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Investing in rural people

## **Corporate-level evaluation on IFAD replenishments**

### **Note to Evaluation Committee members**

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Evaluation Committee — Eighty-second session  
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### Note to Executive Board Representatives

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Executive Board — 111<sup>th</sup> session  
Rome, 8-9 April 2014

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**For: Review**

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## **Acknowledgements**

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## Executive summary

1. Replenishment consultations are the means by which international financial institutions renew and sustain funding for their concessional programmes. They also provide a forum for strategic dialogue on the past results and future orientations of these organizations. IFAD's replenishment is an essential process for the Fund. How it evolves will have implications for IFAD's future in terms of its business model, governance in the broadest sense, and operational capacity and relevance.
2. Therefore, following agreement with IFAD Management, the IFAD Executive Board decided at its December 2012 session that the Independent Office of Evaluation of IFAD (IOE) would undertake the first corporate-level evaluation on IFAD replenishments (CLER) in 2013. The timing has been such that the evaluation feeds into the IFAD10 process, enhancing the real-time learning aspects and the immediate usefulness of the findings and recommendations. The trade-off has been an evaluation completed in a shorter time and with fewer resources than most corporate-level evaluations, while still covering a wide range of issues. Striking the right balance between depth and breadth of issues covered has thus been one of the evaluation's challenges.
3. The CLER has four main objectives:
  - (a) To help ensure accountability and especially learning from the replenishments;
  - (b) To assess the links between the replenishment process and policy and organizational change;
  - (c) To assess the relevance of the replenishment in its current form; and
  - (d) To identify potential areas of improvement and good practice from peer institutions (i.e. international financial institutions).
4. To meet these objectives, the CLER takes as its point of departure the objectives of the replenishment exercise. It then analyses the five corporate areas of greatest importance for meeting these objectives: governance; the replenishment process; the process of organizational change; the results area; and financial dimensions.
5. The evaluation is based on a thorough analysis of the context in which the replenishments take place. This is because global trends also affect IFAD, as clearly shown in the findings.
6. Indeed, global economic power structures are changing, and the aid architecture, instruments and tools, and partnerships are gradually adjusting to the new reality. The question for IFAD is how to use the replenishment exercise most strategically in this evolving situation to achieve the objectives of mobilizing resources, and ensuring consensus and support for its strategic direction and acknowledgement for its results.
7. Funding and support for development today goes well beyond official development assistance (ODA) from traditional donors; different opportunities arise as funding increasingly comes from new and emerging donors, the private sector, NGOs and various innovative funding mechanisms. New institutions are founded and strengthened; Arab aid institutions have significantly increased their delivery capacity; and the BRICS countries (Brazil, Russia, India, China and South Africa) are creating their own development institutions – all are potentially important new partners for IFAD. The full implications of these developments are, however, not yet clear.
8. ODA, together with multilateral aid, is declining while non-ODA sources of financing seem to be increasing. It is therefore likely that future development funding will

increasingly be provided as non-core rather than core funding, with implications for all international financial institutions, including IFAD. An evaluation of the World Bank's trust fund portfolio concluded that "while trust funds can add value by providing coordinated grant financing for specific countries, development issues, and especially global public goods, the deployment of trust fund resources does not consistently work in accordance with the Paris Declaration aid principles of country ownership and donor coordination."<sup>1</sup> Managing these funds requires a strategic and disciplined approach to ensure that they genuinely meet the interests of both donors and recipients.

9. Of specific interest, and encouragement, to IFAD is the fact that, globally, aid to agriculture shows an increasing trend, in particular for multilateral development assistance. This indicates widespread acknowledgement of the importance of agriculture; investing in agriculture can help achieve the first Millennium Development Goal – to eradicate extreme poverty and hunger by 2015 – and any related post-2015 goal. It is also recognition that international financial institutions, including IFAD, are well placed to address challenges and ensure results in this area. Bilateral donors in the governing bodies of these institutions have encouraged investments in agriculture, while in their bilateral programmes the increase in allocations to agriculture is less significant.
10. Following considerable increases in the past, growth in replenishments seems, however, to be waning for all international financial institutions, which increasingly have to mobilize funds from new sources. Competition for funds and donor earmarking are now key characteristics of multilateral aid. Moreover, although partnerships are generally seen as a sine qua non for any development institution, there is no doubt that rivalry for funds is likely to intensify. The need to demonstrate relevance and results will persist, and IFAD must make a convincing case for its place in the post-2015 aid architecture, while maintaining the generally good assessment of its efficiency and effectiveness.
11. Although traditional donors (List A) still provide the majority of IFAD's regular resources, the new global economic power structure means that IFAD is increasingly working with new groups of countries and institutions. In this respect, two issues need consideration: (i) non-traditional donors must be, and feel that they are, an integral part of the dialogue shaping each institution's agenda and business model; and (ii) they may favour non-core contributions, especially if they do not feel heard in the discussions on core contributions. In combination with the increasing trend towards earmarking from traditional donors, this could, in the long run, jeopardize the multilateral character of some institutions, including IFAD. A strategic use of the replenishment process may help IFAD manoeuvre successfully through these new emerging trends.
12. The role of the replenishment has evolved over time from a narrow focus on resource mobilization, and thus on donors, to a broader agenda with three interlinked objectives that engage all Member States, namely to: (i) mobilize resources; (ii) provide an opportunity for IFAD to explain its evolving strategy to reduce rural poverty and present its achievements and results; and (iii) provide an opportunity for Member States to offer strategic guidance to the organization. However, although the agenda and the scope of discussions have broadened, and the centre of gravity of the global economy has shifted dramatically since the initial replenishments, the membership of the replenishment has remained largely the same.
13. Comparing IFAD with peers in terms of voice and representation, however, shows how IFAD is ahead of peers in providing seats at the replenishment table to a

<sup>1</sup> The Independent Evaluation Group : Trust Fund Support for Development, 2011  
[https://ieg.worldbankgroup.org/Data/reports/ef\\_eval.pdf](https://ieg.worldbankgroup.org/Data/reports/ef_eval.pdf).

larger group of both traditional and new donors, and to borrowing countries. IFAD's lead can, for the most part, be explained by its history as a partnership involving the countries of the Organisation for Economic Co-operation and Development, the members of the Organization of the Petroleum Exporting Countries, and developing countries. However, new efforts may be needed to revive and preserve this perception of a joint responsibility. Both formal and informal participation in the consultation process needs to be matched more closely with the triple objectives. In this respect, the classification of members into three categories<sup>2</sup> (the "List system"), which is unique to IFAD and not applied in any other international organization, seems under some pressure. A particular challenge is List C, where a large number of highly heterogeneous countries share 18 seats, with the implication that, whereas List A and B Member States participate as sovereign, individual states, List C members participate as representatives of a group of countries.

14. As regards the process itself, IFAD has institutionalized, professionalized and streamlined the replenishments, while introducing some major innovations over time. As a result, Member States are generally satisfied with both the efficiency and effectiveness of the process.
15. Nonetheless, two questions are worth considering. The first is whether the issues discussed at the replenishment consultations could be discussed more efficiently or effectively, or with a greater sense of ownership, in any other forum. The only existing options are the Executive Board and the Governing Council. Neither, in its current form, seems a valid option. The Executive Board has insufficient representation and too heavy an existing agenda to be able to give such important discussions the attention they merit. And the Governing Council is too large a setting, which is why it delegates the periodic replenishment of IFAD's resources to a dedicated committee (i.e. the replenishment consultation committee).
16. The second question concerns the extent to which the replenishment drives change in IFAD. The answer is: to a large extent. Evidence also shows, however, that the replenishment in turn is driven and influenced by the external environment. Many changes introduced through the replenishment respond to external challenges and global issues that IFAD, like its peers, would in all likelihood have had to address in any event. One example is the strong focus on results over the past decade.
17. The replenishment, with its List-based representation but manageable number of delegates, therefore constitutes at present probably the most effective forum for a collective discussion of the relevance of these challenges for IFAD, and the most appropriate way to address them. Nonetheless, some fairly modest changes would give all Member States a greater sense of ownership of the process and its outcomes. Ownership and relevance could, for instance, be enhanced through working groups or informal sessions. As peer institutions have shown, these can be useful for facilitating the resolution of contentious issues and providing additional time for discussing results or strategic direction. The duration of the cycle also merits review, including with respect to the implications for improving the mid-term review (MTR) of each replenishment.
18. Accountability for development results is implicit in the second objective of the replenishment, and results have been a major focus of all replenishments reviewed. The IFAD9 commitment matrix and the Results Measurement Framework (RMF) have evolved over time, and efforts to streamline and align the two processes have led to a fairly successful reporting system. However, despite this, three issues are of concern: (i) IFAD's MTR of replenishments is almost an integral part of the first meeting of the next replenishment because of the three-year cycle and the 9- to 10-month negotiation period for each replenishment; (ii) IFAD is

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<sup>2</sup> Resolution 86/XVIII

spending less time on the discussion of results than its peers; and (iii) the RMF, to be truly useful for managing for results rather than just reporting on results, needs an explicitly articulated theory of change. IFAD, which is well recognized among donors for its strong results measurement capacity and its openness to innovation, continues to improve the system. As part of IFAD9, IFAD Management made a commitment to conduct, and report on the results of, 30 impact evaluations by the end of the replenishment period. This effort is ongoing but will require tighter management to ensure the timely delivery of results. The impact evaluations are expected to provide critical inputs that will allow IFAD to construct strong causality chains, including at the highest strategic levels.

19. With regard to the resource mobilization objective, there is no doubt that the replenishment is, and will remain, the foundation of IFAD's operations. Although fewer countries contributed to IFAD9 than to IFAD7 or IFAD8, it is noteworthy that more countries contribute to IFAD replenishments than to those of any of IFAD's peers. For instance, only 46 donors contributed to the International Development Association's newly concluded 17th Replenishment, while 78 contributed to IFAD9; this attests to the still-strong sense of ownership among IFAD's membership.
20. Replenishment contributions are part of regular resources. As such, they generate reflows and are not earmarked. They are the most useful funds that IFAD has since they fund its core mission. Moreover, IFAD, with the oversight of the governing bodies, can exercise discretion in their use. They therefore give the Fund the flexibility it needs to maintain its strategic direction or respond to emerging issues. Continued efforts are needed to mobilize replenishment contributions, but current trends are not encouraging. IFAD must therefore intensify its efforts to reach out and engage where the potential is greatest.
21. IFAD-administered resources are an essential supplement to regular resources, enabling IFAD to finance its full programme of loans and grants. Efforts to mobilize such resources are ongoing under the Additional Resource Mobilization for IFAD (ARM) initiative, but the success of this initiative still remains to be seen. The evaluation emphasizes the need for IFAD-administered resources to be provided so that (i) they only finance activities squarely within IFAD's strategic framework; (ii) the governing bodies are able to fulfil their supervisory role vis-à-vis these resources; (iii) they are of a "minimum quality", i.e. earmarking and additional administrative burdens must be minimized; and, most important of all, (iv) they must be truly additional, bringing in new resources and not displacing core resources.

### **Summing up**

22. The replenishment process has become increasingly efficient and effective in meeting its triple objectives. It continues to be relevant in that it provides predictable three-year financing and a reasonably representative platform for discussing results and strategic direction. Improvements in process and representation may lead to even stronger ownership than is currently the case.
23. However, some fundamental concerns need to be addressed, in addition to some less fundamental but still important challenges raised in the report. The increasing use of earmarking carries risks to effectiveness, efficiency and governance. In terms of ownership, the List-based system of representation, valid when IFAD was established, has not kept up with global economic development. An otherwise strong results measurement system needs a clearly articulated theory of change to be truly useful for managing results rather than solely reporting on them. And, the duration of the replenishment and ways to broaden IFAD's engagement with its membership in the process are issues that need further study.
24. Trust in the institution is what, in the end, is most likely to give IFAD the support it needs from donors and partners. IFAD has gained this trust in many ways, including through a high level of transparency, a willingness to examine even



difficult issues through evaluations, and a responsiveness to issues raised during replenishment consultations. If, however, the fundamental principle of joint responsibility for IFAD is to be preserved, the original burden-sharing arrangements must be re-examined in the light of current global developments. A strategic use of the replenishment process, with strong and open formal and informal communication, with solid and realistic financial projections, and with well-researched and well-presented thematic and issue papers, is likely to add to the "trust-capital" that IFAD already has, and may help build and strengthen the bridges among the membership necessary for assuming the joint responsibility for IFAD.

## **Key recommendations**

### **In the run-up to the IFAD10 consultation**

25. A strong forwards- and backwards-looking case should be made for IFAD at the outset of the consultations, keeping in mind the three main objectives of the replenishment. This can be achieved by: (i) ensuring a comprehensive MTR of IFAD9 with good documentation and also sufficient time to discuss the results of IFAD8; and (ii) providing a longer-term perspective through the presentation of a "light" strategic vision to supplement the short three-year perspective.
26. Efforts should be made to engage borrowers by demonstrating how IFAD is relevant to them. This could be done through specific cases or statements that give real-life examples and input to the dialogue. Presentations by IOE of the Annual Report on Results and Impact of IFAD Operations and key evaluations relating to the issues on the agenda would further demonstrate IFAD's commitment to accountability and learning.
27. The presentation of a well-articulated theory of change based on the RMF, and clearly illustrating with examples how the different strategic documents are linked and used for management purposes, would further strengthen IFAD's claim that it manages for results. It may also help Member States link funding more closely to results.
28. New formal and informal initiatives should be tested to provide opportunities for amplifying the voice of countries that are underrepresented in the replenishment. Consideration could, for example, be given to preparing side events at the Governing Council before the first replenishment consultation meeting to discuss the agenda; a similar event could be arranged to present the consultation report the following year.

### **Beyond IFAD10**

29. The List system should be re-examined to reflect changes in the international architecture, building on experience with the existing system of Friends and Convenors to ensure that what works well is maintained.
30. A review of the MTR should be conducted to determine the appropriateness of the timing (and the possibility of a longer replenishment period), the scope (including the possibility of presenting a completion report of the previous replenishment), the time allocated, and the documentation (including how IOE could support the MTR's objectives more effectively).
31. Close collaboration should be established with the International Development Association and the African Development Bank to consider how best to assess the implications of a longer replenishment period. Their pros and cons may be different than those of IFAD, but an exchange on methodology would be useful. Such a study could possibly be conducted within the auspices of the Comprehensive Evaluation Platform for Knowledge Exchange.
32. Monitoring of global financial trends is essential but not sufficient to position IFAD to benefit from positive trends and counter negative ones; greater effort must also

be made to engage with strategically important groups of Member States and potential new financing partners. A “stop-go” approach should be avoided and replaced by a continuous engagement strategy, in particular with countries indicating interest in providing replenishment contributions.

33. It is also recommended that the implications of the ARM initiative be reviewed and analysed in terms of management approach to ensure appropriate oversight and the funding of only activities that are within IFAD’s strategic framework and that have a minimum quality.
34. The membership should consider initiating an informal dialogue on burden-sharing among Lists, including a discussion of the link between replenishment participation and financial contribution.

# Corporate-level evaluation on IFAD replenishments

## Main Report

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## Abbreviations and acronyms

ACA	Advanced Commitment Authority
ACP	Agreement at Completion Point
ADB	Asian Development Bank
AfDB	African Development Bank
AfDF	African Development Fund
AGGI	Arab Coordination Group Institutions
ARRI	Annual Report on Results and Impact of IFAD Operations
ASAP	Smallholder Agriculture Programme
AsDF	Asian Development Fund
BRICS	Brazil, Russia, India, China, South Africa
CLE	Corporate Level Evaluation
CLEE	Corporate-level Evaluation on IFAD's Efficiency
CLER	Corporate-level Evaluation on Replenishments
COSOP	Country Strategic Opportunities Paper/Programme
DAC	Development Assistance Committee
EB	Executive Board
EU	European Union
FAO	Food and Agriculture Organization of the United Nations
GC	Governing Council
GDP	Gross Domestic Product
HIPC	Highly Indebted Poor Countries
IDA	International Development Association (World Bank)
IEE	Independent External Evaluation
IFAD	International Fund for Agricultural Development
IFIs	International Financial Institutions
IOE	Independent Office of Evaluation of IFAD
MDBs	Multilateral Development Banks
MDG	Millennium Development Goal
MICs	Middle-income countries
MTP	Medium-term Plan
MTR	Mid-term Review
NGO	Non-Governmental Organization
ODA	Official Development Assistance
OECD	Organization for Economic Co-operation and Development
PBAS	Performance Based Allocation System
PCR	Project Completion Reports
PoLG	Programme of Loans and Grants
PRM	Partnership and Resource Mobilization Office
RIDE	Report on IFAD's Development Effectiveness
RIMS	Results and Impact Management System
RMF	Results Measurement Framework

# Corporate-level evaluation on IFAD replenishments

## Main report

### I. Background

#### A. Introduction

1. Replenishment consultations are the means by which Multilateral Development Finance Institutions renew and sustain funding for their concessional programmes. IFAD's replenishment is an essential process for the Fund; how it evolves will have implications for IFAD's future both in terms of the business model, governance in the broadest sense, and its operational capacity and relevance. Given the constrained volumes of development assistance, competition among institutions, the "Shifting Wealth"<sup>1</sup> and its implications for the global post-2015 agenda and architecture, it is timely to examine this fundamental process to ensure that it accomplishes its purpose and achieves its full potential.
2. In the case of IFAD, replenishment processes usually last a one year period with a series of meetings ("consultations") between member states and IFAD management. Thus far, nine replenishments have taken place since the establishment of the Fund (over and above the initial contributions made by member states), with the tenth replenishment consultation foreseen in 2014. Each replenishment consultation is concluded with a report and resolution which is presented for approval to the Governing Council. The report includes, *inter-alia*, an agreement on IFAD's strategic priorities, programme of loans and grants, and financial contributions that will be made by member states in the corresponding replenishment period (which normally covers a three year period<sup>2</sup>).
3. Following agreement with the IFAD Management, at its December 2012 session, the IFAD Executive Board decided that the Independent Office of Evaluation (IOE) would undertake the first corporate-level evaluation on IFAD's replenishments (CLER) in 2013.
4. It is important to underline that the CLER was started in January 2013 and therefore conducted in a shorter timeframe, as compared to the average time take to complete other corporate level evaluations by IOE<sup>3</sup>. This is because IOE wanted to enhance the usefulness of the CLER and make sure its final results and recommendations could feed into, as early as possible, the consultation on the tenth replenishment of IFAD resources (IFAD10) to take place in 2014.
5. It could however in retrospect be rightly argued that alternatively the CLER may have been done at the end of IFAD10 replenishment consultation process (e.g., in 2015), which would have allowed a better assessment of two consultations on IFAD replenishments that featured an external chair and mid-term reviews of two previous replenishments<sup>4</sup>. Having said that, this evaluation includes an assessment of the use of an external chair and the preparation of a mid-term review in IFAD9, as well as the decisions to adopt similar approaches for IFAD10. Moreover, considering the substantial benefits of the reflection that always accompanies an

<sup>1</sup> [http://www.pnowb.org/admindb/docs/OECD%20Seminar%20on%20Shifting%20Wealth\\_150210\\_edited.pdf](http://www.pnowb.org/admindb/docs/OECD%20Seminar%20on%20Shifting%20Wealth_150210_edited.pdf).

<sup>2</sup> For example, IFAD8 replenishment consultation was conducted in 2008, and the corresponding replenishment period was 2010-2012. IFAD9 took place in 2011 and the IFAD9 period was 2013-2015.

<sup>3</sup> On average, IOE corporate level evaluations usually take around 18 months (and in some cases more time), whereas the CLER was completed only in 13.5 months (January 2012 to mid-February 2014).

<sup>4</sup> IFAD9 (conducted in 2011) was the first time that an independent external person (and not the President) was identified to chair the consultation on IFAD's replenishment. The same arrangements are in place for IFAD10. Likewise, a thorough mid-term review was conducted for the first time on the implementation progress of IFAD8 commitments and its results presented to IFAD9. A mid-term review of IFAD9 will be presented to the first session of IFAD10 in February 2014.

evaluation where critical questions are posed, delaying the evaluation would not allow for a timely independent assessment and discussion of other critical topics of interest covered by this CLER, such as the corporate results framework, voice and representation, and financial perspectives. The review and discussion of these issues and the sharing of good practices from peers (i.e., other multilateral development banks that also mobilise resources through periodic replenishments) in the period of preparing for IFAD10 allowed a mutually fruitful exchange between IOE and IFAD management and led to the early introduction of some innovative practices, for example the preparation of a Strategic Vision for IFAD.

6. Other Multilateral Development Banks (MDBs) and a number of vertical funds, such as the Global Fund to Fight AIDS, Tuberculosis and Malaria, which mobilize resources for concessional programmes through replenishments, have undertaken evaluations that have typically focused on replenishment results, not the process itself. However, the success in fulfilling the objectives of the replenishment depends to a very large extent on the efficiency and effectiveness of the process, and given the imminence of the IFAD10, this focus was therefore deemed relevant by management and member states. This is therefore the first comprehensive evaluation among MDBs that has as the key focus the replenishment process and with a broad scope that includes issues such as context, voice and representation, financial perspectives, and governance.
7. This report is structured in four chapters. A background chapter providing the *raison d'être* of the evaluation, and explaining the evaluation framework including its objectives, methodology, process, scope and limitations. A context chapter setting and analysing the context in which IFAD replenishments takes place. A chapter presenting key findings in the six key areas of study. The final chapter summarizes the evaluation's conclusions and recommendations. Eight annexes have been prepared on different topics to keep the main text sharp. These annexes provide evidence and further details to support the evaluation.

## **B. Objectives, methodology and process**

8. It is difficult to find in IFAD another process that has implications for and involves as many aspects and stakeholders of the organization as the replenishment process does; many different and dynamic dimensions, aspects, viewpoints, processes, and actors contribute to the complexity. The approach developed aims to respond to this by focusing on both the "how" and "what", and including a strong process review aspect (see methodological annex for more detail – Annex 1).
9. The CLER has four main **objectives**:
  - (e) Help ensure accountability and especially learning from the replenishments;
  - (f) Assess the links between the replenishment process and policy and organizational change;
  - (g) Assess the relevance of the replenishment in its current form; and
  - (h) Identify potential areas of improvement and good practice from peer institutions (i.e., other multilateral development banks).
10. In order to fulfil the aforementioned four main evaluation objectives, the focus of the analysis was to first clarify the objectives of the replenishment and subsequently examine five broad, inter-related issues with major implications for those objectives. These are: (i) Replenishment objectives; (ii) voice, representation and governance; (iii) the relevance and effectiveness of the replenishment process; (iv) replenishment and policy and organizational change; (v) replenishment effectiveness and results; and (vi) financing perspectives. Given the prominence and timing of the replenishment consultation, this approach is chosen to address issues of immediate concern to staff, management and Members states and hence ensure as useful and real-time an evaluation as possible, with a focus on how well

the replenishment fulfils its objectives. This has taken precedence over a more theory-based approach.

11. The evaluation is a forward-looking (formative) evaluation in the sense that it was conducted in parallel with and feed into the preparations for IFAD10, providing information on what works effectively and is relevant to whom, and identifying how improvements might be made. It is retrospective (summative) because it looks back to IFAD's Seventh, Eighth and Ninth Replenishments (IFAD7, IFAD8 and IFAD9) and examines how the Fund has responded to members' requests and directives in the past three replenishments. A thorough, independent review and assessment of these commitments and the actions they engendered would have been desirable, but given time and resources available was not feasible. Instead, an approach that carefully reviewed the systems in place to track and report on commitments was applied, and this assessment was complemented and triangulated with other existing independent external assessments, including MOPAN, the CLEE and the Peer review of IFAD's evaluation function.
12. In this regard, it is also important to recall, the agreement with the IFAD Management and Evaluation Committee at the outset of the CLER, that the assessment would not attempt to determine in any depth the operational results of replenishments, or impact of commitments<sup>5</sup>. This is because the restricted time and resources available to undertake the CLER would make it particularly challenging to develop the required evaluation methodology and data collection processes to robustly establish a convincing link between policy and organisational changes promoted by the replenishments and the results visible on the ground. In particular, the results of IFAD9 cannot in any case be assessed at this point in time, as the CLER was conducted in the first year (2013) of the IFAD9 period (which runs from 2013-2015). Hence, in this regard, the CLER primarily reviewed the process, commitments as well as efforts made by the Fund's Management to put in place systems, processes and instruments to fulfil the commitments made for the IFAD9 period.
13. A key activity in designing the evaluation was the preparation of a concise **evaluation framework**, which may be seen in Annex 7 of the main report. The framework, which is presented as a matrix, maps the six main inter-related issues (see paragraph 10 above) covered by the CLER, with the key questions to be answered and the main instruments and activities for data and information collection. The evaluation framework was developed in the preparatory phase of the evaluation, and attached as an annex to the CLER Approach Paper.
14. This evaluation has relied on a variety of data and information sources, which have been **triangulated** according to good international evaluation practice in formulating CLER conclusions and recommendations. These include a review of numerous relevant IFAD documents, including evaluation reports and the results from a survey of Board members undertaken in 2012 in the context of the corporate level evaluation on IFAD's efficiency (CLEE) that included specific questions on IFAD's replenishment process; replenishment and Executive Board verbatim records; review of activity and documents on the membership platform, bilateral interviews with IFAD management, staff and member state representatives; a further electronic survey in 2013 focused on the replenishment process of member state representatives who took part in previous replenishment processes; validation sessions, respectively, with IFAD management and staff as well as the Evaluation Committee to capture their feedback on the main findings and recommendations before the report was finalised. Detailed and targeted

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<sup>5</sup> *The evaluation will not, however, evaluate whether these policy and organizational changes have enhanced IFAD's development results on the ground, as the time and resources needed to do this are not available* - paragraph 34 of the CLER Approach Paper, discussed with the Evaluation Committee at its 76<sup>th</sup> session in April 2013 – document EC 2013/76/W.P.6/Rev.1.

interview protocols were developed for each of the six areas of focus and for different groups of interviewees, and summary notes were prepared after each interview and shared within the team. Key interviews were also recorded. Comparison was also made with international financial institutions that mobilise resources through similar replenishment processes. A dedicated website was developed to ensure full transparency of and access to all relevant documents for the evaluation team; this now holds a very significant body of evaluative evidence and reports for future analysis and updating if required.

15. Also, in line with good evaluation practice and fundamentals, attention has been devoted to ensuring a clear **evidence trail** in the CLER, to bring reassurance to the reader that the evaluation is based on solid foundations. This has been done, *inter-alia*, by including boxes at the end of each chapter summarising the key points, cross referencing the conclusions in chapter IV with relevant sections in the main findings contained throughout the body of the CLER report, and also cross referencing the key recommendations (chapter IV) with the evaluation's conclusions. Furthermore, to provide as user-friendly a report as possible, two innovations have been introduced. Firstly, to facilitate reading, the report has been written so that the first, bolded, sentence in each paragraph summarizes the key finding of that paragraph, a practice also followed in a number of World Bank reports, and secondly to facilitate in depth review, rather than provide simply the title of key reference documents, the links to these documents have been provided where possible.
16. The CLER was conducted in **five phases**:
  - (i) **Preparatory phase:** This included the preparation of the approach paper. It provides an overview of the evaluation's objectives, methodology, key questions, process, timelines and other related information. The draft approach paper<sup>6</sup> was discussed both with the IFAD Management and staff as well as with the Evaluation Committee, to ensure their priorities and questions would be addressed during the evaluation. The preparatory phase also included identifying consultants to support IOE in this evaluation.
  - (ii) **Desk review phase:** A substantial body of documents were thoroughly reviewed (see list of documents consulted in Annex 4) including evaluation reports, replenishment related documents, self-evaluations, historic data on financial contributions, documents from international financial institutions, and other relevant reports.
  - (iii) **Engagement with informants and analysis of data:** Interviews were conducted in Rome and by telephone with selected capitals, an electronic survey was administered to capture a variety of views of member state representatives, and an emerging findings workshop held in Rome. Annex 3 provides a list of member state representatives and individuals in the IFAD management with whom bilateral discussions were held at different points during the evaluation process.
  - (iv) **Report writing phase:** After the draft final report was prepared, as per normal practice, it was exposed to an internal peer review within IOE. Thereafter, it was shared with the IFAD management twice for comments, which have been duly considered in the final report. An 'audit trail' was prepared and shared with the Management, illustrating how their comments were incorporated in the final report. Finally, as mentioned earlier, a dedicated discussion was held with IFAD management and the Evaluation Committee on the draft final report, which served to validate the main findings and recommendations.

<sup>6</sup> The full approach paper may be seen at <https://webapps.ifad.org/members/ec/76/docs/EC-2013-76-W-P-6-Rev-1.pdf>.



- (v) **Finalization of the evaluation, including communication and dissemination:** The final evaluation report was discussed in the 81<sup>st</sup> session of the Evaluation Committee in March 2014, and the Executive Board in April 2014, together with IFAD management's written response. The final report will be disseminated as per normal IOE practice. For example, it will be made publicly available on the IOE section of the IFAD website, and shared with key partners and stakeholders.
17. It is useful to note that IOE benefitted from the contributions of two **Senior Independent Advisers (SIAs)**.<sup>7</sup> They reviewed and provided incisive comments on the draft approach paper, emerging findings, and the draft final CLER report.
18. **Limitations.** In terms of the overall conceptualization of the evaluation, it has addressed a wide spectrum of issues in a short time and with limited resources; this has necessarily meant trade-offs in terms of depth of analysis on some issues, in particular with respect to tracking and assessing results. To address this, throughout the report a special effort has been made to identify the key areas where IFAD should consider initiating additional work and analysis to gain more in-depth insights, or cover a wider scope of analysis. In terms of documenting findings and ensuring solid evidence, one challenge has been that interviews have been a key source of primary evidence, and while some staff had experience going back several replenishment periods, only few consultation members had experience from more than one replenishment cycle. Several key informants were based in their capitals, also making access an issue. To address this limitation, detailed analysis of verbatim records, minutes of meetings, and documents from the Membership platform have been used. Lastly the response rates for the 2013 survey was low, even though the CLER was able to draw on the results of another survey done in 2012 in the context of the CLEE. The 2013 survey results has therefore been used mainly as a tool for triangulation for selected evaluation questions - confirming findings for which other evidence exists - rather than as a primary source of evidence.

#### **Key points: The Replenishment Evaluation**

- This is the first corporate level evaluation by IOE on IFAD replenishments, with the ultimate aim to inform the IFAD10 replenishment consultation in 2014.
- While few other MDBs have undertaken similar evaluations, this is the first of its kind as it focuses on replenishment objectives and process, voice and representation, governance, financial perspectives, and related issues.
- The CLER covers the seventh, eighth and ninth IFAD replenishments.
- As agreed at the outset of the process with both the Management and the Evaluation Committee, the CLER does not attempt in any significant manner to assess the development results achieved by IFAD in reducing rural poverty on the ground during the three replenishments covered by the evaluation, or assess directly the implementation of replenishment commitments, but assesses IFAD's own capacity to do so.
- Evaluative judgements have been based on triangulation of multiple sources of data and information, primary and secondary. Emphasis has been devoted to illustrating coherently the CLER's evidence trail.
- The evaluation was undertaken in five phases, and benefitted from the insights of two internationally reputed Senior Independent Advisers.

<sup>7</sup> Robert Picciotto, former Director General of the Independent Evaluation Group of the World Bank; and Calisto Madavo, former Vice President for Africa Region in the World Bank.

## II. Global context

### A. Overview

19. **Funding and support for development today goes well beyond Official Development Assistance (ODA) from traditional donors.** Previously, when looking at support for development, the focus has often been mainly on ODA from members of the OECD's Development Assistance Committee (DAC). However, the rapid evolution of the global economy has caused this focus to shift. Over the past ten years or so, developing countries have grown nearly four times faster than developed, and that trajectory is expected to continue; with that growth comes a global responsibility, and a larger role in the global aid architecture.
20. **New opportunities emerge as funding increasingly comes from new donors, private sector, NGOs, and various innovative funding mechanisms.** Developing countries are no longer just recipients of aid, they are also providers. In 2008, new emerging donors contributed between US\$12 and US\$14 billion in ODA – equivalent to nine or ten per cent of global ODA. Today, private sector financial flows dwarf ODA and some philanthropic contributions dwarf bilateral government aid. All of this opens up new opportunities for financing and supporting development, opportunities that are all the more important when examining the trends of ODA<sup>8</sup>. IFAD has fully recognized this and aims to raise and leverage funds through the replenishment and additional funds through its Alternative Resource Mobilization (ARM) initiative. To support these efforts a new office was established in 2012<sup>9</sup>.
21. **ODA, in absolute terms, has declined and a further decrease is projected, despite political commitment to the 0,7 per cent target.** Aggregate ODA, as recorded by the OECD/DAC in the 2012 DAC Report showed a two per cent fall in 2011, the first drop in net ODA since 1997, and a further drop of four per cent in
22. real terms in 2012. The report cites the impact on ODA from the continuing financial crisis and euro zone turmoil, which has led several governments to reduce budgets<sup>10</sup>. This is confirmed in the OECD Survey on Donor's Forward spending plans 2013-2016, which also include projections from major non-DAC donors and which conclude that: "Looking beyond 2013, global CPA<sup>11</sup> is expected to stagnate over 2014-2016"<sup>12</sup>. As for the EU, the biggest ODA donor, in 2012 the total ODA of the EU Member States decreased from EUR52.8 to EUR50.6 billion, or from 0.42 per cent to 0.39 per cent of GNI and the EU Accountability report 2013 on Financing for Development concludes that there is "limited or no progress on EU commitments concerning volumes of ODA"<sup>13</sup>. Without substantial additional efforts by most Member States, the EU Member States' ODA would increase only to 0.43 per cent of GNI by 2015. However, this masks significant individual performance differences as evidenced by the call made by the European Council on the four Member States at or above the 0.7 per cent ODA/GNI level to maintain their efforts and exhorting "the seven Member States above their 2010 individual targets to continue the actions to ensure reaching their targets; and the 20 Member States

<sup>8</sup> OECD; Policy Brief on Multilateral Aid. [http://www.oecd.org/dac/aid-architecture/13\\_03\\_18%20Policy%20Briefing%20on%20Multilateral%20Aid.pdf](http://www.oecd.org/dac/aid-architecture/13_03_18%20Policy%20Briefing%20on%20Multilateral%20Aid.pdf).

