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Enabling poor rural people
to overcome poverty

Draft Report of the Consultation on the Eighth Replenishment of IFAD's Resources

Consultation on the Eighth Replenishment of IFAD's
Resources — Fifth Session
Rome, 18-19 December 2008

For: **Review**

Note to Consultation members

The Consultation on the Eighth Replenishment of IFAD's Resources will present its final report to the thirty-second session of the Governing Council. Accordingly, the Consultation is invited to review the attached draft of the report.

To make the best use of time available at Consultation sessions, members are invited to contact the following focal point with any technical questions about this document before the session:

Edward Heinemann

Programme Manager

telephone: +39 06 5459 2398

e-mail: e.heinemann@ifad.org

Queries regarding the dispatch of documentation for this session should be addressed to:

Deirdre McGrenra

Governing Bodies Officer

telephone: +39 06 5459 2374

e-mail: d.mcgrenra@ifad.org

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Abbreviations and acronyms

ACA	advance commitment authority
ARRI	Annual Report on Results and Impact of IFAD Operations
CGIAR	Consultative Group on International Agricultural Research
CMRs	corporate management results
COSOP	country strategic opportunities programme
FAO	Food and Agriculture Organization of the United Nations
IEE	Independent External Evaluation
IFI	international financial institution
MDGs	Millennium Development Goals
MFI	multilateral financial institution
MICs	middle-income countries
ODA	official development assistance
PBAS	performance-based allocation system
PDFF	Programme Development and Financing Facility
RIDE	Report on IFAD's Development Effectiveness
WFP	World Food Programme

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Executive summary

The Consultation on the Eighth Replenishment of IFAD's Resources was held during a time of considerable challenge for the 1.4 billion poor rural people living on less than US\$1.25 per day, most of whom depend on agriculture for their livelihood. Volatile prices for food, fuel and fertilizer; the global financial crisis; and the increasing impact of climate change are pushing millions of poor rural people deeper into poverty and threatening to reverse the progress made in recent years towards achieving the Millennium Development Goals. Underlying trends of rapidly increasing global demand for food and agricultural commodities and of weak growth in agricultural productivity are also raising international concerns about global food security.

A broad global consensus has emerged that agriculture must move to the top of the global development agenda, and that investment in agriculture, especially smallholder agriculture, must be increased if the twin goals of poverty reduction and global food security are to be achieved. Consultation members reaffirmed that IFAD, with its mandate to empower poor rural women and men to overcome poverty, has a key role to play in helping to catalyse and support this.

For most of the past quarter-century, agriculture declined steadily as a focus of development efforts, and the level of official development assistance (ODA) to agriculture fell from US\$8 billion in 1984 to around US\$3 billion in 2006, 3 per cent of total ODA. Many donor countries have made commitments to increase aid to the sector, and new sources of funding are also emerging. But, though there are some signs that funding is increasing, many of these commitments have not yet been fulfilled and the needs remain enormous.

In addition, the decline in the priority accorded by governments and development agencies to agricultural development and rural poverty reduction over more than 20 years has severely eroded institutional, professional and technical capacity. Standing against this trend, IFAD has retained and enhanced its experience and skills. It can now play an important catalytic role in supporting agencies wishing to re-engage in agriculture.

Over the past three years, IFAD has been actively strengthening its capacity to contribute to global efforts to reduce rural poverty. IFAD's Action Plan for Improving its Development Effectiveness has transformed the way IFAD does business, and independent evaluation results show significant recent improvement in the performance and impact of IFAD operations. All key indicators of development effectiveness have improved, including quality, effectiveness, sustainability, innovation and poverty impact. In addition, IFAD has been taking measures to leverage its impact by more systematically engaging in policy dialogue, developing strategic partnerships, and broadening lesson-learning and knowledge management. According to the 2008 Survey on Monitoring the Paris Declaration on Aid Effectiveness, undertaken by the Development Assistance Committee of the Organisation for Economic Co-operation and Development, IFAD's performance in terms of aid effectiveness has been either better than, or on a par with, the United Nations as a whole and other international financial institutions. All of these improvements have been facilitated by IFAD's adoption of a management for development results approach.

Improved performance has been combined with growth in the total loan and grants programme of 10 per cent per year over the past six years. Today, IFAD is one of the largest sources of agricultural development financing in many developing countries. In 2009, its programme of work will total US\$715 million. **IFAD is now ready to**

accelerate the rate of growth of its programme to respond to the unmet demand for investment and knowledge in its partner countries.

Over the Eighth Replenishment period, IFAD's role will continue to evolve, within its mandate and according to its comparative advantage. It will innovate, learn, and retain an agility to respond to the volatility and highly uncertain conditions affecting agricultural development, food security and rural livelihoods. It will scale up its investments in agricultural productivity, including in technologies and practices of adaptation to climate change. It will share its knowledge and experience and expand its partnerships, both to assist other development agencies in scaling up their engagement in the agricultural sector and to increase its impact on national, regional and global policymaking. IFAD will also work more closely with its country-level partners. It will directly supervise most of the projects it supports, while its country presence will strengthen its capacity to engage in a range of country-level processes, including support to project implementation and supervision, innovation and learning, engagement in policy dialogue, and partnership-building.

IFAD's US\$3.0 billion programme of work for the period 2010-2012, combined with cofinancing at a ratio of 1:1.5 (IFAD to total cofinancing), is expected to result in a total programme of support worth US\$7.5 billion over the 2010-2012 period. To realize the expanded programme of work, IFAD will support larger projects with greater outreach and, where possible, programmatic approaches. This support will create economic opportunities for, approximately 60 million poor rural women and men. Of these, approximately 25 million will be in sub-Saharan Africa. Many millions more will benefit indirectly from IFAD's work in strengthening institutional capacities and pro-poor policies in its Member States and internationally.

Financing requirements for the Eighth Replenishment period. Members agreed on a total target for the programme of work of US\$3.0 billion for the Eighth Replenishment period 2010-2012. Additional resource requirements to achieve this target, including administrative budget, PDFF and IFAD's share of the Heavily Indebted Poor Countries Debt Initiative (HIPC) debt relief, amount to US\$626 million, giving a total resource requirement of US\$3.626 billion.

Loan reflows, loan cancellations and investment income are calculated at US\$1.745 billion. During the Eighth Replenishment period, IFAD will maintain the advance commitment authority (ACA) with a maximum use of seven years of reflows. An ACA ceiling of seven years will result in additional commitment authority of US\$681 million, so reducing the financing gap to US\$1.2 billion.

The Consultation noted that member contributions of US\$1.2 billion will be necessary to finance the target work programme over the Eighth Replenishment period.

Actions to be implemented during the Eighth Replenishment period. The Consultation agreed that, to improve its development effectiveness, IFAD will implement a number of key actions during the Eighth Replenishment period. The agreed actions are shown in the implementation matrix in annex II of this report. (To be added)

Draft Report of the Consultation on the Eighth Replenishment of IFAD's Resources²⁰

PART ONE – THE GLOBAL CONTEXT

"For years, falling food prices and rising production lulled the world into complacency. Governments put off hard decisions and overlooked the need to invest in agriculture. Today, we are literally paying the price". Ban Ki-moon, Secretary-General of the United Nations, June 2008.

The magnitude of the challenges indicated in the above statement by the Secretary-General will require long-term commitments by the international community. As outlined in this document, IFAD's transformation during the Seventh Replenishment period has equipped it as never before to help address and resolve these problems.

I. Trends in global and regional poverty and food security

1. **Insufficient progress in reducing poverty and food insecurity.** At the Millennium Summit, the international community committed to halving the proportion of people living in extreme poverty and hunger by 2015. Considerable progress has been made in reducing income poverty since then: between 1990 and 2005 the proportion of people living below the poverty line (now set at US\$1.25 a day) dropped from 42 to 26 per cent, and the number of people living in extreme poverty declined from 1.8 billion to 1.4 billion. The global figures, however, mask enormous regional differences. Most of the gains are concentrated in East Asia – particularly China – and South Asia. In sub-Saharan Africa, the proportion of people living in extreme poverty is unlikely to be halved by 2015 without urgent additional actions.²¹
2. Global poverty is overwhelmingly rural, and will remain so in the foreseeable future. Three quarters of the extremely poor people in developing countries – over one billion people – live in rural areas. Most poor rural people depend directly or indirectly on agriculture. The poorest are landless sharecroppers, those farming plots of land that are either too small or too dry to provide for their needs, nomadic pastoralists, forest dwellers and subsistence fishers. Indigenous peoples (principally in Asia and Latin America) make up 15 per cent of the world's extremely poor people. Women remain among the most vulnerable and marginalized, and in many countries the exodus of men from rural areas is resulting in a "feminization" of rural economies.
3. Less progress has been made towards reducing food insecurity and child hunger than in reducing income poverty, and in 2007 it was estimated that 850 million children, women and men were malnourished. Globally, more than one in five children under the age of five are still underweight, and the rates are even higher in South Asia and sub-Saharan Africa.
4. **New challenges.** Even the fragile gains made are under threat. In 2007 and 2008, food prices on world markets soared, and by early 2008, prices for maize, rice, wheat and edible oils reached their highest levels in nearly 30 years. The immediate causes included the increased price of fuel, feeding into both agricultural production costs and increased demand for biofuels; drought-induced crop failure in countries such as Australia; and low levels of global food stocks, which declined by over 40 per cent between 2002 and 2007. Speculation on the prices of staple commodities and decisions by many countries to restrict trade both exacerbated this situation.

²⁰ This draft report has been prepared with a view to its eventual submission to the thirty-second session of IFAD's Governing Council, as per paragraph 3 of Governing Council resolution 147/XXXI (February 2008).

²¹ According to the Millennium Development Goals (MDGs) Report 2008.

