



IFAD Policy for Grant Financing

Corporate-level Evaluation

Eighty-fifth session of the Evaluation Committee

10 October 2014

Background

- Policy covers grants funded through IFAD's regular programme of work, not externally-funded grants nor DSF grants
- CLE Time frame: 2004-2013 (i.e., after 2003 Grant Policy)
- Evaluation of the Policy on grants
 - ❖ **Relevance**: clarity of *policy* objectives, consistency with IFAD's mandate
 - ❖ **Effectiveness**: degree of achievement of the *policy* objectives
 - ❖ **Efficiency**: use of human and financial resources and processes to achieve *policy* objectives

Data collection and analysis

Triangulation of evidence through multiple sources

1. Review of documentation and databases
2. Meta-analysis of existing evaluations (36 CPEs, 11 CLEs)
3. Self-assessment by Management
4. Survey of IFAD staff
5. Interviews (grantees, IFAD, EB members, IFIs, other partners)
6. Country case studies (Benin, Jordan, Kenya, Lebanon, Philippines, Uruguay)

Grant Policy - 2003 and 2009 revision

- 2003 Policy. Two grant objectives: (i) pro-poor research, innovations; (ii) capacity-building
 - Two windows: (i) regional/global (5% PoW); (ii) country-specific (2.5%)
 - Grants should not substitute for admin budget, nor duplicate loan-funded activities
- 2009 (revision). Same objectives, broadened domain of grant application. Set stricter process requirements
 - Reduced country-specific grants to 1.5% PoW
 - Private sector grants
 - President approval up to US\$ 0.5m (from US\$ 0.2m)

Overview of grants: 2004-2013

- 784 grants approved (2/3 regional and global), US\$ 449m, 6.1% total PoW (other IFIs ~1%)
- Dispersed recipients: 377 organizations. Mostly (67%) one-shot recipients, 17% with two grants
- Diverse recipients (% by financial volume):
 - ❖ Research Institutions: 31% (CGIAR centres 22%)
 - ❖ Civil society organizations: 26%
 - ❖ Inter-governmental organizations: 24% (UN 13%)
 - ❖ Member states: 17%
- Largest recipient: FAO (64 grants, US\$ 29m) and CGIAR centres

Relevance of the Policy

- Policy meant grant:
 - to be a flexible instrument
 - to serve objectives that were in principle relevant to IFAD's mandate
- But objectives were broad, priorities not defined, policy formulation not always consistent
 - 30% of grant reviewed had problems of compliance with policy objectives and stipulations
- Relevance assessed as moderately unsatisfactory

Policy Effectiveness

7

- Overall achievement of policy objectives assessed as moderately unsatisfactory (on-going improvements since 2010). Two main findings:
 - Average performance of grants below “moderately satisfactory”
 - Weak systems to internalize knowledge and experiences stemming from grants

- Key issues:
 - Insufficient attention (ex ante) to internalizing grant experience
 - Inadequate linkages between grants and country strategies and operations, particularly for global / regional grants

Efficiency Aspects

- Cumbersome procedures for grant approval and supervision, not calibrated to IFAD resources and capacity
- For country-specific grants, allocation through PBAS and exclusion of “red and yellow” countries reduce opportunities to address specific country issues in flexible manner
- Limited time devoted to assessing results, extracting lessons, little substantive reporting to Management and EB on results and learning
- Recent Management actions to rationalize grant portfolio
- Overall rating for efficiency: moderately unsatisfactory

Conclusions

1. Gap between high potential (e.g., flexibility) of grants and achievements made so far
2. Priorities for grants not sufficiently specified
3. Weak linkages with country strategies and programmes, and constraints to responding to country-level issues
4. Weak reporting on results and knowledge management → grant experience not adequately internalized
5. Recent efforts to improve grant management and Management review of grant policy, procedures

Main recommendations for new policy

1. Two types of grants: country-specific and non-country specific
2. For the latter, define corporate strategic priorities
3. Increase allocation for country-specific grants (better manageability and connectivity to country programmes)
 - No grant allocation through PBAS
 - Eligibility to all countries, including red and yellow-rated countries

Recommendations (cont.)

4. Simplify and strengthen approval and supervision processes for grants
5. Strengthen accountability and EB oversight through more substantive and comprehensive reporting on grant performance
6. Invest in a Grant Management Information System