<sup>9</sup> Partnership and Resource Mobilisation office (PRM) headed by a Director and Senior Adviser to the President.

<sup>10</sup> OECD Press Release, 03/04/2013.

<http://www.oecd.org/dac/stats/aidtopoorcountrieslipsfurtherasgovernmentstightenbudgets.htm>.

<sup>11</sup> Country Programmable Aid (CPA), also known as "core" aid, is the portion of aid donors programme for individual countries, and over which partner countries could have a significant say. CPA is much closer than ODA to capturing the flows of aid that goes to the partner country, and has been proven in several studies to be a good proxy of aid recorded at country level.

<sup>12</sup> Outlook on Aid: Survey on donors forward spending plans 2013-2016 <http://www.oecd.org/dac/aid-architecture/OECD%20Outlook%20on%20Aid%202013.pdf>.

<sup>13</sup> European Commission, Staff Working paper. EU Accountability Report 2013 on Financing for Development.

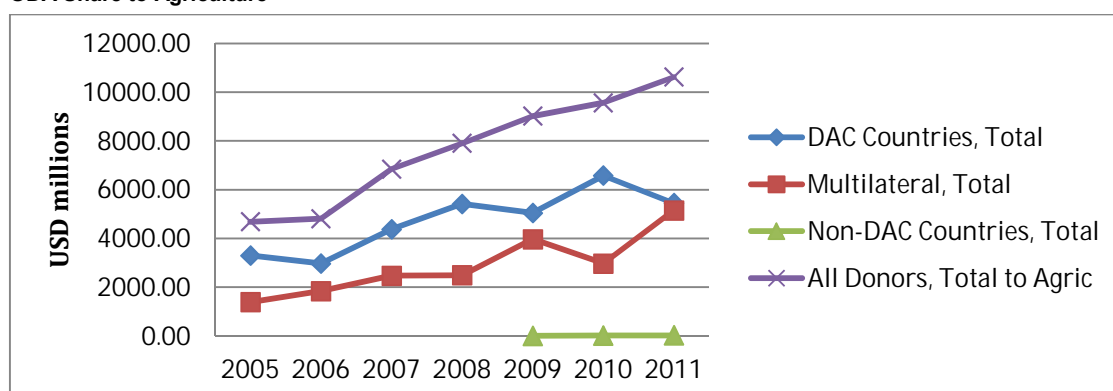
that have not yet reached the agreed individual targets for 2010 to deploy the necessary efforts to resume a positive trajectory to meet their targets.”<sup>14</sup>

23. **By contrast, ODA to agriculture shows an increasing trend, driven by multilateral aid.** The total ODA in absolute terms to agriculture increased from US\$4,685 million in 2005 to US\$10,619 million in 2011. The share of DAC member ODA to agriculture showed only a small increase in real terms over the period, but in relative terms DAC donors increased their ODA to agriculture from 4.7 per cent in 2008 to 5.1 per cent. The large increase stems from multilateral aid to agriculture, which increased from six per cent to ten per cent and in absolute terms was almost as much as that provided by DAC donors. Furthermore, non-DAC donors have also favoured agriculture and increased from virtually none to 1.7 per cent of total ODA. Figure 1 shows trends in ODA to agriculture from 2005 to 2011.

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<sup>14</sup> Council of the European Union, conclusion of 3241 Foreign Affairs Council Meeting, 28th May 2013, Press Release.

Figure 1  
ODA Share to Agriculture



Source: OECD (2012), "Creditor Reporting System: Aid activities", *OECD International Development Statistics* (database). doi: [10.1787/data-00061-en](https://doi.org/10.1787/data-00061-en) (Accessed on 22 August 2013).

24. **But ODA does not necessarily go where it is most needed and inequality is emerging as a key post-2015 issue.** The OECD in its projections state that: "It is important to note, above and beyond overall levels, that on a country by country basis, CPA is not being programmed to where it is most needed."<sup>15</sup> The analysis shows that the major increases are projected for middle-income countries. It furthermore stresses that "for the countries that experience the largest MDG gaps and poverty levels, the survey reveals a significant reduction in programmed aid, amounting to nearly half a billion dollars. (...) It is fundamental that the international community sustain funding to countries where concessional resources represent an important share of their overall development finance resources." The issue of inequality is thus high on the post-2015 agenda, both in terms of aid allocation patterns<sup>16</sup>, and in terms of in-country inequality.
25. **Food security is also a core issue for the post 2015 agenda, with several key players involved.** The food crisis in 2007-2008 led to calls from both G10 and G20 to increase in aid to the agriculture sector, and donors committed to quantitative targets to agriculture and food security. UN member states had also in MDG1 committed to halving the proportion of people who suffer from hunger. Although progress has been made, about 870 million people are estimated to be undernourished today and more than 100 million children under five are still underweight. Yet, hunger may be the world's number one solvable problem, according to the UN System Task Team on the Post 2015 UN development agenda prepared by IFAD, FAO and WFP. A background research paper for the High Level Panel on the Post-2015 Development Agenda<sup>17</sup> provides a compelling case for IFAD in highlighting issues that are at the core of IFAD's mandate: "The world needs to be food secure. The world needs agriculture to contribute to inclusive economic development. And the world needs to reduce agriculture's impact on the environment". IFAD has been actively engaged in the process of shaping the Post 2015 agenda, including through a dedicated task force whose Steering Committee is chaired by the President<sup>18</sup>.

## B. ODA/Multilateral trends

26. **Forty per cent of ODA flowed through the multilateral system in 2010, but the share is projected to decline and multilateral organizations increasingly mobilize funds from other sources.** The share of aid delivered by

<sup>15</sup> <http://www.oecd.org/dac/aid-architecture/OECD%20Outlook%20on%20Aid%202013.pdf>.

<sup>16</sup> CFP Working paper Series No 7 Will countries that receive insufficient aid please stand up? , September 2010.

<sup>17</sup> Food Security, Inclusive Growth, Sustainability, and the Post-2015 Development Agenda, Craig Hansen, World Resources institute.

<sup>18</sup> The post-2015 global development agenda: IFAD's engagement.

multilateral organisations has grown steadily over the past 20 years reaching US\$54.3 billion in 2010, equivalent to 40 per cent of gross ODA from DAC member countries, but according to the OECD/DAC 2012 Multilateral report, a future reduction in multilateral aid in line with the predicted fall in overall ODA, is likely. Based on an analysis of the OECD DAC Survey on Donors' Forward Spending Plans for 2012-2015, the 2012 DAC report states that "projections may indicate the beginning of a drying-up of the traditional source of multilateral funding, a trend evidenced by multilateral organisations' effort to diversify their funding base in order to mobilise more resources from middle-income countries, private foundations, and through innovative financing". Indeed, 17 per cent of contributions to UN operations in 2010 came from non-governmental organisations, public-private partnerships, and other multilateral organisations (including global funds)<sup>19</sup>. And the MDBs also broaden their resource base: 4.2 per cent of IDA's 16th Replenishment came from non-DAC members, and two per cent of AsDF XI's record US\$4.6 billion was from non-DAC members. The 2012 projections were confirmed in the 2013 survey which predicts a decline of 1 per cent in real terms from 2011, but also states that "increased efforts by non-DAC donors of nearly USD 1 billion in 2012, corresponding to +36 per cent over 2011, counter the DAC decline".

27. **Competition for funds and donor earmarking increasingly characterize multilateral aid.** Examining further the composition of multilateral aid, three trends deserve mention:

- First, there is a fairly consistent historical pattern of DAC donors providing the majority of their support to five clusters of multilaterals; the European Development Fund (36%), IDA, (22%), United Nations Funds and Programs (9%), the African and Asian Development Banks (5% and 3% respectively), and the Global Fund for AIDS, Tuberculosis and Malaria (7%)<sup>20</sup>. The remaining more than 200 multilateral organizations, funds or trust funds together receive less than 20% of total multilateral aid.<sup>21</sup>
- Second, donor are increasingly assessing these organizations based on a variety of parameters to inform their allocation decisions Three broad questions appear to drive these various assessments: i) What is the direct return on investment, or "value for money"?; ii) What is the ability and capacity of the organisation to deliver its mandate?; and iii) To what degree does the institution deliver against the policy priorities of an individual donor?
- Third, increasingly donors provide funds as non-core, earmarked contributions (see Box 1 for definition of core/non-core). In 2010, US\$37.6 billion was provided to multilaterals to fund core activities, and US\$16.7 billion in non-core funding channelled through and implemented by the multilateral system; but, where core contributions remain at about 28 per cent of total ODA, non-core or earmarked contributions have shown a steady increase from 8 per cent of total ODA in 2007 to 12 per cent in 2010<sup>22</sup>. While indispensable to finance multilateral institutions' activities, such *de facto* earmarked funds however carry constraints: "non-core (or earmarked) aid to multilateral organizations contribute to fragmentation and may further complicate it on the ground"<sup>23</sup>. In IFAD, the Adaptation for Smallholder Agriculture Programme (ASAP) agreed under IFAD9 is an example of this trend.

<sup>19</sup> Analysis of funding of operational activities for development of the UN system for the year 2010. UN, 2012.

<sup>20</sup> Period 2006-2010.

<sup>21</sup> DCD/DAC(2010)32/Rev1 and [oe.cd.org/dac/aid-architecture/13\\_03\\_18%20Policy%20Briefing%20on%20Multilateral%20Aid.pdf](http://www.oecd.org/dac/aid-architecture/13_03_18%20Policy%20Briefing%20on%20Multilateral%20Aid.pdf).

<sup>22</sup> OECD/DAC What do we know about Multilateral Aid?

<sup>23</sup> 2012 DAC Multilateral Aid Report [http://www.oecd.org/dac/aid-architecture/DCD\\_DAC\(2012\)33\\_FINAL.pdf](http://www.oecd.org/dac/aid-architecture/DCD_DAC(2012)33_FINAL.pdf).

Box 1  
**OECD Definition of core and non-core**

**Core** = un-earmarked contributions to multilateral organisations, known as multilateral ODA.

**Non-core** = contributions to multilateral organisations earmarked for a specific purpose, sector, region or country, which includes contributions to trust funds and joint programming, also referred to as "multi-bi" aid.

Source: OECD/DAC: "What do we know about multilateral aid".

28. **Decision-making on aid allocations is complex.** It is often shared among several actors, who may not have consistent views and objectives. Only nine<sup>24</sup> DAC members have a "centralized" decision-making model by which a single government body decides on multilateral allocations. For the majority of DAC members, by contrast, coordination within government is complex; 14 of them follow a "decentralized model" with at least two government bodies deciding allocations. The DAC concludes that: "These decentralized contexts for decisions on allocations to multilateral organizations can result in unclear and even incoherent funding decisions"<sup>25</sup>. For IFAD, this is mirrored in the governance structure and the replenishment consultations; donor representatives often come from several different ministries, and sometimes are Rome-based, sometimes based in Capitals, complicating the necessary outreach to key decision-makers. And, to add to the complexity, earmarking of funds further complicates decision-making as highlighted by the DAC: "when it comes to earmarking funds channeled through multilaterals, the responsibility for allocation may lie with an entirely different ministry than the one responsible for core (un-earmarked) contributions to that organization or fund"<sup>26</sup>. (see also paragraph 53)
29. **Earmarking allocations increases the control of individual donors and may facilitate their accountability domestically, but also has trade-offs.** DAC research shows that earmarked funding through multilateral organizations is growing faster than other components of ODA, an explanation being that earmarking allows donors to have greater say over specific uses, to track results more easily, and to raise the visibility of their contributions in the eyes of domestic constituencies, thus enhancing accountability domestically. This trend is recognizable in IFAD replenishments. However, the DAC also warns that "From a multilateral organization's perspective, excessive earmarking risks hollowing out the governance of an organization and complicates accountability but it may be better than the alternative of multiple single-donor parallel initiatives"<sup>27</sup>. The OECD/DAC is however clearly concerned with fragmentation of channels and the good practice principles call on DAC donors to: "Provide core or un-earmarked contributions to multilateral organisation, where relevant and possible"<sup>28</sup>.
30. These issues and their implications for IFAD are further discussed in Section F of Chapter III on the main evaluation findings.

## C. New sources of funding for development

31. **New sources of financing are emerging and rapidly expanding.** Although more and more institutions and countries are improving their reporting systems and agreeing to publish their data in a form that is transparent and allows comparisons to be made, statistics on global flows from non-DAC sources in general remain incomplete, inconsistent and ill-defined. The terms "emerging donors" and "new development partners" are often used to cover a heterogeneous

<sup>24</sup> Australia, Belgium, Denmark, Finland, the Netherlands, New Zealand, Norway, Sweden, and the UK.

<sup>25</sup> 2011 DAC Report on Multilateral Aid - DCD/DAC(2011)21/FINAL.

<sup>26</sup> DCD/DAC(2011)21/FINAL.

<sup>27</sup> DAC 2010 report.

<sup>28</sup> [http://www.oecd.org/dac/aid-architecture/DCD\\_DAC\(2012\)33\\_FINAL.pdf](http://www.oecd.org/dac/aid-architecture/DCD_DAC(2012)33_FINAL.pdf).

group including new member states of the EU, “re-emerging” donors such as the Russian Federation, providers of South – South Cooperation such as the BRICs, and various Arab donors. In this evaluation, we will refer to these under one as the “non-traditional donors”. Working with what data does exist shows a picture of a rapidly expanding and developing sources of development funding and support.

32. **Three Arab states dwarf other such sources.** Of the non-traditional donors, the largest source, and the one most credibly reported on, is from Arab donors. The three main Arab donors are Saudi Arabia, Kuwait and United Arab Emirates; all three report their ODA levels to the DAC and in 2008, these three countries provided 90 per cent of total Arab ODA, amounting to US\$5.9 billion ODA. By comparison, seven OECD Non-DAC countries provided only US\$2.4 billion. Within this group, Saudi Arabia, both in absolute terms and in terms of rate of growth dwarfs other sources. Saudi Arabia is the largest donor outside DAC with a gross ODA of \$3.5 billion in 2010.<sup>29</sup>
33. **Arab donors provide mainly bilateral assistance and increasingly prefer Arab institutions as the channel for their modest multilateral ODA.** Most – 87 per cent - of the aid from the three countries is channelled bilaterally. Of the 11 per cent of Arab ODA provided through multilateral sources during 1995–2007<sup>30</sup>, some 4 per cent has been channelled through Arab financial institutions, four per cent through the World Bank, two per cent through UN agencies and just under 1 per cent through the African Development Bank (AfDB).
34. **Arab financial institutions may thus present more potential as a source for mobilizing funds through co-financing, than Arab governments do for core contributions.** Overall assistance provided by Arab financial institutions has increased significantly and Arab financial agencies have the ability (through equity and reserves) to scale up their lending further. By end-2007/8, total resources (paid-up capital and reserves) available to Arab financial agencies amounts to approximately US\$56 billion. In comparison, the total equity of the Arab financial institutions is eight times that of AfDB and about the same as the Asian Development Bank (ADB) before the tripling of its capital in May 2009. The total equity for AfDB was US\$7.2 billion in 2008, and in May 2009, ADB’s capital base tripled from US\$55 billion to US\$ 165 billion.
35. **Among BRICS countries, China is by far the largest donor.** The World Bank and the OECD estimate that assistance from the BRICS countries range from US\$2.3-5.1 billion in 2006/2007. These calculations reflect estimates of US\$1.4-3 billion for China, and US\$0.5-1 billion for India. For Brazil estimates vary from US\$85-437 million, and for South Africa from US\$61-475 million, while aid from the Russian Federation is estimated at around US\$210 million. Estimates vary, and data not fully transparent, but further increases seem likely<sup>31</sup>. Brazil, China and India have been consistently increasing their core contributions to IFAD Replenishments, providing collectively around USD 80 million in IFAD9. In fact, their individual contributions to IFAD9 were larger than several List A and B countries. The Russian Federation has recently applied for non-original membership of IFAD and intends to contribute US\$ 6 million to IFAD9.
36. **BRICS countries have also developed their own institutions.** At the fourth BRICS summit in 2012 a decision was made to set up a New Development Bank that will finance development and infrastructure, and at the fifth Summit the BRICS confirmed the commitment to multilateralism and the central role of the UN. The summit also urged “all parties to work towards an ambitious International Development Association (IDA) 17 replenishment.” The BRICS countries – which

<sup>29</sup> CFP Working paper Series No 4, January 2010.

<sup>30</sup> Ibid, data from later years not readily available.

<sup>31</sup> CFP Working Paper Series No 4: A Review of the roles and Activities of new development partners” February 2010.

account for more than a quarter of the global GDP –however also called for “the reform of International Financial Institutions to make them more representative and to reflect the growing weight of BRICS and other developing countries”.<sup>32</sup>

37. **The proportion of assistance channelled multilaterally varies among non-traditional donors, just as among donors at large.** On average, non-traditional donors channel about 18 per cent through multilaterals, which is lower than the average 30 per cent for traditional DAC donors. Those providing smaller volumes, such as the EU New Member States tend to provide a high share, while those with larger volumes channel less through multilaterals<sup>33</sup>. Of twenty-one non-DAC members who reported their 2010 aid flows to the DAC, the eleven EU members allocated 69 per cent of their total ODA to multilateral agencies; the overall average share of multilateral aid for non-DAC members was 22 per cent. Saudi Arabia reported 17 per cent (US\$609 million) of its total aid as multilateral and the United Arab Emirates reported seven per cent (US\$32 million). The Russian Federation is the most recent addition to the non-DAC countries reporting their aid to the OECD; it provided 36 per cent (US\$170 million) of its total aid to multilaterals, and as mentioned earlier, has recently applied for membership of IFAD (and is expected to join the organisation following endorsement of the Governing Council in February 2014).
38. **Non-traditional donors make growing contributions to MDB replenishments.** Contributions from 22 non-traditional donors to IDA have almost tripled from US\$381 million in IDA13 (FY03-05) to US\$926 million in IDA15 (FY09-11), although from a very low base. In terms of country grouping, OECD non-DAC countries and BRICS countries each accounted for around 40 per cent of these contributions to IDA over the period, followed by Arab countries (15 per cent). In terms of countries, the five largest non-traditional contributors to IDA13 and IDA14 were South Korea, Brazil, Saudi Arabia, Russia, and Kuwait. Arab donors for example contributed significantly to both IDA16, ADF-12, and IFAD9. IFAD was the only recipient of funds from the United Arab Emirates, and in general, a far larger number of both List B and List C countries contribute to IFAD replenishments than to any of the peers. While 53 List C countries contributed to IFAD9, only 16 of IFAD’s List C countries contributed to IDA16, and only four of IFAD’s List B countries, testifying to the very large sense of ownership among IFAD’s borrowing Member States. Of serious concern however, is the fact that the number of countries has been declining raising issues both of overall financing of IFAD but also of burden-sharing among the membership. Table 1 below provides an overview of pledges made by List A, B and C countries in IFAD9, as compared to the AfDF, AsDF and IDA.

<sup>32</sup> Declaration 5<sup>th</sup> BRICs summit.

<sup>33</sup> CFP Working paper Series No 4, February 2010.



Table 1  
**IFAD Member States' contributions to replenishments**

(US\$ million)	IFAD 9		AfDF XII		AsDF XI		IDA 16	
	NUMBER OF COUNTRIES	TOTAL COMMITMENT	NUMBER OF COUNTRIES	TOTAL COMMITMENT	NUMBER OF COUNTRIES	TOTAL COMMITMENT	NUMBER OF COUNTRIES	TOTAL COMMITMENT
<b>LIST A</b>	<b>18</b>	<b>1195.6</b>	<b>17</b>	<b>5469.5</b>	<b>19</b>	<b>3813.8</b>	<b>24</b>	<b>24358</b>
<b>LIST B</b>	<b>7</b>	<b>74.3</b>	<b>3</b>	<b>41.3</b>			<b>4</b>	<b>191</b>
<b>LIST C</b>	<b>53</b>	<b>117.4</b>	<b>8</b>	<b>273.7</b>	<b>6</b>	<b>261.4</b>	<b>16</b>	<b>935</b>
LIST C1	30	10.7	2	18			2	37
LIST C2	17	76.5	4	226	6	261.4	7	571
LIST C3	6	30.2	2	29.7			7	327

## D. Multilateralism under pressure?

39. **IDA receives the largest absolute level of funding but the earlier significant growth may be waning.** The total IDA15 replenishment of US\$41.6 billion constituted an increase of 42 per cent over the previous replenishment (IDA14), and the US\$49.3 billion for IDA16 represented an increase of 18 per cent over the past replenishment. The negotiations for IDA17 were initiated in the spring of 2013 and were concluded in December 2013 with a commitment of US\$ 52 billion, thus showing a slower growth trend.<sup>34</sup>
40. **Following significant increases in the past, growth in replenishments may be waning for all MDBs.** The DAC in the Outlook on Aid, 2013 concludes that: "Data for 2012 show that although total net ODA fell, aid for core bilateral projects and programmes (i.e. excluding debt relief grants and humanitarian aid) rose by +2.0 per cent in real terms; by contrast core contributions to multilateral institutions fell by -7.1 per cent". The African Development Fund (AfDF)-12 concluded with a replenishment of USD 9.5 billion over the period 2011-2013, a 10.6 per cent increase in donor contributions over ADF-11, significantly less of an increase than the previous replenishment, which had represented an increase of 52 per cent. The first meeting of AfDF-13 was held in February 2013 and negotiations finished by September 2013 with a commitment of US\$ 7.3 billion including donor contributions of \$5.8 billion, representing a slight increase over their contributions for ADF-12 (2011-2013).<sup>35</sup> The Asian Development Fund (AsDF) also saw a somewhat lower replenishment trend. The last replenishment (AsDF XI) covered 2010-2015 and was concluded in April 2012 with a replenishment of US\$12.4 billion, representing an increase of 11.1 per cent over AsDF X. AsDF X was US\$11.3 billion, compared to the US\$7 billion agreed at the conclusion of AsDF IX.
41. **Are replenishments "communicating vessels"?** The current Replenishment cycle may have an inbuilt competition among the institutions for funds and focus. The sequencing and timing of replenishments are determined by a number of factors specific to each institution. Typically IFAD initiates its replenishment in the year following the completion of IDA and AfDF replenishments. It is an open question to what extent an individual donors' increased contribution in one replenishment may be offset by a smaller allocation to another replenishment – are they "communicating vessels"? Allocation decisions are made based on many different factors, and approaches to how funds are allocated vary across donor governments. While unclear what the implications of a higher or lower replenishment in one institution has on the size of other institutions'

<sup>34</sup> <http://www.worldbank.org/en/news/press-release/2013/12/17/world-bank-fight-extreme-poverty>.

<sup>35</sup> <http://www.google.com/search?client=safari&rls=en&q=ADF+13++press+release&ie=UTF-8&oe=UTF-8>.

replenishments, there is however clearly a “policy diffusion” in terms of issues, by the mere fact that many participants are the same, and that replenishments address issues that are on the current global agenda. As seen in the following chapter, all replenishments seem to share similar key issues at any given point in time, reflecting the “zeitgeist” and pressing global concerns. How each institution responds however, may be one of the key factors in the allocation decision and puts pressure for IFAD to use the replenishment exercises strategically.

#### **Key points: The Global Context**

- Though overall ODA has declined in recent years, ODA to agriculture shows an increasing trend largely thanks to multilateral aid.
- Food security continues to remain a significant concern. Given IFAD’s focus on small agriculture, the organisation will continue to have an important role in promoting global food security in the foreseeable future and will need to position itself clearly in the new post 2015 aid landscape.
- On the one hand, the evolving developmental landscape is characterized by a declining trend for ODA, including aid through multilateral development organisations. On the other hand, funding and support for development today goes well beyond ODA from traditional donors creating new opportunities to generate funding from non-traditional donors, private sector, NGOs, and through various innovative funding mechanisms.
- Non-traditional donors (e.g., BRICS) are making growing contributions, including to multilateral development banks. Yet, for some countries, such as the Arab donors, the largest potential increase in the flow of funds may be in co-financing rather than core funding.
- Core funding is the foundation for the multilateral institutions, and what enables them to be agile and responsive to global issues in an effective and flexible manner; yet some traditional donors are increasingly “earmarking” their resources provided to multilateral organisations for specific initiatives.
- Competition for funds challenges the institutions to be ever more efficient and effective and the need to demonstrate relevance and results is sharpened along with the need to reach the right decision-makers at the right time to influence allocation decisions.
- Under this global scenario, IFAD will on the one hand be required to mobilize fresh resources from MICs, private sector and foundations. On the other, IFAD needs to provide a convincing argument for its traditional donors to continue their funding.
- IFAD is meeting several of these challenges as described in this report but the extent to which non-traditional donors will make up for possible lower growth or declines in regular funding from DAC member states to IFAD remains to be seen, and the opportunities for raising additional funds outside the replenishments needs to be fully analysed and understood.
- In the midst of bleak ODA trends, ODA to agriculture however shows an increasing trend largely thanks to multilateral aid, and food security continues to remain a significant concern. Given IFAD’s focus on small agriculture, the organisation will continue to have an important role in promoting global food security in the foreseeable future. Furthermore, because funding does not always go where it is most needed, IFAD’s very targeted approach and strong focus on the poorest also argues for its continued relevance in the new developmental landscape.
- Notwithstanding the aforementioned, IFAD will need to continue strengthening its efficiency and results, and address on-going and new challenges to remain at the cutting edge of international development aid architecture; any increase in replenishment contributions is inextricably linked to the quality of the dialogue on relevance, results and strategic direction of the institution.

### III. Key findings

#### A. Replenishment objectives

42. **The replenishments are enshrined in the Agreement Establishing IFAD.**<sup>36</sup> This provides that, in order to assure continuity in the Fund's operations, the Governing Council (GC) "shall periodically, at such intervals as it deems appropriate, review the adequacy of the resources available to the Fund...". Today, however, there is a general consensus on three primary objectives. These are to:
- (i) mobilize resources;
  - (ii) provide an opportunity for IFAD to explain its evolving strategy to reduce rural poverty and present its achievements and results; and
  - (iii) provide member states an opportunity to offer strategic guidance to the organization.
43. **The three objectives are seen as interlinked.** The evaluation explored perceptions about the importance of these objectives through documents and interviews, triangulated through a survey to participants in past replenishments. Almost all respondents, both in interviews and in the survey, stressed that these are interlinked objectives, although a slight majority highlighted resource mobilization as the most important objective. As expressed by one interviewee: "Increasingly, the resource-mobilization objective is achieved as a result of achieving the demonstrating results/accountability and strategic guidance objectives; these two objectives have become increasingly important objectives of the replenishment process over time."
44. **The role of the replenishment has evolved from a narrow focus on resource mobilisation to a broader agenda for the short term.** The primary objective of the replenishment is, from a strictly legal perspective, resource mobilization, and that was indeed the focus of the early replenishments, as is clear from documentation from past replenishments. Later, however, the replenishment consultations have evolved and become, as stated on IFAD's website: "an important forum for Member States to discuss and make recommendations on the Fund's policy direction and consult with the IFAD's management." As revealed through interviews, many Member States today also see the replenishment consultations as an accountability mechanism, and a forum for IFAD to highlight its results and demonstrate its continued relevance. And IFAD management generally concurs with this, as evidenced through this quote: "Replenishments are about more than funds, it is really a compact between donors and management on how the institution operates over the period" (the period being the three year replenishment period).
45. **A similar evolution has taken place in other MDBs.** IDA's website explains that "Donors and borrower country representatives hold replenishment meetings every three years to agree on IDA's strategic direction, financing, and allocation rules in an open and transparent process." The African Development Fund (AfDF) states that: "replenishment meetings serve to discuss the results of the previous three years, to define the priorities and the volume of resources for the coming three years, to shape the Fund's policy framework and to guide the institution in effectively implementing its development program"<sup>37</sup>. And a similar evolution has taken place: "...the periodic AfDF replenishment, which was originally established

<sup>36</sup> Article 4, section 3.

<sup>37</sup> Options to improve the effectiveness of the replenishment process. Background paper. ADF Mid-term review, October 2011.

as an adjunct of the replenishment process to facilitate the mobilization of donor resources, has increasingly assumed a key policy formulation role.”<sup>38</sup>

46. **The consultation’s objectives have broadened, but the consultation membership remains largely donor-focused.** Broadening of the objectives has not triggered a significant shift in who participates, despite a small increase in participation from List C. However, it should also be recognized that representation of new donors and borrowers is greater in the IFAD consultation than in peers, reflecting the hybrid nature of the organisation. (See next Chapter for more detail). Notwithstanding this, the number of seats available to List C has been an issue of debate in several replenishments.<sup>39</sup>
47. **Ensuring ownership of the replenishment process and outcome among all Member States becomes of paramount importance.** The structure of participation and what is generally referred to as “voice and representation” in the replenishment process itself calls for a process that is sensitive to the concerns and priorities of individual member states as well as the interests of specific groups, be it in terms of what issues are discussed, or commitments agreed, or in terms of what burden-share principle is suggested, or how Member States are invited to contribute to IFAD and to the replenishment process. It also calls for an approval process of the final outcome that ensures that it is fully approved and owned by all Members States, both borrowers and all donors – traditional and new alike – and those countries who both borrow and provide funding.

**Key points: Replenishment Objectives**

- Replenishment objectives have broaden overtime in IFAD, consistent with trends in multilateral development banks with replenishment processes.
- The three objectives of resource mobilisation accountability for results and dialogue on major policy/strategy priorities for the future are perceived as interlinked and mutually reinforcing.
- The consultation process remains largely donor-dominated, although more List C countries are now invited than at the first replenishments and IFAD, as compared to peers, has a larger representation from developing countries as full members of the replenishment consultations.
- For the replenishment to fulfil its triple objective, it is important that the full Membership has ownership to the outcome.

## **B. Voice, representation and governance**

48. **The Replenishment Consultation is, technically speaking, a committee of the Governing Council.** The GC has important statutory roles to discharge, including approval of the organization’s annual administrative budget, election of the IFAD President (every four years), and adoption of the replenishment resolutions. Conducting the relatively complex negotiations of the replenishment with the full membership of the GC would not be feasible and therefore the GC delegates this to the replenishment consultation, i.e. a more limited group of representatives drawn from the membership (commonly referred to as Replenishment Deputies<sup>40</sup>). The formal role of the GC in relation to the replenishment is subsequently in approving the report of the consultations and “adopting such resolutions as may be appropriate”. Formally therefore, the full Membership of IFAD approves the outcome of the work of the technical committee to which it has delegated the negotiations. To ensure full legitimacy of the process,

<sup>38</sup> Options for a Comprehensive Framework for Enhancing the Governance Structure of ADF. Discussion paper, ADF 11, Third consultation, September 2007.

<sup>39</sup> EB 2010/101/R.5/Add.1 Representation of List C in the Consultation of the Ninth Replenishment of IFAD’s Resources.

<sup>40</sup> For a historical account of the term refer to [http://www.worldbank.org/ida/papers/IDA13\\_Replenishment/deputS.pdf](http://www.worldbank.org/ida/papers/IDA13_Replenishment/deputS.pdf).

members of the GC however have the opportunity to discuss the report of the replenishment consultations, yet very few countries seize on this opportunity.

Box 2

#### IFAD Governance

Membership in IFAD is open to any State that is a member of the United Nations, any of its specialized agencies or the International Atomic Energy Agency. Today IFAD consists of 172 Members, divided into three "lists": List A (primarily OECD members): 24 Countries; List B (primarily OPEC members): 12 Countries; and List C: 136 Countries, further divided into: sub-list C1 (countries in Africa): 50 Countries; sub-list C2 (countries in Europe, Asia and the Pacific): 54 Countries; and sub-list C3 (countries in Latin America and the Caribbean): 32 Countries.

The Governing Council is IFAD's highest decision-making authority. Each Member State is represented in the Governing Council by Governors, Alternate Governors and any other designated advisers. The Executive Board is responsible for overseeing the general operations of IFAD and for approving its programme of work. Membership on the Executive Board is determined by the Governing Council and is presently distributed as follows: List A: eight Members and eight Alternate Members; List B: four Members and four Alternate Members; and List C: six Members and six Alternate Members; two each in the three regional sub-divisions of List C Member States.