5. The food supply constraints facing the world place at serious risk the progress made in reducing poverty and hunger since the Millennium Summit. According to the World Bank, soaring prices drove 100 million people into absolute poverty in 2008, while the Food and Agriculture Organization of the United Nations (FAO) estimates that ~~the number of malnourished people in the world rose in 2008 by 75 million to 927 million. another 40 million people have been pushed into hunger in 2008, primarily due to higher food prices, bringing the overall number of undernourished people in the world to 963 million.~~
6. Although prices have fallen back from their peak earlier this year, profound concerns remain about the volatility of food, fuel and fertilizer prices and ensuring an adequate agricultural supply response to meet rising food demand. Price volatility severely reduces the ability of poor rural people to take crucial decisions such as what to grow, and to use their meagre resources most effectively. The impact of the global financial crisis is an additional concern. The implications for poor rural people are not yet clear, but they are likely to be adversely affected in several ways if, as seems likely, it leads to reduced investment and tighter budgets.
7. Recent events make all predictions subject to a wide margin of error, but it is likely that, looking to the future, prices will remain volatile for some time and that, due to a range of structural factors, the underlying trend of food prices will be upward; thus, food prices are expected to remain significantly higher than their 2004 levels. These structural factors will include the following:
 - Since the mid-1980s, population growth has been outstripping food productivity growth. Annual growth in yields of cereals has declined from 2-5 per cent in the 1970s and 1980s to only 1-2 per cent in the mid-1990s; while population growth combined with rapid economic growth in many developing countries has resulted in a rapid increase in per capita cereal consumption. The World Bank projects that demand for food will rise by a further 50 per cent by 2030.
 - The conditions for expanded production have become increasingly difficult. There has been a significant slowing of technical change in food production, ~~and~~ in large part because of the slowdown in spending on agricultural research and the delivery of new technologies, and in part too because of slow diffusion of available technologies—it is not evident that the world has the new technologies required for further productivity gains. In the past, increased production could also come from expanding the land under cultivation, but today this is an increasingly limited option in much of the world²². Meanwhile, water needed for irrigated agriculture is becoming increasingly scarce in many developing countries because of unsustainable rates of groundwater extraction and heightened competition from other users.
 - Climate change will have an ever-greater effect on food prices and food security. The combined impact of higher average temperatures, greater variability of temperature and rainfall, more frequent and intense droughts and floods, and reduced availability of water is already affecting the predictability of food production in all countries. According to the Fourth Assessment Report of the Intergovernmental Panel on Climate Change, one third of the population at risk is in Africa, one quarter in Western Asia, and about one sixth in Latin America. Among these, the rural poor are at greatest risk.
8. The global commercial farming sector is already responding to the new price signals for food commodities. Important as this is, it is the role of the 450 million smallholder farms worldwide, on which a third of the world's population depend,

²² [The 2008 Synthesis Report of the International Assessment of Agricultural Knowledge, Science and Technology concludes that the way to meet the challenges lies in putting in place institutional, economic and legal frameworks that combine productivity with the protection and conservation of natural resources like soils, water, forests, and biodiversity.](#)

that will determine success or failure in achieving the twin goals of poverty reduction and food security. They have the potential to produce more, providing food for their families and their communities and supplying wider national and international markets; to increase their agricultural incomes; and to manage their land sustainably. Equipping these poor rural people to be part of the solution to achieving global food security must be a priority for the international development community; it is what IFAD exists to do.

II. The return of agriculture and rural development to the centre stage of international development

9. For most of the past quarter-century, agriculture declined steadily as a focus of development efforts. Many developing countries themselves assigned their national priorities to other sectors. Indeed, in 2004 agriculture-based developing countries – typically the poorest of all developing countries – spent an average of only 4 per cent of total budgetary resources on supporting agriculture. Yet this sector represented the single largest economic activity for close to 70 per cent of the population and contributed 29 per cent of GDP.
10. This underinvestment by national governments is mirrored in the pattern of official development assistance (ODA). The amount of ODA to agriculture fell in nominal terms from US\$8 billion in 1984 to around US\$3 billion in 2006, and as a proportion of total ODA from 18 per cent in 1979 to less than 3 per cent in 2006. The decline was across the international development community: multilateral aid to the sector declined in both relative and absolute terms;²³ while some bilateral donors withdrew entirely from the sector. Agriculture had become a minor topic in mainstream international development discourse.
11. This changed dramatically over the past two years, but especially in 2008. Agriculture has returned to the top of the international political agenda. As a result of the rapid rise in food prices, food security is viewed increasingly as a global issue of socio-political security. The United Nations Secretary General launched a system-wide Comprehensive Framework for Action (CFA)²⁴ to address the immediate needs of vulnerable populations and to build longer term resilience and contribute to global food and nutrition security. In June 2008 representatives from 181 countries participated in a High-Level Conference on World Food Security: The Challenges of Climate Change and Bioenergy, in Rome, and the following month, the Group of Eight (G-8) members meeting in Hokkaido, Japan, called for a global partnership for agriculture and food and announced a commitment to address the crisis and reverse the overall decline of aid and investment in the agricultural sector
12. The World Bank's World Development Report 2008: Agriculture for Development reinforced the centrality of agriculture to development – as a driver of growth for the wider economy, as a livelihood for the majority of people living on less than a dollar a day, and as a provider of environmental services. It pointed out that GDP growth in agriculture is at least twice as effective in reducing extreme poverty as GDP growth originating in other sectors.
13. New funding sources for agricultural development are also emerging. Private investment, both domestic and foreign, in agricultural value chains is increasing rapidly in many countries. Remittances from migrants not only help rural family members meet their basic needs, but also enable them to invest in agricultural assets. Foundations such as the Rockefeller Foundation and the Bill and Melinda Gates Foundation, both supporters of the Alliance for a Green Revolution in Africa

²³ IFAD has bucked this trend and has been an increasingly significant source of funding, now providing on average 10 per cent of total multilateral aid to the sector. It has remained one of the few organizations supporting productive activities in the rural areas.

²⁴ Prepared by a High-level Task Force of the United Nations System Chief Executives Board for Coordination, in which staff from IFAD, as well as FAO and the World Food Programme (WFP), actively participated. IFAD participation helped to ensure that the CFA gave emphasis to building longer-term as well as immediate responses, and in particular to promoting expanded food production by smallholder farmers.

(AGRA), are becoming important sources of agricultural development financing, and emerging economy donors with growing aid programmes are also supporting the agricultural sector.

14. Despite the new commitment to increasing levels of development assistance, the needs remain enormous, and largely unfulfilled. A number of estimates have been made of the level of overall public investment and foreign assistance needed for agricultural and rural development in developing countries. Among them, the Secretary-General's High-Level Task Force on the Global Food Security Crisis has suggested that resource requirements for agriculture and rural development in all developing countries could be as much as US\$20 billion per annum.
15. But it is not merely a matter of increased financing. Developing countries and international development agencies will need to confront and resolve major institutional capacity constraints to effective management of large increases in resource flows. As a consequence of the declining importance given to agricultural development and rural poverty reduction over a period of more than 20 years, governments and most international development agencies – with IFAD a major exception - have allowed capacity in this area to dwindle.

PART TWO – IFAD'S ROLE AND PROGRAMME PRIORITIES

III. The role of IFAD in the global development architecture

16. IFAD was created in 1978 as a joint initiative of developed countries, Organization of the Petroleum Exporting Countries and other developing countries to respond to the food insecurity problems of an earlier era, marked by famines in Bangladesh and the Sahel. The objectives stated for IFAD were: "...to mobilize additional resources... for projects and programmes specifically designed to introduce, expand or improve food production systems and to strengthen related policies and institutions within the framework of national priorities and strategies."²⁵ These are as valid today as they were 30 years ago.
17. IFAD is the only international development organization dedicated exclusively to agriculture, food security and rural poverty reduction in developing countries. The support of its Members has enabled IFAD to consistently expand its investment in agricultural and rural development, even at times when almost all other development agencies were cutting their support. IFAD has a track record as a trusted partner of governments and other national stakeholders: one which combines commitment to achieving and measuring development results with its broad-based membership and governance structure. These attributes accord IFAD a strong comparative advantage among the family of international development organizations [in working with poor rural communities](#).
18. IFAD aims to empower poor rural women and men to enhance their productivity, improve their food security and increase their incomes. Its focus is principally on smallholder agriculture, as the main source of livelihoods for poor rural people. IFAD's principal product is projects and programmes that its Member States develop jointly with IFAD and other stakeholders, and manage and implement in collaboration with other national partners and with IFAD support. They range from discrete, IFAD-supported, area-based projects²⁶ to multi-stakeholder sectoral programmes to which IFAD contributes. All support national policy priorities and strengthen national capacities, and a majority are cofinanced with other multilateral or bilateral development agencies.

²⁵ Agreement Establishing the International Fund for Agricultural Development, 1976.

²⁶ Throughout this report, the term "project" is used to encompass all projects and programmes.

19. The IFAD Strategic Framework 2007-2010, approved by the Executive Board in December 2006, defines the organization's comparative advantage as a combination of three elements:
- Working with its partners – governments, civil society, NGOs, private-sector players and the international development community – to develop and implement innovative projects that fit within national priorities for rural poverty reduction, are consistent with IFAD's objectives, and above all enable poor rural people to increase their agricultural production, food security and incomes.
 - Empowering poor rural women and men, by building their skills, their knowledge and their confidence, and by strengthening the capacity of their organizations to bring tangible benefits to their members and influence and hold accountable the institutions and policy processes that affect them.
 - Capturing the lessons from the projects it finances and using the knowledge as a basis for engaging in dialogue with governments and other development agencies on their agricultural and rural development policies and strategies.
20. IFAD is the only IFI that works directly and consistently with marginalized rural populations. All IFAD country programmes and projects are specifically targeted at poor rural women and men, as smallholder farmers, farm workers, small-scale rural entrepreneurs, pastoralists, fishers and landless labourers. In some regions IFAD works with indigenous peoples and ethnic minorities who have been excluded from mainstream development processes; in others, where the majority of people in the rural areas are very poor, IFAD's work supports broader programmes for rural poverty reduction. Everywhere, reducing gender inequalities and empowering women is a key element of IFAD's work. All IFAD-supported projects focus on one or more of six themes of importance to poor rural people: access to and sustainable management of natural resources, agricultural technologies and production services, market access, rural financial services, off-farm employment, and policy and programming processes at local and national levels. IFAD does not work in the social sectors and does not provide emergency relief.

