



**IFAD**  
**INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT**  
**Consultation on the Sixth Replenishment of IFAD's Resources - Third Session**

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**IFAD'S PROGRAMME OF WORK**

1. IFAD's mandate has given the institution a specific focus on rural poverty from the beginning of its operations. During its twenty-five years of operations, the Fund has supported over 600 poverty programmes in 114 countries, providing USD 7.4 billion towards their total investment cost of USD 21.6 billion. These programmes have reached an estimated 250 million poor men and women and offered them the possibility of improving their productivity and incomes and working their way out of poverty.
2. In recent years the scale and depth of chronic poverty has attracted increasing international attention. Following a series of major international conferences during the 1990s, world leaders at the Millennium Summit in September 2000 expressed their commitment to reduce the proportion of those living below one dollar per day by half by the year 2015. Overcoming poverty and hunger has now been recognized as the overarching goal of international development cooperation.
3. At the Financing for Development (FfD) Conference held in Monterrey in Mexico in March this year, the international community began the process of translating this high-level political commitment into the resources necessary to achieve the Millennium Summit goals. To that effect, the United States and the European Union announced their intention to increase their development assistance, over and above the existing levels, by an estimated USD 30 billion between 2002 and 2006 and maintain an increase of about USD 15 billion per year thereafter. Additional resources should therefore be available in the coming years to intensify the effort against poverty.
4. There is a justified concern to make sure that these additional resources are used in the most cost-effective way to make the maximum impact on poverty.
5. The External Review of the Results and Impact of IFAD Operations carried out at the request of the Consultation on the Sixth Replenishment of the Fund's Resources has assessed positively the Fund's relevance to poverty reduction. The External Review drew attention to the innovations and substantive contributions that IFAD has made to reduce poverty. It also noted that over the last few years, between 1993 and 2001, the Fund has raised its programme of work while reducing the administrative budgetary expenditure for its operations. The Review has further noted certain significant challenges that need to be addressed in order, in the words of the External Review, *to make IFAD the premier institution influencing the thinking and activities for overcoming rural poverty*. IFAD looks forward to responding to these challenges over the Sixth Replenishment period.



6. The needs, indeed the imperative, for poverty reduction are vast. Following the Millennium Summit and the FfD there is now a reinforced political will and substantially greater resources to address poverty. Underlying this new political will is deep concern that the current rate of poverty reduction, especially in Africa, is well below that required to achieve the Millennium Summit poverty goal. Today, an estimated 1.2 billion human beings live on less than one dollar per day. Of this total, some three quarters, about 900 million, live in rural areas depending primarily on agriculture and related activities for their livelihood. These 900 million people are IFAD's potential target group.

7. The decision on the level of IFAD's annual loans and grants depends on the needs to be addressed. But clearly it depends equally on the resources available and the Fund's capacity to deliver those resources cost-effectively. In the light of these considerations, IFAD's Member States gave a great deal of attention to the level of its Programme of Work during the Fourth and Fifth Replenishment negotiations.

8. During the Fourth Replenishment Consultation, Member States also reviewed the Fund's performance through the Report of the Rapid External Assessment. They further took into account the Fund's institutional capacity to deliver programmes as shown by its actual lending programmes during the mid-1990s.

9. Member States recognized that the Fund needs a certain critical minimum below which its presence in countries would be too infrequent and too small to have sustained impact or attract cofinancing. Moreover, it needs a certain minimum scale in order to be able to engage borrowing countries, and other national and multilateral institutions, in policy discussions to promote institutional and policy changes supportive of the productive activities of the poor.

10. After a careful review of all these factors and noting that the Fund's Programme of Work was actually in the range of USD 450 million, the Consultation members agreed in 1996 that a Programme of Work of USD 450 million should be maintained during the Fourth Replenishment Period. In consequence the Executive Board in December 1996 approved a Programme of Work for 1997 of USD 450 million and approved a Programme of Work of the same real level in the following years of the Fourth Replenishment period.

11. The issue of the Fund's lending programme naturally was considered again during the negotiations on the Fifth Replenishment. The Consultation on the Fifth Replenishment in the final report agreed on the Fifth Replenishment level on the basis of *the desirability of maintaining an annual programme of operations of about USD 450 million in 1996 terms* (see document GC 24/L.3, paragraph 86).

12. During the current Replenishment discussions, IFAD's Programme of Work is naturally again a major element. There is a recognition that the reinforced international priority for poverty reduction and the promise of the availability of greater resources should translate into stronger programmes for poverty reduction by institutions capable of doing so.

13. As the External Review undertaken in the context of the Sixth Replenishment has shown, IFAD has a clear track record in supporting effectively poverty reduction programmes with a significant impact. For their part, borrowing developing countries have shown the value they place on these programmes. Borrowing countries and their domestic official and financial institutions, as well as the beneficiaries themselves, have provided growing cofinancing for Fund-supported programmes. For example over the last five years, out of the total investment cost of IFAD-supported programmes of about USD 5 billion, IFAD itself provided about USD 2 billion, 40% of the total. Domestic cofinancing amounted to almost USD 1.5 billion representing about 30% of the total investment cost.



14. A second way that borrowing developing countries are showing their recognition of the value of IFAD programmes is through their growing contributions to the Fund's resources. Not only do some developing countries provide substantial contributions in absolute terms. Perhaps even more remarkable is the fact that almost all borrowing countries, even small poor countries, provide contributions to the Fund's resources. Many of these are comparable, in terms of the size of their own economies, to those provided by developed member states. For example, countries like Côte d'Ivoire, Ghana, the United Republic of Tanzania, Tunisia, and Mozambique, among others, pledged contributions to the Fifth Replenishment which represent a significantly larger share of their GDP than do those of major donor countries.

15. The paper presented at the April session of the Consultation on "Operationalizing IFAD's Strategic Framework During the Sixth Replenishment Period (2004-2006)" highlighted the main characteristics of what the Fund could do with a Programme of Work at the same base level as decided during the Fourth and Fifth Replenishments, namely a level of USD 450 million in 1996 dollars. This is equivalent to about USD 520 million in 2004 dollars. That paper further highlighted the impact of raising the programme of work by 15% to a level of USD 600 million.

16. Currently IFAD programmes are reaching an estimated 10 million very poor people every year. Thus between 2000 and 2015 IFAD will reach some 150 million people. With the enhanced programme, starting with the Sixth Replenishment period in 2004, the number reached annually would rise to about 15 million or an additional 60 million between 2004 and 2015.

17. An enhanced programme would also allow IFAD to address in a more comprehensive way the needs of countries undertaking the poverty-reduction strategy paper (PRSP) process, of particularly marginalized groups including indigenous peoples and those affected by crises, as well as help respond to the needs of new Member States which have joined the Fund since 1994.

18. Moreover, the enhanced programme would allow IFAD to play a more consistent and strategic role in key regions and key policy issues. Raising the programme of work will naturally have cost implications in terms of programme development, implementation support and monitoring. However, given its proven capacity and track record, the increase in administrative resources required will be less than proportional to the increase in the lending programme, thus strengthening further the Fund's cost efficiency.