49. **The format of GC is undergoing change.** The format of the GC has evolved over the years, with more attention and space to the organization of panel discussions and side events on key topics related to global agriculture and rural development. The recently completed corporate level evaluation of IFAD's institutional efficiency and efficiency of its operations (hereafter referred to as CLEE)<sup>41</sup> found that this has been appreciated by many Member States, but has reduced time for governance issues and related business items. The evaluation concluded that: "the Governing Council has not been the platform at which major debates have taken place (...)" The discussions leading to the approval of the annual budget or the replenishment resolution have been fully prepared in the Executive Board and the Replenishment Consultations respectively."<sup>42</sup> The evolving format of the GC, however, does open up for opportunities to consider how this important forum might play a more prominent role in the preparation of the replenishment process and approval of the final outcome.
50. **The EB initiates the replenishment but has no further formal role in the process.** The EB is non-resident and meets three times a year, usually for a two-day session. This is at variance with the MDBs who all have resident boards who meet several times a week. The EB's role in the replenishment is purely formal, in terms of initiating the process, including the appointment (in the 9<sup>th</sup> and 10<sup>th</sup> replenishments) of the external Chair of the replenishments (see also paragraph 72 and box 4). The effectiveness of the EB has been questioned since a 2005 independent external evaluation of IFAD examined IFAD's governance structure and found that: "Current arrangements for governance meet the basic requirements of the Fund, but a crowded agenda, a lack of training and guidance for Board Members, and short duration meetings have limited the executive function of the EB, including the space to articulate a clear focus on development effectiveness"<sup>43</sup>. This issue was also raised in the 2013 CLEE which concluded that: "... because many IFAD Board members are Rome-based, and also represent their country in the governing bodies of FAO and the World Food Programme, they are not able to always devote sufficient time to review Board documents and engage fully in all Board deliberations. This is especially a concern for most List B and List C Member States. This impinges on the effectiveness of the Governing Bodies..."

<sup>41</sup> [http://www.ifad.org/evaluation/public\\_html/eksyst/doc/corporate/efficiency\\_full.pdf](http://www.ifad.org/evaluation/public_html/eksyst/doc/corporate/efficiency_full.pdf).

<sup>42</sup> IFAD's institutional efficiency and efficiency of IFAD funded Operations, IOE, July 2013.

<sup>43</sup> An Independent External Evaluation of IFAD, Office of Evaluation, September 2005.

51. **Convenors and Friends play a key role in coordinating and helping generate consensus, but the List system is under some pressure.** In view of the large number of Member States and the EB's non-resident nature, IFAD has an informal mechanism for ensuring continuity of dialogue among Member States and IFAD Management between Board meetings, known as the "List Convenors and Friends". Important matters are raised and often resolved through this informal platform. It also plays a key role leading up to and during replenishments where consensus can be built in an informal setting and hence reduce the time needed in the formal setting. Examples of issues raised among the Convenors and Friends in connection with replenishments include the interests of member states to have an external chair for IFAD replenishments and an expansion of seats for List C, which resulted in an increase from 15 to 18 seats (both these measures were implemented for the first time in IFAD9 in 2011). The appreciation of EB members of the Convenors and Friends, and of informal Board meetings is confirmed in a survey conducted as part of the CLEE in 2012.
52. **Representation in the replenishment is determined by the GC, and is subjected to IFAD's List system.** The number of Member States that can be represented in the replenishment consultation is not prescribed in IFAD's Basic Documents but from the outset all Member States from Lists A and B have been members of the consultations and from List C initially 15 members were nominated, in IFAD9 raised to 18. The number of Member States that have a formal (as opposed to observing) role in the replenishment consultation has changed in each of the IFAD7, 8 and 9 consultations; the number declined from 55 in IFAD7 to 54 in IFAD8, after the formal withdrawal of Australia from IFAD in 2007. It then increased again under IFAD9 to 57, following the agreement by the IFAD Governing Council to increase the number of List C Member States participating to 18 (as mentioned before and discussed further in the next paragraph).
53. **There is full representation in replenishment consultations for Lists A and B, partial/representative representation for List C.** The replenishment consultations have traditionally been composed of Representatives from all List A Member States, all List B Member States, and the number of List C Member States as decided by the GC at the establishment of the replenishment. Starting with the Consultation for the Seventh Replenishment, the GC established the representation of List C at 15 Member States. After considerable discussion, the GC has subsequently decided in the thirty-fourth session in 2011 that "The Consultation shall consist of all Member States from Lists A and B and 18 Member States from List C, the latter to be appointed by the members of List C and communicated to the President".<sup>44</sup> So in IFAD9 List C had 18 seats; however, an arrangement with the possibility to attend as an observer seem to have been discontinued so the de facto number of countries from list C getting exposure to the replenishment declined from 21 in IFAD7 and IFAD8 to 18 in IFAD9.
54. **Engagement in the replenishment consultations vary among Members.** Eligibility to participate is one thing, actual and active participation another. It is closely related to each country's capacity and the support IFAD provides. and in this respect, the Online platform, established for IFAD9 has played a major role in providing essential documents and guidance in a user-friendly and accessible manner. Analysis of log-in data from the platform during IFAD9 show consistent high use of the platform, by all Lists. This is consistent with the responses in the survey carried out for this evaluation where respondents, irrespective of lists, agreed or partially agreed that they actively used the platform.. The number of delegates from each Member Country varies, both between replenishments and for each meeting of each replenishment, and frequently Member States are also

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<sup>44</sup> IFAD, GC 34/L.4/Rev.1.

represented by different delegates at different replenishments and meetings. (This is consistent with the finding in paragraph 27 on the complexity of multilateral decision-making). A consistent trend for participation or “turn-over” of delegates cannot be established. Examining the verbatim records from the replenishment meetings, it is confirmed that all Lists make their voice heard. However, whereas List C Members participate actively in the debate, they did not submit any proposed changes to the draft Consultation report when this was proposed, under IFAD8. Such comments were only received from List A members. For IFAD9, the report was posted on the on-line platform, but few comments were received from any List. It is clear from the document review and interviews that List A has more capacity, is considerably better organized, and has more tradition for consultations than the other two lists; List A members have a prior dialogue among themselves to agree on common positions for example. For List C the sheer number of countries and the diversity in economic weight could be a constraining factor.

55. **All 23 Countries belonging to List A have participated in all the replenishment exercises covered by the evaluation.** Hungary joined IFAD in July 2011 and therefore was present only in IFAD9, and Estonia, became a Member State only in December 2012. The number of delegates to each meeting varies, and List A participation has ranged between 30 delegates in the first meeting of IFAD7 to 50 in the fourth meeting of IFAD8. For IFAD9, the average was 45 List A participants.
56. **Ten out of 12 List B Countries<sup>45</sup> were present in all the replenishments covered by the evaluation.** Libya participated only in IFAD8 and Qatar did not attend IFAD9. The number of delegates from List B members has ranged from 12 in the first meeting of IFAD7 to 29 in the first meeting of IFAD9, the average for the latter being 23 participants.
57. **Of the 136 List C countries, 25 countries have had the opportunity to attend one of the three replenishments covered by the evaluation, and almost half (ten) of them did not change over time.** A total of 25 Countries out of 136 from List C have attended at least one of the three replenishments covered by the evaluation, 12 from List C1, six from List C2, seven from List C3. Ten countries – some among the strong emerging new global donors - were present in all three replenishments<sup>46</sup>. The number of interventions in itself may not be a very strong indicator of contribution as it ignores the quality and pertinence of the intervention, but as that would be very difficult to assess, it is the best indicator available and it can be assessed vis a vis the importance of the issue being discussed. As an example, when the themes of IFAD9 were discussed a larger share of List C members intervened than for any other List<sup>47</sup> meaning that List C does indeed contribute to shape the agenda and ensure that issues of interest to the member countries are raised.
58. **List C faces a challenge, as the only List with fewer seats in the replenishment than members of the List.** A large number of very different countries from List C, some major providers of ODA at the global level, share 18 seats at the replenishment table. While the list structure was a reasonably coherent structure in the past, List C countries have become increasingly heterogeneous and today include not only developing countries but also a number of important economies and MICs such as Brazil, China, India, South Korea, Mexico and South Africa. List C has often raised the question whether its representation in the replenishment consultation could be increased in order for it to be proportionately and adequately represented. List C is supported in its quest for change by the CLEE which found that: “The List system (or Categories I, II and III as they were

<sup>45</sup> The exception being Libya and Qatar.

<sup>46</sup> Argentina, Brazil, Cameroon, China, Egypt, Guatemala, India, Mexico, Pakistan and Republic of Korea.

<sup>47</sup> 12 out of 18 List C, 14 out of 22 List A and 4 out of 7 List B.

previously called) was appropriate when IFAD was established. However, it might be worth considering if the List system is still relevant in today's global context, especially in light of the economic, developmental and geopolitical evolution of IFAD Member States over the years. Because of the wide implications and complexity involved, the evaluation has not dwelled on this extensively, but it is a topic that has efficiency implications and will need to be addressed in the future." Because of the differences between the number of countries on each of the sub-lists (50 in C1; 54 in C2; and 32 in List C3), and the economic weight and global role among them, it is difficult to establish a fair representation, and the chairs of the Convenors and Friends face difficult challenges in coordinating positions and deciding which countries are to attend the meetings.

59. **Contribution and participation is delinked.** All List A Member States participated and most pledged to IFAD9,<sup>48</sup>. Ten out of 12 List B countries attended the IFAD9 Consultations, but only seven List B members pledged funds to IFAD9.<sup>49</sup> For List C however, more than 50 Member States pledged contributions to IFAD9, represented by only 18 seats at the table. In this respect, it is important to keep in mind the objectives of the replenishment and the value of participation in the dialogue, irrespective of pledges. However, it must also be acknowledged that traditionally the majority of IFAD's resources have been generated through replenishments and therefore a general understanding or norm suggesting that all participants in the replenishment are also expected to contribute financial resources would strengthen IFAD's financial sustainability. It should also be noted in this respect that given IFAD's hybrid nature and unlike in IDA: i) no GDP related formula to assess burden share percentages is applied, and ii) replenishment votes as such is not a major issue in IFAD. Voting is generally limited to the election of the President, and hence not a preoccupation in the replenishment structure.<sup>50</sup> Indeed, as shown in box 7, increasing amounts are provided as non-vote carrying complementary contributions, in particular in IFAD9.

Box 3

**Key differences between IFAD and MDBs**

IFAD was established to provide only concessional financing, with all beneficiary Member States funded through a single window. The MDBs on the other hand have separate "hard" windows offering financing at market rates to creditworthy developing country members, and legally separate but affiliated "soft" windows that provide concessional financing to members that are low income or not credit-worthy. The "hard" windows are usually self-financing through repaid loans, whereas "soft" windows are funded by regularly scheduled replenishments; if IBRD or AfDB hard windows need additional funding due to exceptional circumstances, they must go through a capital increase with implications for the voting structure. Furthermore, in this dual-window structure, MDBs' concessional windows "graduate" - countries reach the cut-off point for access to concessional funding and subsequently gain access to the hard window.

60. **Common to all lists is that most countries are represented by both Capital-based and Rome-based staff, but with little continuity.** Looking at the individuals representing Member States, representatives tend to change over time, and often between sessions of the same replenishment. Only two countries have maintained the same representatives attending all the sessions of all three replenishments (Cameroon and Austria, and Cameroon also had other, changing, representatives throughout the process). In all three replenishments analysed, almost every country attending was represented both by Delegates from Capitals

<sup>48</sup> The exception being Estonia, Greece, Hungary, Portugal and Spain.

<sup>49</sup> Algeria, Gabon, Kuwait, Indonesia, Nigeria, Saudi Arabia, United Arab Emirates.

<sup>50</sup> In the allocation of votes the Governing Council ensures that those members classifies as members of Category III before 26 January 1995 receive one-third of the total votes as replenishment votes.



and by at least one Delegate from Rome<sup>51</sup>). In IFAD9, in nine cases<sup>52</sup> were all Delegates representing their Countries Rome-based and in three cases, only delegates from capitals participated.

61. **Many EB members also act as replenishment Deputies.** Forty-six out of the 60 Countries participating in the replenishment exercises are (or have been) Members of the Board, and Board Member representatives generally acted also as Replenishment Deputies<sup>53</sup>. Only 14 countries from all three lists attended replenishment sessions but have never been EB members<sup>54</sup> (among these Iran, Iraq and Libya have been ineligible for membership in the EB in the entire period covered and Gabon and Kenya were ineligible from 2003 to 2005.<sup>55</sup>). That Rome-based representative are often also EB members was highlighted as a concern by several interviewees. On the one hand, it means such members are familiar with IFAD, but on the other hand, they also often represent their country in the other Rome-based UN institutions and hence are not always able to focus their main attention on IFAD. And, more importantly, interviewees found that this carries a risk that insufficient distinction is made between the **issues and focus of replenishments and the EB.**
62. **Participation rules and practices are different in MDBs.** Because MDBs (World bank, and the regional development banks) have resident Boards with a limited number of Board members, the issue is slightly different; the main contention has related to representation of borrowing member countries in replenishment negotiations. All IDA Deputies<sup>56</sup> are from donor capitals, and Executive Directors do not act as IDA Deputies. As explained on the World Bank website “to increase openness and help ensure that IDA’s policies are responsive to country needs and circumstances, representatives of borrower countries from each IDA region have been invited to take part in the replenishment negotiations since IDA13.” Observers also attend IDA negotiations including for IDA 16 for example three countries<sup>57</sup>. IDA Deputies represent their country, and are not bound by the constituency they are a part of. For the regional banks, Executive Directors participate in replenishments as observers in the negotiations for both the African Development Fund, and the Asian Development Fund.
63. **In both IDA and AfDB there is increasing attention to voice and representation in the replenishment process.** The AfDB has also grappled with the issue of representation. In a paper presented to ADF-11 on this issue, it concludes: “The Fund now invites selected Regional Member Countries (up to four) to attend replenishment meetings as observers. This arrangement is still considered exclusionary and unsatisfactory by many Regional Member Countries, who argue that the lack of effective participation at the resource replenishment meetings prevents beneficiary countries from claiming ownership of any reforms adopted by the Fund. Regional Member Countries want their representatives to have enlarged and effective participation in the replenishment consultative meetings of ADF Deputies.” And to recommend: “Considering the interest of RMCs

<sup>51</sup> The exception being Austria and Luxembourg in all three cases, Iceland and the United Arab Emirates in IFAD7, Portugal in IFAD8, Gabon, Kuwait and Sweden in IFAD9, which were represented only by delegates from their Capitals.

<sup>52</sup> Afghanistan, Egypt, Guatemala, Iraq, Mexico, New Zealand, Pakistan, United Kingdom, and Uruguay.

<sup>53</sup> The exception being Greece (List A), Indonesia, Qatar and Venezuela (List B), Mozambique (List C1) and Turkey (List C2).

<sup>54</sup> Ecuador, Gabon, Ghana, Hungary, Iceland, Iran, Iraq, Kenya, Libya, New Zealand, Portugal, Senegal, Uganda, Uruguay.

<sup>55</sup> Rule 40.1 of the Rules of Procedure of the Governing Council: “Before each annual session the President shall circulate a list indicating the number of members and alternate members of the Executive Board that must be elected or appointed from among the Members of the Fund. Those Members against whom an accounting provision currently exists with respect to the payment of their contribution to the resources of the Fund shall be excluded from those Members eligible for election or appointment to the Executive Board.”

<sup>56</sup> The IDA Deputies: An Historical Perspective, IDA 13 paper, November 2001.

<sup>57</sup> Azerbaijan, Indonesia and Thailand.

in changing this situation, the Fund should address this issue.”<sup>58</sup> In IDA representatives of Borrowers have been invited as observers since IDA 13 and IDA broadened the issue in IDA16: “The successful broadening of the IDA donor membership also poses challenges on how to best enhance the dialogue on development issues. Towards this end, the participants decided to create informal working groups that will be the fora for consultations and brainstorming on selected development issues.” In addition, IDA Management has offered to organize periodic IDA fora at the margins of the Spring and Annual Meetings that would provide a further opportunity to debate development issues.

64. **Good practices may be learned from IDA.** Notwithstanding the better representation of developing countries in IFAD’s replenishment some good practices may still be learned from IDA. For example, these specific measures were taken in IDA16 to address concerns of underrepresentation of developing countries:

- First, 12 representatives selected by borrower governments participated in all the IDA replenishment meetings.
- Second, Presidents from Mali, Senegal and Liberia and a number of Ministers, including from Afghanistan, Haiti, Mongolia, Sierra Leone, Togo and Yemen participated as keynote speakers.
- Third, at the second meeting of the IDA16 replenishment round, which was held in Bamako, Mali in June of 2010, African opinion leaders participated in a consultation with the IDA Deputies and borrower representatives.
- Fourth, the draft IDA16 report was posted on IDA’s external website and comments were invited from civil society of both donor and recipient nations.”

65. **There seem to be a wish for more informal engagement in IFAD.** In all three replenishments covered by the evaluation there have been informal sessions on various financial issues, supported by inter-sessional or technical papers and presentations<sup>59</sup>. In one case a working group was established to help prepare consensus on a contentious issue (hardening of loan terms), and this arrangement seems to have worked very well. In the course of the evaluation several interviewees expressed a wish for more opportunities to engage informally with the President, and among Member States, on specific issues, something that was confirmed by results from the survey, and also in the survey conducted as part of the CLEE. In this regard, in 2013, efforts have been made by Management to hold informal seminars and other consultations on Additional Resource Mobilisation (ARM). This is a good example of how IFAD is getting organised by holding interactions with member states ahead of the next replenishment in 2014.

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<sup>58</sup> Options for a Comprehensive Framework for Enhancing the Governance Structure of ADF, ADF-11, September 2007.

<sup>59</sup> Inter-sessional paper on IFAD’s resources in IFAD9 presented in October 2011; in October 2008 a technical session on financial issues, and in third session of IFAD7 an Asset Liability seminar.

**Key points: Voice, Representation and Governance**

- All Lists A and B members participate in the IFAD replenishment consultations. However, currently, only eighteen of more than the 100 countries part of List C have a seat at the replenishment table.
- The heterogeneity of the background of replenishment Deputies, and the representation through the List system, enhances the diversity of views and perspectives in the deliberations, and provides a larger voice for List C countries than in peers.
- The large number of Board members ensures a thorough knowledge of the institution and a certain continuity, but carries the risk of insufficient distinction between the role of the replenishment consultation and that of the Board.
- As compared to Lists B and C, List A member states have more capacity and resources to prepare for and participate in the replenishment dialogue.
- There is no formal link between financial contributions and participation in IFAD replenishment consultations. Both strategic dialogue and financial pledges are equally important for IFAD, yet making a financial contribution sends a strong signal of engagement and ownership.
- There is interest among the membership for more informal dialogue on specific issues among members and with IFAD, between successive replenishment consultations, as well as between the various meetings planned during one replenishment consultation. In this regard, the efforts made by IFAD in 2013 to promote a wider debate on Additional Resource Mobilisation is a good example.
- Direct comparison with other IFIs is not always possible because of the differences in governance structure, i.e. IFAD's "hybrid" as a UN organisation and an IFI.
- Other IFIs have made specific efforts to address underrepresentation of developing countries, for example, by inviting high level speakers on specific topics to selected replenishment meetings and posting the draft final replenishment report on their public website inviting comments from civil society in all member states.

## C. The replenishment process

66. **IFAD's replenishment consultation process shares very many fundamental features with the replenishment consultations for IDA, AfDF and AsDF, despite IFAD's hybrid nature.** IFAD has a hybrid UN/IFI structure, as seen for example in the fact that MDBs have resident Executive Boards, whereas IFAD's EB meets three times a year. Yet IFAD's replenishment is clearly of the same nature as that of the major IFIs. The typical UN event for resource mobilization on the other hand is a periodic event, negotiated through the Executive Boards/Councils/Conferences, and does not provide the three-year predictability for funding that the MDBs and IFAD has. This being said, because of the special governance structure, IFAD also has some specific concerns to address, and both limitations and strengths that it needs to tackle.
67. **Compared to alternatives in the UN system, the replenishment modality seems effective.** In terms of looking at alternatives, a recent UN wide review of strategies to enhance the predictability of voluntary core resources flows and policy coherence<sup>60</sup>, examined three options: Multi-year funding frameworks (FAO, UN Funds and Programmes), negotiated voluntary core funding (UNEP,WHO, ILO) and

<sup>60</sup> DCPB/OESC/DESA.

replenishment system (IFAD). The study, after highlighting a number of strengths of the replenishment mechanism, concluded: "The experience of IFAD with the negotiated replenishment mechanism has been positive", and further that "while complex, the replenishment modality has proven itself capable, given the necessary political will and the right environment, of mobilizing significant volume of resources for the concerned entities".

68. **Fewer and fewer replenishment meetings may be a sign of increasing effectiveness.** Under IFAD7 and IFAD8, five meetings were held. For IFAD9 at the first meeting, the proposal was made and accepted that the number of meetings be reduced to four, consistent with practice in the other peers. Peers are however now aiming to further reduce the number of meetings. AsDF's last replenishment consultation included only three meetings, as did the recently completed AfDF-13 which was concluded in September in Paris.
69. **Current practice of four meetings is however not seriously challenged in IFAD.** Interviews with EB members did not suggest that Member States were thinking of further reducing the number of meetings held within the consultation process. This was consistent with the responses in the survey of EB members for the CLEE<sup>61</sup> <sup>62</sup> and further validated by the survey conducted for this evaluation.
70. **Consultation meetings are normally held for two days each.** Mostly consultation meetings are for two days, but with minor variations. In IFAD the initial meeting, held immediately after GC meetings has been for one day for IFAD7, 8 and 9. In the case of IDA, and both the regional development funds, the 1st meeting lasts for two days as does the 2nd and subsequent meetings. In the AsDF, the trade-off when reducing the number of meetings in the last replenishment has been longer meetings; with only three consultation meetings, the last meeting was extended to three days.
71. **In contrast to peers, IFAD's replenishment meetings have always been held at the organisation's headquarters, with one exception<sup>63</sup>.** Interviews show appreciation for this practice as it gives participants the opportunity to engage with IFAD staff and management. By contrast, however, in all three of the comparator processes, some meetings are always organised in locations other than where the organisation is based (see Table 2). Such meetings are often held in conjunction with other important meetings where Deputies participate, or include a field visit to give participants an insight in the organizations' operations. For instance, the third meeting of IDA16 took place around the time of the Annual Meetings of the IMF and the World Bank Group. The World Bank has also used the replenishment meetings to engage with other stakeholders in different ways, and to publish this widely, for example on YouTube<sup>64</sup>. For example, immediately after the second IDA16 Deputies meeting in Bamako a parliamentary field visit was organized, including members of the Parliamentary Network on the World Bank. As for the AfDF, the second meeting of AfDF-12 was held right after the Meeting of the Committee of African Ministers of Finance and Planning and Governors of central Banks, and the third session of AfDF-12 took place on the margins of the Annual Meetings of the Boards of Governors of the AfDB and the AfDF. For the AsDF the last meeting of each replenishment takes place in conjunction with the ADB Annual Meetings. IFAD is disadvantaged in this respect as replenishment participants often come from different parts of government; there are few international meetings apart from IFAD meetings where they would normally all meet.

<sup>61</sup> IFAD (2013) *Corporate-level evaluation of IFAD's institutional efficiency and efficiency of IFAD-funded operations*. Evaluation of the Independent Office of Evaluation. EB 2013/108/R.3/Rev.1. April 2013.

<sup>62</sup> Care needs to be taken with this response, given that representation in the replenishment and Executive Board is not necessarily by the same people and the evidence is based on only 14 responses.

<sup>63</sup> 4<sup>th</sup> session of the 7<sup>th</sup> replenishment, was funded by the Government of Qatar and held in Doha.

<sup>64</sup> <http://www.youtube.com/watch?v=rHKFg0OVJYo>.

Table 2  
**Location of Replenishment Meetings for IDA, AfDF and AsDF**

Meeting	Where held		
	IDA 17	AsDF XI	AfDF-12
1 <sup>st</sup> meeting	Paris	Manila	Helsinki
2 <sup>nd</sup> meeting	Managua	Dhaka	Cape Town
3 <sup>rd</sup> meeting	Washington DC	Manila	Abidjan
4 <sup>th</sup> meeting	Moscow		Tunis

72. **IFAD has institutionalised a number of changes over the 7th, 8th, and 9th replenishments that have made the process more efficient.** A number of changes have been introduced in the period covered by the evaluation, which are perceived to have led to increased effectiveness and efficiency of the consultation process. In addition to the reduction in the number of meetings, inter-alia, these include appointment of an external chair, formalizing the discussion on results through the presentation of a results framework, strengthening the internal management structure, providing space for discussion on key independent evaluations, establishing the On-line membership platform, and introducing a formal MTR.
73. **The introduction of the external chair may be the most significant of the changes to date.** Replenishments were traditionally chaired by the President, and IFAD first considered the appointment of an external chair for the replenishment consultation in 2004 in the context of IFAD7. The possibility was again considered in the context of IFAD8, but not taken forward. After further informal and formal consultation, including through the Convenors and Friends, the proposal to appoint an external chair for the IFAD9 consultation was endorsed by the Governing Council in February 2011<sup>65</sup>.

Box 4

**The Rationale for the External Chair**

The main rationale for an external chair of a replenishment consultation is to enable more effective negotiations on policy and resources by freeing the President to promote the organization that s/he leads. Whilst the organisation and its leadership must respond to all Members, it is clearly difficult for the President to broker agreements between Member States where there is no accord. An external chair would be in a position to facilitate discussion between the organisation and the membership – as well as amongst Members. As a facilitator, the chair's role would be to build bridges and find agreements. The chair would work with all parties to set priorities, allowing the President of IFAD to focus on her/his advocacy role. Clearly the two figures would work closely together, as in the Asian Development Bank, African Development Bank and elsewhere. Such a facilitator would also enable the membership to meet separately and form a consensus amongst the group, as happens in other IFIs.

Source: EB 2010/100/R.8/Rev.1 (September 2010).

74. **There is today almost unanimous appreciation for the external chair appointed for the IFAD9 consultation.** This innovation is perceived by those interviewed to have contributed to better preparation and management of the needs of the Deputies and IFAD during the process, despite significant resistance from some member countries when the use of an external Chair was first proposed. This finding is consistent with the CLEE, which concluded that this "*proved to enhance the efficiency of the overall process, as it also allowed the President (who chaired all previous sessions) to focus on articulating IFAD priorities for the*

<sup>65</sup> IFAD, GC 34/L.4/Rev.1.

*replenishment period*<sup>66</sup>. Indeed, interviewees felt that it was a challenge for the President, due to his dual role under the 7th and 8th replenishments, to decline ad hoc requests for new documents, when these were made, with the result that IFAD8 to some extent “over-delivered”. Under IFAD9, the external chair, seen as an “honest broker”, was in a better position to manage such demands. A further proposed improvement for IFAD10 is the decision in the September 2013 Board to engage the same external chair<sup>67</sup> who chaired IFAD9. The early appointment of the external chair has allowed him to consult in advance with key Member States, thus helping management to work out an appropriate agenda for the consultation as well as to reflect on related organisational matters to ensure smooth conduct of the entire process.

75. **The second most important innovation has been the MTR.** Under IFAD7 and 8 consultations the first meeting had a brief presentation on results. The IFAD8 commitments subsequently included a more formal review of results. In response, the IFAD management decided that the first meeting in IFAD9 (2011) would be for one day, with half a day devoted to the MTR and half a day devoted to agreeing the agenda for the replenishment consultations. The IFAD9 consultations was in fact the first time Management prepared a MTR. The MTR has since been institutionalised as an instrument and a similar report will be presented at the outset of IFAD10 consultations.
76. **The timing and duration of the MTR are important for a strong replenishment process.** In the first meeting of IFAD9, however, the agenda setting discussion took more time than planned, reducing the time available to discuss the MTR and results in general. As such, IFAD9 included a commitment that “Members of the IFAD10 Consultation will consider the mid-term review (MTR) of IFAD9 early in 2014. Adequate time will be allocated at the MTR meeting to formulate the corresponding agenda for the subsequent sessions of the IFAD10 Consultation”<sup>68</sup>. Interviews conducted for CLER showed much appreciation for the MTR among member states who see it as a good reporting and accountability mechanism. It is also important in setting the scene for the next replenishment so that the new agenda is rooted in the lessons and performance of the past; it thus provides member states an opportunity to learn about the progress made and the opportunities and challenges that lie ahead at the outset of a new replenishment process.
77. **The MTR in other MDBs is more of a stand-alone event than in IFAD.** For the peers, the MTR is held several months prior to the Consultations’ start, has a longer duration, and wider scope; it serves the dual purposes of both discussing results and lessons learned and helping to set the agenda for the upcoming consultations (see Table 3). This means that significantly more time is devoted to discussion of results than in IFAD, although the number of papers produced may not be significantly different from that for review of results under IFAD9 (seven papers). While all MTRs discuss progress in institutional and organisational reform, the wider scope reflects the fact that in all but IFAD’s case, the organisations have also been asked to make presentations of performance in specific areas, identified as part of the previous consultation process for discussion during the MTR. There is no evidence of similar requests being made as part of the IFAD replenishment processes to date.

<sup>66</sup> IFAD (2013) *Corporate-level evaluation of IFAD’s institutional efficiency and efficiency of IFAD-funded operations*. Evaluation of the Independent Office of Evaluation. EB 2013/108/R.3/Rev.1. April 2013.

<sup>67</sup> Mr Johannes Linn.

<sup>68</sup> paragraph 46.

Table 3  
**MTRs in other MDBs**

	IDA 16 Mid-Term	AfDF-12 Mid-Term Review	AsDF X Mid-Term Review
When held	13-16 November 2012	12-14 September 2012	18-19 November 2010
Review done before launching of consultation processes?	Yes	Yes	Yes
Duration of review meeting (days)	4	3	2
Held back-to-back with other meeting?	Annual meeting of the WBG and IMF		
Number of papers presented on results	13	7	13

78. **Evaluation figures prominently in the consultations of peers.** Presentations of key evaluations and evaluation findings from the respective Heads of Evaluation have informed the discussions in IDA 17, ADF-13, and AsDF XI. In IDA the presentation was followed by an overview from Management of the ongoing agenda for enhancing operational quality and participants welcomed the presentations and emphasized the need to strengthen the feedback loop between implementation and evaluation, including through better use of impact evaluation. Deputies in ADF-13 also encouraged greater use of impact evaluations and furthermore discussed the evaluation function of the Bank with reference to IFAD as a Best Practice. In AsDF XI a Special Evaluation Study: "The Asian Development Fund Operations: A Decade of Supporting Poverty Reduction in the Asia and Pacific Region" was a key input for the discussion.
79. **IOE input plays a key role in the consultation meetings.** In IFAD9 (2011), IOE was asked to make presentations to the replenishment consultation during the course of the year including on the latest ARRI, the CLE on gender, results measurement and an overarching presentation on major evaluation lessons and issues. Towards this end, the IFAD Management and Board agreed in December 2012 that ARRI should be always presented by IOE to the first meeting of each IFAD consultation, and this is indeed being planned at the first session of the IFAD10 consultation in February 2014.
80. **Evaluation lessons may usefully inform and shape the agenda for the replenishment consultations.** While the ARRI is a useful input to the consultations, specific presentations of major evaluations targeted to the issues on the agenda may however complement the ARRI-presentation and be a qualitative improvement that can lead to a better targeted and more informed discussion. And Deputies may, in line with practice in peers, during the consultation process identify key issues on which they want more evaluative knowledge to be presented at the next replenishment consultation. As far as IFAD10 is concerned, there are a number of relevant independent evaluations that have recently been completed or nearing completion that might be of interest to the replenishment consultation, including this CLER, the CLE on IFAD's grants policy, the CLE on Fragile States, and the Evaluation Synthesis Report on IFAD's engagement with Middle Income Countries.
81. **The system for managing support to the consultation process has also been strengthened with greater involvement of senior management as a whole.** For consultations under IFAD7, the organisation's response was coordinated by assistants to the President, with little dedicated administrative support. This approach was, with hindsight, considered insufficient by IFAD management and lead to significant change in support to the IFAD8 consultation process.. Significant changes introduced included the establishment of an IFAD8 Steering Committee, chaired by the Assistant President and including most of IFAD

senior management and creation of a full-time Replenishment Secretariat staffed by two professionals (a P4 and a P3). Lessons learned from this approach informed subsequent replenishments and interviews suggest that this approach led to a more efficient process, with a clearer allocation of tasks between the various parts of IFAD and more coherence across documents prepared for consultation meeting.

82. **IFAD9 is seen in general as an efficient and effective process.** Under IFAD9, several improvements helped the process. The President assumed the leadership role and the Replenishment Secretariat consisted of a small, efficient and experienced team, both of which contributed to generate a high level of trust among the delegates and among colleagues in IFAD. The informal meetings on key documents involving complex technical issues (the finance paper and the Replenishment Resolution) were effective and also well received by delegates. Delegates had at their disposal all documents through the interactive Web-site, although delegates did not use it much for submitting comments. But transparency was also high due to the intensive engagement of the entire senior management team through the Replenishment Coordination Committee (RCC) led by the President with his close personal engagement. This helped ensure an effective information flow and full commitment to decisions by the management team. And lastly, with respect to the internal working of the team, clear managerial responsibility for key papers worked well in producing high-quality, timely and concise documents, and the disciplined management of the production schedule was essential in ensuring delegates felt their interest in receiving documents in a timely manner was respected. Results drawn from a survey carried out as part of the recent CLEE confirm this view: when asked the broader question of whether “the tri-annual Replenishment Consultations are an efficient way of mobilizing resources for IFAD” an overwhelming majority of EB members that responded regarded the conduct of the Ninth Replenishment as efficient.<sup>69</sup> Finally, though the CLER does not cover IFAD10, the evaluation team has noted that thorough preparations are being made for IFAD10, with frequent meetings of the RCC chaired by the President including incisive efforts by PRM. The early engagement of the Chair is also likely to enhance the process.
83. **Direct costs have been contained and are perceived to be reasonable.** Figures for actual expenditure provided by IFAD management were US\$1.25 million and US\$0.91 million respectively for IFAD8 and IFAD9 consultations. In both cases, actual expenditures were significantly below the budget estimates. The actual expenditure for IFAD9 was significantly below that of IFAD8, something that could be expected since the number of meetings was reduced from five to four. But this was somewhat counter-balanced by the new costs associated with contracting the External Chair. Closer review of the expenditure figures would suggest that the fall was also due to a reduction of US\$ 0.15 million in the costs of translation services, which while difficult to definitively conclude, may reflect a more well-managed process and hence a lower volume of documents to be translated. Interviewees in this evaluation process never raised the issue that the direct costs associated with the consultations were perceived as disproportionate.
84. **Views on the burden of indirect costs of supporting the replenishment process vary significantly.** Interviews suggest that some IFAD staff believe that the amount of documentation requested as part of the replenishment process is excessive. However, the analyses/products prepared for the replenishment process would, in most cases, have needed to be prepared anyway given that they were responses to demands from member states and review of the agenda set for the

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<sup>69</sup> IFAD (2013) *Corporate-level evaluation of IFAD's institutional efficiency and efficiency of IFAD-funded operations*. Evaluation of the Independent Office of Evaluation. EB 2013/108/R.3/Rev.1. April 2013.



consultations for IFAD7, 8 and 9 clearly show a gradually more and more efficient process. Important factors include:

- The substantive agenda for each meeting, in terms of the documents that the IFAD management were expected to present, was fixed at the end of the second session for IFAD7 and 8, while it was set at the end of the first session in IFAD9. Agreeing what documents should be produced in the first session meant that IFAD had three months longer to prepare them.
- In all cases, once these agenda were agreed, the agreed documents have always been delivered according to the agreed schedule; there is no evidence of delegations making further *ad hoc* demands for extra documentation once the agenda was set.
- Interviews suggest that the volume of documentation required during IFAD7 was perceived as a challenge for the organisation. Review of the IFAD7 and 8 consultations suggest that there was little significant difference between the two processes, in terms of the number of documents on substantive issues that needed to be produced. Instead, the perceived increase and overload may have reflected deficiencies in how production of these reports was managed.
- Under IFAD9, there was no demand for development of new policies or assessment of IFAD's position on substantive issues, as this had been the focus of IFAD8; IFAD9 was more focused on consolidation, implementation and results, organisational and financial issues.