IV. IFAD's transformation for greater capacity and effectiveness

21. An Independent External Evaluation (IEE) of IFAD was conducted at the request of the membership and reported in 2005. IFAD's Action Plan for Improving its Development Effectiveness was developed to address its findings. It was approved by the Executive Board in December 2005 and incorporated as part of the consultation report for IFAD's Seventh Replenishment. It became "the principal vehicle for internal change in IFAD over the Seventh Replenishment period". Its overarching goal was to improve IFAD's development effectiveness by addressing three critical dimensions of its performance: relevance, effectiveness (including sustainability) and efficiency – and setting targets for 2009 in each of these areas. In 2006 and 2007, work was conducted in three broad areas: strengthening IFAD's strategic planning and guidance; enhancing project quality and impact; and improving knowledge management and innovation capacity. A fourth area – strengthened human resources management – was also identified as essential to progress and targeted for action.
22. The Action Plan has been implemented vigorously, and it is been assessed by independent reviewers as "a meaningful, serious and multi-dimensional effort at organizational reform".²⁷ While key challenges remain – particularly to consolidate the reforms carried out and to complete those outstanding, including in the area of

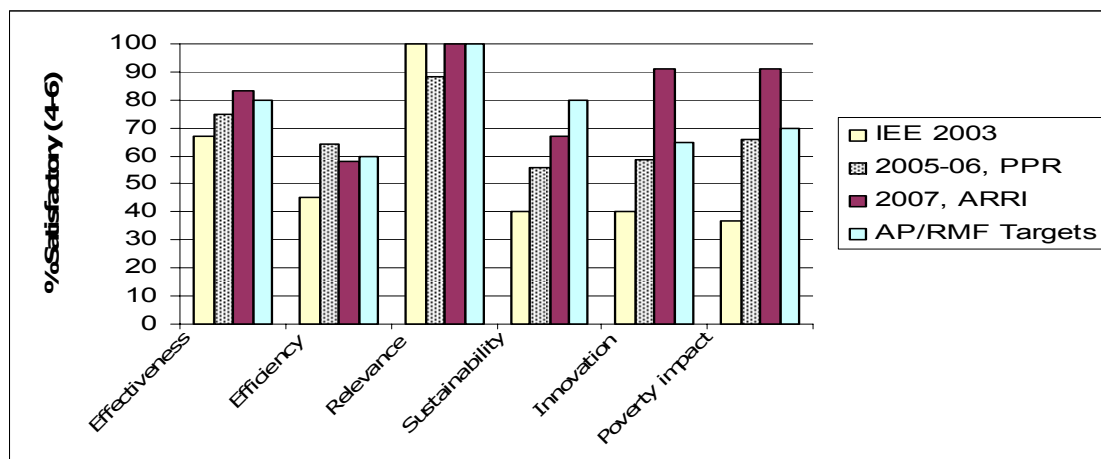
²⁷ Assessment of IFAD's Action Plan, Ted Freeman and Stein Bie, on behalf of the Canadian International Development Agency (CIDA), and the Foreign Ministries of the Netherlands and Norway (July 2008).

human resources – its outputs have transformed the way IFAD does business. Preliminary results show significant improvement in the quality, effectiveness and impact of IFAD operations. The 2007 Report on IFAD’s Development Effectiveness (RIDE) concluded that the performance of IFAD-funded projects in 2005-2006 had improved relative to the 2003 baseline of the IEE, in the key areas of effectiveness, efficiency, sustainability, innovation and poverty impact. More recently, the draft version of the Annual Report on Results and Impact of IFAD Operations (ARRI) evaluated in 2007 points to “an encouragingly positive picture of the Fund’s operations”. Although it is a small sample size, evidence from the ARRI demonstrates that IFAD is broadly on track to meet the 2009 Action Plan targets, although more progress is needed with regard to sustainability.

- 100 per cent of projects were assessed as being relevant, meeting the Action Plan target;
- 83 per cent of projects were found satisfactory in terms of their effectiveness in meeting their development objectives, exceeding the Action Plan target of 80 per cent;
- 58 per cent of projects were satisfactory in terms of efficiency, a significant increase from the IEE baseline of 45 per cent and close to the target level of 60 cent.
- There were also marked improvements with regard to sustainability, which was satisfactory in 67 per cent of projects evaluated in 2007, up from 40 per cent in 2002. Substantial effort will be needed to meet the 80 per cent target.

Moreover, 91 per cent of the projects demonstrated satisfactory results in rural poverty impact, with strong performance in promoting physical assets and agricultural productivity. The results are shown graphically in the figure below.

Performance against IEE baseline and Action Plan and Results Measurement Framework targets



Source: Report on IFAD’s Development Effectiveness, 2007; Annual Report on Results and Impact of IFAD Operations evaluated in 2007.

Note: PPR: Portfolio Performance Report; AP: Action Plan; RMF: Results Management Framework

23. The outputs of all ongoing IFAD-supported projects are estimated using IFAD’s Results and Impact Management System (RIMS). Among the cumulative results achieved by the end of 2007: 3.2 million hectares of common property resources were brought under improved management practices and over 142,000 hectares of land were improved through rehabilitation or development of irrigation facilities; 540,000 farmers reported production or yield increases; IFAD-assisted microfinance institutions reported 5.5 million savers and 1.3 million borrowers, the vast majority of whom were women; 11,000 marketing groups were formed or strengthened;

75,000 microenterprises were established or strengthened; and 12,000 village action plans were prepared.

24. The RIDE also reported evaluation results that suggested past weaknesses in terms of engagement in policy dialogue, the development of strategic partnerships, and investment in broader lesson-learning and knowledge management. It found these issues are now more systematically addressed under the new results-based country strategic opportunities programmes (COSOPs). IFAD's country presence and implementation of the knowledge management strategy are also expected to contribute to improved performance in these areas.
25. In terms of aid effectiveness, according to the 2008 Survey on Monitoring the Paris Declaration on Aid Effectiveness, undertaken by the Development Assistance Committee (DAC) of the Organisation for Economic Co-operation and Development (OECD), IFAD's performance was better than the United Nations as a whole for all nine indicators or sub-indicators measured, and better than other multilateral financial institutions (MFIs) for a majority of them.
26. The RIDE also reviewed IFAD's organizational performance. It found that performance was either on track, or partially on track, against its three operational corporate management results (CMRs) – better country programme management, better project design and better implementation support; while performance was partially on track for all of the four institutional support CMRs – improved resource mobilization and management, improved human resources management, improved risk management and improved administrative efficiency. Performance reflected both the successful introduction and initial mainstreaming across the organization of numerous Action Plan-related initiatives, and the explicit focus placed on achieving results in these areas and the establishment of a results culture within and across the organization.

V. Operational priorities

27. IFAD has combined improved performance with steady growth; the total loan and grants programme has increased on average by 10 per cent per year over the past six years. Today it is one of the largest sources of agricultural and rural development financing in many developing countries, and in 2008 its programme is expected to be close to US\$650 million. The ongoing programme consists of almost 240 active projects and programmes worth a total of over US\$8.2 billion, with a total loan and grant value of US\$4.0 billion.
28. Following its reforms, IFAD is ready to do much more to respond to the enormous unmet demand for investment and knowledge in its partner countries. Over the Eighth Replenishment period, IFAD will continue to stay squarely focused on its mandate and will not move beyond its areas of comparative advantage. But within these, IFAD's role will continue to evolve to enable it effectively to support poor rural people as they face the new and evolving challenges outlined above. The key challenges will be to assist poor rural populations to increase their agricultural productivity for improved food security, and to adapt their livelihoods to increasingly uncertain climatic conditions. IFAD will innovate and scale up its investments in agricultural development; it will share its knowledge and experience and encourage and assist other development agencies to re-engage, or scale up their engagement, in the agricultural sector; it will enhance its capacity to partner others to meet the continuing challenges of rural poverty; and it will use its expertise and experience to increase its impact on national, regional and global policymaking. To do so, it will develop a more flexible workforce with improved skills and knowledge, within an organizational culture focused on results.
29. To achieve its objectives, IFAD will work more closely with its country-level partners. It will be more closely involved in supporting project implementation – during the Eighth Replenishment period it expects to directly supervise most of the projects it supports (the only exceptions being projects cofinanced with other IFIs

willing and able to effectively take on the supervision function); and it will draw the lessons and manage the knowledge that it gains from the experience. In 2007 IFAD's Office of Evaluation found that, where it has country presence, IFAD is able to more effectively engage in a range of country-level processes, including support to project implementation, innovation and learning, engagement in policy dialogue, and partnership-building. On the other hand, the evaluation was not able to provide a conclusive view on the most effective form of country presence for IFAD. In December 2007 IFAD presented to the Executive Board its activity plan for country presence for 2008, and in December 2008 ~~[it presented]~~ a progress report and activity plan for 2009. The Executive Board approved IFAD's plan for 2009, which will involve increasing the number of country offices to a total of 27 and continuing to experiment with different forms of country presence, and it focuses above all on countries where IFAD has large programmes. ~~In 2010 it will.~~ In 2010 IFAD will undertake a self-assessment of country presence and in 2011 present a country presence policy to the Executive Board.

30. In many countries IFAD's programme in agriculture and rural development is already among the largest of any development agency. A ~~[US\$3.03]~~²⁸ billion programme of work for the period 2010-2012 will enable IFAD to increase its direct impact on rural poverty; and it will strengthen its ability to mobilize cofinancing for increased development impact, help other partners to engage – or re-engage – in agriculture and rural development, and develop its partnerships and networks. IFAD is expecting an overall targeting a cofinancing ratio of 1:1.5 (IFAD to total cofinancing – both external and domestic), which is expected to result in a total programme of support worth ~~[US\$7.58-8.5 billion]~~ over the 2010-2012 period. Deepened partnerships with the other IFIs will be critical for achieving this goal. In the light of the G-8 commitment to reverse the decline in aid to agriculture, and thus the likely availability of more cofinancing from these countries, the total could rise higher. As an illustration, cofinancing at the rate of 1:2 would yield a total of ~~[US\$109 billion or US\$3.3 billion per year]~~. This is equivalent to total global ODA for agriculture in 2006. It would, however, amount to only ~~[one sixth]~~ of the US\$20 billion per year deemed necessary by the High-Level Task Force on the Global Food Security Crisis.
31. To realize the expanded programme of work, IFAD will focus on supporting larger projects with greater outreach. Wherever possible, IFAD will support programmatic approaches aimed at supporting national efforts to transform the agricultural or rural sector. Guided by the 2007 IFAD Innovation Strategy, projects will maintain a strong focus on promoting innovative approaches, technologies and institutional arrangements; increased scale will allow for greater direct impact in terms of poverty reduction, greater capacity to incubate innovations and share the knowledge gained with as wide an audience as possible, and more compelling lessons to be drawn about what works and what doesn't. The grants programme will be more selective, with fewer, larger and more strategic grants more closely linked to the needs of country programmes and more easily and effectively supervised. A revised policy on grants, aimed at maximizing the impact of IFAD's limited grant resources and ensuring that they are more strategically used, will be presented to the Executive Board in December 2009.
32. As IFAD's programme of work grows, there will be scope for more efficiency. Strategic partners such as FAO, the World Bank and the African Development Bank will cover some of the project design and supervision costs; while financing fewer, larger projects will make it possible for IFAD to provide more intensive design and implementation support to its partner governments, and to invest more in, and closely monitor, innovative approaches.
33. A ~~[US\$3.03 billion]~~ programme of work will enable IFAD to provide financing for projects that create economic opportunities for approximately 60 million poor rural

²⁸ ~~This and subsequent paragraphs will be revised in the light of the final agreed targets—see paragraph 100 below.~~

women and men. Of these, approximately 25 million will be in sub-Saharan Africa. ~~A further 90 million people will potentially benefit from the support of cofinanciers, while m~~Many millions more will benefit indirectly from IFAD's work in strengthening institutional capacities and pro-poor policies in its member countries and internationally.

