



The IFAD business model

June 2014

Outline



- Foundations and key features of the business model
- Ongoing reforms and enhancements
- New emphasis and initiatives for IFAD 10
- Is the model delivering results?

The foundation of IFAD's business model



➤ Unique and specialized

- The only UN agency that is also an IFI
- The only IFI dedicated to one sector

➤ Making the interests of our clients converge

173 Member States

- IFAD guided by its Governing Council, Executive Board, Strategic Vision, Strategic Framework, Programme of Work (PoW), Operational Policies

97 borrowing governments from developing countries

- IFAD driven by country needs and national strategies

2.5 billion poor rural women and men

- IFAD focused on investing in rural people through project financing

Key operating features to be consolidated



- Resource mobilization from Member States and other institutions
- Allocation of loans (72%) and grants (28%) through the Performance-Based Allocation System (PBAS)
- Retaining direct responsibility for project design and supervision
 - Enhanced performance, knowledge & learning
- Country presence
 - Light touch but cost-effective
 - Proximity correlated with project performance
 - Decentralization of CPMs (some cover more than one country)

Revamping the operations delivery tools

- New Quality Enhancement & Quality Assurance process
- Building stronger in-house technical expertise (PTA & ECD) in support of country teams and country offices
- Reducing dependency on consultants
- Proactive portfolio management and monitoring of performance
- Expansion of country presence from 40 to 50 country offices

Service Delivery Platform

- Enhancing financial management and risk assessment capacity to handle a growing portfolio
- Proactive HR management: strategic staffing, HR procedures, staff performance system, training
- Upgrading Communication and ICT systems (esp. in support to country offices)
- New systems for procurement and travel

New emphasis under IFAD 10



- Mainstreaming new trends and initiatives within the portfolio
 - Climate change (building on ASAP)
 - Gender (new gender architecture and budget tracking)
 - Nutrition

- New instruments for Public-Private-Producer Partnerships (PPPP)

- Policy engagement: country and global

- Revamp knowledge strategy/products, South-South cooperation

Further enhancing the delivery model



- Special effort on scaling up results through leveraging additional resources, policy influence and sustainability (*paper for the Oct. session*)
- Exploring additional resource mobilization mechanisms
- Revisit IFAD grant policy and procedures
- Improve M&E system for better project performance and impact evaluation capacity

More differentiated country approaches – fragile states



- Better institutional analysis of the causes of fragility
- Increase flexibility and reduce complexity of project design
- Focus on grassroots institutions, social capital and resilience
- Enhance partnership with donors, private sector and civil society
- Additional effort on implementation support (about half of our country offices will be in FS)
- Revised strategy on FS to be submitted to EB in 2015

More differentiated country approaches – middle-income countries

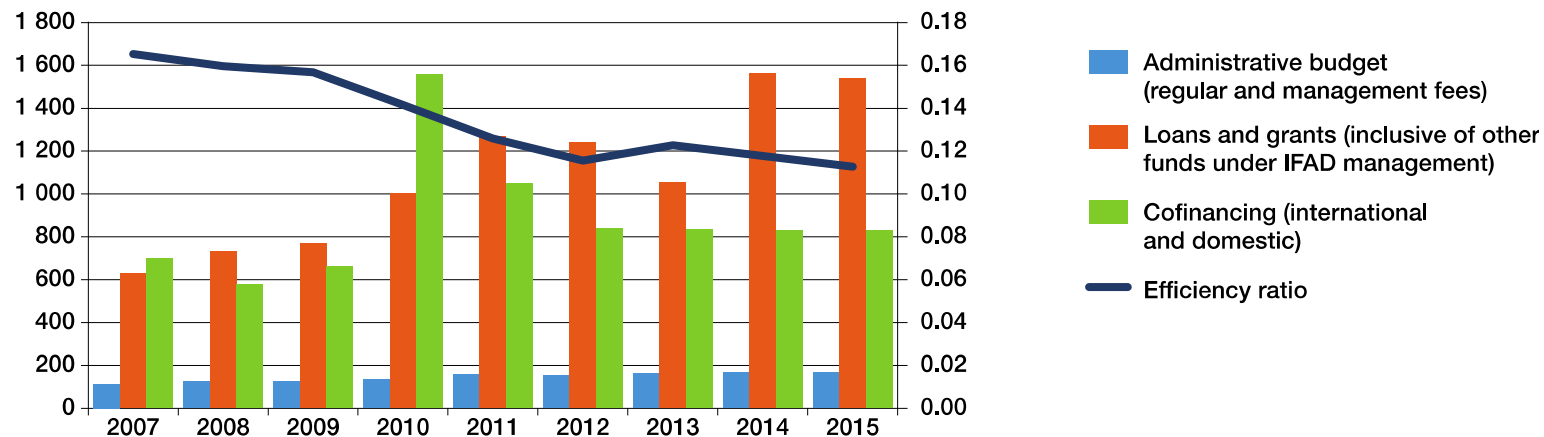


- Highly diversified group with 70% of our end-clients
- High demand for IFAD products and knowledge on pro-poor innovative solutions & demonstration effect
- Addressing poverty/inequality issues in contexts similar to LICs
- IFAD resources (30%) leverage substantially more domestic resources and offer greater opportunities for scaling up in cost-effective way
- Need a customized menu of policy, financial and knowledge support
- Fine-tune our approach to “graduation” contingent on identifying possible sources of financing outside of replenishment sources
- A revised MIC strategy to be submitted to the EB end of 2015

Efficiency of the business model



- Institutional efficiency considerably improved
- Expansion of PoW against a flat administrative budget
- Keep staffing numbers in check
- Efficiency gains in business processes
- Project numbers stable but larger size per project



Delivering results



- IFAD compares well with other multilateral organizations (external evaluations, MOPAN, etc.)
- IOE Corporate Efficiency Evaluation recognizes that IFAD is poised to become a centre of excellence in agriculture
- Internal monitoring systems (RIMS, RIDE, ARRI) report strong performance on most indicators
- Renewed commitment towards taking 80 million out of poverty will continue under IFAD10 including impact evaluation efforts