85. **Meaningfully comparing or benchmarking costs for supporting the process with peers is fraught with difficulties.** Attempts were made to benchmark direct costs of the IFAD process against that of the comparators but were not successful. The differences in operational mandates, size and location, the different ways of accounting for administrative costs, and the mix of services that peer institutions deliver to developing countries varies considerably; this makes meaningful comparison virtually impossible. Furthermore, the organisations took different stances on what costs should be allocated as direct costs of the replenishment process and which should be allocated to the overall overhead of the organisation.

86. **Communication has played an increasing role.** There is no specific communication strategy for the replenishment but a communication approach is developed in the context of the replenishment themes, and a number of communication instruments and tools targeted for the Replenishment Consultations are subsequently developed. The Communication Division (COM) is a member of the Replenishment Coordination Committee, and more attention is being currently given to coherent communication for IFAD10, including targeting to specific audiences.

87. **A stronger outreach is expected for the IFAD10 consultations as a result of the establishment of the Partnership and Resource Mobilization Office (PRM).** In 2011, PRM was established as part of the Change and Reform Agenda to comprise the Partnership Unit, the North American Liaison Office, the Arab Gulf States Liaison Office, and the Replenishment Secretariat. PRM is now headed by a Director, who is also Senior Adviser to the President, and reports directly to him. The aim of establishing PRM was to maintain a more permanent institutional capacity for partnerships and resource mobilisation. More effective liaison is being in fact established with development partners, Member States, foundations, the private sector and civil society; an example of this engagement is the efforts made to engage with the Arab states and the informal Board seminar on Additional Resource Mobilisation in December 2013. PRM is also monitoring the delivery of commitments through a tool developed specifically for this purpose and using a "traffic light" system, reporting to Management quarterly (see also paragraph 113). Looking to IFAD10, the capacity and outreach of this office will put IFAD in a better

position to communicate with the main financial contributors beforehand, which should translate into a clearer view on the challenges before the negotiations start and allow the development of an initial agenda based on a solid analysis. In addition, a draft strategy for Member State outreach is planned to support the IFAD10 consultation, together with a draft strategic communications plan; both are expected to be ready ahead of the next Consultation.

88. **IFAD, like other IFIs, addresses new and emerging policy and organizational issues mainly within replenishment consultations.** Given the global context in which they operate, and given their governance structure, all IFIs have to address new and emerging policy and organizational issues. The question is what is the appropriate forum. The replenishment consultation is structured for IFAD in a way that aims to give fair voice and representation to a very large and disparate Membership, while maintaining an efficient and effective process. The main alternative would be that such issues be raised and considered by the EB or the GC rather than within the replenishment consultation sessions. Given the previously mentioned constraints in both the GC and the EB, most interviewees did not see these as appropriate alternatives.
89. **The three-year replenishment cycle has never been seriously questioned; yet a four-year cycle, as that used in the AsDF, might have some advantages.** Both IDA<sup>70</sup> and AfDB have considered extending the replenishment cycle to four years, as is the practice in AsDF. Several interviewees stressed that a four-year cycle had certain advantages. It would better space intensive management engagement at all levels; right now there is very little time between one replenishment closes till preparations for the next begins. It would allow a substantive MTR after two years of implementation. It would reduce administrative costs. And, it would delink the process from the IDA and AfDF processes. Indeed, IFAD traditionally follows IDA and the AfDB's replenishment processes, and it is not clear to what extent the levels pledged may be interrelated. Interviews show different budgetary practices among donors; for some a high pledge for IDA and the AfDB in year X may mean a lower to IFAD in year X+1 and hence an advantage is sequencing meetings to avoid having them too close. There are some fears however, that donors would pledge the same amount, but spread it over four years. While this is denied by a number of List A countries who explain that that is not how their allocation and budget process works, the assumption that overall levels would not suffer would need closer study. Judging by responses to interviews and the survey for this evaluation, several respondents from all three Lists felt their government would not have strong reservations to a possible four year replenishment. A concern, however, was the link to the election of the IFAD President, which also takes places every four years.
90. **The AfDB has seriously considered a four or five-year cycle.** A study<sup>71</sup> carried out to review these options raise both potential advantages and concerns. Some relate to the synchronization with the discussions of IDA: "It is probable that the agendas of the two institutions' meetings would not be as similar as they are now, as replenishment discussions tend to focus on current issues. The effects of this change on complementarity could be mixed. Beneficiary countries would benefit from longer horizons for the coordination of stakeholders, including civil society, thereby enhancing complementarity. Also, staggering replenishments may allow opportunities for the AsDF and IDA to cover areas/crises/situations that arise after the other has completed its replenishment process. On the other hand, for donors, discussing the same issue in different institutions at the same time could

<sup>70</sup> IDA considered a 4 year cycle under IDA13 in 2001 and decided against a change but opened the possibility to revisit the issue.

<sup>71</sup> AfDB: Options to Improve the Cost-Effectiveness of the Replenishment Process, ADF-11 Mid-term review, October 2009. <http://www.afdb.org/fileadmin/uploads/afdb/Documents/Generic-Documents/BP%20Options%20to%20improve%20cost%20effectiveness.FINAL.EN.pdf>.

provide a clearer picture in terms of overview.” The concern that a longer replenishment cycle could have consequences for the relative size of the replenishment if donors did not scale up their pledges proportionally is shared by the AfDF.

91. **There is no evidence to suggest that there is a trade-off between duration and volume.** The analysis concludes that “the experiences of the AsDF and the European Development Fund (EDF) do not seem to suggest that this would happen. The AsDF (four-year cycle) has consistently grown in size (AsDF-8 US\$5.65 billion, AsDF-9 \$7 billion, AsDF-10 US\$11 billion), although the contribution of internal resources has grown more strongly than have the contributions of donors. Similarly, the EDF grew from EUR 13.8 billion (Ninth EDF for five years) to EUR22.7 billion (Tenth EDF, for six years), an increase of 37 percent per year”. A third concern is also shared by IFAD management, namely that fewer formal replenishment meetings would result in less face-to-face contact between IFAD Management and the Deputies as a group and suggests less opportunity for oversight by donors through collective discussions. The AfDF however suggest that this impact could be countered “by increasing other kinds of contact (bilateral visits, a secure website with a discussion forum, e-mail, telephone and video conferences) and by organizing informal meetings on the margins of Bank Group Annual Meetings or other international events. This latter suggestion could, however, somewhat reduce the savings of time and effort named above”.

#### **Key points: The Replenishment Process**

- Streamlining, innovation and institutionalization has made the replenishment process more and more efficient and effective, and is appreciated by Member States as such.
- Compared to alternatives in the UN system, the replenishment modality used at IFAD seems effective for resource mobilisation, as it ensures a certain level of predictability of funding for a three year period.
- The replenishment consultation is the platform where major policy and organisational changes are discussed and agreed upon (e.g., introduction of the Performance Based Allocation System, establishment of IFAD’s independent evaluation function, etc).
- The appointment of an external chair and the MTR of IFAD8, both of which were introduced in IFAD9, are innovations that have improved the IFAD replenishment process.
- The MTR is presented at the first session of the IFAD replenishment consultation, whereas it is held much earlier in the process in other IFIs. There are advantages to have the MTR discussed some months before the replenishment consultation starts.
- The setting up of the Partnership and Resource Mobilisation Office (PRM) in 2011 was aimed at, *inter-alia*, maintaining a more permanent institutional capacity for resource mobilisation and serving the replenishment processes.
- The costs of IFAD replenishment consultations are generally reasonable, even though it is difficult to quantify indirect costs.
- The move from a three to four year replenishment cycles deserves consideration, as this is likely to enhance efficiency. There is no evidence that a four year replenishment cycle would reduce the level of resources pledged through replenishments. Less frequent replenishment consultations would however reduce the opportunity for dialogue on strategy and policy issues between Management and Deputies, which could however be offset by other kinds of contacts, including a comprehensive MTR.
- There are opportunities for more time allocated for discussion of results and independent evaluations during the replenishment consultations. This would be consistent with the practice in other IFIs.

## D. Replenishment and policy and organizational change

92. **IFAD has gone through significant organisational reform since 2005, much of which has mirrored reform in other IFIs.** Generally two types of reform can be distinguished; one concerned with organizational effectiveness, and one focusing on policy and operational reforms. Both sets of change-processes clearly are influenced by the context in which they evolve. The main drivers of reform in IFAD at the time were based on the findings of the far-reaching Independent External Evaluation (IEE) of IFAD<sup>72</sup>, commissioned by the EB and supervised by IOE. And the watershed that was the Paris Declaration on Aid Effectiveness dominated that context, in 2005 and still to some extent today. Indeed, aid effectiveness, development effectiveness, and organizational effectiveness have been the buzzwords of international meetings for more than a decade. This is clearly reflected in the change-process in IFAD, be it at the policy or organizational level.
93. **In terms of organizational change, a well-established approach and cycle to organisational reform seems to have gradually emerged and evolved in IFAD.** There have been two major reform programmes within IFAD from 2005 onwards. These have been: (i) The Action Plan for Improving IFAD's Development Effectiveness (2006-2007); and (ii) The Change and Reform Agenda (2010-ongoing). IFAD's Action Plan for Improving Development Effectiveness (2006-2007) was in practice the management response to the 2005 IEE. This evaluation was carried out to meet a commitment under IFAD6 and was intended to feed into the IFAD7 consultations. The approach to development of the initial content of the Change and Reform Agenda had evolved from the approach used for the Action Plan. The Action Plan was mainly the management response to the recommendations of a specific evaluation, whereas management developed the Change and Reform agenda, drawing on analyses commissioned from consultants. More recently, the IFAD9 Commitments include a commitment to "Integrate recommendations of the corporate-level evaluation of the Fund's efficiency into IFAD's Change and Reform Agenda, and strengthen indicators used to measure performance with respect to efficiency, including IFAD's efficiency ratios, accordingly." Thus, there seem to be a mutually reinforcing process whereby reform is driven to some extent by evaluations and reinforced by the replenishment process, which in turn is informed by the evaluative work.
94. **Organisational reform has been a significant topic on the agenda of IFAD7, 8 and 9.** Two specific commitments in the Implementation Matrix for IFAD8 can be said to respond directly to organizational reform. First, the commitment to "Continue to report to the Executive Board on IFAD's operational and organizational reforms, principally through the RIDE". Second, the commitment to "Present to the Executive Board reports on the implementation of IFAD's human resources reform agenda". These concerns were also re-iterated in the narrative of the consultation document for IFAD8 which stated: "The Consultation agreed that, into and during the Eighth Replenishment period, IFAD must respond to these and other challenges. It has already started: in October 2008 new institutional arrangements were established for ensuring coherent implementation of Action Plan outputs, continuing change and reform efforts and addressing new challenges and opportunities to improve IFAD". The Action Plan finished at the end of 2007, while the Change and Reform Agenda package of reforms started in 2010. During the gap between overarching institutional reform packages in 2008-2009 reform was on-going in several of the areas identified in the Action Plan. The gap appears to have reflected the time required to develop the Change and Reform Agenda in direct response to agreements reached in consultations for IFAD8 and a wish to align its implementation period with the IFAD8 replenishment.

<sup>72</sup> <http://www.ifad.org/evaluation/iee/>.

95. **The role of the replenishment commitments related to organisational reform have been to sustain pressure for reform and implicitly tie future funding to evidence of performance.** While only one country was open that its level of financial commitment under IFAD8 was contingent on full implementation of the Action Plan in 2007, the understanding appears to have been that this was the position of several countries<sup>73</sup>. Evidence of this is the review of the Action Plan, which was commissioned by Canada, Netherlands and Norway in early 2008 and, while not presented to EB, was informally presented at one of the IFAD8 meetings. The donor assessment provided evidence that the Action Plan was leading to improvements in IFAD's development effectiveness. However, while the overall assessment of the implementation of the Action Plan was positive, it also identified a number of areas where continuing diligence was thought essential, including: (a) maintaining the commitment to organizational reform demonstrated at IFAD since early 2007; (b) accelerating progress in effectively dealing with human resources management; (c) maintaining and improving staff morale while effectively realigning human resources; (d) strengthening the focus on innovation and strengthening partnerships for innovation; and (e) solidifying and mainstreaming the knowledge management strategy.
96. **The increased focus on efficiency in the Change and Reform Agenda from 2013 (IFAD9) reflects growing concern by member countries on this issue since the 2008 global crisis.** This concern partly explains why the 2010 Annual Report on the Results and Impact of IFAD Operations (ARRI) prepared by IOE addressed efficiency as its main theme and the subsequent decision to include a corporate level evaluation of IFAD efficiency in the work programme of the IOE. It is also significant that in the 2010 assessment of IFAD carried out under the Multilateral Organisation Performance Assessment Network (MOPAN), the most frequent area for improvement noted by survey respondents related to the efficiency of IFAD's administrative processes and procedures: 18 per cent of all respondents pointed to this area and highlighted IFAD's heavy administrative systems, disbursement process, and the time it takes between inception of a program or project to final agreement and implementation. Donors in-country indicated that lengthy administrative procedures have a negative effect on the implementation of projects or programmes<sup>74</sup>. The 2013 MOPAN<sup>75</sup>, which included a case study of IFAD, has shown the Fund's strong performance in general, though with room for improvement in efficiency and sustainability of benefits.
97. **Evaluations have played the key role in shaping the replenishment agenda in terms of organizational reform.** Practice in the IFAD9 consultations has echoed that in the IFAD7 consultations; for IFAD7, the major commitment in terms of organizational issues was around implementation of the response to the 2005 IEE. Similarly, a key commitment in the IFAD9 commitment matrix is that IFAD "Integrate recommendations of the corporate-level evaluation of the Fund's efficiency (CLEE) into IFAD's Change and Reform Agenda, and strengthen indicators used to measure performance with respect to efficiency, including IFAD's efficiency ratios, accordingly". As a follow-up to the CLEE, IFAD management developed a comprehensive Action Plan to Enhance IFAD's Efficiency, which was approved by the Board in September 2013. These evaluations thus have been key drivers in the dialogue and agreement around the organizational development of IFAD. Management has also used these and other on-going and planned evaluations such as the CLEs on Fragile States, Grants, and MICs to draw attention to issues needing support from member states.

<sup>73</sup> IFAD (2012) A Case Study of the Impact of IFAD's Independent External Evaluation. Report submitted by ITAD Ltd to the Comprehensive Evaluation Platform for Knowledge Exchange (CEPKE), 30<sup>th</sup> May 2012.

<sup>74</sup> [http://www.mopanonline.org/upload/documents/IFAD\\_Final-Vol-I\\_January\\_17\\_Issued1.pdf](http://www.mopanonline.org/upload/documents/IFAD_Final-Vol-I_January_17_Issued1.pdf).

<sup>75</sup> Completed in December 2013 and thus not fully available to the CLER team.

98. **IFAD is unique in its evidence-based approach to organisational reform, with its strong role for independent corporate level evaluations in identifying sets of recommendations which, in turn, are reinforced through the replenishment commitments.** This practice is not observed in the three comparator IFIs. Under IDA16,<sup>76</sup> a new tier was added to the results framework to measure IDA's organizational effectiveness and show progress across several dimensions. This tier was added in IDA16 in recognition of the importance of reporting on the progress of internal reform that the Bank was undertaking to further enhance efficiency, effectiveness and value for money in achieving development results. In this respect, IDA can be seen as similar to the situation in IFAD. However, while many of the reforms identified are in similar areas to those found under the Change and Reform Agenda - for example knowledge management and human resources - there is no direct reference to requirements to implement recommendations from specific independent evaluations in either the consultation document or in the supporting Table of Monitorable Actions for IDA16.
99. **The AfDF may be moving to a similar evidence- and evaluation-based approach.** Under ADF-12, the Bank introduced a four-tier results framework. As with IDA16, some of the issues - in this case strengthening delivery capacity further through robust human resource management and appropriate incentive systems and increased country-level dialogue, project implementation, and portfolio management through decentralized offices - echo some of those within the IFAD reform process. However, the September 2010 Final Consultation Paper for ADF12, states that "The framework will be complemented by independent evaluation studies that assess accomplishments at each level in depth"<sup>77</sup>. The implication therefore is that for the Bank's future replenishments, these evaluations could serve the same purpose as the IEE and CLEE have served for IFAD. Therefore, the Bank may be moving towards an approach that could be very similar to that found in IFAD. Indeed, very many positive references have been made to IFAD's Efficiency Evaluation in the AfDF-13 negotiations.
100. **Despite being rooted in evidence from within, many of the broad areas for organizational reform identified in replenishment processes are shared across both IFAD and its comparator IFIs.** On the one hand, the prominent role for evaluation in how organisational reform is approached under the replenishment process is unique to IFAD. On the other hand, the evidence is strong that the broad areas for reform identified under the replenishment processes are very similar across the IFIs. This is clearly seen in Table 4, which shows the areas for reform identified in the latest replenishment consultation documents for the four organisations, but is also confirmed to be a longstanding phenomenon by interviewees within IFAD who have observed the past two to three replenishment consultation processes across the four. What may also be implied is that evaluation themes are informed and influenced by the same contextual factors as replenishments and that there is an important link and mutual reinforcement between the replenishments and IFAD's evaluation programme. Thus, when developing IFAD's evaluation programme, it is worth considering the timing of key evaluations so that the findings may be leveraged through the replenishment process.

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<sup>76</sup> Finalized in December 2010 and runs from July 2011-June 2014.

<sup>77</sup> Paragraph 4.2.

Table 4  
**Areas for Reform Discussed in Replenishment Consultations**

<i>Area for reform</i>	<i>Identified in consultation, or supporting, document</i>			
	<b>IFAD9</b>	<b>IDA17</b>	<b>AfDF12</b>	<b>AsF11</b>
Country-level decentralization	✓	✓	✓	✓
Cost analysis and control	✓	✓		✓
Human resource management systems, policies and practices	✓	✓	✓	✓
Knowledge management	✓	✓	✓	✓
Results management	✓	✓	✓	✓
Transparency and accountability	✓		✓	✓

101. **There is an assumption that IFAD shares the fundamentals of the business-model of an IFI.** The view of IFAD staff closely involved with previous replenishment processes is that it is clear beforehand what issues will be raised in the replenishment consultations, and these are mostly the same across the replenishment processes of the IFIs. In turn, this would suggest that there is a shared understanding across the IFI replenishment processes of what the business model for these organisations is and that they face common challenges within this model. Therefore comparator IFIs and IFAD also often share similar responses to external changes in context/priorities, and can greatly benefit from sharing experiences and joint analysis and discussion of these.
102. **There seem to be a certain policy diffusion effect in the replenishments.** In terms of the policy and operational issues from the replenishment negotiation, these tend to reflect global initiatives/issues and are seen across replenishments of many IFIs. The finding that areas of concern on organisational reform are shared across the replenishment processes is also found with regard to policy issues. Looking at the experience of IFAD, it is found that if a policy issue is included in the agenda of the 1st replenishment session, it will then generally also be reflected in a commitment in the commitment matrix for that consultation. Analysis also suggests that the same policy issues are raised across the replenishment processes, as shown in Table 5, which looks at policy issues raised in the most recently completed replenishment consultations for the four organisations.

Table 5  
**Issues Discussed in Replenishment Consultations**

<i>Policy area</i>	<i>Identified in consultation, or supporting, document</i>			
	<b>IFAD9</b>	<b>IDA17</b>	<b>AfDF12</b>	<b>AsDF11</b>
Aid effectiveness	✓	✓	✓	✓
Scaling up	✓		✓	✓
Fragile states	✓	✓	✓	✓
Private sector	✓		✓	✓
Gender equality and women's empowerment	✓	✓		✓
Climate change	✓	✓	✓	✓
Preparing and responding to (economic) crises	✓	✓		✓

103. **The nature of the commitments on organisational and policy reform has evolved through the successive replenishments reflecting a shift towards a focus on further implementation of on-going commitments.** For organisational reform, under IFAD7, there was one all encompassing commitment,

which was to implement the Action Plan for Improving its Development Effectiveness as approved by the Executive Board at its Eighty-Sixth Session in December 2005. The commitment therefore required implementation of a significant number of actions outlined in the annexes of the Action Plan. For IFAD8, the organisational reform agenda is reflected in a number of commitments to produce documents in areas of unfinished business under the Action Plan that should be presented to the EB. By IFAD9, the nature of the organisational reform commitments had again changed, and reflected the focus on implementation and consolidation, and a stronger focus on partnerships, consistent with the global focus at the time.

104. **In broad terms, commitments can be seen as still related to reform around key areas identified by the IEE from 2005, but over time, increased focus on implementation in specific areas.** The exception is with regard to efficiency, which as discussed above, has become a higher priority. In this case, the key commitment under IFAD9 is to “Integrate recommendations of the corporate-level evaluation of the Fund's efficiency into IFAD's Change and Reform Agenda, and strengthen indicators used to measure performance with respect to efficiency, including IFAD's efficiency ratios, accordingly”. For IFAD7, there are no specific commitments related to policy, but a significant focus on policy is seen under both IFAD8 and 9. The difference between commitments between IFAD8 and 9 reflect a shift from introducing a policy into the organisation to issues related to its implementation.
105. **The Strategic Framework, the Medium-term Plan and the RMF are the key strategic planning documents.** At present, IFAD's overall strategy is set out in the IFAD Strategic Framework, 2011-2015. This was prepared internally with leadership from the Strategy and Knowledge Department (SKD) and the Associate Vice-President, Programmes. Earlier drafts were discussed with IFAD management and staff at various meetings and two informal sessions of the EB were held to gather feedback and inputs from Board representatives. The document states that this new Strategic Framework largely builds on the previous one (2007-2010), which retains much of its validity. In addition, it draws on the Report of the Consultation for IFAD8 and is informed by existing policies, the annual reports on IFAD's development effectiveness (RIDE) and various reports by IOE. In turn, the Strategic Framework is operationalized through the results-based Medium-term Plan (MTP), which is supposed to provide a clear overview of the Fund's strategic and operational objectives, programme of work, and allocation of human and financial resources. The role of the MTP is seen by management as further operationalizing the Strategic Framework and Results Measurement Framework. The MTP is a dynamic, three-year rolling document that allows for on-going adjustments to operations in a shorter timeframe and hence the key tool in the alignment of IFAD's human and financial resources with its strategic priorities. The 2011-13 medium term plan in is indeed noteworthy for its efforts to link these documents, though there is room for even closer alignments of these three important instruments in the IFAD10. This approach to strategic planning was a commitment set of in the consultation document for IFAD7 and the overall tools are now what one would expect to find in a well-run public sector organisation
106. **Clearly articulating the underlying logic connecting the organisation's overall strategy and its organisational reform process would minimize the risk of mis-alignment.** Replenishment consultations lead to agreement of a number of priorities, which are subsequently reflected in the MTP; to facilitate this the MTP period has been synchronized with that of the replenishment making it easier to incorporate commitments from replenishments into the plan. The MTP however should respond to and reflect the logic under-pinning both the Strategic Framework and the commitments made under the relevant replenishment. The need for the MTP to reflect commitments/actions identified through two different



processes is not a problem *per se* but does increase the risk that IFAD's reform/strategic management approach becomes incoherent if commitments/actions identified under the two processes do not share the same logic of what are the problems and how things need to change. This implies a risk that the replenishment commitments lead to a misalignment between the Strategic Framework and the MTP, because specific replenishment commitments may in fact not lead to the outcomes and the strategic objectives in the framework (or indeed the RMF). This risk would be minimized if the assumptions for why and how changes at each level in the five-tier results measurement framework will cause change at the next level were explicitly stated and then monitored to ensure coherence. At present, such a risk mitigation approach is not used.

#### **Key points: Replenishment and Policy and Organisational Change**

- Change in IFAD is driven both from the external context and from within, and IFAD has very skilfully used independent evaluations to anchor major organizational reforms so they are tailored to the specifics of IFAD while responding to general, global concerns.
- Evidence from peer replenishments seem to indicate a global governance process of a certain "policy diffusion". i.e similar issues are raised in all organizations. Given the commonality of membership it is not surprising. It underlines however, that IFAD, even in the absence of replenishments, in all likelihood would have to address those issues as they are current issues on the global development agenda.
- The 2005 IEE and 2013 CLEE are two landmark evaluations that have provided the basis for improving development effectiveness and institutional and operational efficiency, and whose recommendations and impact have been significantly leveraged through the direct link with the replenishment process.
- In terms of internal issues, IFAD has been through much reform and now focus is on implementation and consolidation.
- IFAD is subject to context/global governance and to manoeuvre well, needs to keep very well informed of how this evolves, including through close contact with peers.
- The IFAD Strategic Framework, the Results Measurement Framework and Medium Term Plan are key strategic planning instruments, which one would expect to find in a well-run public sector organisation.

## **E. Replenishment and results**

107. As the outset, it is important to recall that for reasons mentioned in Chapter 1, the aim of this section is not to provide an assessment of IFAD's development results in the three replenishment periods (IFAD7, 8 and 9) covered by the CLER. Rather, it is to analyse the systems, instruments and measures put in place or those that are being introduced as a follow-up to replenishment commitments, to ensure IFAD has a robust system for capturing and reporting on the results of the operations it finances in developing countries. However, Annex 8 summarize all commitments from the three replenishments thus demonstrating the difference in focus in the three replenishments but also how some issues are carried over from one replenishment to another.
108. **Consistent with global trends and with the evolution in peer IFIs, results have been a major issue throughout the period covered by the evaluation.** Prior to 2005 "Managing for development results" (MfDR) had been a central theme in global discussions, linked to the MDGs, but the inclusion of MfDR in the Paris Declaration renewed the focus. This is also reflected in the IEE of IFAD<sup>78</sup>. A series of

<sup>78</sup> <http://www.ifad.org/evaluation/iee/report/e.pdf>.

international roundtables on managing for development results enhanced reflection and development of new practices; in 2008 IFAD joined the group of IFIs who through the Common Performance Assessment System (COMPAS)<sup>79</sup> aim to anticipate donor-demands on measuring and reporting on multilateral effectiveness and results by publishing key data in a coordinated way. Donors demanded results evidence in IFAD7, linked to the strategic framework and the MTP, and there has been significant subsequent evolution in the approach to reporting against the expanded RMF in the past few years.

109. **Institutionally, monitoring of the commitment matrix has evolved from being an independent administrative structure to be an integral part of a corporate monitoring and reporting system, based on the RMF.** Initially there was no specific system for monitoring the commitment matrix, which was monitored as part of implementation of the Action Plan by the Action Plan Steering Committee. This structure was gradually phased out following the presentation of Final Progress Report on the Implementation of the Action Plan to the Board in December 2007. Subsequently, IFAD did not establish a specific administrative structure to manage and monitor the delivery of IFAD's commitments under IFAD 8, but follow up and monitoring the deliveries of the Commitments Matrix were undertaken through Senior Management Committees. However, IFAD9 marks a major institutional departure from this earlier practice as the Partnership and Resource Mobilization Office (PRM) was reconfigured in 2011 as part of the Change and Reform Agenda to include the Replenishment Secretariat. PRM in addition to resource mobilization tasks has responsibility for monitoring the progress in delivery of IFAD9 replenishment commitment and preparation for IFAD10. PRM is monitoring the deliveries through a tool developed specifically for this purpose, using a "traffic light" indicative system, tracking progress in implementing individual commitments. It reports to EMC quarterly.
110. **In IFAD9, focus was on the MTR and on providing adequate time to discuss both progress towards the Commitment Matrix, and the RMF 2013-2015 targets.** The consultation document for IFAD9 states: "Members of the IFAD10 Consultation will consider the mid-term review (MTR) of IFAD9 early in 2014. Adequate time will be allocated at the MTR meeting to formulate the corresponding agenda for the subsequent sessions of the Consultation. The review will provide an opportunity for Members to monitor progress achieved against the IFAD9 commitment matrix (Annex 1) and the RMF 2013-2015 targets (Annex 2), as well as to provide further guidance for the achievement of IFAD9 objectives." As suggested in the preceding chapter, this approach to reviewing results differs from peers in both scope and timing, giving less time for the review and limiting the scope to the RMF and the commitment matrix. In contrast, some peers seize the opportunity for a more in depth discussion of selected issues that have been identified in the previous consultation process. For example, in the MTR of IDA 16 in addition to the results reporting, progress reports were presented on IDA support to fragile and conflict-affected countries, on achieving climate resilient development, on progress with gender mainstreaming, on support to regional integration, as well as a review of IDA's graduation policy. And the first meeting of IDA17 included an agenda item to discuss issues remaining from the IDA16 MTR, thus creating a close link between the MTR and the replenishment.
111. **In IFAD10, currently one day is scheduled for a results discussion.** Given IFAD's more focused mandate and lesser range of issues to be covered, the one day scheduled for review of results under the forthcoming IFAD10 consultations may be sufficient, and something IFAD management has tested with key donors. However, increasing demand from many governments for evidence of results at country level means that it is difficult to judge what is considered by Members

<sup>79</sup> <http://www.mfdr.org/Compas/index.html>.

States sufficient dialogue. Furthermore, the MTR report produced will be different from past documentation, thus possibly leading to a different type of discussion. Meeting emerging requests from members for a clear articulation of how and why changes at the operational level in the RMF is expected to lead to change in higher levels of the RMF is likely to lead to a more constructive dialogue.

112. **Further improvements are being planned for IFAD10, building on lessons from past replenishments.** Specific time is planned for the MTR, and more targeted results reporting and communication is also envisaged. The fact that the MTR occurs early in the second year of the three-year replenishment cycle (IFAD9) means that much of the reporting planned is on process and predictive results than actual. At the same time, many actions aimed at achieving IFAD9 deliverables were initiated in 2012, the final year of IFAD8 and the IFAD9 mid-term review is expected to include an assessment of progress to date, with reference to final results from IFAD8; identification of key success and constraining factors; and conclusions and guidance for the remainder of IFAD9 and beyond.
113. **The scope and purpose of the MTR may deserve to be reviewed.** One important improvement has been the new internal reporting system which allows IFAD management to track achievement of commitments through a traffic-light system, with quarterly reviews. However, in terms of scope and usefulness, the MTR has so far more had the characteristics of a monitoring exercise than a review or critical assessment as a basis for future action. The first MTR reports that all actions requested by IFAD8 until the end of 2010 had been delivered and the text of the report is overall very positive, stressing that IFAD is on track, if not ahead, in all its replenishments commitments. While the MTR may adequately fulfil the objective of reporting on results, it does not however in its present form, provide a platform for linking results, reflection on progress, future strategic direction, and funding.
114. **The report on IFAD's Development Effectiveness (RIDE) will increasingly become the key source of evidence for IFAD's MTR.** An important change introduced in the IFAD8 Commitments Matrix was that all reporting regarding results achieved should be reported annually to the EB through the RIDE. As such, progress against all commitments under IFAD9 as well as progress against organisational change commitments, have been integrated into a single reporting system. In practical terms, this means that for the IFAD10 consultations, when discussing results from IFAD9, there is unlikely to be much difference between the results presented to the EB in December 2013 and those presented at the first IFAD10 consultation meeting in February 2014. However, a consolidated review of outcomes under IFAD8 is expected to be presented in February 2014 in the framework of the MTR, thus providing a longer perspective.
115. **In addition, the Annual Report on Result and Impact (ARRI) remains a fundamental document for the replenishment.** One of the required commitments under IFAD9 is for IFAD to review and consolidate mechanisms for results reporting to governing bodies, towards more succinct accounts that are focused on impact and outcomes achieved. Two reports in IFAD report at different level; while the RIDE reports on all five levels of the RMF, the ARRI reports only on level 2. The 2012 decision by Management and the EB to always present the ARRI at the commencement of the replenishment consultations is however also an indication of the recognition of the importance of this report in terms of fully informing the Replenishment consultations of IFAD's results and impact from an independent perspective.