34. The IFAD Strategic Framework 2007-2010 will continue to guide IFAD's work into the Eighth Replenishment period. A new strategic framework will be delivered to the Executive Board in December 2010 to guide IFAD's activities in the period 2011 and thereafter. Areas of work in which IFAD is already engaged, but which will require increased emphasis in the changing global context, include the following:
35. **Increasing agricultural productivity for improved food security.** The increasingly uncertain prospects for global food security call for extra efforts to support poor rural women and men in increasing their agricultural productivity.²⁹ To do so, IFAD will work within the framework of the CFA, and will promote new approaches for technology development and dissemination, such as private-public and public-farmer organization partnerships. It will also further strengthen its collaboration with the Consultative Group on International Agricultural Research (CGIAR), with a view to ensuring effective linkages between the development of essential new technologies and their effective application by poor farmers.
36. Paragraph to be inserted
37. **Supporting other donors to increase financing to agriculture and rural development.** Some well-established international development agencies which have reduced their involvement in agriculture and rural development, or withdrawn from it completely, now wish to re-engage and expand their support, but are constrained because they have little technical expertise in the sector. Other, newer actors – both development agencies and foundations – lack experience in the sector or in regions in which they are interested to expand. IFAD will actively engage with such partners and potential partners to help them to do more in agriculture and rural development and, where possible, to cofinance projects and programmes with them. The Global Donor Platform for Rural Development, which IFAD currently co-chairs, will be an important vehicle for IFAD's engagement.
38. **Sharing knowledge and experience.** As development agencies look to upscale their assistance to agriculture and rural development, it is critical that they learn from experience. IFAD will share the lessons it has learned from its recent work in agriculture-based rural poverty reduction. It will continue to promote new approaches in its operations and share its knowledge widely with its partners, in line with the knowledge management strategy. The forthcoming Rural Poverty Report, due to come out in 2009, will contribute significantly towards this aim by reporting, inter alia, successful stories of how poor rural women and men are themselves responding to current and emerging development challenges.
39. **Stronger focus on land issues.** Secure access to productive land is critical for the rural poor. In some countries, there is a large rural landless population. In others, the distribution of land is highly unequal, contributing to extremely skewed rural incomes and opportunities. In many, conflict over land is widespread. In some, the lack of stable land tenure and ownership systems discourages investment; ~~while the and encourages "land grabbing". W~~weak land rights of indigenous peoples, women and other vulnerable groups facilitate the acquisition of farm and forest land by more powerful or large-scale interests. In line with its 2008 Policy on Improving Access to Land and Tenure Security, IFAD will ensure that the projects it supports meet the principles of "do no harm" and of free prior and informed consent. It will also expand its support to governments that request it, in order to promote the equitable access to land by poor rural people and enhance their land tenure

²⁹ Improved food security and nutrition can also make an important contribution to ameliorating the effects of HIV/AIDS and enhancing the treatment processes.

[security; it will](#), engage in policy dialogue (continuing to draw upon the “access to land” indicator in its rural sector assessment), and share the knowledge it acquires.

40. **Leveraging international remittances.** The large scale of migrants’ remittances being sent back to families in home countries has the potential to positively affect rural development. A recent IFAD study estimated such remittances at US\$300 billion worldwide in 2006 – three times the level of all development assistance. Although remittances may have declined as a result of the global financial crisis, they remain a very significant source of income for many poor rural people. One third of remittances go to rural areas, but only a small proportion of this is used for agricultural investment. Several pilot projects are now under way in Latin America, supported by IFAD and the Inter-American Development Bank, to develop innovative ways to enable the families of migrants to use these resources for private agricultural investment. IFAD will pursue opportunities to scale up such initiatives and integrate them into its rural finance work.
41. **Working with organizations of rural producers.** Today, organizations of rural producers are significant actors in many developing countries. They provide services to their members and, increasingly, engage with governments on their behalf. IFAD has already established numerous partnerships with such organizations, and it will build on these. Selectively, it will provide support to them to maximise impact in reducing rural poverty, ensuring their active involvement in the development and implementation of country programmes and projects, [and strengthen their voice in policy dialogue](#).

PART THREE – DELIVERING RESULTS IN THE EIGHTH REPLENISHMENT PERIOD

VI. Differentiated country approaches

A. Overview

42. IFAD’s Member States have highly diverse agricultural sectors and profoundly different patterns of rural poverty. IFAD will tailor its tools, strategy and approaches to respond to the very different needs and demands of its Members, [and it will look to streamline its procedures in countries with a consistent and proven track record of success in implementing IFAD-supported projects and programmes](#). In all cases, innovation, learning and the sharing of the knowledge IFAD has accumulated about what works and what does not, will be rigorously pursued, to enable IFAD to influence policies at the national level, and to feed into IFAD’s advocacy work at the international level.
43. Most of IFAD’s work during the Eighth Replenishment period will be in low-income countries. Sub-Saharan Africa is the region where least progress has been made towards the Millennium Development Goals (MDGs), and in increasing agricultural productivity (many countries are net food importers). It is also where climate change is likely to have the most adverse effects on agricultural production. During the Eighth Replenishment period, and in accordance with its performance-based allocation system (PBAS), IFAD expects to spend 40-50 per cent of its resources in this region. IFAD will be a major partner in agricultural development for many national governments, and will play an important role not only as financier but also in assisting countries to develop policies and institutions that effectively support rural poverty reduction.
44. Notwithstanding high rates of poverty reduction, more poor rural people live in Asia than any other region, and hundreds of millions of them are vulnerable to economic and natural shocks and conflict. Rural poverty in Asia is increasingly located in remote upland areas where agricultural productivity is low, livelihoods poorly diversified and institutions weak. As overall poverty levels continue to fall, a growing percentage of those left behind will be indigenous people or ethnic minorities; most will be women, elderly people and youth. IFAD’s work will focus

particularly on these groups, and seek to assist the Asian governments develop innovative, effective approaches to reducing rural poverty in these poorer areas.

B. IFAD's role in middle-income countries

45. Paragraphs 45-49 to be inserted.

C. IFAD activities in fragile states

50. Just over one-quarter of the world's poor live in states identified as fragile by the World Bank;³⁰ these states are generally more rural and highly dependent on agriculture than are non-fragile states.³¹ They are also the states in which the challenge of reducing poverty and meeting the MDGs (and hence, for development agencies, the challenge of spending resources effectively) is most difficult. Poor rural people in fragile states are especially vulnerable, lacking the resources to cope with man-made or natural disasters and, in many cases, the social coping mechanisms that provide a safety net.
51. Approximately one sixth of IFAD resources are spent in fragile states (as identified by the World Bank). Operations in fragile states take as their starting point respect for the sovereignty of national governments, and they are guided by its 2006 Policy on Crisis Prevention and Recovery, and tailored to the diverse needs of each individual country; following approval of the policy, the PBAS was revised to permit IFAD to make available to eligible countries between 30 and 100 per cent more than their normal PBAS allocation. The role of the United Nations in many of the most fragile states is critical; IFAD will work within the overall United Nations effort and coordinate with the Resident Co-ordinator and/or humanitarian co-ordinator as the overall leader of the United Nations Country Team, as well as with other development agencies.
52. During the Eighth Replenishment period, a key objective for IFAD will be to improve its development effectiveness in fragile states. The consultation agreed that its approach should be characterized by the following³²:
- A flexible approach to programme and project design, with a strong focus on building the capacity of community and government institutions.
 - More focus on the key issues of vulnerability and resilience, economic empowerment, gender, ~~indigenous people~~, food security, land rights and natural resource management, and particular targeting of vulnerable population groups including displaced female-headed households, indigenous people and soldiers requiring reintegration.
 - Greater simplicity in project objectives and activities, to take account of the limited capacity of many fragile states to manage and implement development projects.
 - Attention to mitigating, and responding to, risks of natural disaster and conflict – particularly local conflicts, e.g. over access to natural resources.
 - Expanded knowledge-sharing, including working with partners able to address a broader range of the causes of fragility than IFAD alone is able to do.

³⁰ This assumes a measure for absolute poverty of US\$ 1 per day. It is possible that the proportion of the absolute poor living in fragile states may change as a consequence of the new measure of US\$ 1.25 per day.

³¹ The World Bank identifies fragile states as low-income countries falling within the threshold of International Development Association eligibility and scoring 3.2 or lower on the Country Policy and Institutional Assessment (CPIA) index. According to these criteria 34 countries are currently identified as fragile. IFAD's approach for fragile states will apply specifically to those countries listed by the World Bank as fragile.

³² The approach will also take into account the OECD-DAC "Principles for Good International Engagement in Fragile States and Situations".

- Cofinancing, wherever possible through harmonized procedures, in order to avoid increasing transaction costs to governments.
 - Strengthened capacity for analysis to underpin programme and project design and implementation, including through expanded IFAD country presence and direct supervision.³³
 - Particular attention to the management of risk associated with engagement in fragile states, including security of the workforce.
53. The consultation endorsed the approach, which will be incorporated into relevant IFAD operational guidelines³⁴ during 2009 and 2010.

VII. Operational effectiveness

A. Aid effectiveness

54. In both its activities at country level and its reforms at the organizational level IFAD is guided by the Paris Declaration on Aid Effectiveness. IFAD's Action Plan for Improving its Development Effectiveness has provided a vehicle for the adoption of a management for development results (MfDR) approach, while its operating model ~~is informed by ensures that~~ the Paris principles and respect for national sovereignty. are consistently adopted in all COSOPs and project work — both design and implementation support.
55. IFAD participated in the Third High-level Forum on Aid Effectiveness held in Accra in September 2008 and, through the partnership with the Global Donor Platform for Rural Development, supported the initiative to include the agriculture sector in the round-table discussions and rural civil society organizations (CSOs) in the Forum. IFAD also contributed to the drawing up of, and has endorsed, the Accra Agenda for Action and its call for accelerated progress in the three areas of country ownership, building more effective and inclusive partnerships, and achieving and accounting for development results.
56. The consultation agreed that, during the Eighth Replenishment period IFAD, should:
- Ensure that the partnership commitments of the Paris Declaration, and the three areas of the Accra Agenda for Action, are reflected in all its country-level activities and its organizational systems and processes. It will continue to monitor achievements in all these areas.
 - Continue to add to collective efforts to improve the effectiveness of the United Nations in delivering development outcomes. IFAD will continue to participate actively in Delivering as One initiatives in the eight pilot countries and beyond. It will further strengthen its collaboration with the other Rome-based United Nations agencies, FAO and the World Food Programme (WFP). IFAD will also continue to play an active role in the United Nations System Chief Executives Board for Coordination and its key committees, to improve the effectiveness of the system as a whole. It will continue to collaborate also build on the initiatives already taken to share the experience and lessons learned in implementing IFAD's own reform programme with other reforming United Nations agencies (and IFIs, in order to strengthen its capacity to fulfil its mandate) undertaking reform.
 - ~~Continue to report to the Executive Board on progress against the evolving aid effectiveness agenda through the RIDE.~~

³³ While programme size is the key criterion for prioritizing a country for IFAD country presence, its status as a fragile state is also a criterion.

