
Response of IFAD Management to the corporate-level evaluation of the institutional and operational performance under IFAD11 and IFAD12

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Useful references: Report of the Consultation on Eleventh Replenishment of IFAD's Resources ([GC 41/L.3/Rev.1](#)), Report of the Consultation on the Twelfth Replenishment of IFAD's Resources ([GC 44/L.6/Rev.1](#)), Report of the Consultation on the Thirteenth Replenishment of IFAD's Resources ([GC 47/L.5](#)), IFAD at the midterm of the Eleventh Replenishment ([IFAD12/1/R.2](#)), IFAD at the midterm of the Twelfth Replenishment ([IFAD13/1/R.2/Rev.1](#)), 2022 Report on IFAD's Development Effectiveness ([EB 2022/136/R.7](#)), 2025 Report on IFAD's Development Effectiveness ([EB 2025/145/R.19](#)).

Action: The Evaluation Committee is invited to review the response of IFAD Management to the corporate-level evaluation of the institutional and operational performance under IFAD11 and IFAD12.

Technical questions:

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<https://www.ifad.org/en/replenishment>.

Response of IFAD Management to the corporate-level evaluation of the institutional and operational performance under IFAD11 and IFAD12

I. Introduction

1. Management welcomes the corporate-level evaluation of the institutional and operational performance under IFAD11 and IFAD12, and thanks the Independent Office of Evaluation of IFAD (IOE) for a comprehensive review, whose lessons and recommendations will inform the Consultation on the Fourteenth Replenishment of IFAD's Resources (IFAD14).
2. Management appreciates IOE's recognition that IFAD11 and IFAD12 were periods of dynamic organizational change marked by accelerated reform efforts. Management notes that IOE found that IFAD's overall strategy of working in a way that is "bigger, better and smarter" remains relevant, that the actions undertaken in response to these objectives were consistent with the intent in the Strategic Framework, and that they were reflected in the commitments across IFAD11, IFAD12 and IFAD13.
3. Management notes that the evaluation found cost-efficiency improvements in the IFAD11 and IFAD12 periods, reflecting progress in resource utilization and emerging economies of scale. This is supported by the IOE finding that budgetary discipline has kept pace, despite IFAD's portfolio growing in financial value and complexity and the impact of decentralization costs. More broadly, the evaluation highlights that IFAD successfully reformed its key financial policies and established a robust financial architecture. Nevertheless, Management also recognizes the IOE finding that efforts to ensure budget discipline may have meant replenishment commitments were not matched by adequate financial and human resources.
4. In this regard, Management generally agrees with the overall recommendations of the evaluation, for example on ensuring strategic focus, optimizing IFAD's balance sheet and prioritizing transformational delivery at country level. Management will work with Member States to consider IOE's recommendations and implement mutually agreed recommendations in a practical and cost-effective manner, particularly through the IFAD14 Consultation process. More specific responses to all recommendations are provided below.

II. Recommendations and Management response

Recommendation 1. Enhance prioritization during replenishment consultations to safeguard strategic focus. IFAD, working together with Member States, should limit commitments to those with high strategic value and feasible delivery while explicitly considering trade-offs and complexity.

5. **Management agrees with this recommendation.** Management and Member States have already successfully worked together to limit the number of commitments and monitorable actions (MAs), reducing them from 14 and 50 respectively in IFAD11, to 10 and 30 respectively in IFAD13. For IFAD14, in line with this recommendation, Management will encourage the Members of the Consultation to continue this trend and will propose a further reduction in the number of commitments by prioritizing those with high impact and strategic value, while balancing ambition with realism. Finally, Management will seek to increase differentiation in operating modalities when setting commitments and MAs, considering specific country contexts, particularly fragile and low-capacity contexts.

Recommendation 2. With the support of IFAD’s Member States, embed costing and budget alignment into the replenishment process.

6. **Management partially agrees with this recommendation.** The Consultation is a committee of the Governing Council and hence implementation of this recommendation also requires agreement from Member States. In line with recommendation 1, Management agrees that it is important to recognize trade-offs and prioritize commitments made during the Consultation process, ensuring that they are aligned with the resources and capacity available. To the extent feasible, Management will identify, during the IFAD14 Consultation, which commitments could be budget-neutral and which may have cost implications. More detailed costing would be included in subsequent budget documents submitted to the Executive Board as part of the annual budget process, including the three-year budget outlook.
7. As replenishment consultations primarily concern core resources, Management would not include budget implications relating to supplementary funds as these are outside the scope of replenishment. Supplementary funds are provided for specific purposes agreed bilaterally between IFAD and the contributor, in accordance with relevant procedures. Management will continue to ensure the complementarity of supplementary resource mobilization to the core replenishment process.
8. In addition, through results-based budgeting, Management is enhancing the ex ante link between outputs and budget allocations and will also be moving to monitoring budget actuals using existing systems and reporting mechanisms to support informed decision-making and strategic trade-off deliberations. Given the multi-year nature of project implementation, Management would urge caution on the use of “real-time” budget scenario planning as it may not serve IFAD’s needs and may result in additional costs to enhance systems and dashboards.

Recommendation 3. Further modernize IFAD’s budget systems in support of performance-driven delivery and strategic alignment.