Box 5

**Status of delivery of commitments under IFAD9**

In the first Quarterly review of the Commitment Matrix for IFAD9, 31 deliverables out of 56 (55%) were deemed on track, 17 had minor issues (31%) and 7 (12%) had major issues. The major issues were identified in the following areas: the use of ICT in IFAD projects, KM, advocacy and partnerships in climate change and NRM, delays in project cycles, quality of IFAD of program design and implementation in fragile states, and the national M&E systems.

116. **IFAD is seen by a number of donors to have developed one of the better results measurement and reporting systems.** The Multilateral Organization Performance Assessment Network (MOPAN) Survey of 2010 found IFAD's key strengths included a clear link between its mandate and its results focused strategy; a good results measurement framework; transparency in its aid allocation decisions; and independence of the evaluation unit. "IFAD's results measurement framework uses quality performance indicators and a clear hierarchy of results. These systems contribute to clear measures of success on the ground."<sup>80</sup> The 2013 MOPAN has revealed a similar picture about IFAD's attention to results measurement and particularly underlined the strengthen of its independent evaluation function. Also the Government of Australia in its 2012 Australian Multilateral Assessment<sup>81</sup> rated IFAD as strong both in its ability to demonstrate development or humanitarian results consistent with mandate and for its strategic management and performance: "IFAD's good results framework, with appropriate quality indicators, is used to push for continual improvement." And in its 2011 Multilateral Aid Review<sup>82</sup>, the UK (DFID), identifies IFAD as an organisation that has made impressive strides in results management and states that IFAD: "has one of the strongest results frameworks in the multilateral system" and that it has: "a comprehensive results framework which it uses to measure, report and pro-actively manage for results for maximum impact". The 2013 Multilateral Aid Review by UK also underlined that the introduction by IFAD of impact evaluations is a positive development.
117. **The RFM has helped IFAD focus increasingly on results, and can still be improved.** The first IFAD RMF was not originally developed as a reporting tool on performance to the replenishment consultation, and the IFAD7 Consultation Report<sup>83</sup>, did not include a RMF for the period. Nevertheless, the first version of the RMF developed to monitor the objectives of the Strategic Framework became the nucleus upon which IFAD built, expanded and evolved its second and third generations RMF. The second generation RMF presented to the third session of the IFAD8 Consultation in June 2008<sup>84</sup> contained four tiers and more than 40 indicators. The RMF that was finally adopted for IFAD8 (after EB approval) contained five tiers (unique among the IFIs) and 50 indicators, and that of IFAD9 has five tiers and 80 indicators. The RMF reflects intended results and commitments coming from a number of different sources. To ensure usefulness in terms of using the RMF to manage for results, it is important that the overall theory of change that underpins the RMF is explicit so that it is clear that intended results/commitments reflected in the RMF totally share the same theory of change. Indeed, several members are now looking to IFAD, as a next step in improving the system, to articulate the underlying theory of change. It is fully acknowledged however that there is no single definition of what theory of change is and no set methodology; in this report we define it as "the description of the sequence of events that is expected to lead to a particular desired outcome"<sup>85</sup>.
118. **The RMF gradually expands and includes more indicators.** The 2010-12 (IFAD8) and 2013-15 (IFAD9) RMFs both have five tiers, and include replenishment commitments made under IFAD8 and 9 and thus are the foundation for all reporting on performance by management (through the RIDE). While it may facilitate reporting and monitoring, the decision to include all indicators associated with commitments under IFAD9 and to consolidate all reporting under the RIDE has

<sup>80</sup> See page ix in Volume 1 at [http://www.mopanonline.org/upload/documents/IFAD\\_Final-Vol-I\\_January\\_17\\_Issued1.pdf](http://www.mopanonline.org/upload/documents/IFAD_Final-Vol-I_January_17_Issued1.pdf).

<sup>81</sup> [http://www.ausaid.gov.au/Publications/Pages/693\\_6999\\_8205\\_7111\\_6531.aspx](http://www.ausaid.gov.au/Publications/Pages/693_6999_8205_7111_6531.aspx).

<sup>82</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/67583/multilateral\\_aid\\_review.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/67583/multilateral_aid_review.pdf).

<sup>83</sup> GC 29/L.4. February 2006.

<sup>84</sup> REPL.VIII/3/R.2.

<sup>85</sup> Review of the use of "Theory of Change" in international development. Review report April 2012, DFID. [http://r4d.dfid.gov.uk/pdf/outputs/mis\\_spc/DFID\\_ToC\\_Review\\_VogelV7.pdf](http://r4d.dfid.gov.uk/pdf/outputs/mis_spc/DFID_ToC_Review_VogelV7.pdf).

meant that the number of indicators has expanded over time. This trend may continue as individual donors generally seem to request additional indicators, mainly but not exclusively at the operational level, in response to their own accountability needs. Given the demands of the individual donors, collating all reporting in a single document reduces transaction costs associated with reporting, but at the cost of reducing clarity when trying to strategically assess progress, due to the sheer number of indicators. The need by individual donors is understandable, but highlights the trade-off, now recognised by staff, management and Members, between comprehensiveness and usefulness.

Box 6

**IFAD's 5-tier RFM**

- **Level 1** includes the indicators most closely connected to broad economic and poverty reduction results.
- **Level 2** assesses country-level outcomes in terms of opportunities created for citizens in partner countries, measured in terms of relevance, effectiveness, efficiency, rural poverty impact, innovation and sustainability of IFAD operations.
- **Level 3** measures key outputs that underpins the country level outcomes generated by IFAD operations.
- **Level 4** focuses on the quality of country programme and project design and design and implementation support.
- **Level 5** measures IFAD's institutional efficiency.

119. **A clear positive development is the attention to monitoring gender outcomes and the recently introduced gender budgeting, which are concrete follow-ups to the CLE on gender completed in 2010.** IFAD is increasingly devoting attention to gender equality and women's empowerment, and has over the years developed a track record, comparative advantage and specialisation on the topic. The IFAD9 RMF includes a dedicated indicator on gender equality in level 2, provisions are made in level 3 to collect gender disaggregated data, and levels 4 and 5 also include gender-related indicators. The attention devoted to gender is further reflected in the introduction in 2012 of a dedicated annex in the RIDE on results and lessons on gender. There might be however some opportunity for further streamlining to strengthen the overall results system, as not all layers in the overall self-evaluation system necessarily capture the same type of results, making aggregation an area of concern. For example, while level 2 of the RMF aims to provide a consolidated picture of 'gender equality', the 2013 annual portfolio review (which informs the RIDE) reports on 'gender equity' in level 2.
120. **The RMF builds on indicators, and indicators indicate – they do not tell the whole story.** An RMF is an important step in the path from anecdotes to recorded and measured performance. For IFAD, it has also been an attempt to move beyond self-assessment; reports prepared by governments on project performance at completion are compared with findings of IOE; assessment of country programme performance is made by IFAD's country partners through client surveys; and the quality of project designs is assessed by an arm's-length quality assurance group, now located under the responsibility of the Vice President. Nonetheless, as the 2012 RIDE rightly states: "the RMF includes indicators rather than direct measurements of impact, and most of the assessments made relative to performance reflect human judgements about the likely consequences of actions (or design approaches). Moreover, trends in performance (particularly at completion) cannot be firmly established on the basis of data variations over a small number of years: what appears a trend can equally be a simple variation in the specific characteristics of a cohort of projects."
121. **The time required to achieve impact is a challenge in any RMF, also IFAD's.** Reporting against levels 2 and 3 is drawn from IFAD-funded projects and therefore

should allow judgement of whether changes at levels 4 and 5 are impacting upon the effectiveness of the organisation. However, evidence at levels 2 and 3 currently reflects performance for projects that were designed before the commitments under IFAD7 and 8 were implemented. This is clearly illustrated when looking at the projects used in the 2012 RIDE report. Of the 259 projects in the on-going portfolio at end 2011 (those used for reporting at level 3 using RIMS data), 65 per cent were for projects approved before the end of 2007. This suggests, even assuming that the initial results of reforms under the Action Plan were reflected in all projects approved after 2007, that two-thirds of the evidence for project performance in the latest RIDE is drawn from projects designed before the full benefits of reforms triggered by replenishment commitments under IFAD7 and 8 would be expected to have become apparent. The same issue arises for the level 2 information which is reliant on evidence from project completion reports. And, possibly of equal importance are the limitations when trying to use the evidence reported in the RIDE to examine whether implementation of commitments under IFAD7 and 8 has affected actual results. Within the RMF, level 4 focuses on the quality of IFAD country programme and project design and design and implementation support, while level 5 covers IFAD's institutional efficiency; it is at these levels, that many of the indicators related to commitments under the replenishment will be found, while IOE reports on level 2, the level of outcomes.

122. **Other MDBs share with IFAD the challenge of clearly identifying the purpose of their RMFs.** Corporate level results frameworks serve two purposes: they are used for the transparent reporting of results, and they are used as a tool to aid management for results. The challenge is in striking the balance between these two purposes. In the case of IFAD, the decision to use the RMF to capture all results that need to be reported at the five levels has led to the rapid expansion of the number of indicators, and resulted in a reporting tool that is appreciated by Member States. But for the framework to be used for managing for results, the theory of change for why and how change from one level affects change in performance at the next level in the hierarchy needs to be clear and understood, yet no document exist to provide that narrative although progress has been made in linking the RMF with Divisional Management results, divisional key performance indicators, and staff performance plans.
123. **In its current form, the RMF may be more geared for reporting than managing for results.** Three trends show that reporting needs appears to be driving the structure of the RMF: (i) the rapid increase in the number of indicators within the RMF indicate that its content is being driven by reporting needs; (ii) indicators are being added during replenishments, at the request often of Deputies, not included primarily based on management needs; and (iii) if management was its primary purpose, as mentioned earlier, the theory of change for why and how change from one level affects change in performance at the next level in the hierarchy would be more clearly articulated. Currently this is implicit, and would warrant a clear narrative. However, it is acknowledged that quarterly performance reviews and mid-term plans are all built around the RMF.
124. **Articulating the RMF theory of change is a common issue to IFIs.** In the recent discussions under the IDA 17 replenishment, the IDA Deputies made much the same point when discussing the IDA Results Management System (RMS). The Chairman's summary for second meeting under IDA17 replenishment states: *"Participants (...) called for the RMS to be a strategic and ambitious tool to manage for results, including for measuring knowledge results, and noted the need to be selective about which indicators are used. While limiting the number of indicators (now 80) seems necessary, clear priority should be given to relevant indicators of high quality with a focus on results and outcomes, instead of input indicators..."* For IDA17, many Participants called for clearer links to the WBG goals and for a more coherent narrative and linkages among the various RMS Tiers and

*the Replenishment's themes*". Most peers report on results both through a light "traffic light" reporting on the RMF, and through more complete annual results reporting. The ADB, concerned with demonstrating impact and the theory of change behind many of the results, has for example introduced Development Effectiveness Country Briefs. These "complement the annual Development Effectiveness Review in reporting on ADB's performance using the ADB Results Framework indicators."

125. **IFAD is innovating and introducing impact evaluations.** Responding to a request in IFAD9, IFAD has committed to a target of lifting 80 million people out of poverty. Meeting this has required IFAD to develop new approaches to assessing and evaluating impact. The aim is for Management to conduct and report on the results of 30 impact evaluations by the end of the IFAD9 period (i.e., 2015) and institutionalise impact evaluations in general, so that IFAD's efforts in reducing rural poverty can be quantified in a more reliable manner. Towards this end, Management is developing the required methodologies and partnerships to conduct the 30 impact evaluations, though a tighter management and oversight of the impact evaluation efforts will need to be exercised to ensure timely delivery of results. On this note, it is worth underlining that IOE conducted its first impact evaluation in 2013<sup>86</sup>, *inter-alia*, with the aim of gaining a deeper understanding of the topic and preparing for a planned corporate level evaluation on IFAD's overall efforts to conduct impact evaluation in the future. With the results from the 30 impact evaluations, IFAD will be in a much better position to establish the causal relationships with evidence based knowledge; as stated in Methodologies for Impact Assessments for IFAD9<sup>87</sup> "the impact evaluations, while demonstrating the impact pathways at project level, will also form the basis for demonstrating development effectiveness at more aggregate level through extrapolation to the entire project portfolio".
126. **Consistency of data is desirable.** On a related issue, reporting under the RIDE currently does not draw on evidence from IOE; yet, using independent evaluation data could enhance the credibility of data and facilitate review of results by IFAD governing bodies. The Project Completion Reports (PCR) prepared by project staff are a key source in IFAD's RMF and reporting in RIDE, whereas the ARRI currently assesses trends in portfolio performance based on IOE evaluation ratings. As the EB receives both the ARRI and the RIDE it is thus presented with different ratings of the same project's performance. Although initial indications have shown a high degree of congruence in ratings between the RIDE and ARRI, the established best practice by other IFIs however is to use validated PCR ratings by the independent offices of evaluation in reporting on results. Having said that, the CLER recognizes that, in addition to using available IOE data, self-evaluation data will also have to be used to enable Management to report on progress across all five levels in the RMF.
127. **IFAD has on the whole a good results measurement system.** Other IOE evaluations (e.g., the recent CLEE) and this CLER find that has over the years developed a comprehensive results complex. Special efforts have been made in recent years to further strengthen the results measurement system and overall self-evaluation capacities, such as by fine-tuning the indicators in the RMF, improving guidelines for data collection (e.g., in the context of RIMS), and setting up a new division (SSD) to support IFAD's efforts to measure impact using more quantitative and reliable methods. External assessments by donors (e.g., MOPAN, UK, and others) have also come to similar conclusions.

<sup>86</sup> IOE will continue to undertake 1 impact evaluation per year in 2014 onwards.

<sup>87</sup> (EB 20127107/NF.7) dated 4 December 2012.

128. **And IFAD is still aiming to further improve the systems.** Notwithstanding the aforementioned, the current RMF is rather complex, the number of indicators quite large, and the link between various results levels and with the replenishment Commitment Matrix not clearly articulated. IFAD is aware of most of these challenges and efforts are being made to address them.

**Key points: Replenishment and Results**

- As in other IFIs, the measurement of results has been a major issue in the last three replenishments and IFAD has responded by developing a comprehensive results measurement framework.
- IFAD will present a MTR on IFAD 9 in the first session of IFAD10, together with a review of the delivery of the IFAD8 Programme of work. While this a good practice, other IFIs however discuss results in more detail in the MTR, well ahead of the beginning of their replenishment consultations.
- The decision to present the most recent ARRI to the first meeting of the replenishment consultation on a standing basis, starting from IFAD10, is a confirmation of the importance devoted by Management and the Board to discussing results and lessons.
- IFAD has developed institutionalised capacities to monitor and report on results and achievement of replenishment commitments. There does however seem to be more evidence on how the RMF is used for reporting, as compared to managing for results.
- The IFAD RMF is a good tool in general. It does however have many indicators and does not include an explicit theory of change of how results from one level to another lead to achievement of overall strategic objectives. Many RMF issues are common with other IFIs, and joint discussion on how to address them could be helpful to IFAD.
- As part of IFAD9, a commitment has been made to undertake impact evaluations. This is a welcome initiative. Efforts are being made to develop the required methodologies and partnerships, though management of the impact evaluation activities could be further tightened to ensure delivery and reporting in a timely manner.
- RIDE and ARRI are two main instruments for reporting on results, based respectively on self-evaluation and independent evaluation data. Thus far, the two reports show only a narrow “disconnect” in the results achieved and reported. But, it could in the future pose a challenge for the Governing Bodies in gaining an understanding of IFAD’s results, if the disconnect in results reported by Management (through the RIDE) and IOE (through the ARRI) becomes wider.



## F. Financing perspectives

### (i) Definitions and characteristics of different types of funds

129. At the outset it is important to be clear on the boundaries of the evaluation. The evaluation's focus is on the funding provided by Member States through the replenishment. It looks at trends and quality and implications of changes in regular resources. However, to put this in perspective and gauge the relevance, these resources are also assessed in relation to the IFAD administered resources and the efforts that IFAD is making in raising additional resources is highlighted. The trends in these resources and the outcome of efforts to raise the level from various sources and mechanisms will have implications for IFAD's overall financial sustainability and capacity. These issues are not covered in detail in this evaluation, but deserve close tracking and analysis.
130. **Consistent definition facilitates reporting and discussion.** IFAD's financing comes from an array of a different sources and IFAD documents use varying terms for these resources depending on the perspective applied: legal, financial, etc. In this evaluation, we refer mainly to the terminology outlined in "Categories and Governance of resources available to IFAD"<sup>88</sup> and summarized in Annex 6, but with modifications suggested by IFAD staff in the course of this evaluation.
131. **At the highest level, a distinction can be made between regular resources and IFAD-administered resources.** Contributions pledged during replenishments are part of regular resources, and the focus for this evaluation. IFAD administered resources are considered in relation to the replenishment only, i.e. the additionality and implications for the replenishment of various options.
132. **Regular resources have constituted a relatively stable and predictable source for financing IFAD.**<sup>89</sup> Such resources are mobilized through replenishments and are fully owned by IFAD. The agreements between replenishment Members and management for each replenishment endorse an overall financing framework for the period funding IFAD's Programme of Loans and Grants (PoLG), administrative and capital budget expenditures and IFAD's share of debt relief under the Heavily Indebted Poor Countries Debt Initiative (HIPC)<sup>90</sup>. These resources are used consistent with Articles 4 and 7 of the Agreement Establishing IFAD, and are subject to provisions relating to beneficiaries, distribution and financing terms and conditions.<sup>91</sup> They are generally not earmarked and are allocated according to the Performance-Based Allocation System (PBAS)<sup>92</sup> as shown in Table 6; exceptions include funds provided for the Adaptation for Smallholder Agriculture Programme (ASAP), HIPC and the Belgian Survival Fund (BSF). The flow of regular resources has constituted the majority of the funding for IFAD's operational activities over time<sup>93</sup>.

<sup>88</sup> EB 2012/105/INF.3 dated 23 March 2012:

<sup>89</sup> Article 4.1 of the Agreement Establishing IFAD provides that IFAD's resources shall consist of Members' initial contributions, their additional contributions, special contributions from non-members, and funds derived or to be from IFAD's operations or otherwise accruing to IFAD.

<sup>90</sup> IFAD (2012) *Report of the Consultation on the Ninth Replenishment of IFAD's Resources*. GC 35/L.4. 25 January 2012. Paragraph 48; IFAD(2011) *Financing Requirements and Modalities for IFAD9*. REPL.IX/2/R.5. Chart A.II.1.

<sup>91</sup> *Ibid.* Page 3, paragraph 12.

<sup>92</sup> Instituted in 2003 to increase effectiveness by allocating IFAD's loan and grant resources on the basis of country performance and need.

<sup>93</sup> *Ibid.* Page 1 paragraph 2.

Table 6  
**Categorization of IFAD Resources**

	Part of replenishment	Can be earmarked	Allocated through PBAS	Governed by articles 4 and 7	Carry votes
<b>Regular resources (IFAD-Owned)</b>					
Members' initial contribution					Those paid prior to 26 January 1995
Members' regular replenishment contributions (additional to initial contributions)					
Special Programme for Africa					
Additional Complementary Contributions (ASAP, other)		Most are earmarked: e.g. ASAP, BSF, HIPC	In general yes, exceptions are: BSF and Swedish food security contribution to IFAD8, and ASAP		
Special Contributions from non-members					
IFAD's internally generated resources					
<b>IFAD-administered resources</b>					
Supplementary funds (Project co-financing, APO Fund, GEF, GAFSP, inter alia)					
Debt Funding, i.e. Administered loans to beneficiaries (Spain only)					

	Yes
	Sometimes
	No

133. **IFAD-Administered Resources are an important supplement to regular resources.** IFAD management supplements and leverages its replenishment-generated regular resources by administering supplementary funds (grants) and debt funding (e.g. the loan from the Spanish Food Security Co-financing Facility Trust Fund) from Member States and non-members for designated purposes. These funds are kept separate from all other resources held by IFAD. They are not owned but administered by IFAD, are not necessarily subject to Article 4.5 of the Agreement regarding conditions governing contributions, and their use is based on agreements between IFAD and the funds' providers<sup>94</sup>. The EB has however authority over IFAD's administration of such funds, which are provided by multilateral, bilateral, NGO and other partners. They are generally tied to a specific purpose and do not contribute to reflows into IFAD's internally generated resources. IFAD-administered resources comprise supplementary funds and debt funding. Such resources have become increasingly significant over the period covered by this evaluation, IFAD7 through IFAD9<sup>95</sup>.
134. **In addition to these resources, parallel co-financing channels funds directly to borrowing governments, in concert with IFAD resources.** Donors' parallel co-financing funds are not owned by IFAD and it normally does not have administrative control over them. Similarly, domestic contributions from beneficiary governments and project participants are not owned by IFAD but used in concert with IFAD resources and have potential to add to IFAD's scaling up efforts. Both

<sup>94</sup> IFAD (2012) *Categories and Governance of Resources Available to IFAD*, EB 2012/105/INF.3. 23 March 2012. Page 4, paragraphs 15-16.

<sup>95</sup> IFAD (2013 and previous) *Annual Report: Table 1, IFAD at a Glance*.

donor co-financing and domestic contributions provide a very strong indication of IFAD's relevance and the trust that partners have in IFAD.

135. **To respond to increasing demands, IFAD needs resources beyond the current replenishment trends.** For IFAD9, management and donors acknowledged that demands for IFAD's operations outpace replenishment resources. IFAD management committed to implement the agreed IFAD9 programme of loans and grants of US\$3 billion and mobilize additional co-financing at the rate of US\$1.6 per \$1 of IFAD loans and grants as a key corporate and operational objective consistent with the Medium-Term Plan<sup>96</sup>. Thus, both regular and IFAD-administered resources are essential for IFAD to fulfil its mission; the relative size and composition of each component however present different opportunities and trade-offs for IFAD.
136. **There is a risk that if the proportion of earmarked resources grows, that may to some extent undermine the multilateral character of IFAD.** Consistent with the trend seen in Chapter II (paragraphs 26 and 28) of a global increase in earmarked resources, donors in IFAD also increasingly use supplementary and additional complementary contributions to earmark funds for designated themes or countries. As highlighted by the OECD DAC, the lack of flexibility in the use of such resources reduces the quality. There is also a risk in accepting such resources of what some call "strategic drift"; the supply of resources drive the strategic priorities and not the other way round. Lastly, there may be a risk of earmarked contributions crowding out condition-free, undesignated replenishment contributions. Although there is so far no evidence of this, it is however a risk that needs to be considered and in this respect, supplementary loans carry the greatest risk of crowding out regular replenishment contributions because the funds are loaned, not contributed, and the reflows go back to the creditor government.
137. **Therefore the target for, and quality of, resources provided in the replenishment becomes all important.** During the initial meetings of replenishment consultations, IFAD management and donors work out a target for the size of the total replenishment, based on donors' signals of their possible pledges and IFAD's internal resources, together with management's projection of borrowers' effective demand. Considerable effort and reflection is made by IFAD management in providing donors with detailed financial scenarios that forecast both the level of internal resources that can be made available prudently over the period, and the external resources needed for the projected operational programme. Contributions have come close to meeting the IFAD7-9 targets. For IFAD9, Member States pledged US\$1.387 billion, 92 per cent of the replenishment target, and payments to date are on track. For IFAD8, Member States pledged US\$1.056 billion, 88 per cent of the replenishment target, and actual payments were US\$1.048 billion, representing 99 per cent of pledges<sup>97</sup>. For IFAD7, total pledges amounted to US\$639.3 million, representing 89 per cent of the replenishment target, and actual payments of US\$636 million represented 99.5 per cent of pledges<sup>98</sup>.
138. **Compared to peers, IFAD has contributed the highest share of internally generated resources to replenishments.** From a financial perspective, the primary purpose of the replenishment process is to generate regular resources to finance IFAD's PoLG, including related administrative expenses and HIPC costs. From 1997 to 2012, Member States' replenishment commitments covered about a

<sup>96</sup> IFAD (2013) *IFAD's 2013 results bases programme of work and regular and capital budgets, the IOE results-based work programme and budget for 2013 and indicative plan for 2014-2015, and the HIPC and PBAS progress reports*. GC 36/L.8/Rev.1. 4February 2013. Page 1, paragraph 1(a).

<sup>97</sup> IFAD (2012) *Annual Report*. page 48. [http://www.ifad.org/pub/ar/2012/e/full\\_report.pdf](http://www.ifad.org/pub/ar/2012/e/full_report.pdf).

<sup>98</sup> IFAD: Silvana Scalzo email to Eric Bondzie, 15 May 2013.

third of IFAD's loans and grants program; IFAD's internal resources covered the remaining two-thirds<sup>99</sup>, the highest such ratio among its peers<sup>100</sup>. These internally generated resources include loan reflows, loan cancellations and investment income. For IFAD7 and IFAD8, internally generated resources included some pre-commitments of predicted future loan repayments, the Advanced Commitment Authority (ACA), a practice approved by IFAD's Executive Board in 1997. As IFAD's PoLG expansion outpaced the growth in donors' contributions, doubling between 2006 and the forecast for 2012, successive extensions of use of ACA supported the larger PoLG, while maintaining a roughly consistent ratio between new donor contributions to internal resources<sup>101</sup>. For IFAD9, members and management agreed to replace the ACA with a sustainable cash flow approach, whereby financial obligations are projected and matched by a sequence of forecasted cash inflows over the disbursement period<sup>102</sup>.

139. **Beginning with IFAD10, an added element of the financial scenario is compensation for IFAD's participation in the Debt Sustainability Framework (DSF).** Under the DSF, IFAD provides a portion of its highly concessional loans in grant form to support debt sustainability for low income countries, a policy which the Executive Board approved in April 2007 pursuant to an IFAD7 recommendation<sup>103</sup>. These grants do not generate the reflows that they would have provided, had they been loans. IFAD management has reiterated the expectation that member states will compensate IFAD for the foregone principal repayments on a pay-as-you-go basis in the period 2018 - 2050<sup>104</sup>, an element that has to be factored into future replenishment scenarios.
- (ii) Replenishment trends**
140. **Establishing clear trends for replenishments is difficult since ad hoc events and the context surrounding the replenishment consultations have a significant influence.** At first sight, replenishment contributions have grown steadily over IFAD's existence. Donors' \$1.387 billion commitments for IFAD9 were 31 per cent higher than the US\$1.056 billion in pledges for IFAD8, which were 65 per cent higher than the US\$639 million pledged for IFAD7. However, IFAD9 benefitted from a special earmarked thematic contribution from the UK and others (ASAP) and IFAD8 consultations, held in the context of the food crisis, received an extraordinary contribution from internal resources.
141. **Changes in the source of funds mirror changes in the global aid environment.** Analysing the replenishment contributions by IFAD Lists (see also table 7 for an overview), shows that:
- List A's pledges have climbed steadily, more than doubling from IFAD7 (US\$516 million) to IFAD9 (nearly US\$1.2 billion).
  - List B's pledges nearly doubled from IFAD7 (US\$57 million) to IFAD8 (US\$101 million) when Saudi Arabia pledged an extraordinary complementary contribution of US\$30 million, but fell back for IFAD9 (US\$74 million).
  - List C's pledges have increased with each replenishment, nearly doubling from IFAD7 (US\$67 million) to IFAD9 (US\$117 million). Among List C sub-lists, C.2 pledges the greatest proportion, ranging from 65 per cent to 70 per cent of

<sup>99</sup> Mohamed Béavogui: Speech, Technical Roundtable on Mobilizing Resources for IFAD Programmes: Alternative Sources and Innovative Modalities. IFAD Headquarters, Rome, June 12-13, 2012.

<sup>100</sup> IFAD (2011) *Financing requirements and modalities for IFAD9*. REPL. IX/2/R.5. 24 May 2011. Page 2, Paragraph 10.

<sup>101</sup> IFAD (2011) *Financing Requirements and Modalities for IFAD9*. REPL. IX/2/R.5. Paragraphs 3-4.

<sup>102</sup> IFAD (2012) *Report on the Consultation on the Ninth Replenishment of IFAD's Resources*. GC 35/L.4 25 January 2012. Paragraph 49.

<sup>103</sup> IFAD (2008) *IFAD's Eighth Replenishment – Financial Scenarios*. REPL. VIII/3/R.5. 20 June 2008.

<sup>104</sup> IFAD (2011) *Financing Requirements and Modalities for IFAD9: Review of the adequacy of IFAD's resources to combat rural poverty*. REPL. IX/2/R.5. 24 May 2011. Annex II, page 17-18, paragraph 12.

the List C total for IFAD7-IFAD9, followed by C.3, ranging from 15-26 per cent and C.1, providing between nine per cent and 11 per cent of the List C total.

- Among List C's leading donors are India, China and Brazil. The levels of India's and China's pledges have ranked them between the 13<sup>th</sup> and 15<sup>th</sup> largest donors for the last three IFAD replenishments, with pledges sometimes surpassing those of Switzerland and Austria. Brazil for example climbed from 23<sup>rd</sup> ranked IFAD7 donor to 21<sup>st</sup> for IFAD8 to 18<sup>th</sup> for IFAD9 – its IFAD9 pledge of US\$16.7 million was more than double its IFAD7 pledge of US\$7.9 million.<sup>105</sup>

Table 7  
Replenishment Pledges by IFAD Member States

Target	720	1200	1500
(USD millions)	IFAD7	IFAD8	IFAD9
<b>Total pledges to date</b>	<b>639.3</b>	<b>1056.5</b>	<b>1387.4</b>
<b>Pledges by List</b>	<b>IFAD7</b>	<b>IFAD8</b>	<b>IFAD9</b>
List A	515.5	859.5	1195.6
List B	57.2	101.4	74.3
List C	66.6	95.6	117.4
<b>Pledges by List C Sub-list</b>	<b>IFAD7</b>	<b>IFAD8</b>	<b>IFAD9</b>
C.1	7.3	10.8	10.7
C.2	45.2	67.3	76.5
C.3	14.1	17.6	30.2

Data as of 15 May 2013. Source: IFAD internal data.

142. **List A still provided by far the largest share of replenishment resources, in IFAD9, with a considerable share earmarked.** While List A's total contributions more than doubled over the three replenishment periods, an important proportion of List A's IFAD9 pledges were complementary contributions for Adaptation for Smallholder Agriculture Programme (ASAP). The UK, Sweden, Belgium and Canada pledged a portion of their replenishment contributions for the ASAP – a total of US\$312 million<sup>106</sup>. Setting aside the funds pledged for ASAP, List A's IFAD9 contributions were only three per cent higher than their IFAD8 commitments of US\$859 million. Without ASAP, List A's contributions – and indeed the entire replenishment – would have been significantly lower. For IFAD10 there is the possibility of adding new donors and the Russian Federation has applied for non-original membership and pledged a core contribution of US\$6 million to IFAD9. Ukraine may also contribute to IFAD10, while Australia seems to have put on hold its possible reaccession to IFAD.

<sup>106</sup> IFAD (2013) *Consolidated financial statements of IFAD as at 31 December 2012*. EB 2013/108/R.13. 14 March 2013. Page 3, paragraph 11.

## Box 7

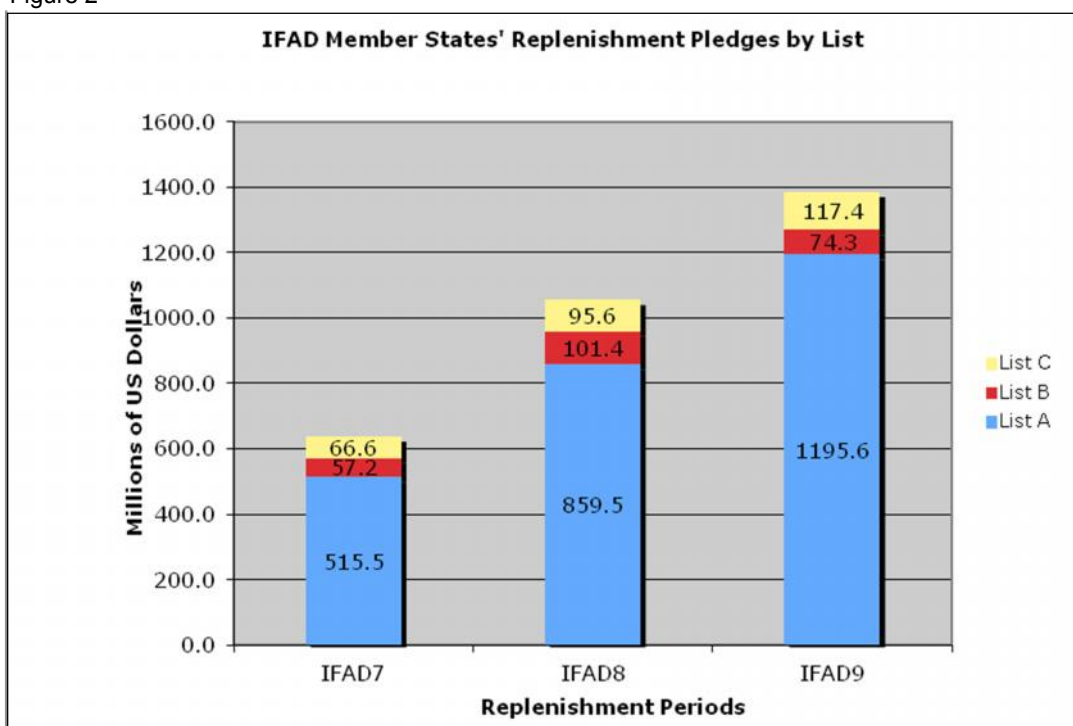
**Complementary contributions**

- 4th replenishment Belgium and the Netherlands, US\$25.5 million and US\$15.4 million respectively
- 5th replenishment Belgium US\$15.5 million and Italy US\$3.874 million
- 6th replenishment Belgium US\$ 15.8 million, Canada US\$ 1.3, India US\$ 1.0 million, Luxembourg US\$0.8 million and United Kingdom US\$ 10.0 million
- 7th replenishment Belgium US\$19.153 million and Germany US\$368,324
- 8th replenishment Saudi Arabia US\$30 million and Sweden US\$16.11 million
- 9th replenishment Canada US\$20.348 million, Belgium US\$8.584 million, the Netherlands US\$57.225, Sweden US\$4.729 million and United Kingdom US\$243.191 million

Source: <https://webapps.ifad.org/members/static/Contributions-Voting-Rights.pdf>

143. **List B contributions have not grown consistently across the past three replenishments, unlike those of List A and List C.** List B's pledges for IFAD7 totalled US\$57.2 million, rose to US\$101.4 for IFAD8 (including a special Saudi complementary contribution of US\$30 million), and fell to US\$74.3 for IFAD9. Some List B members may be focusing more of their contributions to Islamic organizations in line with global trends. Sustained efforts from IFAD in mobilizing Arab funds may show results in IFAD10, but the perception is that significant growth in Lists B and C's contributions may be tied to increases from List A. It therefore becomes more important than ever to help facilitate an informal dialogue across lists and members.