³⁴ Including the COSOP guidelines, project design and supervision guidelines and quality assurance and quality enhancement guidelines.

B. Country ownership

57. Country ownership has been a defining feature of IFAD's approach to rural poverty reduction since it was founded, and it is enshrined in its Lending Policies and Criteria. IFAD works with its developing Member States: it assists them to design projects and programmes that they own and implement, it makes available the resources they require to finance them, and it provides them with technical support to enable them to manage and implement them effectively. ~~The importance of country ownership is today widely recognized as a precondition for achieving development effectiveness, and is reflected as such in the Paris Declaration on Aid Effectiveness and the Accra Agenda of Action. The IFAD Strategic Framework 2007-2010 states explicitly that IFAD: "... will foster national leadership over the projects it supports by governments and other local actors...".~~ Country ownership is also highlighted in the Strategic Framework 2007-2010 and is an objective of the ~~new~~ operational processes and systems established under the Action Plan.
58. Members called for IFAD to strengthen and intensify its efforts to promote country ownership. During the Eighth Replenishment period it will:
- Strengthen national capacities and skills for project design and implementation and policy dialogue, and build the capacity of its own staff to promote country ownership in IFAD operations.
 - Ensure that government priorities drive its COSOPs and that these are developed with the involvement of a range of in-country stakeholders. Wherever feasible, it will support integrated and programmatic approaches. In all its design and implementation processes IFAD will:
 - (a) ~~implement the Paris Declaration and the Accra Agenda for Action, in cooperation with national governments and with full respect for their sovereignty;~~ actively seek the participation of the targeted rural communities, and assist them to strengthen their organizations;
 - (~~eb~~) progressively conduct implementation support missions jointly with governments; (~~ce~~) use country systems where these are adequate and cooperate with others to support the strengthening of systems where needed; and (~~de~~) use country presence to facilitate IFAD's engagement with in-country stakeholders and strengthen national capacities.
 - Measure its performance on country ownership both at the country programme and project levels – including through client/partner surveys – and against its commitments under the Paris Declaration. It will report to the Executive Board annually through the RIDE. The ARRI will also provide an independent measurement of the results achieved.

C. Collaboration and partnerships

59. Partnerships are central to ~~the Paris Declaration on Aid~~ eEffectiveness, and to IFAD's organizational model, mission and core business. And as both an IFI and a United Nations agency, IFAD is well placed to work closely with both. A well-defined approach and creative, strategic and effective management of partnerships is essential if IFAD is to be effective in: (a) strengthening the capacity of organizations of poor rural people and fostering sustainable collaboration among farmers, government officials and private-sector representatives; (b) improving the quality, scope and impact of IFAD's operations and its organizational effectiveness and efficiency; (c) drawing on the knowledge of others and sharing its own for replication and scaling up; and (d) mobilizing resources, generating global public goods, and creating the enabling environment needed to achieve the MDGs.
60. During the Eighth Replenishment period, IFAD will adopt a more systematic and strategic approach to partnerships. Members agreed that priorities should be to:
- Further deepen its current strategic partnerships with FAO and WFP, farmers' organizations, the other IFIs and the International Food Policy Research Institute (IFPRI).

- Strengthen and expand partnerships – notably with the other IFIs – to increase the level of project cofinancing (paragraph 30) and scale up successful innovations developed through IFAD-supported projects.
 - Establish new partnerships with foundations, new official donors and private-sector actors, and strengthen existing partnerships, such as those with the CGIAR and its member research centres, all with a view to better targeting its support, sharing knowledge and experience, and promoting replication and scaling up for greater results.
 - Promote South-South partnerships for sharing of successful approaches to rural poverty reduction between countries and regions.
 - Build on its participation in United Nations initiatives such as One United Nations and the CFA, and collaborate with others to influence policy and strengthen harmonization and improve measures of development effectiveness.
 - Increase the overall volume, and enhance the strategic value, of cofinancing partnerships (paragraph 30).
61. In support of these priorities, IFAD will review existing partnerships, including all cooperation agreements and memoranda of understanding, with a view to strengthening those that contribute to IFAD’s strategic objectives, and ending those that involve high transaction costs and add little value. While this review will be ongoing, IFAD will report to the Executive Board by September 2011 on the success of its efforts to develop a more selective approach to partnerships. On the basis of the review IFAD will consider developing guiding principles and/or a framework to provide conceptual coherence for IFAD partnerships, make clear the expected results from partnerships, and guide staff in working in partnership with others. It will enhance staff skills in identifying, establishing and maintaining effective collaboration and partnerships; and it will strengthen its systems to support partnership management, monitoring and evaluation. [Targets for partnerships will be established, and r](#)Results will be measured and reported on in the RIDE.

D. Strengthening IFAD’s engagement with the private sector

62. A strong and diverse private sector, providing agricultural inputs, production and financial services and markets, which poor rural producers are able to access and use, is critical for increasing their agricultural production and incomes. Under IFAD’s Private-sector Development and Partnership Strategy of 2005 there is much that IFAD can do – and is doing – to engage with a growing number of private-sector actors and develop partnerships with them. It is, for example, working to link rural producers to export markets and to bring privately-owned financial institutions into rural finance operations.
63. During the Eighth Replenishment period, IFAD will continue to work through its regular operations and within the framework of the IFAD’s Private-sector Development and Partnership Strategy, to build the conditions for successful private-sector partnerships between smallholder farmers and other economic agents. Several agencies exist that provide support directly to the private sector, but few if any of them prioritize investments in agriculture that bring direct benefits to very poor rural communities – though some are now considering doing so. IFAD will strengthen its partnerships with these agencies³⁵ to find ways to stimulate such investments. In ~~2010-11~~ the independent Office of Evaluation will conduct an evaluation of the Private Sector Development and Partnership Strategy, and the findings of that exercise will provide lessons for future engagement.

³⁵ These include the International Finance Corporation (IFC), the African, Asian and Inter-American Development Banks, the Inter-American Investment Corporation, the European Bank for Reconstruction and Development, and bilateral agencies such as the German Investment and Development Company, the Agence Française de Développement and Promotion et Participation pour la Coopération économique [PROPARCO], both of France, the Capital for Development Group of the United Kingdom, Swedfund of Sweden).

64. In addition, IFAD will explore with potential partners the need for, and the value added of, a new and additional facility to promote private-sector investment that can stimulate pro-poor economic growth in rural areas. If such a need is identified, a proposal for [IFAD's role and instruments—a pilot facility](#), fully consistent with IFAD's mandate, will be prepared and presented for approval to IFAD's Executive Board by December 2010.

E. Gender equality and women's empowerment³⁶

65. Rural women play critical roles in agricultural production and natural resource management; yet they are generally poorer than men, have less access to assets, services and decision-making, are more affected by HIV/AIDS, and are less likely to escape poverty. Yet empowered women can be agents of change and an important force in overcoming poverty. Addressing gender inequalities, particularly by targeting and empowering women, is thus critical to the effectiveness of IFAD's operations and a key aspect of IFAD's poverty targeting strategy.³⁷ In 2003, IFAD adopted a Gender Plan of Action to bring greater consistency to its efforts to integrate gender into its business processes and operations. Supported by supplementary funding from several members, this integration process has largely taken place. A follow-up Framework for Gender Mainstreaming in Operations was issued in July 2008. IFAD has also collaborated with FAO and the World Bank to develop the *Gender in Agriculture Sourcebook* launched in October 2008. This is an authoritative compilation of good practices and innovative activities to integrate gender into project and programme design.
66. While IFAD's operational framework for gender equality and women's empowerment is well established, the performance of IFAD-supported projects in addressing gender issues has not always been adequate. Two thirds of projects reviewed at completion in 2007 were rated as satisfactory or highly satisfactory on women's empowerment and participation, but one third were not. The mid-term assessment of the Gender Plan of Action found that there are a number of important areas in which IFAD needs to further improve its performance. The consultation urged IFAD to implement the approaches it has already established. Starting immediately, IFAD will draw upon its own core resources (which may be complemented by supplementary funds) to:
- Build the capacity of IFAD workforce – both Rome- and country office-based – to better analyse the causes of gender inequalities and address effectively gender issues in IFAD country programmes and IFAD-supported projects, in policy dialogue, and in areas such as innovation, knowledge management and communication.
 - Ensure that gender specialists and/or representatives of women's organizations participate in the design of COSOPs and projects, and that projects give particular emphasis to training and capacity-building as a vehicle for the empowerment of women and girls.
 - Strengthen ~~its~~ capacity to gather sex-disaggregated data at project level, and report annually on its performance on gender in its operations through the RIDE, wherever appropriate providing sex-disaggregated data.
 - Join the multilateral development bank working group on gender.
 - [Review both IFAD's existing Results Framework for Gender Mainstreaming and state-of-the-art indicators, and consult with the African Development Bank and other partners, to identify those indicators for mainstreaming gender that are most useful and](#)

³⁶ Issues related to gender balance in IFAD's workforce and to gender training are addressed under section VIII.C on human resources reform.

³⁷ In doing so, IFAD is guided by the United Nations Convention on the Elimination of All Forms of Discrimination against Women (CEDAW),

[appropriate for inclusion in the Results Measurement Framework for the Eighth Replenishment.](#)

- The independent Office of Evaluation will conduct an evaluation of IFAD's performance on gender equality and women's empowerment in ~~{2009}~~. Based on the findings of the evaluation, the Executive Board will consider the [need to value-added-of-developing](#) a corporate policy on gender.

