



Corporate-level Evaluation on IFAD's Financial Architecture

96th session of the Evaluation Committee
23 March 2017

Independent Office
of Evaluation



Investing in rural people

The Context

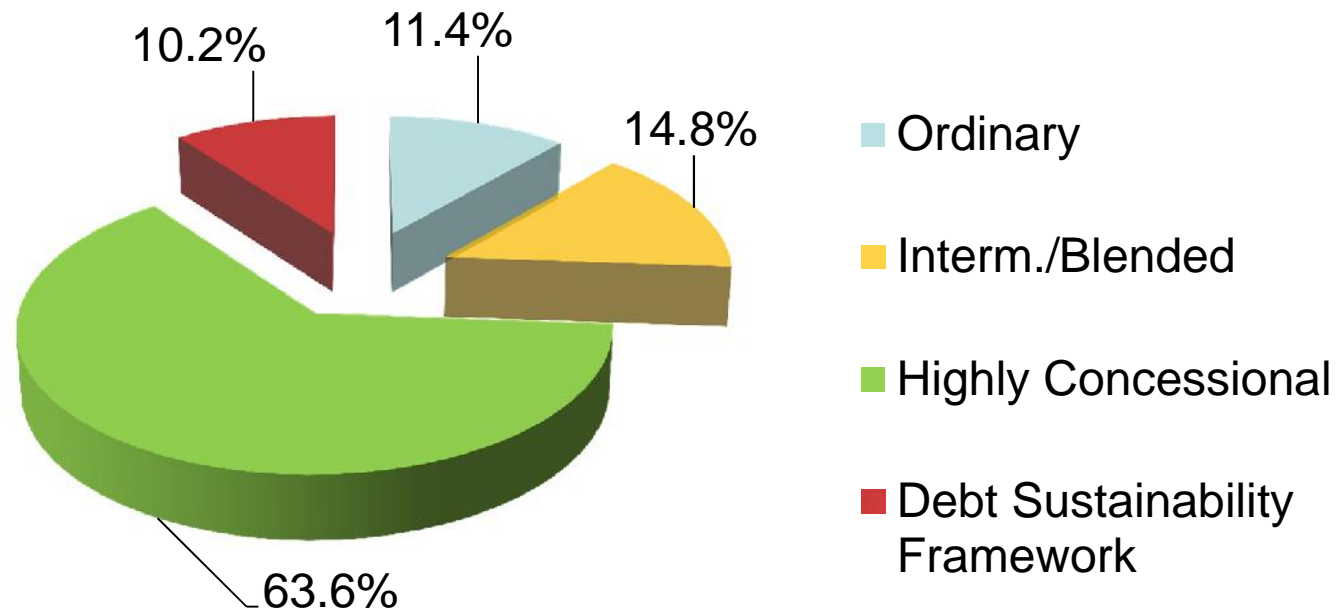
- “Double nature” of IFAD: Specialised UN Agency and IFI, focus on rural poverty reduction
- Concessional arms of other IFIs are being reformed (higher leveraging of resources)
- ODA increased by nearly 50% between 2004-05 and 2014. ODA total and ODA multilateral contributions slightly fell in 2015
- Evolution of Members’ contributions to IFAD replenishments

	IFAD 6	IFAD 7	IFAD 8	IFAD 9	IFAD 10
Members’ contribution (US\$ billion)	0.56	0.80	1.20	1.50	1.44

Status of IFAD Loan Financing

(End 2016, cumulative)

- 1,149 Projects Financed; US\$ 14.4 billion, of which



Financial Architecture

- Operational definition

IFAD Policies, Strategies and Processes relating to:

1. Sources of funds (e.g. replenishments, reflows, cofinancing, sovereign borrowing, supplementary funds)
2. Use and allocation of the resources
3. Financial support instruments and their performance
4. Corporate financial management and oversight systems
5. External financial oversight system (e.g., role of GC, EB, Replenishment consultation)

Selected milestones in IFAD's Financial Architecture

Timeline	Main Events
1976	Agreement Establishing IFAD
2000	IFAD participates in the Debt Initiative for HIPCs
2004	PBAS introduced
2007	Debt Sustainability Framework
2013	Revised Policies and Criteria for IFAD Financing.
2014	IFAD10 Replenishment. KfW Eur 400 million loan.
2015	<ul style="list-style-type: none"> • Sovereign Borrowing Framework adopted. • Grant policy revised.
2016	<ul style="list-style-type: none"> • Internal report of the Corporate Working Group on IFAD's Financial Policies • Treasury model enhanced • EB approved sovereign loans from AFD for Eur 200 million
2017	IFAD11 Management's presentation to the EB in September

CLE Time frame and objectives

Period: 2004-2017

Objectives

- To Assess: (i) performance of the financial architecture in mobilising resources; (ii) value added of IFADs financial instruments to member states;(iii) contribution to IFAD's financial sustainability
- To identify alternatives and options to strengthen IFAD's capacity to fund rural poverty reduction programmes.