Figure 2



144. **More than 50 List C Members contributed to IFAD9, more than to any of the peers.** However, List C cannot be seen as one group, or even as three – a more differentiated approach is called for to assess the potential for raising funds from List C countries. List C comprises a very large number of countries with variable economic weight; that makes it impossible to develop a coherent strategy for engaging with these countries under one. A much more targeted and focused engagement is called for, but one that given the potential would be well worth pursuing. List C Members' pledges for the last three replenishments have

represented about 10 per cent of IFAD donors' totals and some are increasingly active in the global aid environment. The BRICS and some other List C countries have initiated or reinvigorated their own development assistance agencies. China has recently moved to coordinate its development assistance under an umbrella organization. South Korea and Turkey have long been active as donors, and Mexico, India and South Africa have all launched aid agencies since 2011. The budget of Russia's aid agency was increased fivefold and Brazil's president announced plans to re-establish its aid organization<sup>107</sup>. It should also be noted that the number of List C countries that contributed to IFAD9 compared to IFAD8 sharply declined from 76 to 53.

145. **While total replenishments grew, fewer countries participated in IFAD9 than in IFAD7 and IFAD8.** Looking at table 9, it is discouraging to see that fewer countries pledged, although they on average pledged larger amounts so the overall replenishment grew. Indeed, 27 countries who contributed to IFAD 8 did not do so to IFAD9 and although amounts were modest, it is a strong statement of support and demonstration of ownership to contribute financially to the replenishment, even if with modest amounts. This underlines the important task of PRM in terms of reaching out to potential contributing countries through all possible means.

Table 9

**Number of Countries who have Pledged to IFAD7-9**

	<i>Total list members</i>	<i>IFAD 7</i>	<i>IFAD8</i>	<i>IFAD9</i>
List A	24	21	20	18
List B	12	10	9	7
List C	136	66	76	53
List C1	50	27	35	30
List C2	54	28	30	17
List C3	32	11	11	6

146. **Looking at the quality of contributions, IFAD seem to be subject to the global trend of increasing earmarking.** Complementary contributions were crucial to achieving the IFAD9 target of US\$3 billion in funding. The US\$312 million in ASAP pledges represented over a fifth of total Member pledges of US\$1,387 million for IFAD9. Indeed, the UK's ASAP contribution of GBP 147.5 million was nearly three times its additional un-earmarked IFAD9 replenishment contribution of GBP 51.1 million. Other complementary contributions include those for the Belgian Survival Fund (BSF) (cumulative total to end-2012: US\$80 million), HIPC Debt Initiative (cumulative total to end-2012: US\$20 million), and other (cumulative total to end-2012: US\$59 million)<sup>108</sup>. These earmarked funds lessen the proportion of untied regular funding and when requiring special arrangements add an administrative burden.
147. **Donors' replenishment contributions to IFAD have generally followed the trend observed in other MDBs.** While the pace of growth in IFAD contributions has been stronger, the base however is smaller. IFAD contributions from donors rose 65.3 per cent between IFAD7 and IFAD8, and contributions for IFAD9 rose again, by 38.2 per cent; cumulatively contributions grew 128.5 per cent over the two replenishments. Those IFAD donor countries' contributions to IDA rose more slowly, but from a substantially larger base: their IDA15 contributions were 41.6 per cent higher than those for IDA14; their contributions rose only slightly –

<sup>107</sup> Daria Ukkhova, *How are the Emerging Donors (from China to Azerbaijan) Changing the Aid Business?*, OXFAM Blog, September 2013. <http://www.oxfamblogs.org/fp2p/?p=15852>.

<sup>108</sup> *Ibid.* Appendix G, Page 38.

1.6 per cent - for IDA16, for a cumulative increase of 43.9 per cent. The same donors contributed ten per cent more for AfDF's twelfth replenishment over that for its eleventh replenishment.

### (iii) Trends for IFAD-administered resources

148. **While IFAD's regular resources remain the institution's bedrock, IFAD-administered resources have grown.** Trends identified by the OECD show that bilateral contributions to multilateral organizations' non-core resources are outpacing core contributions<sup>109</sup>. In IFAD9 management committed to leverage replenishment contributions by a ratio of 1:1.6 to expand operational activities, thus encouraging donors to provide more regular resources. The funds raised to fulfil this objective include supplementary contributions, supplementary loans and co-financing. While a detailed assessment of these are outside of the scope of this evaluation, the respective funding levels and some key characteristics are important *context* to the replenishment.
149. **Supplementary Funds:** Between 2005 and 2013, co-financing levels varied between a low of US\$96 million (2006) and a high of US\$677 million (2010)<sup>110</sup>. In 2012, IFAD reached agreements for supplementary funds with the European Commission, the OPEC Fund for International Development (OFID), and the Governments of France, the Republic of Korea, and Switzerland. IFAD was also appointed as the supervising entity and financing channel for the Global Agriculture and Food Security (GAFSP) program in Burundi for US\$30 million<sup>111</sup>. The growth in supplementary funding has been sufficiently significant that IFAD management has introduced the concept of gross and net budgeting to account separately for the increased workload associated with such funding – which is covered by corresponding fee income<sup>112</sup>. Table 8 shows a summary of co-financing mobilised by IFAD in the period 2005-2013. Actual trends are difficult to establish as a single major project can make a big difference any one year. However, given the strong result in 2010 it would seem as if more efforts are needed to explore opportunities, especially with multilateral institutions who provide the bulk of co-financing.

Table 9  
IFAD Co-financing, 2005-2013

	<i>(million US\$)</i>									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	
Total Co-financing	124,2	96,1	424,4	305,0	308,1	662,2	412,2	420,3	342,2	
Multilateral	74,8	67,3	398,3	198,0	280,2	565,2	213,2	153,3	207,1	
Bilateral	39,1	27,0	17,3	13,3	24,6	74,5	159,4	183,0	93,2	
NGO	1,6	0,6	1,0	3,5	0,7	10,4	0,0	3,5	0,0	
Other	8,6	1,3	7,8	90,2	2,5	12,2	39,6	80,5	41,9	

Source: Project Portfolio Management System (at 7 Feb 2014).

<sup>109</sup> IFAD (2012) *Instruments for IFAD to Mobilize Non-Core Resources, Supplementary Fund Arrangements and Trust Funds*. 12-13 June 2012. Page 1.

<sup>110</sup> IFAD (2012) *IFAD Annual Report*: Table 1, IFAD at a Glance.

<sup>111</sup> *Ibid.*, page 49.

<sup>112</sup> IFAD (2013) *IFAD's 2013 results-based programme of work and regular and capital budgets, the IOE results-based work programme and budget for 2013 and indicative plan for 2014-2015, and the HIPC and PBAS reports*. GC 36/L.8/Rev.1. 4 February 2013. Page v, paragraph 6; page 12, paras 46-48.



150. **Supplementary Loans:** In September, 2010 IFAD's EB approved the establishment of a EUR300 million Spanish Food Security Co-financing Facility Trust Fund, using a Spanish loan to scale up IFAD funded projects. IFAD administers the trust fund as Trustee<sup>113</sup>. Since December 2010, IFAD has received an amount of EUR285.5 million on a loan basis and EUR10.5 million as part of a grant component from the Spanish Government<sup>114</sup>. Because the Spanish Trust Fund resources are IFAD-administered resources, they are not allocated according to the PBAS and can be used with greater flexibility. The grant element facilitates IFAD's on-lending to Member States at concessional rates, as required by its mandate.
151. **The "Spanish model" may be replicable.** The financial model underlying the Spanish Trust Fund was developed to guarantee reimbursement of the loan to Spain; at least 50 per cent of the loan will be allocated under IFAD ordinary terms, which remain below market rates<sup>115</sup>. When loans are repaid, the funds are returned to Spain; there are no reflows for on-lending, unlike IFAD loans funded by replenishment or other contributions. Spain bears the lending risks, including that of non-repayment. IFAD Management committed as part of the IFAD9 consultations to build on lessons learned from the Spanish Trust Fund<sup>116</sup>. Management has been consulting with several other Member States about their government's willingness to replicate this kind of sovereign lending; discussions are well advanced with the governments of Germany and China, possibly with some modification to the model.
152. **New financing modalities are being tested.** In IDA17, donors and World Bank management agreed to use Concessional Partner Loans as a means to increase donors' contributions, while reiterating that grants remain the core of IDA's financing. This is indeed noteworthy and it is worth for IFAD to examine these new models to fully understand the potential implications for IFAD's financial sustainability. In this regard, it is worth noting that the EB in December 2013 agreed for IFAD to start negotiations for a debt funding agreement with the KfW Development Bank (Germany) for an amount of around USD 500 million. Negotiation as still in progress at the time of this report.
153. **Noteworthy is also the somewhat erratic growth in domestic contributions.** Borrowing Member countries' domestic contributions to IFAD funded projects have fluctuated year to year, but overall have increased over the past three replenishment periods. They have ranged from a low 2007 level of \$274 million over \$925 million in 2010 to \$567million in 2013. This is particularly important for IFAD's scaling up agenda as such funds can be instrumental in leveraging IFAD funded projects to have national impact. In due course, it is hoped that these countries also will provide additional contributions to IFAD's regular funds.

<sup>113</sup> <http://www.ifad.org/partners/spain/>. *The Spanish Food Security Cofinancing Trust Fund*.

<sup>114</sup> IFAD (2012, 2011) *Spanish Food Security Co-Financing Facility Trust Fund's Financial Reports, 31 December 2012; Spanish Food Security Co-Financing Facility Trust Fund's Financial Reports, 31 December 2011*. (prepared for the Spanish Representative; not circulated).

<sup>115</sup> IFAD (2012) *Summary of Roundtable Discussion: Mobilizing Resources for IFAD Programmes: Alternative sources and innovative modalities*. 12-13 June 2012. <http://www.ifad.org/events/resources/summary.pdf>.

<sup>116</sup> IFAD (2012) *Report of the Consultation on the Ninth Replenishment of IFAD's Resources*. GC 35/L.4. 25 January 2012. Page 11, paragraph 37.

Table 10  
**IFAD: Domestic Contributions, 2005-2013**

		(million US\$)								
Year		2005	2006	2007	2008	2009	2010	2011	2012	2013
Total Domestic Contributions		424,9	290,5	273,8	282,7	362,3	924,8	834,3	599,5	568,6

Source: Project Portfolio Management System (at 7 Feb 2014).

**(iv) Additional resource mobilization - alternative sources and innovative modalities**

154. **The Governing Council has directed IFAD management to explore new sources of financing.** Recognizing that IFAD's traditional financing model would be unlikely to keep pace with developing country Member States' demand for agriculture projects, IFAD donors and management agreed during the IFAD9 consultations that IFAD would "vigorously explore additional sources of financing in order to enable it to fulfil its mission"<sup>117</sup>. As part of this effort, Management agreed to "explore the scope for raising financing from other sources, to be submitted to the Executive Board, provided that any related agreements have no consequences for the governance of the Fund"<sup>118</sup>. To implement the Governing Council's directive, the President approved the Additional Resource Mobilization (ARM) initiative in May 2012<sup>119</sup>.
155. **Additionality is the key to any new financing options.** A policy reference group of senior IFAD managers has been established to guide the exploratory work and various initiatives undertaken. Management briefed the EB in September 2012 and April and December 2013. The EB's September feedback suggested that there was general support for the ARM initiative, despite some concern lest IFAD overstretch its capacity; Board members urged additionality to avoid innovative financing substituting for regular contributions and urged initial focus on quick wins, such as expanding supplementary contributions<sup>120</sup>. IFAD representatives have also undertaken consultations with Member States and others to explore possibilities<sup>121</sup>, focused on supplementary contributions, sovereign debt funding and private sector contributions. Consultations with some countries have explored possibilities for direct co-financing, or thematic multi-donor supplementary funds, such as nutrition, fragile states, or South-South cooperation. Discussions with China and Germany (as mentioned earlier) explored sovereign debt financing, building on the model of the Spanish Trust Fund; these talks identified challenges to reach mutually beneficial terms and conditions. It was suggested that IFAD seek a credit rating for assessing creditworthiness, which might also help attract private sector interest<sup>122</sup>.
156. **While several options for additional financing have been identified, the increasing risk is also recognised.** At the April 2013 seminar, IFAD management briefed the EB on potential risks associated with innovative financing and possible mitigating measures. Management noted that introduction of public debt financing might bring about the greatest risks, pointing out financial risks associated with term and liquidity, interest rates, and exchange rates. Debt funding would also

<sup>117</sup> IFAD (2012) *Report of the Consultation on the Ninth Replenishment of IFAD's Resources*. GC 35/L.4. 25 January 2012. Page 11, paragraph 37.

<sup>118</sup> *Ibid.* Annex 1: IFAD9 commitment matrix, Page 19.

<sup>119</sup> IFAD (2013) *Progress Report on the Additional Resource Mobilization for IFAD (ARM) Initiative*. Executive Board – Informal Seminar. 9 April 2013. Page ii, paragraph 1; page 2, paragraph 7.

<sup>120</sup> *Ibid.* Page 3, paragraph 12.

<sup>121</sup> IFAD (2013) *Mobilizing Resources for IFAD Programmes: Summary of the Roundtable Discussion*.

<http://www.ifad.org/events/resources/summary.pdf>. 12-13 June 2013.

<sup>122</sup> *Ibid.* Page 4, paragraph 18.

engender other risks related to governance, and administrative and operational capacity. Management also flagged the risk of replenishment substitution, mission drift and political risk<sup>123</sup>. While these might be particularly pronounced for funds raised through sovereign debt instruments, they may also occur with other forms of new financing. Four options were proposed to pursue: (i) expanding supplementary contributions – the easiest option in the near term; (ii) sovereign and public debt financing over the longer term; (iii) private investors through co-financing; and (iv) Islamic finance, building on the experience of other IFIs<sup>124</sup>.

#### **(v) IFAD financing to middle income countries**

157. **There is increasing reflection on IFAD's role and funding of development interventions in MICs.** The growing economic strength of MICs, including their availability of domestic resources as well as capacity to generate resources internationally from the private sector and other sources call for a reflection on IFAD's future role. This issue is gaining greater prominence, also in light of the relatively limited amount of replenishment resources available to IFAD to meet demands to fund effective and efficient projects and programmes in all developing member countries. The CLEE (2013) already raised the latter point, arguing for a more selective approach, which would further enhance IFAD's institutional efficiency and contribute to greater results on the ground.
158. **Changes may imply a rethinking of the PBAS.** In this regard, some member states in fact argue that IFAD replenishment resources should be mostly, if not exclusively, allocated to low income countries including fragile states with weak governance, policy and institutional contexts. This would mean that replenishment resources allocated using the Performance Based Allocation System (PBAS) would exclude the MICs.
159. **The heterogeneity of MICs must be recognized,** In any discussion on this topic, however, the vast variation in income levels and poverty profiles across such countries needs to be carefully recognised. Indeed, taking into account the dynamics of growth and development, some countries classified as lower MICs at any point in time run the risk of falling below the MIC threshold, depending on the evolution of their economies and country contexts, but may subsequently return to MIC status depending on the development path.
160. **Are any members states ready to relinquish their access to IFAD resources?** IFAD being a multilateral organisation might find it difficult to *a priori* exclude providing assistance focused on small agriculture and rural development interventions to any of its member states, especially if there is clear demand for the Fund's support. And, it needs to be recalled that the majority of poor people globally live in MICs, which implies IFAD given its mandate would continue to have a role to play in improving the lives of such people in rural areas. The fact that lending to MICs would also contribute to greater reflows, given IFAD normally lends to them on non-concessional terms also should be recognized.
161. **There may be far-reaching consequences of addressing this issue.** While this topic requires a far more thorough analysis and discussion well beyond the scope of the CLER, it does point in the direction that there is need for IFAD to rethink its partnership and model of engagement with MICs and the use it makes of replenishment resources. Many recent country programme evaluations by IOE in MICs confirm this, and suggest the need for greater attention to serving MICs through a more coherent mix of knowledge products, technical assistance, policy support, south-south cooperation, and innovation. The possibility of establishing

<sup>123</sup> *Ibid.* Pages 5-6, paragraphs 23-26.

<sup>124</sup> *Ibid.* Page 7, paragraph 28.

two financing windows at IFAD, as at the World Bank (IDB and IBRD) and the Asian and African Development Bank, seems to be an emerging issue.

162. **A synthesis evaluation may shed more light on the issue.** The opportunities and challenges of IFAD working in MICs is currently being analysed more thoroughly by IOE, which is preparing a detailed evaluation synthesis report on the topic for presentation to the Evaluation Committee in the middle of 2014. This will provide a further chance for collective discussion on the topic with Management and IFAD member states.

#### **Key points: Financing Perspectives**

- The evaluation's focus is on contributions made by Member Countries in the replenishment; however, other resources are an increasingly important supplement and the evolution in these deserve close tracking and analysis to ensure that mobilization efforts are made where potential is strongest.
- Replenishment contributions that generate reflows and are not earmarked are the most useful funds for IFAD since they fund IFAD's core mission and allows flexibility in use.
- In a scenario of low growth from traditional donors in List A there is however not sufficient evidence to determine if new and returning members' replenishment pledges will grow fast enough to keep up with the increasing demand for IFAD's assistance.
- List A has continued to provide the largest share of contributions for IFAD7 through IFAD9, albeit with increasing earmarking. List B contributions have not grown consistently across the three replenishments. List C contributions have grown and may be a source of additional regular funding for future replenishments.
- However, it is a reason for concern that fewer countries contributed to IFAD9 than to the previous two replenishments, covered by the evaluation.
- Some members are also providing co-financing in the context of IFAD-financed operations, and domestic contributions have increased. Close tracking of trends and analysis of opportunities to increase these are warranted.
- Trends show a shift in the engagement across and among lists, but not a deliberate and transparent shift reflecting a consensus on how the joint responsibility of the Fund should be managed. The notion of a shared responsibility is in IFAD's DNA, and is one that sets IFAD apart from other IFIs. It is well worth protecting; to do so requires an open and transparent dialogue across the membership on the critical issue of burden sharing.
- IFAD9 authorized additional resource mobilization efforts provided the governance structure remained unchanged. For example, the recent efforts to mobilise additional resources from KfW Development Bank (Germany) is indeed a positive initiative, though any associate risks will have to be carefully addressed upfront.
- Additional resources mobilization is examining different options, none of which are likely to replace the replenishment as the main source of core funding.
- IFAD financing to MICs and its implications needs further study and discussion. In this regard, the on-going IOE evaluation synthesis report on MICs that will be finalised in the middle of 2014 would provide one such further opportunity in the near future.
- Overall, like its peers, IFAD must develop more diverse financing instruments that can enable it to mobilize and extend greater resources to meet the expanding and diversified needs of its Member Countries. And it must be clear on where the largest potential for mobilizing resources is, to focus its effort effectively and efficiently.

## IV. Conclusions and recommendations

### A. Conclusions

163. **Overarching message.** The periodic replenishments are and will remain in the foreseeable future the most fundamental process for mobilising resources, which are critical towards ensuring the Fund's financial sustainability and availability of required resources to support rural people improve their food security, nutrition and livelihoods.
164. Framing the replenishment within a longer term vision connected with the post-2015 UN development goals may help representatives from all Lists see more clearly what is at stake in terms of IFAD's role in poverty eradication and global food security and provide the necessary incentive and platform for a stronger engagement in the institution. In this regard, efforts by the Management in 2013 to prepare IFAD's strategic vision is a welcome initiative.
165. The evolution in global economic and geo-political scenario poses opportunities and challenges for IFAD. The financial constraints and the corresponding call for cost reductions in many traditional IFAD donor countries (i.e., in List A) might affect their replenishment contributions. Emerging economies (like the BRICS and others) have the potential to step-up their roles and provide greater resources to IFAD, although the scope and type of resources is uncertain. In general, however, any increase in replenishment contributions is linked to how well the organization deals with and demonstrates relevance and results, and ensures a joint discussion of the strategic direction of the institution, with due regard to voice and representation consistent with the emerging new global development landscape.
166. There are, at the same time, opportunities for IFAD to strengthen its additional resource mobilisation, beyond the funds mobilised through the replenishment process. This may be essential for IFAD to continue to respond adequately to the growing demand from developing countries for its assistance.
167. The recent establishment of PRM can help ensure a strategic, well-informed, and consistent and coherent effort to resource mobilization, both through replenishment processes and additional resource mobilisation. With regard to the latter, it is critical that such funds are provided of a quality and in a manner so that they are truly additional, crowding in new resources, and not displacing regular resources, and not adding any unnecessary burden or strain on IFAD's administrative or governance processes.
168. **Replenishment objectives.** IFAD replenishments have provided a central platform for dialogue and reflection on IFAD's strategic directions, operating model and development instruments, on its results and lessons, and the resources needed to achieve these. In fact, some of the most fundamental changes in the past in IFAD have indeed been agreed upon during replenishment consultations (e.g., the introduction of the Performance Based Allocation System, the establishment of IFAD's independent evaluation function, etc). As in other IFIs, therefore, IFAD replenishments are likely to continue providing an opportunity to discuss the evolution of the organisation, with the aim of ensuring its continued relevance, effectiveness and efficiency (see paragraphs 42-44 and 87).
169. The historic partnership at IFAD between developed and developing member states enables them to jointly sit together around the table with the Management during replenishment consultations to engage in a dialogue and agree on future directions for the organisation. This partnership is unique to IFAD, as compared to peers, and efforts would be well invested in further strengthening this distinguishing feature of the Fund in the future (see paragraph 52).
170. Notwithstanding the aforementioned, however, the replenishment consultation has traditionally been largely donor-dominated, even though a fair number of

developing countries take part in the replenishment dialogue within IFAD, as compared to in other IFIs. In this regard, however, the CLER underlines that the economic growth and aspirations of several non-traditional IFAD donors (e.g., the BRICS and other List B and C countries) will need to be carefully considered, as it is already leading to changing dynamics in the dialogue and relationships across the three Lists and between the Lists and the Management. This might also in turn require a review and fine-tuning of some governance aspects of the organisation (paragraphs 37, 45, and 52).

171. One such fundamental aspect is the question whether, in today's geopolitical and global economic context, the List system (A, B and C) continues to remain a relevant and effective way of grouping IFAD member states. Any reconsideration of the List system is likely to also have consequences to other aspects of IFAD's legal framework and governance and therefore should be initiated by the membership itself.(paragraph 57).
172. **Voice and representation.** From one point of view, the heterogeneity of the background of replenishment Deputies, and the turn over, enhances the diversity of views and perspectives in the deliberations and makes for a rich discussion. And, the large number of Board members who also represent their countries on the replenishment consultation ensures a thorough knowledge of the institution and a certain continuity. On the other hand, the latter may however also pose a challenge to distinguish between issues that should be treated, respectively, in the Board and the replenishment consultation (paragraphs 60-62).
173. While voice and representation may be seen as better for developing countries than in peers, it should also be noted that participation is delinked from the financial contributions to the replenishment. As the objective of the IFAD replenishment is as much strategic dialogue as it is resource mobilisation, the latter should not be made a requirement, but the positive signal that is given when a contribution is made deserves to be clearly and widely acknowledged (paragraph 58).
174. There is interest among the membership for more informal dialogue on key themes between sessions during a specific replenishment, as well as between successive replenishment consultations. There are examples of efforts made by Management along these lines, such as the several informal Board seminars held in 2012/13 on additional resource mobilisations, but on the whole, this is an item that merits more systematization in the future (paragraphs 50 and 64).
175. Finally, currently only 18 countries from more than 100 members in List C take part in the consultation process. While it might not be appropriate to expand the total number of countries that participate in the replenishment consultation, ways and means could be explored to capture the views of a wider group of List C members throughout the process. Other peer have made efforts to address a similar concern by, for example, inviting high level speakers from developing countries at specific replenishment consultation sessions. Efforts for a more open and inclusive process also include posting the draft final report on their public websites inviting comments from civil society members (paragraphs 56-57 and 62-63).
176. **Replenishment process.** The replenishment process is a very effective way for IFAD to mobilise funds, since it ensures predictability of funding for a three year period, as compared to other forms of resource mobilisation followed by other UN specialised agencies, funds and programmes. Moreover, as compared to IFAD7 and IFAD8, IFAD9 included two innovative features, which improved the replenishment process and contributed to a better dialogue. These are the: (i) presentation of the first MTR of the previous replenishment; and (ii) appointment of an independent external chair to steer the process (paragraphs 65-66, and 72-74).
177. With respect to the MTR, the CLER noted that in peers, this is held well in advance of and separate from the first replenishment meeting and with a somewhat deeper

scope. The CLER finds that given the triple objective of the replenishment and a management commitment to do so, it is critical that sufficient time be set aside in IFAD10 and in future replenishments for the discussion of results and lessons including independent evaluation outcomes (paragraphs 75-79).

178. The three year replenishment cycle with four meetings held in Rome at IFAD headquarters has worked well, though it puts a strain on both IFAD and member states to engage in replenishment consultations on a rather frequent basis (i.e., every third year), leaving little time (two years) for implementation between consultations. Less frequent replenishment consultations may reduce the opportunity for dialogue on strategy and policy issues between Management and Deputies, but could be offset by other kinds of contacts. The frequency of replenishment consultations is an issue also under debate in other IFIs. There is no firm evidence that a four year replenishment cycle would reduce the level of resources pledged by member states through replenishments (paragraph 81 and 88-90).
179. In terms of costs, the evaluation reviewed the direct costs of replenishments and found them to be acceptable, although it is difficult to make an informed assessment of the associated indirect costs (paragraphs 82-84).
180. **Policy and organisational change.** Replenishment consultations have been major drivers of change and reform in IFAD, and are likely to remain important landmarks for the purpose of discussing key policy and organisational enhancements needed. One recent example is the attention towards enhancing IFAD's institutional efficiency during IFAD9 consultation process in 2011, which led to the CLEE being presented to the Board by IOE earlier this year (paragraphs 87 and 91-98).
181. IFAD7 and IFAD8 consultations led to several commitments towards the introduction of new policies and changes to IFAD's operating model. In IFAD9, the organisation therefore decided to largely focus on consolidation and implementation of commitments from previous replenishments for better organisational performance and results on the ground (paragraph 102).
182. It is worth noting that many of the policy and organisational concerns raised by member states are not unique to IFAD, and appear to be shared across other IFIs. For example, the need for a more coherently articulated engagement with fragile states is a theme that has been debated in replenishment consultations in other IFIs as well. Therefore, the importance of tracking the themes and issues raised in the replenishments of other IFIs cannot be overstated, something that PRM has effectively done in recent AfDF and IDA replenishment consultations (paragraphs 99-101).
183. The replenishments have also provided basis for the development of key strategic planning documents, including the organisation's strategic framework, and the results measurement framework. The introduction of the first medium term plan in 2011 as a management document is noteworthy for its efforts to articulate the underlying logic connecting these documents including key commitments made during successive replenishments, though there is room for even closer alignments of these three important instruments in the IFAD10 cycle (paragraph 104-105).
184. Independent evaluations by IOE (such as, for example, the 2005 IEE and 2013 CLEE) have played a timely role in discussing results, and raising issues and lessons on topics of contemporary importance and recommending areas for further development. A similar emphasis is also now emerging in other IFIs. However, the independent evaluation rolling work programme of IOE has not explicitly factored in the timing of successive replenishment consultations, something that is worth considering in the future, especially taking in to account that corporate level

evaluations require around 18 months to be fully undertaken (paragraphs 91 and 96-97).

185. **Results Measurement Framework.** IFAD has over the years invested in developing a comprehensive results measurement framework. It has introduced systems, processes and instruments to measure and report on the organisation's development effectiveness and replenishment commitments. The replenishment MTR in IFAD9, the agreement by the Management and the Board to discuss the ARRI at the first session of each replenishment consultation starting from IFAD10, efforts to introduce and mainstream impact evaluations as part of IFAD9, and the further development of the RIDE and the underlying instruments (e.g., such as the RIMS) are some examples of the emphasis devoted to transparently measuring and reporting on results. Moreover, PRM – as the Office that hosts the replenishment secretariat - has improved consolidated monitoring of progress against IFAD replenishment commitments (paragraphs 107-109, 115-118, and 124).
186. The evaluation also found however that the RMF is complex, with many indicators. The number of indicators have increased over the past three replenishments which, *inter-alia*, raises the issue of completeness versus usefulness. Currently the RMF seems more useful for reporting, as compared to managing for results. Clearly articulating the *theory of change* underlying the RMF – how results from one level to another lead to achievements of overall strategic objectives – would improve its usefulness for management purpose. The introduction of impact evaluations in IFAD9, which is a positive development, will further strengthen the RMF. However, the impact evaluation programme will require tighter management and oversight to ensure the delivery of results in a timely manner. Finally, although currently showing only a minor difference, the practice of using different data sets to report on some of the results (i.e., Level 2 in the RMF) through ARRI and RIDE, does carry the risk of discrepancies in the performance assessment of the same projects (paragraphs 117, 119 and 122-127).
187. **Financial perspectives.** Nomenclature for replenishment and other resources that IFAD owns or administers are not clear and are furthermore inconsistently applied across various IFAD documents; these need review and authoritative agreement across the institution.
188. Replenishment contributions that generate reflows and are not earmarked are the most useful funds for IFAD since they fund IFAD's core mission and allows flexibility in use. However, demand has been growing for IFAD's programme of loans and grants and further growth would require increases in IFAD resources. There is insufficient evidence that new and returning members' replenishment pledges will grow fast enough to keep up with future demand (paragraphs 130-131 and 134-135).
189. List A has continued to provide the largest share of contributions for IFAD7 through IFAD9, albeit with increasing earmarking. List B contributions have not grown consistently across the three replenishments. List C contributions are growing from a low base and may be a source of more additional regular funding for future replenishments; they are also providing domestic contributions (co-financing) to support IFAD operations in their countries (paragraphs 132-133, 140-145, 150, and Figure 2). Of concern however is the fact that overall significantly fewer countries contributed to IFAD9 than to the previous two replenishments.
190. These trends show a shift in the engagement of the different lists, but not a deliberate and transparent shift reflecting a consensus on how the joint responsibility of the Fund should be managed. The issue has been raised regularly in the Governing Council; in the 25<sup>th</sup> session the Joint Nordic Statement called for a "serious need to address the burden sharing", echoed by Netherlands in the Thirtieth Anniversary session: "We have strong feelings that the present burden-sharing arrangements do not adequately reflect the original expectations at the



establishment of the Fund and the ability to co-share the burden". The notion of a shared responsibility is in IFAD's DNA, and is one that sets IFAD apart from other IFIs. It is well worth protecting; to do so requires an open and transparent dialogue across the membership on the critical issue of burden sharing.

191. In this respect, the role of IFAD in MICs, and the role of MICs in IFAD may be seen from a financial perspective; an upcoming IOE evaluation will be looking closer at these issues (paragraphs 156-161).
192. Recognizing these financial constraints, IFAD9 authorized additional resource mobilization efforts provided the governance structure remained unchanged. More information however is required on the different types of potential funding and the administrative, legal and governance implications. These are issues that PRM has been exploring, including through informal sessions with the Board. This could also be an issue for replenishment deputies, as is the issue that there may be "substitution risk" involved in some types of new funding: if countries can lend, will they give? (paragraphs 146-150).
193. Additional resources mobilization is examining different options, none of which are likely to replace the replenishment as the main source of core funding. Management has reiterated and the evaluation agrees that "the replenishment is unalterably the foundation of IFAD's operations now and in the future." The evaluation also agrees that IFAD, like its peers, must develop more diverse financing instruments that can enable it to mobilize and extend greater resources (paragraphs 152-154).

