	2 546 796
TOTAL	1 949 228	1 561 743	3 510 971
Includes 2nd tranche Canada			3 711 096
*Includes staff costs:	675 675	79 000	754 675

Note to 2006: Figures are based on the budget as approved by IFAD's President on 20 June 2006 and not on audited financial statements as per previous years. As of this year, consultant costs, performing as staff, are included in the programme activities.