9. Management **partially agrees** with the overall recommendation. The implementation of results-based budgeting is taking place in a progressive manner. Supporting budget systems are being updated and enhanced in a cost-efficient manner. The updated process has been applied in the development of the 2026 budget, supported by departmental inputs. Management provided the Executive Board with a three-year budget forecast in the 2025 budget document, though a decision to formally establish a three-year budget framework would need to be taken by the Governing Council.
10. A revised delegation of authority framework was first introduced in IFAD in 2019. Since then, more authorities have been delegated down and across the organization, in line with related decentralization and reform processes. The delegation of authority framework is a living document. While there have not been any recent requests for enhancing budget authorities relating to staff costs (which are standardized across the organization), Management will assess this area.
11. Regarding staff time tracking, instead of timesheets, IFAD will explore the experience in other international financial institutions with comparable business models and may develop a methodology and process for connecting staff costs to outputs, a process already ongoing as part of current enhancements to an ex ante budget preparation system. This builds on past efforts implemented under previous replenishments that enable Management to allocate staff costs by budget pillar and institutional output group.

Recommendation 4. Continue to optimize IFAD’s balance sheet to achieve maximum outreach and impact for lending.

12. **Management partially agrees with the overall recommendation.** This recommendation is largely aligned with IFAD’s ongoing capital optimization initiative, and the revised Capital Adequacy Policy and revised Integrated Borrowing Framework approved at the 146th session of the Executive Board. In line with the recommendation, Member States have recently approved the removal of the leverage ratio limit, which was deemed overly conservative. IFAD follows industry best practices, focusing its commitment capacity on long-term capital planning and monitoring of risk-bearing metrics such as the deployable capital and rating agency metrics (e.g. Fitch Usable Capital to Risk-Weighted Assets ratio [FRA] and Standard & Poor’s Risk Adjusted Capital ratio). In relation to market borrowing, Governing Council resolution 223/XLIV restricts bond issuance to private placements only. In December 2025, the Executive Board endorsed the Governing Council amendment of this resolution to permit commercial paper, but not public debt issuances, to finance projects and programmes.¹ This amendment was presented to the Governing Council in February 2026 for approval.
13. Borrowed Resource Access Mechanism (BRAM) volumes are based on demand, in line with IFAD’s risk-bearing capacity, and on risk limits established on the average rating of the BRAM portfolio and overall loan portfolio of IFAD. The only restriction for BRAM is the limit on share of resources for upper-middle-income countries (UMICs) as a percentage of the overall programme of loans and grants, as determined by the replenishment consultation. While it is correct that raising the lending limits for UMICs would favour higher returns, such a decision would need to be considered in the context of the replenishment consultations. Similarly, the volume of private sector operations financed on IFAD’s balance sheet is determined during the replenishment consultation, guided by financial and risk considerations and IFAD’s operational capacity for non-sovereign operations (NSOs).
14. Since the establishment of BRAM, Management has provided regular training to country teams, including through a dedicated BRAM training course in the Operations Academy. Regarding NSOs and private sector engagement, additional capacity-building is planned as part of the implementation of the [Private Sector Operational Strategy 2025-2030](#) and [IFAD non-Sovereign Operations Investment Strategy](#). Management will continue to ensure that new country staff are onboarded with the full range of training and guidance on IFAD’s country operations and tools.
15. Regarding cost attribution, Management is working on strengthening attribution of budget to specific deliverables as part of broader efforts to enhance results-based budgeting.

Recommendation 5. Prioritize transformational delivery at country level.

16. **Management partially agrees with the overall recommendation.** Elements of this recommendation will be implemented through adjustments to the project design process being developed under IFAD’s Operational Agility Initiative, leveraging the recalibrated organizational structure and strong collaboration between the Office of Development Effectiveness, Office of Technical Delivery, Procurement and Financial Management Division and Department for Country Operations with the aim of establishing a design process that is fit for purpose and risk based. Work is ongoing on to embed sustainability and scaling pathways into the project lifecycle, while seeking to keep designs simple and context-specific, and relying more on evidence, lessons and results. Management is also committed to implementing an adaptive and context-sensitive approach to country programme management, including utilizing project mid-cycle reflections as proactive

¹ [EB 2025/146/R.24](#).

opportunities for enhancing the probability of transformational change, and expanding use of multiphase adaptive programme approaches.² Management, through micro-grants, aims to be able to respond to government requests for policy support, with the objective of enhancing the sustainability of IFAD's investments. Implementation of the updated approach in fragile contexts will also ensure that IFAD's supervisory functions are responsive to realities on the ground and are risk based.

17. Management also confirms that it has reviewed the staff reassignment for the 2025–2026 exercise (now termed rotational mobility), taking into consideration lessons learned from past reassignment exercises and feedback from the IFAD Staff Association. The review aims to strengthen the match between staff skills and role requirements, improve alignment with operational delivery cycles, and balance organizational flexibility with staff continuity. In addition, there is an ongoing review of metrics used to determine appropriate staffing for IFAD country offices. However, Management cannot agree to review the standard duration of assignment as this is determined by United Nations duty station classifications, which are not under IFAD's control.

Recommendation 6. Support IFAD to introduce formal costing of commitments prior to their agreement.

18. **This recommendation is addressed to Member States.** Management presents its related response under recommendation 2.

² [EB 2024/142/R.25](#).