## B. Recommendations

194. Based on the findings and conclusions, the evaluation proposes the following recommendations in eight broad areas:
  - (i) **The global context calls for close monitoring and analysis.** Monitoring and analysing global trends in development financing and emerging global issues is key to understanding IFAD's opportunities and threats. This is a task that may be undertaken jointly with peers, who face the same challenges and are interested in the same trends and issues. As IFAD is also subject to global trends such as increasing earmarking and development of new financial instruments, it may consider how it could best have a voice in and contribute to global discussions on these issues and brand the organization in this area, including for example in the OECD and through various virtual platforms. The latter could be part of IFAD's communication strategy (paragraphs 179 and 185).
  - (ii) **The preparation of a strategic vision would help set the scene for IFAD10 and beyond.** Current efforts at preparing a strategic vision document, reflecting the overall development trends mentioned above, are commendable and, could, if the process is so designed, also shape future replenishments. It should be seen as the first step in a process of preparing a medium- to long-term strategic vision and care should be taken to design a process that also engages the new donors in sharing their agricultural and rural development experiences and expectations. It should position IFAD in the post 2015 development landscape and should clearly address IFAD's role in non-lending activities, the need for diversification depending on country circumstances, and IFAD's comparative advantage in reaching some of world's poorest and most fragile countries and target groups. The strategic vision would help keep the various replenishment consultations focused at a strategic level, and better argue the case for IFAD also beyond the short three year replenishment cycles (paragraphs 162-163)

- (iii) **The replenishment process can still be improved.** The good practice of having an independent external chair should be continued in the future, and the opportunities and challenges of changing the duration of the replenishment cycle from 3 to 4 years should be further analysed by the Management and a proposal made accordingly before the commencement of IFAD11. Building on the experience in previous replenishments, more time should be devoted to discussing development results including the MTR, ARRI and relevant independent evaluations. With regard to the latter, IOE should develop its annual work programme to accommodate activities that could inform subsequent replenishment consultations. The forthcoming CLEs on fragile states and IFAD grants policy as well as the evaluation synthesis report on IFAD's engagement in MICs are examples of such work that could be of particular interest to Deputies in the IFAD10 deliberations (see paragraphs 173-175).
- (iv) **Voice, representation and governance merits further study.** The implication of the fact that participation and contribution is delinked merits further thought and study both in terms of financial incentives, visibility, burden-sharing and perceived influence. Gaining insights into this complex field would be highly beneficial to PRM, who should conduct or commission the study. The demand for more informal sessions and more engagement with management and between members could be met through use of working groups or informal sessions, as is the practice in peers; this might enhance the sense of ownership. To broaden understanding and ownership, consideration should be given to organize informal side events at the GC prior to the first replenishment consultation meeting to discuss the agenda and a similar event to present the consultation report the following year. Finally, further study is also recommended of the implications of changes to the List system. An effective system for dialogue which can help generate consensus and ownership of decisions is a fundamental building block for maintaining trust in the institution and its multilateral character. (paragraphs 167-174).
- (v) **Policy and organisational change should be directly linked to the strategic objectives and the underlying logic of changes should be clearly articulated.** As IFAD is subject to the global "policy diffusion" in particular with respect to operational and policy issues from the IDA and AfDF replenishments that precede IFAD's replenishment process, the organisation should be in a strong position to anticipate proposed change well ahead at the start of a replenishment process. This would allow a thorough analysis of the relevance for IFAD of these issues. Furthermore, any proposed change, emanating from such "policy diffusion" or from internal reviews and evaluations, should clearly articulate the underlying logic connecting the proposed change to IFAD's overall strategy. This would minimize the risk of mis-alignment and might also be a powerful communication tool to replenishment Deputies and member states.
- (vi) **Results reporting can be further improved.** It is recommended that the MTR of IFAD10 be presented to IFAD11 in a dedicated meeting a few months prior to the first session. Should a three year replenishment cycle be retained in the future, IFAD 11 would be held in 2017. The MTR should also include a completion report of IFAD9. This would allow members to discuss results and lessons from IFAD9 and progress in implementing IFAD10, as well as examine emerging global issues of importance that could inform the provisional agenda for IFAD11. It is further recommended that in IFAD10 efforts be made to more explicitly articulate the underlying *theory of change* among the different levels in the RMF, as well as find ways to maintain or reduce the total number of indicators, if possible, rather than include additional indicators. This would contribute to making the RMF a more useful tool for reporting as well as

managing for results. Finally, IOE data should be used in reporting results against indicators in the RMF, as and where available (see paragraphs 175 and 184-185).

- (vii) **Financial perspectives.** Management should consider clarifying nomenclature for replenishment and other resources that IFAD owns or administers, identifying sources and uses transparently and consistently. As in the past, due efforts, resources and energies must continue to be attributed to mobilise resources through replenishment process that are not earmarked, as these are the most useful type of funds to fulfil IFAD's mandate. While it is critical for IFAD to mobilize additional resources, such resources must be provided so that: they finance activities squarely within IFAD's strategic framework; the governing bodies are able to fulfil their supervisory role vis a vis these resources; they are of a minimum quality, i.e. preferably untied and un-earmarked and subject to IFAD's standard administrative arrangements, rather than requiring burdensome special treatment; and, most important of all, they must be truly additional crowding in new resources, and not displacing regular resources. IFAD Management and Member States should explore what flexibility with respect to existing administrative, legal and governance requirements may be necessary and tolerable to secure an appropriate level and type of additional financing. Building on the findings of the IOE evaluation synthesis on MICs, Management should update the MIC policy, including clarifying the resource allocation options to such countries in the future (paragraphs 184-189).

195. **Continuous engagement may further strengthen the process.** Interviews revealed a strong desire not to see the replenishment as ad hoc 3-year events, but more as a continuous engagement, something that would be facilitated by the preparation of the vision. But given the large number of member states this might also be facilitated by setting criteria for selecting key donors and representatives of key membership groups on which to develop and continuously update engagement profiles. In terms of mobilizing resources, irrespective of global trends, there is no alternative to close engagement with individual donors, as decisions to fund a specific institution does not necessarily reflect any global trend, but is often opportunistic and a reflection of the immediate policy priority of that country. Engagement is particularly important at the time of end-of-year budget period where allocation decisions are made, and IFAD may have the opportunity to pitch its case to good effect. Given the diversity of decision-makers, it would be important that senior level staff maintain a dialogue with key donors across the involved agencies, also in between replenishments, so that IFAD remains on the "radar screen" of donors and is aware of any ad hoc opportunity to mobilize resources, also outside the replenishment negotiation period. This seems particularly important given the reduced number of countries who contributed to IFAD9. (paragraphs 162-163, 170 and 172).

## Methodological Note

### I. Background

1. As decided by the Executive Board at its meeting in September 2012, the Independent Office of Evaluation of IFAD (IOE) undertook, during 2012-2013, the first Corporate Level Evaluation of IFAD's Replenishments. Due to the innovative character of the evaluation<sup>1</sup> extensive consultations within IFAD, with selected representatives of Member States, and with key informants within the peer MDBs preceded the evaluation to sharpen its focus, shape and prioritize the evaluation questions, and develop a process that would maximize usefulness for the upcoming IFAD10 process. An approach paper was presented to the Evaluation Committee in April 2013 and comments reflected in the subsequent work, which was initiated immediately following approval from the EC.
2. The replenishment process, with its three-pronged objective of strategic dialogue, accountability for results, and resource mobilization requires considerable attention and resources from IFAD and its Member States every three years. In view of the upcoming IFAD10, it therefore was deemed appropriate to examine this process in more depth.
3. IOE was responsible for the overall evaluation process, contents of the final report, and all other deliverables produced during the evaluation, as per the evaluation policy.

### II. Objectives of the evaluation

4. This CLER has four main objectives:
  - (a) Help ensure accountability and especially learning from the replenishment;
  - (b) Assess the links between the replenishment process and policy and organizational change;
  - (c) Assess the relevance of the replenishment in its current form; and
  - (d) Identify potential areas of improvement and good practice from peer institutions.
5. In order to fulfil the aforementioned four main evaluation objectives, the focus of the analysis was to first clarify the objectives of the replenishment and subsequently examine five inter-related broad issues with major implications for those objectives. These are: (i) voice, representation and accountability; (ii) the relevance and effectiveness of the replenishment process; (iii) replenishment and change; (iv) effectiveness and results; and (v) future financing. Given the prominence and timing of the replenishment consultation, this approach is chosen to address issues of concern to staff, management and Member states and hence ensure as useful and real-time an evaluation as possible, with a focus on how well the replenishment fulfils its objectives. This has taken precedence over a more theory-based approach. To meet the needs of management and respond to expectations from Member states, the evaluation covers a very wide spectrum of issues and diverse processes; given the limited time and resources available, this has necessarily meant trade-offs in terms of scope and depth of analysis. To address this, throughout the report a special effort has been made to identify the key areas where IFAD should consider initiating additional work and analysis to gain more in-depth insights, or cover a wider scope of analysis.

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<sup>1</sup> No peer institution has carried out a full evaluation of the replenishment process as such. It has however been partially considered in evaluations primarily focusing on the development results of replenishments, while specific aspects of the replenishment processes have been addressed in focused reviews.

### III. Evaluation framework and process

#### A. Approach

6. Stakeholder engagement was a central tenet of the approach. Indeed, it was anticipated that the process of the evaluation, raising issues, probing perceptions, providing space and time for joint reflection, and engaging with the different actors involved ahead of IFAD10, might be as important as the final report.
7. The approach therefore was designed to be engaging, staged, exploratory and evidence-based, with the primary ambition of being useful. Acknowledging the importance of lessons learned from the past, the evaluation was designed to be retrospective (summative), drawing on experience from IFAD's Seventh, Eighth and Ninth Replenishments. But, more importantly, the evaluation was conducted in parallel with the preparations for IFAD10, and thus had a clear forward-looking (formative) dimension in the sense that it would provide information on what works effectively and is relevant to whom, and identify how improvements might be made, including by high-lighting good practice from peer organisations.
8. A preparatory phase helped frame the evaluation by examining: (i) how different stakeholders understand the objectives of the replenishment process; (ii) how relevant the objectives are perceived to be; and (iii) if and how they are perceived to be interlinked. It is important to ascertain perceptions about the usefulness of the replenishment because perceptions drive expectations and behaviour, and are therefore essential for understanding the dynamics of the process.

#### B. Scope

9. The evaluation covered the Seventh, Eighth and Ninth Replenishments. Earlier replenishments were reviewed, on a selective basis, for specific issues, such as the change in focus of the replenishments from being mainly a pledging session to including discussion of strategic issues. A thorough, independent review and assessment of replenishment commitments and the actions they engendered would have been desirable, but given time and resources available was not feasible. Instead, an approach that carefully reviewed the systems in place to track and report on commitments was made, and this assessment complemented and triangulated with other existing independent external assessments, including the Peer review of IFAD's evaluation function
10. It is important to recall, as agreed with the IFAD Management and Evaluation Committee at the outset of the CLER, that the assessment would not attempt to determine in any depth the operational results of replenishments, or impact of commitments<sup>2</sup>. This is because the restricted time and resources available to undertake the CLER would make it particularly challenging to develop the required evaluation methodology and data collection processes to robustly establish a convincing link between policy and organisational changes promoted by the replenishments and the results visible on the ground. In particular, the results of IFAD9 cannot in any case be assessed at this point in time, as the CLER was conducted in the first year (2013) of the IFAD9 period (which runs from 2013-2015). Hence, in this regard, the CLER primarily reviewed the process, commitments as well as efforts made by the Fund's Management to put in place systems, processes and instruments to fulfil the commitments made for the IFAD9 period.

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<sup>2</sup> *The evaluation will not, however, evaluate whether these policy and organizational changes have enhanced IFAD's development results on the ground, as the time and resources needed to do this are not available* - paragraph 34 of the CLER Approach Paper, discussed with the Evaluation Committee at its 76<sup>th</sup> session in April 2013 – document EC 2013/76/W.P.6/Rev.1.

**C. Focus**

11. The replenishment process as such was at the core of the evaluation, the aim being to examine and document its relevance, effectiveness and efficiency in meeting its objectives. A significant part of the preparatory phase was focused on examining the evolution and general understanding of the three objectives of the evaluation, including if and how they were perceived to be interlinked, and how perceptions varied between, and within, the Lists.
12. In terms of assessing outcomes and change, the evaluation examined how replenishment commitments influenced policy and organizational change, The evaluation did not, as mentioned above, examine if, and how, these policy and organizational changes have enhanced IFAD's development results on the ground, as the time and resources needed to do this were not available.
13. Given the criticality of the context in which the replenishments take place, an analysis of relevant trends and projections was important to situate the process within the global aid architecture, and examine commonalities with peers and specifics and implications for IFAD.
14. Comparisons with peer institutions replenishment processes have been used to frame assessments and judgements to the extent useful and feasible; this has also meant a strong focus on what is directly applicable to IFAD and hence a user-oriented evaluation that is directly relevant to a large section of stakeholders.

**D. Evaluation questions**

15. The evaluation was organized around five broad evaluation questions:
  - (a) How relevant, effective and efficient is IFAD's replenishment process?
  - (b) To what extent and with what effect do replenishments drive policy and organizational change?
  - (c) Is the current practice of ensuring voice and representation to all Lists adequate, and does it serve IFAD well?
  - (d) What are the implications of developing the results framework as part of the replenishment process?
  - (e) What are the pros and cons of raising funds through replenishments, including in terms of the partnership involved, and how can funds raised through replenishments best be supplemented by other resources?
16. Priority issues that stakeholders identified during initial consultations formed the basis for developing detailed questions under each of these five overarching evaluation clusters. These were set out in the evaluation framework in the annex to the approach paper and were further developed in the evaluation tools applied. Thus, detailed and targeted interview protocols were developed for each of the six areas of focus and for different groups of interviewees, and summary notes were prepared after each interview and shared within the team. Key interviews were also recorded. However, as in any complex evaluation and in view of the time and resources available for the evaluation, a key challenge has been maintaining focus on a few key issues, while providing the necessary flexibility to address new issues that have emerged as the process unfolded.

**E. Methodology**

17. A key activity in designing the evaluation was the preparation of a concise evaluation framework. The framework, which is presented as a matrix, maps the six main inter-related issues covered by the CLER, i.e. issues around the objectives and five clusters of issues relating to these objectives, with the key questions to be answered and the main instruments and activities for data and information collection. The evaluation framework was developed in the preparatory phase of the evaluation, and attached as an annex to the CLER Approach Paper.

18. This evaluation has relied on a variety of data and information sources, which have been triangulated according to good international evaluation practice in formulating CLER conclusions and recommendations. These include a review of numerous relevant IFAD documents, including evaluation reports and the results from a survey of Board members undertaken in 2012 in the context of the corporate level evaluation on IFAD's efficiency (CLEE) that included specific questions on IFAD's replenishment process; replenishment and Executive Board verbatim records; review of activity and documents on the membership platform, bilateral interviews with IFAD management, staff and member state representatives; a further electronic survey in 2013 focused on the replenishment process of member state representatives who took part in previous replenishment processes; validation sessions, respectively, with IFAD management and staff as well as the Evaluation Committee to capture their feedback on emerging findings before the report was finalised; and discussions with concerned staff in, and review of a substantive amount of documents and reports prepared by, other international financial institutions that also mobilise resources through similar replenishment processes. A dedicated website was developed to ensure full transparency of and access to all relevant documents for the evaluation team; this now holds a very significant body of evaluative evidence and reports for future analysis and updating if required.
19. Also in line with good evaluation practice and fundamentals, attention has been devoted to ensuring a clear **evidence trail** in the CLER, to bring reassurance to the reader that the evaluation is based on solid foundations. This has been done, *inter-alia*, by including boxes at the end of each chapter summarising the key points, cross referencing the conclusions in chapter IV with relevant sections in the main findings contained throughout the body of the CLER report, and also cross referencing the key recommendations (chapter IV) with the evaluation's conclusions. And lastly, to facilitate reading, the report has been written so that the first, bolded, sentence in each paragraph summarizes the key finding of that paragraph, a practice also followed in a number of World Bank reports.

#### **F. Evaluation criteria**

20. The evaluation criteria of the Development Assistance Committee of the Organisation for Economic Co-operation and Development were used to inform the evaluation design; these criteria are also included in IFAD's Evaluation Manual. The main criteria for this evaluation is relevance, effectiveness and efficiency. Impact is assessed only to the extent possible as described above, and ownership has been added as a criteria in relation to the governance dimension. The box below shows how the DAC criteria have been used for this evaluation. Ownership is considered in relation to relevance, as the replenishment process can only be considered fully relevant if it is owned by all Member States. The proxy measure for ownership that is used in this evaluation is degree of participation, including financial contributions. IFAD has recently carried out a comprehensive evaluation of its institutional efficiency, and therefore information has been drawn from this work to cover the efficiency dimension to the extent possible. Impact and sustainability was not assessed directly due to resource constraints and methodological difficulties.

**Evaluation criteria used by the Development Assistance Committee of the  
Organisation for Economic Co-operation and Development**

**Relevance:** The extent to which the aid activity is suited to the priorities and policies of the target group, recipient and donor.

When evaluating the relevance of the replenishment process the following questions have framed the assessment:

Are the objectives of the replenishment clear? How have they evolved? Are they still valid?  
Are they perceived in the same way by different stakeholder groups?

Is the replenishment process constructed and conducted in such a way that it supports these objectives and generates broad ownership of the outcome?

**Effectiveness:** A measure of the extent to which an aid activity attains its objectives.

When evaluating the effectiveness of the replenishment process the following questions have framed the assessment:

To what extent were the objectives achieved or are likely to be achieved?

What were the major factors influencing the achievement or non-achievement of the objectives?

What alternatives might fulfill the replenishment objectives?

**Efficiency:** Efficiency measures the outputs – qualitative and quantitative – in relation to the inputs.

When evaluating the relevance of the replenishment process the following questions have framed the assessment

When evaluating the efficiency of a the replenishment the following questions have framed the assessment:

Were activities cost-efficient?

Were objectives achieved on time?

What could be more cost effective alternatives to a replenishment process?

21. However, the DAC criteria were developed to a large extent for the evaluation of projects' performance. The evaluation has therefore drawn on recent experience with the use of theories of change<sup>3</sup>, by taking a more systemic approach to assessing context and assumptions under-pinning the political or organizational processes of the replenishments.

### **G. Limitations**

22. Four major limitations were identified:
- (i) The first major limitation was a dependence on interviews and perceptions, reflecting a lack of documented evaluative evidence for a number of the evaluation questions. Triangulating and validating interview responses has therefore been important to ensure the credibility of each finding.
  - (ii) The second limitation was that only a few of the consultation members have had experience from more than one replenishment meeting, and therefore most interviews related to experiences from IFAD9. Fortunately, IFAD's files include a comprehensive set of documentation describing the IFAD7 and

<sup>3</sup> Vogel I. (2012) Review of the use of 'Theory of Change' in international development. A review report for the UK Department of International Development. April 2012.



IFAD8 processes and communication between IFAD and the consultation members.

- (iii) Thirdly, the response rates for the survey was disappointing, despite several reminders and extensions of the deadline, and the intervention of the chairs of the IFAD Friends and Convenors. Three points however need to be kept in mind: i) the survey is but one evaluation instrument, and by far the least important, compared to the very significant volume of documents consulted and interviews held; ii) the survey has been used mainly as a tool for triangulation - confirming findings for which other evidence exists - rather than as a primary source of evidence; iii) the survey relates only to a limited number of evaluation questions, and the lack of a strong response rate does not in any way affect the strategic level findings as these are built on an extensive evidence-base including interviews, documentation from peers, IFAD documents such as minutes and verbatim records, data from the website, Board documents, other documentation from the office of the Secretary, inter alia. All in all therefore, while regrettable, the low response rate does not affect the validity of the findings; it does however deserve some reflection as other Corporate level evaluations have experienced similar results, for example the CLEE where only 20 responses were received to a survey of EB Members. It is a costly evaluation instrument and OIE will, given these experiences, in the future consider seriously when and how to best use this instrument
- (iv) And lastly, no agreed standards or benchmarks exist of what what intended performance should be. Therefore, what performance should be judged against was an issue. Where relevant stakeholders' perceptions of usefulness have been used as an important "standard". Comparisons with peer institutions have also been used to frame assessments and judgements.

## H. Evaluation process

23. The evaluation process was designed to ensure credibility, promote internal learning and generate ownership among stakeholder groups through: (i) a preliminary dialogue (December 2012) with key informants and stakeholders on the evaluation's precise scope and objectives, which helped inform the approach paper; (ii) a framing/evaluability phase that explored different stakeholders' perceptions of the objectives and the relevance of the replenishment process, and the availability and accessibility of the necessary evidence base; (iii) organization-wide interviews, focus groups, workshops and feedback sessions; and (iv) transparent dialogue on preliminary findings and conclusions through an "emerging lessons workshop".
24. The evaluation was designed to be aligned with and thus feed into the IFAD10 negotiation process.
25. The evaluation had four stages:
- (a) Framing of the evaluation/assessment of evaluability:** This preparatory phase helped ensure that the evaluation could be conducted as effectively and efficiently as possible by:
- Exploring different stakeholders' understanding of the objectives and relevance of the replenishment process;
  - Testing the use of a logic model;
  - Ascertaining whether necessary evidence was available and accessible, and that the areas identified at the concept stage were indeed those considered by key stakeholders as most central to IFAD for fulfilling its strategic mission; and

- Raising awareness of the evaluation, and demonstrating a commitment to a broad engagement with key stakeholders.
- (b) Desk review:** This phase had the following activities:
- Review of key IFAD documents;
  - Review of documents from peer institutions;
  - Literature search including on methodological issues;
  - Development of interview protocols and questionnaires;
  - Context analysis.
- (c) Engagement with informants:** This phase had the following activities:
- Interviews with IFAD Management and staff, both individually and in focus groups;
  - Discussions with IFAD staff, Consultation members, Governing Council and Executive Board members, and others engaged in IFAD’s replenishment process or other similar processes;
  - Design and administration of survey; and
  - An “emerging lessons” workshop, which provided a platform for feedback from key stakeholders, ensuring that all key stakeholders had an opportunity to reflect jointly on the issues uncovered by the evaluation and that possible gaps in the evidence base were identified, thus shaping the final analysis.
- (d) Analysis of data and drafting of final report**
- Building on various deliverables produced during the previous phases, including extensive feed-back from the emerging findings workshop, presentation to senior management, and the context analysis the evaluation team carried out analysis and prepared the draft final report, shared with all concerned for their comments in September 2013.
  - IOE prepared an “audit trail”, which clearly set out how and in which sections of the evaluation report the written comments received from Management were addressed in the revised version of the evaluation report. The audit trail, which is a separate document and not included in the evaluation report, was shared for information with management before the evaluation report was finalized. The final report was then prepared, taking into account the various comments received and in line with the provisions of the IFAD Evaluation Policy.

## Definition of the evaluation criteria used by IOE

<i>Criteria</i>	<i>Definition<sup>a</sup></i>
<b>Project performance</b>	
Relevance	The extent to which the objectives of a development intervention are consistent with beneficiaries' requirements, country needs, institutional priorities and partner and donor policies. It also entails an assessment of project design in achieving its objectives.
Effectiveness	The extent to which the development intervention's objectives were achieved, or are expected to be achieved, taking into account their relative importance.
Efficiency	A measure of how economically resources/inputs (funds, expertise, time, etc.) are converted into results.
<b>Rural poverty impact<sup>b</sup></b>	Impact is defined as the changes that have occurred or are expected to occur in the lives of the rural poor (whether positive or negative, direct or indirect, intended or unintended) as a result of development interventions.
<ul style="list-style-type: none"> <li>• Household income and assets</li> </ul>	Household income provides a means of assessing the flow of economic benefits accruing to an individual or group, whereas assets relate to a stock of accumulated items of economic value.
<ul style="list-style-type: none"> <li>• Human and social capital and empowerment</li> </ul>	Human and social capital and empowerment include an assessment of the changes that have occurred in the empowerment of individuals, the quality of grassroots organizations and institutions, and the poor's individual and collective capacity.
<ul style="list-style-type: none"> <li>• Food security and agricultural productivity</li> </ul>	Changes in food security relate to availability, access to food and stability of access, whereas changes in agricultural productivity are measured in terms of yields.
<ul style="list-style-type: none"> <li>• Natural resources, the environment and climate change</li> </ul>	The focus on natural resources and the environment involves assessing the extent to which a project contributes to changes in the protection, rehabilitation or depletion of natural resources and the environment. It also assesses any impacts projects may have in adapting to and/or mitigating climate change effects.
<ul style="list-style-type: none"> <li>• Institutions and policies</li> </ul>	The criterion relating to institutions and policies is designed to assess changes in the quality and performance of institutions, policies and the regulatory framework that influence the lives of the poor.
<b>Other performance criteria</b>	
<ul style="list-style-type: none"> <li>• Sustainability</li> </ul>	The likely continuation of net benefits from a development intervention beyond the phase of external funding support. It also includes an assessment of the likelihood that actual and anticipated results will be resilient to risks beyond the project's life.
<ul style="list-style-type: none"> <li>• Innovation and scaling up</li> </ul>	The extent to which IFAD development interventions have: (i) introduced innovative approaches to rural poverty reduction; and (ii) the extent to which these interventions have been (or are likely to be) scaled up by government authorities, donor organizations, the private sector and others agencies.
<ul style="list-style-type: none"> <li>• Gender equality and women's empowerment</li> </ul>	The criterion assesses the efforts made to promote gender equality and women's empowerment in the design, implementation, supervision and implementation support, and evaluation of IFAD-assisted projects.
<b>Overall project achievement</b>	This provides an overarching assessment of the project, drawing upon the analysis made under the various evaluation criteria cited above.
<b>Performance of partners</b>	This criterion assesses the contribution of partners to project design, execution, monitoring and reporting, supervision and implementation support, and evaluation.
<ul style="list-style-type: none"> <li>• IFAD</li> <li>• Government</li> </ul>	The performance of each partner will be assessed on an individual basis with a view to the partner's expected role and responsibility in the project life cycle.

<sup>a</sup> These definitions have been taken from the Organisation for Economic Co-operation and Development/Development Assistance Committee *Glossary of Key Terms in Evaluation and Results-Based Management* and from the IFAD Evaluation Manual (2009).

<sup>b</sup> The IFAD Evaluation Manual also deals with the 'lack of intervention'. That is, no specific intervention may have been foreseen or intended with respect to one or more of the five impact domains. In spite of this, if positive or negative changes are detected and can be attributed in whole or in part to the project, a rating should be assigned to the particular impact domain. On the other hand, if no changes are detected and no intervention was foreseen or intended, then no rating (or the mention 'not applicable') is assigned.

## **List of key persons met (in alphabetical order)**

### **IFAD Member States**

Brazil - Benvindo Belluco, Executive Board Director to IFAD

Cameroon – Mr Medi MOUNGUI, Second Counsellor, Alternate Permanent Representative of the Republic of Cameroon to IFAD

Canada- Ms Adair Heuchan, former Executive Board Director to IFAD

China – Mr Zhang Zhengwei, Counsellor, Deputy Permanent Representative of the People's Republic of China to the United Nations Food and Agriculture Agencies in Rome

Finland - Mr Christian Lindholm, Counsellor, Unit for Development Financing Institutions, Department for Development Policy, Ministry of Foreign Affairs of the Republic of Finland

Germany – Mr Michael Bauer, Executive Board Director to IFAD

India – Mr Shobhana Kumar Pattanayak, Minister (Agriculture), Alternate Permanent Representative of the Republic of India to the United Nations Food and Agriculture Agencies in Rome

Italy – Dr Stefania Bazzoni, former Executive Board Director to IFAD

Mexico - Ambassador Miguel Ruiz Cabañas Izquierdo, Permanent Representative of Mexico to IFAD

The Netherlands – Mr Ronald Elkhuis, former Executive Board Director to IFAD

Norway – Ms Tonje Liebich Lie, Second Secretary, Deputy Permanent Representative of the Kingdom of Norway to IFAD

Pakistan – Mr Khalid Mehboob, Adviser, Alternate Permanent Representative of the Islamic Republic of Pakistan to the United Nations Food and Agriculture Agencies in Rome

United Kingdom – Ms Elizabeth Nasskau, Executive Board Director to IFAD

United States – Ms Karen Mathiasen, Director, Office of Multilateral Development Banks, Department of the Treasury; Ms Clemence Landers, International Economist, Office of Multilateral Development Banks, Department of the Treasury of the United States of America and Ms Deborah Crane, Assistant to the U.S. Executive Director, World Bank

Venezuela - Ambassador Gladys Francisca Urbaneja Durán, Permanent Representative of the Republic of Venezuela to the United Nations Agencies in Rome

### **IFAD Management, staff and special advisers**

Mr Brian Baldwin, Senior Operations Management Adviser, Prog. Management Dept.

Mr Mohamed Beavogui, Director and Senior Advisor to the President, Partnership and Resource Mobilization Office (PRM)

Mr Paolo Ciocca, former Secretary of IFAD, Office of the Secretary of IFAD

Mr Kevin Cleaver, Associate Vice President, Programme Management Department

Mr Thomas Elhaut, Director, Statistics and Studies for Development Division

Mr Edward Gallagher, Budget Officer, Budget & Organizational Development Unit (BOD)

Mr Michael Gehringer, Director Human Resources Division

Mr Elwyn Grainger-Jones, Director Environment and Climate Division

Mr Gary Howe, Director Strategic Planning Division

Ms Sirpa Jarvenpaa, former Director, Office of the President and Vice President

Mr Iain Kellet, Associate Vice President, Chief Financial Officer and Head Financial Operations Department

Mr Henock Kifle, former Senior Advisor to the President

Mr Shyam Khadka, Senior Portfolio Manager, Programme Management Department

Ms Annely Koudstaal, Partnership Officer, PRM

Mr Johannes Linn, Senior Resident Scholar, Emerging Markets Forum - Non-resident Senior Fellow, The Brookings Institution

Mr Iain MacGillivray, Food Security Officer, Office of the President and Vice President

Mr Rutsel Martha, former Director and General Counsel, Office of the General Counsel

Ms Deirdre McGrenra, Head, Governing Bodies, Office of the Secretary

Ms Lakshmi Menon, Associate Vice President, Corporate Services Department

Ms Cheryl Morden, Deputy Director PRM & Chief NALO

Dr Kanayo F. Nwanze, President of IFAD

Ms Chieko Okuda, Director and Treasurer, Treasury Services Division

Mr Tilak Sen, Senior Budget Consultant, BOD

Ms Cassandra Waldon, Director, Communication Division

Mr Hisham Zehni, Strategic Planning Officer, and member of IFAD 9 Secretariat

Mr Carlos Seré, former Associate Vice President and Chief Development Strategist, Strategy and Knowledge Department

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## Participation in IFAD 7, 8 and 9 by list and by meeting (number of countries and number of delegates)

Which consultation	Which List	Number of member states attending each meeting from their total list representation in the consultation process				
		1st	2nd	3rd	4th	5th
IFAD 7	List A (n=22)	21	22	21	18	21
	List B (n=10)	7	10	8	9	8
	List C (n=15)	13	15	14	13	14
IFAD 8	List A (n=21)	20	21	21	21	22
	List B (n=10)	7	12	12	10	8
	List C (n=15)	13	15	15	15	15
IFAD 9	List A (n=21)	22	20	21	21	n/a
	List B (n=10)	8	9	10	10	n/a
	List C (n=18)	18	17	18	16	n/a

Which consultation	Which List	Number of delegates from member states attending each meeting from their total list representation in the consultation process				
		1st	2nd	3rd	4th	5th
IFAD 7	List A	30	44	44	34	48
	List B	12	16	14	24	16
	List C	15	23	19	19	20
	<b>Total</b>	<b>57</b>	<b>83</b>	<b>77</b>	<b>77</b>	<b>84</b>
IFAD 8	List A	35	44	48	50	47
	List B	8	24	22	14	20
	List C	22	29	28	30	29
	<b>Total</b>	<b>65</b>	<b>97</b>	<b>98</b>	<b>94</b>	<b>96</b>
IFAD 9	List A	45	41	46	49	n/a
	List B	29	17	21	24	n/a
	List C	39	31	30	32	n/a
	<b>Total</b>	<b>113</b>	<b>89</b>	<b>97</b>	<b>105</b>	<b>n/a</b>

	<i>7<sup>th</sup> replenishment</i>	<i>8<sup>th</sup> Replenishment</i>	<i>9<sup>th</sup> Replenishment</i>
<b>1<sup>st</sup> meeting in negotiation Phase</b>			
Month/year and duration (days) for meeting	Organizational Session - 18 Feb 2005	First session - 15 Feb 2008	First session - 21 Feb 2011
Held where?	Rome, Italy	Rome, Italy	Rome, Italy
Number of list A & B delegations attending	<b>28</b> (21 List A, 7 List B)	<b>27</b> (20 List A, 7 List B)	<b>30</b> (22 List A, 8 List B)
Total number people in list A & B delegations attending	<b>42</b> (30 List A, 12 List B)	<b>43</b> (35 List A, 8 List B)	<b>74</b> (45 List A, 29 List B)
Number of list C delegations attending	<b>13</b> (4 List C1, 5 List C2, 4 List C3)	<b>13</b> (5 List C1, 4 List C2, 4 List C3)	<b>18</b> (6 List C1, 6 List C2, 6 List C3)
Total number people in list C delegations attending	<b>15</b> (4 List C1, 7 List C2, 4 List C3)	<b>22</b> (10 List C1, 6 List C2, 6 List C3)	<b>39</b> (15 List C1, 11 List C2, 13 List C3)
Number of IFAD staff members involved (list senior people attending)			
Observers from which other organisations (list organisations)	Peru, Turkey, United Republic of Tanzania	Angola, Bangladesh, Niger	No Observer
List of key documents prepared for meeting and who prepared (Management or donor or other)	<a href="http://www.ifad.org/gbdocs/repl/7/i/e/listdoc.htm">http://www.ifad.org/gbdocs/repl/7/i/e/listdoc.htm</a>	<a href="http://www.ifad.org/gbdocs/repl/8/e/index.htm">http://www.ifad.org/gbdocs/repl/8/e/index.htm</a>	<a href="http://www.ifad.org/gbdocs/repl/9/i/e/index.htm">http://www.ifad.org/gbdocs/repl/9/i/e/index.htm</a>
<b>2<sup>nd</sup> meeting in negotiation Phase</b>			
Month/year and duration (days) for meeting	Second Session - 21-22 Apr 2005	Second session - 22-23 Apr 2008	Second session - 13-14 Jun 2011
Held where?	Rome, Italy	Rome, Italy	Rome, Italy
Number of list A & B delegations attending	<b>32</b> (22 List A, 10 List B)	<b>33</b> (21 List A, 12 List B)	<b>29</b> (20 List A, 9 List B)