F. Climate change

67. Paragraphs 67-69 to be inserted.

G. Sustainability

70. Sustainability is defined as the continuation of benefits after major development assistance has been completed. The IEE rated IFAD's performance on sustainability as satisfactory in only 40 per cent of its projects between 1994 and 2003. More recent data show significant improvement; 67 per cent of projects achieved a satisfactory rating for sustainability according to the Annual Report on Results and Impact of IFAD Operations evaluated in 2007. ~~Members noted the very ambitious target of 80 per cent by 2010 and the ARRI conclusion that it is overambitious.~~

71. IFAD's approach to improving its performance on sustainability is built on the following measures:

- Focusing on the achievement of sustainability, and promoting full country ownership, throughout the project cycle.
- During the project design process: ensuring realism in setting project objectives, identifying exit strategies, analysing and mitigating risks to sustainability, and using the quality enhancement and quality assurance processes to ensure that sustainability issues are fully addressed.
- Working with target groups to identify and design project activities that respond to their priorities, the opportunities open to them and their capacities.
- Using direct supervision and country presence to empower project managers to manage for results, absorb lessons learned and respond to new challenges, and identify and address risks as they arise.
- Clearer sequencing and phasing of institution-building and economic activities, and building the skills and organizations of target groups so that they can engage in financially viable activities and maintain profitable commercial relations with market intermediaries.
- Engaging in policy dialogue at country level to enhance the sustainability of project results.
- Ensuring that projects take into account the climate-related and other threats faced by the target group, and assist them to reduce their vulnerability to these shocks.

72. The consultation urged IFAD to continue working to improve its performance on sustainability during the Eighth Replenishment period. ~~It will review the target for sustainability in finalizing the Results Measurement Framework for the Eighth Replenishment of IFAD's Resources, and will continue to measure its performance against the targets to be established in that framework. It will report on its performance annually to the Executive Board through the RIDE.~~

VIII. Organizational effectiveness and efficiency

A. Management for development results

73. IFAD has adopted an MfDR approach to focus the organization on achieving and measuring development results.³⁸ It is underpinned by: (a) the clear definition and statement of IFAD's strategic objectives in the Strategic Framework; (b) focusing all systems, processes and resources (human and financial) on achieving those strategic objectives; (c) ensuring that all systems, processes and resource uses, are consistent and aligned with each other; and (d) closely monitoring progress in achieving the strategic objectives, and using this information in decision-making and learning; and (e) creating an MfDR culture across the organization. The approach is used to bring operational and organizational performance together into an integrated and coherent system of planning, monitoring and accountability.
74. **Operational effectiveness.** At the country level, IFAD's main planning and monitoring instrument is the results-based COSOP. It serves to align all in-country activities with both countries' national development strategies and IFAD's strategic objectives, and to promote learning and accountability. It also builds stronger synergies among individual projects, and with other relevant development activities in the country. To gauge perceptions of IFAD's in-country performance, the organization conducts client/partner surveys each year. The surveys are concrete expressions of IFAD's support for the Paris Declaration principle of accountability and provide information that IFAD uses to better serve its clients.
75. At the project level, the quality enhancement and quality assurance processes strengthen project design and ensure alignment with corporate priorities. Project status reports and supervision reports provide data for monitoring project performance during implementation, while project completion reports assess performance at completion. These are complemented by project evaluations conducted by the independent Office of Evaluation. IFAD's Results and Impact Management System (RIMS) is used for reporting on project outputs and impact. The RIDE and the ARRI examine IFAD's overall programme performance each year. They are IFAD's principal tools for accountability to its governing bodies.
76. IFAD will ensure that its projects and country programmes include state-of-the art results frameworks/logframes and that the Executive Board has sufficient information on which to base project financing decisions. IFAD will update its guidelines for COSOPs, for project design and for grants, and these will include minimum standards for results frameworks/logframes for all three. It will also present to the Executive Board, by April 2011, a revised format for project documents presented to the Board for approval. In addition, it will train relevant staff in the design of results frameworks, so as to ensure that minimum standards are consistently adhered to.
77. **Organizational effectiveness.** IFAD is also using MfDR to improve its management of resources, internal processes and policies – a precondition for enhancing its operational effectiveness. It has set up and operates a Corporate Planning and Performance Management System (CPPMS), which – while still considered "work in progress" – provides an organization-wide framework to focus and manage IFAD's work and align it with its strategic objectives, and to ensure coherence between IFAD's country-level activities and the management of its budget, human resources, internal processes and policies. At its core are eight corporate management results (CMRs) that reflect what IFAD intends to improve

³⁸ IFAD is also building capacity for MfDR in its Member States. For example, through the introduction of results-oriented annual work plans and budgets within the projects it supports, it is tightening the links between project planning and monitoring and evaluation, and in a number of countries it is also strengthening country-level monitoring and evaluation and statistical capacities. IFAD also supports an initiative of the Joint Venture for MfDR to establish communities of practice in Asia and the Pacific, Africa and Latin America and the Caribbean, as model cases for South-South cooperation and peer-to-peer learning in MfDR approaches.

within the organization to achieve its strategic objectives. The CPPMS also includes: key performance indicators (KPIs) for tracking progress towards the CMRs; management plans to track departmental and divisional CMR contributions and results; and processes for identifying and managing risks to achievement of the CMRs. The system is linked to the budget through the results-based programme of work and budget, as well as to the corporate risk register. Within the staff performance evaluation system the CMRs also provide the basis for linking individual staff members' objectives and evaluations to corporate priorities.

78. IFAD has been invited by the multilateral development bank members of the Common Performance Assessment System (COMPAS) to participate in the 2008 survey for the self-assessment of both procedures and processes for delivering results and implementation of the results agenda. This will enable IFAD to compare its practices and performance with those of other Members. The COMPAS group has also developed close communication with the Multilateral Organization Performance Assessment Network (MOPAN).
79. During the Eighth Replenishment period, the MfDR approach will be central to IFAD's efforts to improve its development effectiveness. IFAD will continue to:
- Focus on and measure results at COSOP and project levels, at entry, during implementation and at completion; and review the results achieved annually, to understand better areas of strength and weakness, and strengthen the project cycle as necessary.
 - Refine the CPPMS, to reflect both emerging experience with the indicators used and evolving operational and organizational priorities; and review the results achieved each quarter, taking prompt and responsive management actions as required.
 - Report to the Executive Board on results achieved through the RIDE.

B. Consolidating the Action Plan reforms

80. An assessment of the Action Plan, commissioned in early 2008 by three IFAD Executive Board members³⁹ "provided evidence that the Action Plan is leading to improvements in IFAD's development effectiveness". However, while the overall assessment of the implementation of the Action Plan was positive, it also identified a number of areas where continuing diligence would be essential, including: (a) maintaining the commitment to organizational reform demonstrated at IFAD since early 2007; (b) accelerating progress in effectively dealing with human resource management; (c) maintaining and improving staff morale while effectively realigning human resources; (d) strengthening its focus on innovation and strengthening partnerships for innovation; and (e) solidifying and mainstreaming the knowledge management strategy.
81. Members agreed that, into and during the Eighth Replenishment period, IFAD must respond to these and other challenges. It has already started: in October 2008 new institutional arrangements were established for ensuring coherent implementation of Action Plan outputs, continuing change and reform efforts and addressing new challenges and opportunities to improve IFAD. Other priorities will be to:
- Carefully manage the transition from the first phase of reform under the Action Plan into a second phase of continuous change and deepened reforms.
 - Broaden the coalition of change agents within and across the organization.
 - Pay particular attention to human resources management reform (see section VIII.C).

³⁹ Canada, the Netherlands and Norway.

- Review its business processes, and modify them where appropriate in order to improve cost-efficiencies, reduce risk and enhance the quality of its operations.
 - Ensure that new business processes are grounded in IFAD's strategic priorities (including innovation and knowledge management) and in its core values.
 - Continue to report to the Executive Board on its operational and organizational reforms, principally through the RIDE.
82. IFAD will also continue to actively engage with other United Nations agencies and IFIs both to share the experience and knowledge it has gained in implementing the Action Plan, and to learn from their experience of organizational reform.

C. Human resources reform

83. In order to achieve the ambitious agenda of strengthening IFAD's development effectiveness while expanding its programme of work, the organization needs the right workforce, focusing on the right work at the right time.
84. Human resources reform is being implemented within IFAD's human resources policy. Important building blocks have been put in place, including: the establishment of the Human Resources Management Committee, chaired by the President to ensure continued senior management attention to human resources issues; the development of IFAD's core values; the transparent assessment of the leadership of IFAD managers using 360 degree feedback; the strengthening of the performance evaluation system, which links pay to performance and is a basis for promotions; the establishment of the SpringBoard training programme for high-potential professional staff; the relaunch of IFAD's induction process; the conducting of the 2006 and 2008 staff surveys and follow-up; and investment in technology to reduce transaction costs.
85. ~~IFAD will contribute to United Nations system-wide reforms in human resource management through active participation and by being willing to act as a pilot site or laboratory for change, in accordance with IFAD's rules and policies.~~ Members agreed ~~that~~ with IFAD's priorities for human resources reform during the Eighth Replenishment period are:
- **A more flexible workforce.** To be achieved by rightsizing the organization to better achieve its strategic objectives (including both hiring talented professionals to sustain its competitive advantage and releasing through a voluntary separation programme ~~those who no longer have the skills or motivation to maximize their contribution~~); aligning people to corporate priorities; deploying staff in developing Member States; internal movement; and strategically prioritizing the functions to be performed by IFAD staff, consultants and service providers.
 - **A diversified workforce with different and enhanced skills and knowledge.** During the Eighth Replenishment period IFAD will continue to be fully committed to enhanced merit-based recruitment practices. It will also ~~To be achieved through~~ sustain its investment in capacity-building, technical and specialist skills to meet the development challenges facing IFAD; ensure ing accountability for performance and compliance with values; and promote ing diversity in terms of gender and geography, including improving the gender balance and increasing the proportion of staff from developing countries, ~~through enhanced merited-based recruitment practices.~~
 - **A workforce with high levels of engagement and motivation.** To be achieved by ensuring that, wherever possible, staff performance is assessed relative to IFAD's operational outcomes; that incentives are

aligned to results, with good performance rewarded and weak performance challenged; that there is a clear and transparent approach to the accountability of managers; that feedback from staff is acted on; and that career development opportunities for staff are available.