Simplified results chain



Evaluation Criteria

Relevance

- Of the financial architecture in mobilizing financial resources
- Of the financial products offered to member states for the desired intervention types
- Test the (implicit) assumptions

Effectiveness

- Of resource mobilization to meet IFAD's demand for financing, including external resources for scaling up
- Of the financial instruments to serve rural development needs

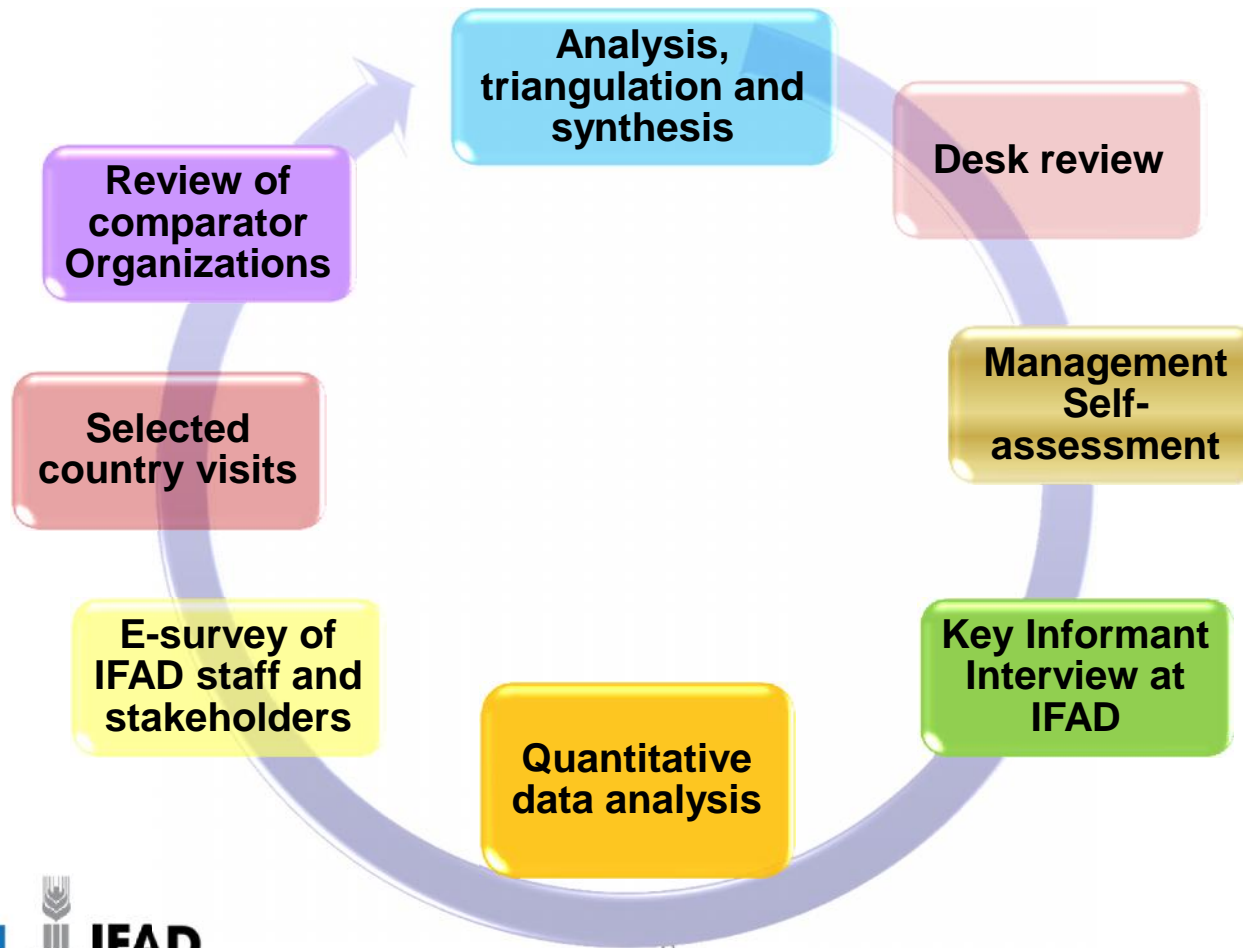
Efficiency

- Corporate administrative cost ratios and their trends
- Liquidity and other standard financial ratios.
- Treasury functions (maximizing investment profits within cash and risk constraints)

Financial Sustainability

- Effect of the mix of financial products, terms and conditions on IFAD's short and long term financing
- Key drivers and implications of external factors
- Lessons from other comparable organizations

Data collection and analysis



Timeline of the evaluation

April 2017 – February 2018

- Data collection and analysis
- Report writing

March – June 2018

- Presentation to IFAD Management on early findings
- Draft Report shared with Management
- Comments from Management. Draft report finalized

September 2018

- Presentation of final report to the Evaluation Committee and to the Executive Board