	<i>7<sup>th</sup> replenishment</i>	<i>8<sup>th</sup> Replenishment</i>	<i>9<sup>th</sup> Replenishment</i>
Total number people in list A & B delegations attending	<b>60</b> (44 List A, 16 List B)	<b>68</b> (44 List A, 24 List B)	<b>58</b> (41 List A, 17 List B)
Number of list C delegations attending	<b>15</b> (5 List C1, 5 List C2, 5 List C3)	<b>15</b> (5 List C1, 5 List C2, 5 List C3)	<b>17</b> (5 List C1, 6 List C2, 6 List C3)
Total number people in list C delegations attending	<b>23</b> (9 List C1, 8 List C2, 6 List C3)	<b>29</b> (10 List C1, 10 List C2, 9 List C3)	<b>31</b> (9 List C1, 13 List C2, 9 List C3)
Number of IFAD staff members involved (list senior people attending)			
Observers from which other organisations (list organisations)	Mali, Morocco, Peru, Sri Lanka, Turkey, United Republic of Tanzania	Afghanistan, Angola, Bangladesh, Ethiopia, Niger,	Australia, European Union (EU), World Bank
List of key documents prepared for meeting and who prepared (Management or donor or other)	<a href="http://www.ifad.org/gbdocs/repl/7/ii/e/listdoc.htm">http://www.ifad.org/gbdocs/repl/7/ii/e/listdoc.htm</a>	<a href="http://www.ifad.org/gbdocs/repl/8/ii/e/index.htm">http://www.ifad.org/gbdocs/repl/8/ii/e/index.htm</a>	<a href="http://www.ifad.org/gbdocs/repl/9/ii/e/index.htm">http://www.ifad.org/gbdocs/repl/9/ii/e/index.htm</a>
<b>3<sup>rd</sup> meeting in negotiation Phase</b>			
Month/year and duration (days) for meeting	Third Session - 5-7 Jul 2005	Third session - 8-9 Jul 2008	Third session - 24-25 Oct 2011
Held where?	Rome, Italy	Rome, Italy	Rome, Italy
Number of list A & B delegations attending	<b>29</b> (21 List A, 8 List B)	<b>32</b> (21 List A, 12 List B)	<b>31</b> (21 List A, 10 List B)
Total number people in list A & B delegations attending	<b>58</b> (44 List A, 14 List B)	<b>70</b> (48 List A, 22 List B)	<b>67</b> (46 List A, 21 List A)
Number of list C delegations attending	<b>14</b> (4 List C1, 5 List C2, 5 List C3)	<b>15</b> (5 List C1, 5 List C2, 5 List C3)	<b>18</b> (6 List C1, 6 List C2, 6 List C3)
Total number people in list C delegations attending	<b>19</b> (6 List C1, 7 List C2, 6 List C3)	<b>28</b> (10 List C1, 9 List C2, 9 List C3)	<b>30</b> (8 List C1, 12 List C2, 10 List C3)

	<i>7<sup>th</sup> replenishment</i>	<i>8<sup>th</sup> Replenishment</i>	<i>9<sup>th</sup> Replenishment</i>
Number of IFAD staff members involved (list senior people attending)			
Observers from which other organisations (list organisations)	Mali, Morocco, Peru, United Republic of Tanzania	Afghanistan, Angola, Bangladesh, Ethiopia	Australia, European Union (EU), Russian Federation, World Bank
List of key documents prepared for meeting and who prepared (Management or donor or other)	<a href="http://www.ifad.org/gbdocs/repl/7/iii/e/listdoc.htm">http://www.ifad.org/gbdocs/repl/7/iii/e/listdoc.htm</a>	<a href="http://www.ifad.org/gbdocs/repl/8/iii/e/index.htm">http://www.ifad.org/gbdocs/repl/8/iii/e/index.htm</a>	<a href="http://www.ifad.org/gbdocs/repl/9/iii/e/index.htm">http://www.ifad.org/gbdocs/repl/9/iii/e/index.htm</a>
<b>4<sup>th</sup> meeting in negotiation Phase</b>			
Month/year and duration (days) for meeting	Fourth Session - 1-2 Oct 2005	Fourth session - 21-22 Oct 2008	Fourth session - 15-16 Dec 2011
Held where?	Doha, Qatar	Rome, Italy	Rome, Italy
Number of list A & B delegations attending	<b>27</b> (18 List A, 9 List B)	<b>31</b> (21 List A, 10 List B)	<b>31</b> (21 List A, 10 List B)
Total number people in list A & B delegations attending	<b>58</b> (34 List A, 24 List B)	<b>64</b> (50 List A, 14 List B)	73 (49 List A, 24 List B)
Number of list C delegations attending	<b>13</b> (4 List C1, 5 List C2, 4 List C3)	<b>15</b> (5 List C1, 5 List C2, 5 List C3)	<b>16</b> (4 List C1, 6 List C2, 6 List C3)
Total number people in list C delegations attending	<b>19</b> (7 List C1, 8 List C2, 4 List C3)	<b>30</b> (7 List C1, 12 List C2, 11 List C3)	<b>32</b> (6 List A, 16 List B, 10 List C)
Observers from which other organisations (list organisations)	Mali, Morocco, Peru, Sri Lanka, United Republic of Tanzania	Afghanistan, Angola, Bangladesh, Ethiopia	African Development Bank (AfDB), Australia, Estonia, World Bank
List of key documents prepared for meeting and who prepared (Management or donor or other)	<a href="http://www.ifad.org/gbdocs/repl/7/iv/e/listdoc.htm">http://www.ifad.org/gbdocs/repl/7/iv/e/listdoc.htm</a>	<a href="http://www.ifad.org/gbdocs/repl/8/iv/e/index.htm">http://www.ifad.org/gbdocs/repl/8/iv/e/index.htm</a>	<a href="http://www.ifad.org/gbdocs/repl/9/iv/e/index.htm">http://www.ifad.org/gbdocs/repl/9/iv/e/index.htm</a>
<b>5<sup>th</sup> meeting in negotiation Phase</b>			
Month/year and duration (days) for mtg	Fifth Session - 14-15 Dec 2005	Fifth session - 18-19 Dec 2008	<b>Only 4 sessions held for IFAD9</b>

	<i>7<sup>th</sup> replenishment</i>	<i>8<sup>th</sup> Replenishment</i>	<i>9<sup>th</sup> Replenishment</i>
Held where?	Rome, Italy	Rome, Italy	
Number of list A & B delegations attending	<b>29</b> (21 List A, 8 List B)	<b>30</b> (22 List A, 8 List B)	
Total number people in list A & B delegations attending	<b>64</b> (48 List A, 16 List B)	<b>67</b> (47 List A, 20 List B)	
Number of list C delegations attending	<b>14</b> (4 List C1, 5 List C2, 5 List C3)	<b>15</b> (5 List C1, 5 List C2, 5 List C3)	
Total number people in list C delegations attending	<b>20</b> (5 List C1, 9 List C2, 6 List C3)	<b>29</b> (8 List C1, 12 List C2, 9 List C3)	
Observers from which other organisations (list organisations)	Mali, Morocco, Sri Lanka, Turkey, United Republic of Tanzania	Angola, Bangladesh, Cyprus, Ethiopia, Niger	
List of key documents prepared for meeting and who prepared (Management or donor or other)	<a href="http://www.ifad.org/gbdocs/repl/7/v/e/listdoc.htm">http://www.ifad.org/gbdocs/repl/7/v/e/listdoc.htm</a>	<a href="http://www.ifad.org/gbdocs/repl/8/v/e/index.htm">http://www.ifad.org/gbdocs/repl/8/v/e/index.htm</a>	

## Categories of IFAD resources

### Regular resource:

#### Members Initial Contribution

**Members' regular replenishment contributions**, also referred to as "additional core contributions", which are untied and for which Members receive commensurate votes.

**Members' complementary contributions**, also referred to as "additional complementary contributions" which do not entitle a contributing Member to receive a commensurate increase in its voting power. These are theoretically un-earmarked as they are core resources, but increasingly donors are earmarking these resources, ex. ASAP, BSF. Some are allocated through PBAS, some are not.

**Special contributions from members and non-members.** These may only be made in the form of unconditional grants and do not convey voting power.

**IFAD's internally generated resources** (primarily investment income, loan reflows and loan cancellation funds and some pre-commitments of future repayments under the Advanced Commitment Authority, or ACA). These are combined with donors' replenishment contributions to make up the replenishment financing framework.<sup>1</sup>

**Special Programme for Africa**, which does not carry votes and is earmarked to Africa and allocated according to PBAS.

### IFAD-Administered Resources are an important supplement to Regular resources.

**Supplementary contributions.** These are grant resources provided by Member States and non-members (including other multilateral organizations) that are earmarked to co-finance specific initiatives and projects as agreed between the donors and IFAD management. They are also used for programmatic and technical assistance and to fund associate professional officers.

**Supplementary loans.** The General Counsel's 2012 paper on categories and governance of resources available to IFAD notes that members or non-members may also request that IFAD administer loaned funds on their behalf to finance agricultural projects. One such example is found in IFAD.<sup>2</sup>

Co-financing, which is not administered by IFAD as provided by or channelled to the recipient government. This category consist of i) donor parallel co-financing and ii) domestic contributions from beneficiary governments and project participants.

<sup>1</sup> IFAD (2012) *Categories and Governance of Resources Available to IFAD*, EB 2012/105/INF.3. 23 March 2012. Page 2, Table 1.

<sup>2</sup> Loan provided by Spain.

## Evaluation Framework

<i>Components</i>	<i>Key Questions</i>	<i>Key activities</i>
<b>Phase I – framing study/evaluability assessment</b>		
Replenishment Objectives	<p>What do interviewees see as the objectives of the Replenishment process?</p> <p>Is there a perceived consensus on these objectives?</p> <p>Have there been shifts over time?</p> <p>Are there indications of future changes in these objectives?</p> <p>Do they remain relevant?</p>	Interviews with Deputies, Board members, and Management
<b>Phase II, III, IV</b>		
Replenishments and Change	<p>To what extent and with what results have Replenishment consultations triggered or influenced policy and organizational change?</p> <p>How has IFAD Management demonstrated leadership of the processes?</p> <p>How do these changes compare to those resulting from Replenishments in peer organizations?</p> <p>Is there an equal responsiveness to issues raised by the different lists, and how different are they?</p>	<p>Interviews with Management and Board members</p> <p>Document Review</p> <p>Comparative analysis of Peers</p> <p>Case study of key policy commitment from a replenishment</p>
Voice, Representation and accountability	<p>Are the distinctive mandates, accountability, and reciprocal obligations of Management, the Executive Board, the Governing Bodies, and the Replenishment Deputies respectively, clear, well disseminated and explained, and well understood and respected by all parties?</p> <p>What is the relative and effective weight of participation and representation in the replenishment exercise – formal (Deputies) and informal (Observers), by list, capacity and level of participation?</p> <p>Is there a perceived need to adjust rules governing the link between voting rights and funding obligations in the replenishment process?</p> <p>Is the process of ensuring consensus on the scope and level of Replenishments sufficiently broad based, and is there scope for more informal working groups to deepen and widen the dialogue, during and in between Replenishments?</p> <p>Do the MTR and RIDE constitute effective accountability mechanisms?</p>	<p>Interviews with Management, Deputies and Board member and peers</p> <p>Document Review</p>
Effectiveness and Results	<p>Have all Replenishment commitments been fulfilled, or are on track to be fulfilled? If not, what explanations can be given?</p> <p>Are monitoring mechanisms and reporting instruments for the Replenishment decisions and commitments adequate, consistent with, and aligned to the Results Measurement Framework?</p> <p>How did the introduction of a Results Framework affect the Replenishment process, including in terms of volume of resources committed?</p>	<p>Interviews with Management, Deputies and Board members</p> <p>Document Review</p>

<i>Components</i>	<i>Key Questions</i>	<i>Key activities</i>
	<p>How large a share of IFAD's resources is spent within the Results Framework agreed by Deputies?</p> <p>What results are not captured by the Results Framework?</p>	
Future Financing Framework	<p>What would be the implications for IFAD of declining replenishments and an increasing share of non-core funding in terms of effectiveness and governance?</p> <p>In terms of relevance, what are the implications of expected changes in the sources of financing, i.e. types of donors, types of funds?</p> <p>Can the current quality of funding be upheld in the future, i.e. no tying, concessionality, no conditionality?</p> <p>What are examples of possible innovative financing mechanisms?</p> <p>What are the most important reasons why IFAD is currently not in a position to raise funds through the capital markets?</p>	<p>Interviews with Management, Deputies, Board members, and peers</p> <p>Document Review</p> <p>Scanning of trends from IFIs/UN funding sources</p>
Relevance and Effectiveness of the Replenishment Process	<p>What are the direct and indirect costs of each Replenishment exercise?</p> <p>Is the 3-year replenishment period appropriate?</p> <p>What has been the effect of incremental improvements that have been made over time, including the introduction of an independent chair for IFAD9?</p> <p>In terms of legitimacy, effectiveness, efficiency and impact, how much substance should be discussed, and committed, during the replenishment, and to what extent are issues common to those raised in replenishments of peers? How prescriptive should Deputies be?</p> <p>To what extent has communication to all stakeholders contributed to strengthen the process?</p> <p>What explanations can be given for the relatively larger replenishments of peer institutions and are there good practices from peers that IFAD should consider?</p>	<p>Interviews with Management, Deputies and Board members and former Chair</p> <p>Document Review</p>



## Tracking Commitments of IFAD 7, 8, 9

<i>Type of commitment</i>	<i>Commitment</i>	<i>IFAD 7</i>	<i>IFAD 8</i>	<i>IFAD 9</i>
<b><u>Governance</u></b>	IFAD's Governance Structure and the Role of the Executive Board	<p>The Consultation having been presented with the proposals by Lists B and C on voting rights of Member States and Executive Board membership established, at its Fourth Session, a working group to review these two issues as well as the role and effectiveness of the Executive Board. At the Consultation's Fifth Session the working group presented a report recommending that the breadth and importance of these issues would benefit from further and more extensive discussions. The Consultation agreed that discussions should continue outside the Replenishment Consultation within the Executive Board. Accordingly, it recommended that the Executive Board set up an ad hoc committee to review the issues mandated to the working group, with the same List composition as other Executive Board committees (four members from List A, two members from List B and three members from List C). It further recommended that this ad hoc committee meet with the objective of concluding its discussions and recommendations by the end of 2006.</p>		

Type of commitment	Commitment	IFAD 7	IFAD 8	IFAD 9
Financial Management , fiduciary and transparency issues	The Executive Board will review the IFAD Policy on the Disclosure of Documents in 2006, taking into consideration the Consultation's deliberations on the current policy, in particular the recommendation to disclose policy, strategy and loan documents when they are presented to the Executive Board, and a comparison with the disclosure policies and procedures of selected IFIs and United Nations agencies.	<p>IFAD's administrative budget and PDFF: Engage with the Audit Committee of the Executive Board to integrate expenditures currently financed under the Programme Development Financing Facility (PDFF) fully into the administrative budget.</p> <p>Internal audit: take steps to continue enhancing the quality and independence of the internal audit function in line with evolving best practice. Audit Committee: to present revised terms of reference and rules of procedure for the approval of the Executive Board</p> <p>Procurement: Present to the Executive Board a review of IFAD's project procurement guidelines and their implementation, including a comparison with those of the World Bank and its reference guide to "Fiduciary Management for Community-driven Development Projects", and an assessment of their alignment with IFAD's anticorruption policy.</p> <p>Disclosure: Executive Board to amend the IFAD Policy on the Disclosure of Documents, so that project appraisal documents will be disclosed on IFAD's public website prior to the Executive Board session during which the project will be considered. Executive Board to review policy provisions with regard to the disclosure of previously undisclosed documents.</p> <p>Risk management: The President to submit an annual report on IFAD's risk management activities to the Executive Board through the Audit Committee.</p> <p>Accountability and transparency: Adopt an internal control framework and a financial disclosure policy for senior officers and relevant staff.</p>		

<i>Type of commitment</i>	<i>Commitment</i>	<i>IFAD 7</i>	<i>IFAD 8</i>	<i>IFAD 9</i>
<b><u>Increasing IFAD's operational effectiveness</u></b>	Aid Effectiveness	IFAD will implement the Action Plan for Improving its Development Effectiveness as approved by the Executive Board at its Eighty-Sixth Session in December 2005. Progress report on Action Plan implementation. Medium-term plan. Evaluation of field presence pilot presented. Results-based program of work and budget. Report on IFAD's development effectiveness.	Measure performance on country ownership, and report to the Executive Board annually through the RIDE. Continue to report to the Executive Board on IFAD's operational and organizational reforms, principally through the RIDE.	Strengthen country leadership and ownership. Strengthen, and where feasible, increase reliance on country systems and implementation structures.
	Scaling Up			Raise the level of IFAD technical cooperation implemented through coordinated programmes.  Strengthen country programme development, monitoring and management processes to ensure systematic attention to scaling up, broader partnership building, more rigorous policy analysis, and active engagement in national policy dialogue on agriculture and rural development.
	Private Sector		If the need is identified, present a proposal for IFAD's role and instruments relative to engagement with the private sector, fully consistent with IFAD's mandate, to the Executive Board	Increase engagement in policy dialogue for more conducive rural business environments that enable smallholders and the rural poor to gain better access to markets and value chains.  Engage private-sector actors more systematically in country and project-level programming to raise their pro-poor and sustainable investments in rural areas.  Increase information and communications technology activities in IFAD supported Programmes

<i>Type of commitment</i>	<i>Commitment</i>	<i>IFAD 7</i>	<i>IFAD 8</i>	<i>IFAD 9</i>
	Gender Equality and Women Empowerment	<p>The independent Office of Evaluation will conduct an evaluation of IFAD's performance on gender equality and women's empowerment in 2009.</p> <p>Based on the findings of the evaluation, the Executive Board will consider the need to develop a corporate policy and implementation strategy on gender.</p> <p>Join the multilateral development bank working group on gender.</p> <p>Report annually to the Executive Board on IFAD's performance on gender in its operations through the RIDE</p>	<p>Strengthen analysis of gender equality and women's empowerment issues in IFAD's operations for stronger and more even performance in this regard, and to promote expanded economic opportunities for rural women.</p> <p>Enhance indicators to measure impact and results in gender equality and women's empowerment.</p> <p>Enhance IFAD's capacity to document and disseminate field experience on gender equality and women's empowerment, and strengthen its advocacy efforts in this area.</p>	
	Climate Change and Sustainable Management of Environmental Resources	<p>Present for the review of the Executive Board "IFAD Procedures for Environmental Management and Sustainable Development".</p> <p>Present a policy on environment and natural resources, which could incorporate the climate change strategy referred to in paragraph 69, to the Executive Board.</p> <p>Present a strategy on climate change to the Executive Board. (see also "environment and sustainable natural resource management").</p>	<p>Strengthen analysis of climate change and environmental issues in IFAD's operations to support innovative approaches to climate resilience and sustainable use of natural resources</p> <p>Assist smallholder producers in benefiting from climate finance and other adaptation and mitigation incentives, including through the IFAD-managed Adaptation for Smallholder Agriculture Programme.</p> <p>Ensure that complementary contributions to support the implementation of the Adaptation for Smallholder Agriculture Programme are employed for that purpose.</p> <p>Enhance IFAD's capacity for knowledge management, advocacy and partnerships on climate change and environment and natural resource management.</p>	

<i>Type of commitment</i>	<i>Commitment</i>	<i>IFAD 7</i>	<i>IFAD 8</i>	<i>IFAD 9</i>
	Project Efficiency			<p>Strengthen assessments of economic returns on investment during project design, recognizing the need to ensure that social and environmental objectives are also met.</p> <p>Implement the scaling-up agenda.</p> <p>Reduce delays in the project cycle.</p>
	Country-level Decentralization			<p>Open additional country offices in line with the IFAD Country Presence Policy and Strategy, ensuring adequate delegation of authority at the country level, and cost-efficiency in the set-up and operation of country offices.</p> <p>Strengthen country office management and coordination, including implementation of incentives for outposting of internationally recruited staff, and adequate delegation of decision-making authority to operate effectively and efficiently.</p>
	Fragile States	<p>Introduce key issues relative to fragile states into relevant operational guidelines (including those for COSOPs, project design and supervision, and quality assurance and quality enhancement).</p>		<p>Adopt a flexible approach to programme design and implementation support in fragile states, with a strong focus on building the capacity of community and government institutions, including through appropriate country presence arrangements, and close collaboration with other multilateral and bilateral partners.</p> <p>Enhance the quality of programme design and implementation support in fragile states by performing deeper analysis of the causes of fragility.</p> <p>Ensure simplicity of objectives and activities of projects in fragile states.</p> <p>Strengthen application of risk management in the context of programmes in fragile states, including for security of the workforce.</p>

<i>Type of commitment</i>	<i>Commitment</i>	<i>IFAD 7</i>	<i>IFAD 8</i>	<i>IFAD 9</i>
	MICs		Present a policy paper on IFAD's engagement in MICs to the Executive Board	
	Sustainability		Report annually to the Executive Board on IFAD's performance with respect to sustainability through the RIDE.	
	National monitoring and evaluation systems			Strengthen national monitoring and evaluation systems by enhancing the capacity of project management staff and implementing partners, particularly at start-up and early project implementation through the systematic engagement of M&E experts during design and supervision missions
	South-South and Triangular cooperation			<p>Establish an adequately resourced corporate coordination function to ensure South-South and triangular cooperation is pursued in a strategic manner, is widely mainstreamed across country programmes, and is grounded in a robust evidence base.</p> <p>Develop staff incentives to proactively pursue and promote South-South and triangular cooperation.</p>

<i>Type of commitment</i>	<i>Commitment</i>	<i>IFAD 7</i>	<i>IFAD 8</i>	<i>IFAD 9</i>
	Partnership and Advocacy	<p>Report to the Executive Board on the success of IFAD's efforts to develop a more selective approach to partnerships.</p> <p>Establish targets for partnerships, and report results to the Executive Board annually through the RIDE.</p>	<p>Increase focus on strategic long-term partnerships, in particular with the Food and Agriculture Organization of the United Nations (FAO) and the World Food Programme (WFP) in order to contribute to the success of the Committee on World Food Security, strengthen country programming, and raise efficiency through joint servicing initiatives.</p> <p>Strengthen partnerships with multilateral development banks, the Consultative Group on International Agricultural Research, bilateral development agencies, the Global Donor Platform for Rural Development, foundations, NGOs , farmers' associations and the private sector.</p> <p>Intensify engagement in global policymaking and advocacy forums, such as the G-20, that have a key role in shaping the international development architecture.</p> <p>Intensify identification of and engagement in relevant new high-potential global advocacy initiatives.</p> <p>Support efforts to bring broader perspectives to global and national policy dialogue on smallholder agriculture, food and nutrition security , particularly those of the rural poor and farmers' organizations.</p>	

Type of commitment	Commitment	IFAD 7	IFAD 8	IFAD 9
<b><u>Increasing IFAD's Institutional effectiveness and efficiency</u></b>	Institutional Efficiency			<p>Introduce a fit for purpose and efficient to use staff time recording system to measure the full costs of performing key business processes and activities.</p> <p>Develop key business process efficiency indicators and benchmarks to facilitate identification of opportunities for process streamlining and cost- saving.</p> <p>Liaise with the Executive Board to explore opportunities to reduce costs associated with internal services in support of the operation of IFAD's governing bodies. Integrate recommendations of the corporate-level evaluation of the Fund's efficiency into IFAD's Change and Reform Agenda.</p> <p>Assess value-added of business processes, and the potential for adopting more cost-effective alternative delivery modalities, including through joint servicing initiatives with other Rome-based agencies.</p> <p>Report progress against IFAD9 efficiency targets, including cost savings, to governing bodies through the annual Report on IFAD's Development Effectiveness.</p>



<i>Type of commitment</i>	<i>Commitment</i>	<i>IFAD 7</i>	<i>IFAD 8</i>	<i>IFAD 9</i>
Human resources reform	<p>The Consultation, recognizing both that the APO Programme is important for IFAD's operation and that equitable distribution of staff posts and opportunity is an important principle for the functioning of the Fund, expressed support for the concept of an enhanced APO Programme offering broader and equal opportunities for candidates from all Member States following the existing recruitment procedure and principles of IFAD. At the same time, it recognized that a proposal along these lines would have significant financial implications, and in this context it requested the Executive Board to review in September 2006 the scale and financial implications of an enhanced APO Programme and explore ways that would enable it to be implemented during the Seventh Replenishment period, including through voluntary contributions.</p>	<p>Present to the Executive Board reports on the implementation of IFAD's human resources reform agenda.</p> <p>Key performance indicators for the human resources reform will be reported annually to the Executive Board through the RIDE.</p> <p>Review the results-based incentive systems of other international institutions and report to the Executive Board with options to better align staff incentives with institutional performance.</p>	<p>Consolidate and deepen reforms completed in IFAD8.</p> <p>Equip IFAD with instruments and resources to promote gender competence and equality in its human resources policies, and promote gender balance in staffing.</p> <p>While maintaining alignment with the United Nations Common System, continue to explore opportunities for flexibility in IFAD's compensation and benefits system so as to ensure, as a way to achieve institutional efficiency goals, that appropriate levels of compensation and performance-based reward systems are in place for all IFAD staff. This would include such efforts as participating actively in the 2011-2012 ICSC Rome Local Salary Survey Committee with respect to GS salary levels, urging the ICSC to ensure appropriate compensation levels at the Professional level, and piloting a pay-for-performance model in collaboration with the ICSC.</p>	

Type of commitment	Commitment	IFAD 7	IFAD 8	IFAD 9
Improving the implementation of the performance-based allocation system		<p>The Consultation reiterated that the PBAS will be extended as a uniform system of comparison and allocation across the lending programme as a whole, taking into account the need both for reflecting priorities in terms of the regional distribution of development assistance (in particular regarding Africa and other similar highly concessional borrowers) and to maintain at least a two-thirds share for them. In this regard, IFAD will continue to direct at least the current percentage share of resources to sub-Saharan Africa, provided that the performance of individual countries warrants, to support the efforts of these countries to use these resources effectively in helping the rural poor overcome poverty and achieve food security.</p> <p>Prior to the April 2006 Executive Board meeting, IFAD will convene an informal seminar for the membership to consider modifications to the formula.</p> <p>The April 2006 Executive Board will decide how to operationalize the revisions for the uniform system of comparison and allocation across the lending programme as a whole. To this end, the Executive Board may establish a working group to review the relevant issues of the existing system, including modifications based on elements of the formula itself, including performance assessments, and the weights of population and income, while maintaining the overall weight of performance. This is to become effective with the 2007 programme of work, the first year of IFAD VII, to be presented at the September 2006 Board.</p>	Executive Board to mandate the PBAS working group to continue its functions and, as well, review the best practices of other IFIs and identify improvements to the system.	

<i>Type of commitment</i>	<i>Commitment</i>	<i>IFAD 7</i>	<i>IFAD 8</i>	<i>IFAD 9</i>
<b><u>Strengthening IFAD's Financial Capacity and Management</u></b>	IFAD's Financial model		<p>Deploy an enhanced financial model based on a sustainable cash flow approach on 1 January 2013. Towards this, the capacity of the Treasury Services Division will be strengthened, and a review of the current financial model will be undertaken to improve its flexibility, robustness and alignment.</p> <p>Deploy an enhanced financial model based on a sustainable cash flow approach on 1 January 2013. Towards this, the capacity of the Treasury Services Division will be strengthened, and a review of the current financial model will be undertaken to improve its flexibility, robustness and alignment.</p> <p>A review of the current financial model will be undertaken to improve its flexibility, robustness and alignment with the financial projection models used by other IFIs.</p> <p>Present a proposal to the Executive Board regarding the future use of the advance commitment authority, once the sustainable cash flow approach has been fully implemented. Until then, current use, reporting and approval of the advance commitment authority will continue.</p>	

<i>Type of commitment</i>	<i>Commitment</i>	<i>IFAD 7</i>	<i>IFAD 8</i>	<i>IFAD 9</i>
	Internal Resource Mobilization			<p>Present a proposal to the Executive Board on how responsibility for compensation for foregone principal arising from adoption of the Debt Sustainability Framework will be managed, starting in IFAD10.</p> <p>Increase internal resources available to support IFAD's Programme of Loans and Grants in the IFAD9 period in line with the decision taken at the 104<sup>th</sup> session of the Executive Board to carry out a comprehensive review of IFAD's Lending Policies and Criteria in 2012, and to align IFAD's lending terms as much as possible with those of the International Development Association and the International Bank for Reconstruction and Development, taking into account IFAD's specificity as outlined in the Agreement Establishing IFAD</p> <p>Enhance IFAD's internal resources by soliciting payment of loan and contribution arrears, and exploring the possibility of loan prepayments with interested borrowing Member States. Engage non-Member States and groupings of States to contribute to and/or join the Fund.</p>
	New Sovereign Donors and alternative financing Models			<p>Explore the scope for raising financing from other sources to be submitted to the Executive Board, provided that any related agreements have no consequences for the governance of the Fund.</p>

<i>Type of commitment</i>	<i>Commitment</i>	<i>IFAD 7</i>	<i>IFAD 8</i>	<i>IFAD 9</i>
Advance Commitment Authority	<p>During the Seventh Replenishment period, IFAD will maintain the ACA with a maximum use of five years of future reflows.</p> <p>The review carried out under the ALM highlighted that, compared with other IFIs, IFAD's level of liquid assets was high in relation to the lending programme and the level of annual loan disbursements. In this context, IFAD will submit to the Executive Board in December 2006, for its review and approval, a liquidity policy that will provide means of monitoring and ensuring that the Fund has adequate liquidity available at all times.</p>			

Type of commitment	Commitment	IFAD 7	IFAD 8	IFAD 9
Debt Sustainability Framework	<p>IFAD management should submit to the Executive Board in September 200 proposals for the operation of the debt sustainability framework, including provisions for: reporting on progress; the share and implications for IFAD's finances; the implications for IFAD's disbursements to developing countries; the implementation of the appropriate modified volume approach for the generation of compensation for service charges forgone;and methodologies used under the debt sustainability framework, as well as calibration of IFAD's approach with the approaches of other IFIs.</p> <p>IFAD Member States, and particularly those who are major contributors of ODA, agree to compensate IFAD fully for principal repayments forgone as a result of the application of the debt sustainability framework within a pay-as-you-go mechanism as adopted in IDA 14.</p> <p>IFAD will secure full compensation for service charges foregone through (in the case of IDA) retention and management of part of the resources governed by its Modified Volume Approach(MVA).</p> <p>The relevant Articles of the Agreement Establishing IFAD should be amended to allow the operation of the debt sustainability framework.</p> <p>Commencing in 2007, IFAD should adopt the IDA model of a debt sustainability framework to govern the allocation of assistance to countries eligible for highly concessional assistance and with high to moderate debt-distress risk.</p>	<p>Present a revised policy on grants to the Executive Board.</p>		
	<p>Grants The Executive Board will review, in September 2006, the IFAD Policy for Grant Financing in the light of the adoption of the DSF, taking into account the impact of the Multilateral Debt Relief Initiative on the level of IFAD assistance projected to be provided on DSF terms.</p>			

<i>Type of commitment</i>	<i>Commitment</i>	<i>IFAD 7</i>	<i>IFAD 8</i>	<i>IFAD 9</i>
<b><u>Enhancing IFAD's results management system</u></b>	Strategic Framework	AP-Present to the EB a revised Strategic Framework for 2007-10.	Present to the EB a new strategic framework to guide IFAD's activities in the period 2011 onwards.	
	RMF		<p>Present the final Results Measurement Framework for the approval of the Executive Board, prior to the start of the Eighth Replenishment period.</p> <p>Report to the Executive Board on achievements against the IFAD VIII Results Measurement Framework through the RIDE.</p>	<p>Review and consolidate mechanisms for results reporting to governing bodies, towards more succinct accounts that are focused on impact and outcomes achieved</p> <p>Report annually to the Executive Board and Evaluation Committee on performance against RMF 2013-2015 indicators and targets through the Report on IFAD's Development Effectiveness</p> <p>Report annually to the Executive Board through the Audit Committee on enterprise risk management activities in IFAD.</p>

Type of commitment	Commitment	IFAD 7	IFAD 8	IFAD 9
	Impact Evaluation			<p>Raise the level of compliance with the requirement for projects to have a baseline survey by the end of their first year of implementation</p> <p>Actively pursue partnerships with institutions specialized in impact evaluation, and mobilize resources to develop adequate internal capacity to conduct/manage impact evaluation work.</p> <p>Present an information paper to the Executive Board on the methodologies IFAD will employ in carrying out impact assessments and in measuring the new impact-level indicators introduced in the RMF 2013-2015.</p> <p>Conduct, synthesize and report on approximately 30 impact surveys over the IFAD9 period. Three to six of these will use randomized control trials or other similarly rigorous methodology, depending on cost-sharing opportunities, and interest and availability of institutions specialized in impact evaluation to support this work.</p>
Management for Development Results through project Cycle Reform		<p>AP. Revised results-based COSOP framework.</p> <p>AP Revised project approval format.</p> <p>AP. Supervision policy.</p> <p>AP. Loans and grants presented in revised format.</p>	<p>Update IFAD's guidelines for COSOPs, for project design and for grants, with minimum standards for results frameworks/logframes for all three.</p> <p>Present to the Executive Board a revised format for project documents presented to the Board.</p> <p>Report annually to the Executive Board on results achieved through the RIDE.</p>	