86. IFAD's people strategy for human resource reform [was] presented to the Executive Board for information in December 2008. This will provide the way forward for future achievements in human resources reform and support the implementation of IFAD's core values. Key performance indicators for HR reform have been included in the Results Measurement Framework for the Eighth Replenishment (annex I): these will be monitored by management and will be reported annually to the Executive Board through the RIDE. In addition, a separate report on the implementation of the HR reform agenda will be presented to the Executive Board in December 2009 and 2010. IFAD will also review the results-based incentive systems of other international institutions and report to the Executive Board with options to better align staff incentives with institutional performance by September 2011. [In addition, IFAD will contribute to United Nations system-wide reforms in human resource management through active participation and by being willing to act as a pilot site or laboratory for change, in accordance with IFAD's rules and policies.](#)

D. Financial management, fiduciary and transparency issues

87. **IFAD budgets.** IFAD will improve the organization and presentation of IFAD budgets in order to improve transparency and clarity, to facilitate greater comparability with the practices of other IFIs, and to incorporate evolving best practice in results-based budgeting. Specifically, IFAD management will engage with the Audit Committee of the Executive Board in order to ensure that the preparation of the budget for 2010 and subsequent years integrates the expenditures currently financed under the Programme Development Financing Facility (PDFF) fully into IFAD's administrative budget.
88. **Internal audit.**⁴⁰ ~~In October 2007, an external quality assessment of IFAD's internal audit function concluded that it generally conforms to the internal audit standards set out by the Institute of Internal Auditors. Members of the Audit Committee welcomed the assessment, and Management~~ [with the support of the Audit Committee is already is](#) taking steps to continue improving the quality and independence of internal audit functions, in line with evolving best practice. ~~Audit Committee members should have access to all internal audit reports as is the practice at other IFIs, and IFAD management will work with the Committee to set up appropriate procedures, including with regard to confidentiality, to permit such access. Other measures to improve the independence of the audit function include: consultation with the Audit Committee for the appointment and dismissal of the head of the internal audit function, the Committee holding closed sessions with the head of internal audit function, the Committee reviewing the work plans and changes to the charter of the IFAD internal audit function, and management providing Audit Committee members with access to internal audit reports, on request, as is the practice at other IFIs. With the support of IFAD management, the Audit Committee is also revisiting its mandate to reflect a more pro-active role in strengthening internal oversight, enhancing greater transparency and accountability, ensuring a cost-effective discharge of external audit services, and reviewing risk management. It will reflect these in revised terms of reference and rules of procedures that will be presented for approval by the Executive Board.~~
89. **Procurement.** In order to ensure that procurement under IFAD-supported projects conforms to international best practice, IFAD management will present the Executive Board by December 2009 a review of its project procurement guidelines and their implementation, including a comparison with those of the World Bank and

⁴⁰ The text of this paragraph may need to be changed in the light of the meeting of the Audit Committee that will be held on 11 December 2008.

its reference guide to “Fiduciary Management for Community-driven Development Projects”, and an assessment of their alignment with IFAD’s anticorruption policy.

90. **Disclosure.** ~~IFAD is at the forefront of the IFIs in terms of disclosure.~~ The Consultation requested the Executive Board to amend the IFAD Policy on the Disclosure of Documents by September 2009, so that project appraisal documents will be disclosed prior to the Executive Board meeting during which the project will be considered. For the sake of efficiency and cost neutrality, disclosure takes place through IFAD’s public website and documents are provided in their original language. The consultation also directed the Executive Board to review policy provisions with regard to the disclosure of previously undisclosed documents.
91. **Risk management.** IFAD will continue to mainstream enterprise risk management (ERM) in all its operations and activities. In 2008, IFAD established its Enterprise Risk Management Committee and formulated its risk management policy. It will develop a corporate risk profile and will continue to integrate and embed risk management culture into IFAD’s corporate governance initiatives and existing management processes such as results-based strategic planning and the internal control systems. The President will submit an annual report on its risk management activities to the Executive Board through the Audit Committee.
92. **Accountability and transparency.** IFAD has strengthened its accountability mechanisms, including through the establishment of the Sanctions Committee and the Harassment Investigation Panel. In line with best international practice, in 2009 IFAD will adopt an internal control framework and a financial disclosure policy for senior officers and relevant staff.
93. **Administrative efficiency.** While the programme of work will expand during the Eighth Replenishment period, the administrative budget will not increase proportionately. All business processes will be reviewed and streamlined, investments will be made in information technology, and alternative forms of service delivery will be explored to achieve efficiency gains and reduce transaction costs. [IFAD will continue to seek to contain non-operational, administrative costs to as near as possible to zero real growth, while demonstrating increased efficiency in operational costs relative to the programme of work.](#)

IX. Improving the implementation of the performance-based allocation system

94. IFAD’s performance-based allocation system (PBAS) provides a mechanism to allocate IFAD’s resources among borrowing Member States, taking into account needs and performance. While responding to IFAD’s specific mandate and operational priorities, the system shares many of the features of similar systems used by other IFIs and will be maintained during the Eighth Replenishment period. Members agreed that evolving best practices in other IFIs would be considered with a view to improving PBAS implementation in IFAD.
95. Recognizing that country opportunities and conditions change, members agreed that the Executive Board should consider enabling countries not initially included in the three-year allocation period to be brought into the third year. This would need to be done on the condition that a country or countries with a similar country scores are removed from the list, in order to maintain the balance of allocations between the borrowing countries.
96. Members highlighted that adjustments and improvements to the system are integral to its evolution. They requested that the Executive Board mandate the PBAS working group to continue its functions and, as well, review the practices of other IFIs and identify improvements to the system. Possible areas for examination include: the relative weight of different elements of the PBAS formula, the current level of minimum and maximum allocations and the possible need for exceptional allocations for particularly vulnerable countries, in addition to the current support for post-conflict countries. The reallocation approaches of other IFIs would also be

examined. The PBAS working group will review and assess all such proposals, which would subsequently be presented to the Executive Board/Governing Council for their consideration and approval.

X. Achieving and measuring results

97. IFAD achieves, or contributes to, results at four levels: country progress in key development outcomes; IFAD's contributions to those outcomes; the operational effectiveness of its country and project activities; and its organizational effectiveness, i.e. its internal planning, management and monitoring systems, tools and processes. Better measurement and reporting of the results achieved is a key element of IFAD's efforts to improve its development effectiveness.
98. Over the past two years IFAD has established systems to measure, and manage for, results, particularly in terms of its operational and organizational effectiveness ~~(see paragraph 79)~~. It has also improved and consolidated its reporting; the first RIDE was presented to the Executive Board in December 2007. Some of the key findings of that report are summarized in section IV above.
99. IFAD's Results Measurement Framework for the Eighth Replenishment will enable IFAD to further improve and measure its development effectiveness; and its adoption will contribute to further embedding MfDR across the organization. The framework will measure and report on results at all four levels. It will be based firmly on what IFAD already has in place, while including new indicators where necessary to make it comprehensive. Particular attention will be given to strengthening IFAD's Results and Impact Management System (RIMS), as the basis for Level 2 indicators, and to focusing them on outcomes as well as outputs. The basic elements of the framework are closely harmonized with those of other IFIs, thus facilitating sharing of experience and comparability.
100. The Consultation endorsed the approach proposed for the Results Measurement Framework for the Eighth Replenishment. The draft framework itself (shown in annex I) will be amended and improved revisited to reflect further results achieved and the emerging experience of using the current indicators for management purposes. In the coming months IFAD will engage in dialogue with its members as to appropriate indicators for the framework, and it will take into account their views in finalising it. The final framework will be submitted to the Executive Board in September 2009, prior to the start of the Eighth Replenishment period. Members stressed the need for simple, measurable and aggregable indicators that can be used by IFAD management and are accessible to outside stakeholders, to facilitate their understanding of IFAD's impact. Members endorsed the use of the RIDE as the reporting vehicle for the Results Measurement Framework.
101. Members agreed to have a mid-term review for IFAD VIII, which would be held during an early session of the Consultation on the Ninth Replenishment of IFAD's Resources. The mid-term review will provide an opportunity for members to monitor progress achieved against the implementation matrix for IFAD VIII (annex II) and provide further guidance in key objective areas.

PART FOUR – FINANCING REQUIREMENTS FOR THE EIGHTH REPLENISHMENT PERIOD

102. Members agreed on a total target for the programme of work of ~~{US\$3.00 b.... million}~~ for the Eighth Replenishment period. Additional resource requirements to achieve this target, including administrative budget, PDFF and IFAD's share of the Heavily Indebted Poor Countries Debt Initiative (HIPC) debt relief, amount to US\$626 million, giving The Heavily Indebted Poor Countries Debt Initiative payments and administrative budget and PDFF will together require an additional {US\$.... million} and give a total resource requirement of {US\$3.626 b...million}.

103. Loan reflows, loan cancellations and investment income are calculated at ~~{US\$1.745...m billion}~~, resulting in a financing gap of ~~{US\$1.881...m billion}~~.
104. During the Eighth Replenishment period, IFAD will maintain the Advance Commitment Authority (ACA) with a maximum use of ~~{seven years}~~ of reflows. ~~Such a ceiling is substantially more prudent than the practices of other IFIs and will, in no way, affect IFAD's capacity to fulfil all future financial obligations. It will also be fully consistent with IFAD's liquidity policy.~~ ~~{An ACA ceiling of seven years will result in additional commitment authority of {US\$681 million}, so reducing the financing gap to {US\$1.20... billion}.}~~
105. **Member contributions.** The Consultation noted that member contributions of ~~{US\$1.20 b...m million}~~ will be necessary to finance the target work programme over the Eighth Replenishment period 2010-2012.

Results Measurement Framework for IFAD VIII

Level 1: Country progress in key development outcomes¹

Development outcomes at country level cannot be attributed to any single actor. However, as IFAD's goal is to empower poor rural people to overcome poverty, monitoring progress being achieved at the country, regional and global levels relative to this goal is critical. The development outcome indicators relevant to this goal will focus on: (a) performance against MDG 1, the eradication of extreme poverty and hunger by 2015, particularly in rural areas; and (b) macro-economic and agricultural sector performance.

<i>Indicator</i>	<i>Baseline year</i>	<i>Baseline value</i>	<i>MDG target 2015</i>
Extreme poverty and hunger			
MDG 1: Population living on less than a \$1.25 a day (percentage)	2005	26	21
MDG 1: Prevalence of under-nourishment in population (percentage)	2002-2004	17	10
MDG 1: Children under 5 who are underweight (percentage)	2005	27	17
Number of rural poor (million)	2005	1.05 billion	-
Macro and sector performance, low and middle-income countries			
GNI per capita (Atlas method, current US\$)	2006	2000	
GDP per capita growth (annual percentage)	2006	6.0	
Agricultural value added (annual percentage growth)	2006	4.1	
Crop production index (1999-2001 = 100)	2004	112.4	

Sources: Millennium Development Goals Reports 2007 and 2008, World Development Indicators 2008, World Development Report 2008.

