



IFAD
INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT
Consultation on the Sixth Replenishment of IFAD's Resources - Third Session
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COMMENTS FROM IFAD MANAGEMENT
ON THE EXTERNAL REVIEW OF
THE RESULTS AND IMPACT OF IFAD OPERATIONS

1. The External Review Team has accomplished a difficult task with speed and competence. Overall, Management considers the External Review of the Results and Impact of IFAD Operations to be objective in its findings and fair in its qualitative assessments.
2. The External Review draws attention to the Fund's positive characteristics and strengths, particularly its exclusive and specific mandate to combat rural poverty, its targeting of interventions at the most disadvantaged rural populations, its demonstration that sustainable poverty reduction depends upon enabling beneficiaries to be owners of the projects, and its widely-recognized innovations in microfinance and soil and water conservation as well as self-help groups and various other forms of partnership and institution-building. Management welcomes the Review's conclusions that IFAD has acquired considerable expertise and comparative advantage in combating rural poverty and has made direct and indirect contributions to achieving the Millennium Development Goal of halving extreme poverty and hunger by 2015, promoting gender equality, empowering women and promoting environmental sustainability.
3. Management acknowledges and endorses the External Review's identification of the key areas in which the Fund has opportunities and challenges to improve its performance and achieve the maximum impact on rural poverty. These areas include notably: upscaling and more systematic promotion of replicable innovations, finding the right balance between innovations and broad-coverage service delivery through tested mechanisms; knowledge management and increased involvement in policy dialogue at the national and international level; and greater ability to forge partnerships with other stakeholders.
4. The strengths identified by the External Review derive essentially from the consistency with which IFAD has adhered to its mandate to fight rural poverty, which as the Review notes is *unique among international financial institutions*. These same strengths have led to a higher demand, particularly at the country level, for IFAD not to be simply a financier, but an initiator and communicator of effective approaches for rural poverty reduction. The challenges raised by the Review focus mainly on these latter aspects.



5. The response to these challenges has to be developed keeping in mind the character of IFAD's operating arrangements. Design and technical support for IFAD-funded projects and programmes has been achieved through a combination of IFAD staff and consultants. The supervision of implementation of its projects has been effected through a variety of cooperating institutions. This approach may be considered to have worked well insofar as it has allowed the Fund to attain the strengths noted by the External Review.

6. Management recognizes that IFAD, learning from its operational experience in supporting poverty reduction programmes, has scope to improve further the impact of its operations. Many of these elements have been highlighted in the action plan and the Fund has sought over the last three years to respond to these challenges. In this context, a major issue that arises is the importance of IFAD staff being able to take greater part in project preparation, supervision, review and evaluation missions and to interact on a more regular basis with national partners and other donors at the country level. Management welcomes the emphasis that the External Review Team has given to these issues which of course may have implications in terms of resource requirements. Referring to expectations that IFAD can contribute to the Poverty Reduction Strategy Process and the Comprehensive Development Framework of the United Nations Development Assistance Framework at the country level, the Review noted that: *These activities will offer opportunities to IFAD to demonstrate its specialized capabilities in effectively addressing rural poverty. This will have significant implications for IFAD's future in-country presence, and for its budget.* Issues relating to field presence are explored in a separate IFAD document being presented to the Consultation.

7. The Fund is clear about what it wants to do in response to the challenges identified in the action plan and its rural poverty report, and emphasized by the External Review. The Strategic Framework 2002-2006 and the regional poverty assessments and strategies provide the global and regional framework for IFAD, while the country strategic opportunities papers are the instrument to translate this at the country level.

8. As the Review notes, the Fund has also taken a series of initiatives to further improve results, impact and efficiency. These include a more coherent and systematic portfolio review identifying the main factors underlying good performance, a new impact methodology, preparation of the Practical Guide for Monitoring of Rural Development Projects as well as enhanced dissemination of IFAD experience and messages. Efforts are being made to tap opportunities offered by new information and communications technology in order to develop regional electronic networks and websites that will allow managers of IFAD-supported programmes to share experience among each other and with Fund staff. Together with these initiatives in the operational area, through the Process Re-engineering Programme (now renamed Strategic Change Programme), the Fund's financial and management processes are being streamlined and made more efficient. Knowledge management whose importance the External Review reiterates, will also be developed systematically as part of this initiative.

9. The External Review has identified the strengths that IFAD has developed over its twenty-five years of operations. The Review also highlights very usefully the challenges the institution faces in the coming years in order *to make IFAD the premier institution influencing the thinking and activities for overcoming rural poverty.* Management welcomes the Review's observations and recommendations and we will seek to respond to them vigorously, recognizing that – to meet these challenges successfully – IFAD will have to work increasingly more effectively with all its partners, above all the rural poor.