¹ Achievements against all indicators will be reported on by region (East Asia and Pacific, Europe and Central Asia, Latin America and the Caribbean, Middle East and North Africa, South Asia, sub-Saharan Africa).

Level 2: IFAD's contribution to development outcomes

While success in country-level rural poverty reduction cannot be attributed to IFAD operations alone, IFAD can assess its contribution, by considering the outputs and outcomes of those operations. The framework will measure outputs and outcomes as a whole and in terms of IFAD's six strategic objectives, in the areas of: land and water management; agricultural technologies and production services; rural financial services; agricultural markets; off-farm employment; and local planning and programming processes.

<i>Indicator</i>	<i>Baseline value 2008^{a/}</i>	<i>Targets / Achievements 2012</i>
People receiving services from IFAD-supported projects (million)	29.2	60 ^{b/}
M/F ratio	57:43	45:55
Natural resources (land and water)		
Area under constructed/rehabilitated irrigation schemes (ha)	240 000	
CPR land under improved management practices (ha)	3 996 000	
Agricultural technologies and production services		
People trained in crop production practices/technologies	2 795 000	
M/F ratio	44:56	
People trained in livestock production practices/technologies	912 000	
M/F ratio	38:62	
Rural financial services		
Active borrowers	4 818 000	
M/F ratio	62:38	
Voluntary savers	9 954 000	
M/F ratio	60:40	
Agricultural markets		
Roads constructed/rehabilitated (km)	19 400	
Marketing groups formed/strengthened	17 200	
Off-farm employment		
People trained in business and entrepreneurship	342 000	
M/F ratio	48:52	
Enterprises accessing facilitated non-financial services	9 090	
Planning and programming processes		
People trained in community management topics	318 000	
M/F ratio	26:74	
Village/community action plans prepared	19 800	

Notes:

^{a/} The values in this column represent cumulative figures associated with all ongoing IFAD-supported projects (source: IFAD's Results and Impact Management System).

^{b/} The target figure represents the number of people expected to receive services from IFAD-supported projects approved during the Eighth Replenishment period 2010-2012.

Note: M/F: male/female

Level 3: Progress in enhancing IFAD's operational effectiveness

IFAD's ability to contribute to country-level outcomes depends largely on how it manages its operations to ensure relevance, effectiveness and efficiency. Results and indicators at this level are more closely linked to IFAD's own actions; therefore, they are not only monitored, but they are also vital elements of IFAD's system for results management. The framework will assess the quality, performance and impact of IFAD country programmes and projects at entry, during implementation and at completion, as well as IFAD's international engagement and partnerships.

<i>Indicator</i>	<i>Stage in cycle</i>	<i>Baseline year</i>	<i>Baseline value</i>	<i>2012 targets</i>
Country programme-related indicators				
Percentage of country programmes rated 4 or better for contribution to (a) increasing the incomes, (b) improving the food security, and c) empowering poor rural women and men.	At entry	2008	-	90
	During implementation	2007	85	80
	At completion	2008	-	75
Percentage of country programmes rated 4 or better for adherence to aid effectiveness agenda	At entry	2008	-	90
	During implementation	2007	79	80
	At completion	2008	-	75
Ratio of national and international cofinancing mobilized to IFAD financing for projects and programmes	At entry	2007	1 : 1.1	1:1.5
Project-related indicators				
Percentage of projects rated 4 or better for effectiveness in one or more thematic areas of engagement	At entry	2007	67	90
	During implementation	2007	88	90
	At completion	2007	78	85
Percentage of projects rated 4 or better for impact on measurements of poverty among the target group, such as (a) physical and financial assets, (b) food security, (c) empowerment, and (d) gender equality	At entry	2007	76	90
	During implementation	2007	67	80
	At completion	2007	70	75
Percentage of projects rated 4 or better for innovation, learning and/or scaling up	At entry	2007	77	90
	During implementation	2007	80	80
	At completion	2007	65	75
Percentage of projects rated 4 or better for sustainability of benefits	At entry	2007	61	90
	During implementation	2007	77	80
	At completion	2007	63	80
Average time from project approval to effectiveness (months)	During implementation	2007	15.2	11
Percentage of projects at risk	During implementation	2007	18.7	18
Strengthened international advocacy-related indicators				
Number of global/regional meetings of farmer organizations with substantive IFAD support	n.a.	2008	-	t.b.d.
Partnerships with international organizations for joint policy advocacy expanded or strengthened	n.a.	2008	-	t.b.d.

Note: t.b.d.: to be developed

Level 4: Progress in improving IFAD's organizational effectiveness

Improvements in operational performance are dependent on improved organizational effectiveness. The framework will measure achievements against a range of indicators in the areas of resource mobilization and management, human resource management, risk management and administrative efficiency.

<i>Indicator</i>	<i>Baseline year</i>	<i>Baseline value</i>	<i>2012 target</i>
CMR 4 – Improved resource mobilization and management			
Rate of return on investment (percentage)	2008	3.5	3.5
CMR 5 – Improved human resource management			
Staff engagement index ^a	2008	70%	75%
Proportion of workforce ^b in Programmes ^c	2008	56%	65%
Proportion of workforce from Lists B and C Member States	2008	33%	
Proportion of women in P5 posts and above	2008	30%	
Average time to fill professional vacancies (days)	2007	141	100
Cost per payslip (US\$) ^d	2009	t.b.d.	t.b.d.
CMR 6 – Improved risk management			
Percentage of high-priority internal audit recommendations that are overdue	2008	n.a.	20%
CMR 7 – Improved administrative efficiency			
Budgeted expenses per US\$1 of loan and grant commitments	2008	16.3%	<16.3%

Notes:

^a Composite indicator, derived from selected responses to staff survey.

^b Workforce is defined as IFAD staff, consultants and service providers.

^c IFAD's activity tree defines the workforce according to three main categories: programme, governance and support.

^d The cost per payslip is a standard indicator of administrative efficiency within and between the human resource and finance functions. It is used widely in the public and private sectors, thus facilitating benchmarking. It is measured by dividing the cost of running the payroll by the number of people being paid.

Note: t.b.d.: to be developed

IFAD VIII: Implementation matrix

Issue	Proposed actions (those involving the Executive Board are shown in italics)	Target date
IFAD's role in middle-income countries	<i>Present a policy paper on MICs to the Executive Board.</i>	September 2010
IFAD activities in fragile states	Introduce key issues relative to fragile states into relevant operational guidelines (including those for COSOPs, project design and supervision, and quality assurance and quality enhancement guidelines).	June 2010
Country ownership	<i>Measure performance on country ownership, and report to the Executive Board annually through the RIDE.</i>	December 2009 onwards
Collaboration and partnerships	<i>Report to the Executive Board on the success of its efforts to develop a more selective approach to partnerships.</i> <i>Measure performance on partnerships, and report to the Executive Board annually through the RIDE.</i>	September 2011 December 2009 onwards
Strengthening IFAD's engagement with the private sector	<i>Explore with potential partners the need for a new facility to promote private-sector investment that can stimulate pro-poor economic growth in the rural areas. If such a need is identified, a proposal for a pilot facility, fully consistent with IFAD's mandate, will be prepared and presented for approval to IFAD's Executive Board.</i>	December 2010
Gender equality and women's empowerment	<i>The Executive Board to review the OE evaluation of IFAD's performance on gender and consider the need to develop a corporate policy on gender.</i> Join the multilateral development bank working group on gender. <i>Report annually to the Executive Board on its performance on gender in its operations through the RIDE.</i>	[December 2009] December 2009 onwards
Environmental management and sustainable development	<i>Present for the review of the Executive Board "IFAD Procedures for Environmental Management and Sustainable Development"</i> <i>Executive Board to review the findings of OE's review of IFAD engagement on environment and natural resources (in 2008 ARRI) and consider the need for a comprehensive environment and natural resources policy.</i>	April 2009 December 2009
Climate change	<i>Develop a strategy on climate change, to be presented to the Executive Board</i>	April 2010
Management for development results	Update its guidelines for COSOPs, for project design and for grants, with minimum standards for results frameworks/logframes for all three. <i>Present to the Executive Board a revised format for project documents presented to the Board for approval.</i>	April 2011

Issue	Proposed actions (those involving the Executive Board are shown in italics)	Target date
Issue	Proposed actions (those involving the Executive Board are shown in italics)	
Human resources reform	<p><i>Present IFAD's people strategy to the Executive Board for information.</i></p> <p><i>Present to the Executive Board reports on the implementation of IFAD's human resources reform agenda.</i></p> <p><i>Report annually to the Executive Board on progress in implementing the HR reform agenda through the RIDE.</i></p> <p><i>Review the results-based incentive systems of other international institutions and report to the Executive Board with options to better align staff incentives with institutional performance.</i></p>	<p>December 2008</p> <p>December 2009, 2010</p> <p>September 2011</p>
Financial management, fiduciary and transparency issues	<p><i>IFAD's administrative budget and PDFF: Engage with the Audit Committee of the Executive Board to integrate expenditures currently financed under the Programme Development Financing Facility (PDFF) fully into the administrative budget</i></p>	IFAD's budget for 2010
	<p><i>[Internal audit: take steps to enhance functional independence of the internal audit function in line with evolving best practice. In particular, Audit Committee members to have access to all internal audit reports upon request, subject to appropriate procedures to safeguard confidentiality.]</i></p>	[to be determined]
	<p><i>Procurement: Present the Executive Board with a review of its project procurement guidelines and their implementation, with a comparison to those of the World Bank and its reference guide on "Fiduciary Management for Community-driven Development Projects", and an assessment of their alignment with IFAD's anti-corruption policy.</i></p>	December 2009
	<p><i>Disclosure: Executive Board to amend the IFAD Policy on the Disclosure of Documents, so that project appraisal documents will be disclosed on IFAD's public website prior to the Executive Board session during which the project will be considered.</i></p>	September 2009
	<p><i>Risk management: The President to submit an annual report on its risk management activities to the Executive Board through the Audit Committee.</i></p>	Ongoing
	<p><i>Accountability and transparency: Develop and formulate an internal control framework and adopt a financial disclosure policy for senior officers and relevant staff.</i></p>	June 2009
Improving the implementation of the performance-based allocation system	<p><i>Executive Board to mandate the PBAS working group to continue its functions and, as well, review the best practices of other IFIs and identify improvements to the system.</i></p>	Ongoing
Achieving and measuring results	<p><i>The final Results Measurement Framework to be submitted for the approval of the Executive Board, prior to the start of the Eighth Replenishment period.</i></p> <p><i>Report to the Executive Board on achievements against the IFAD VIII Results Measurement Framework through the RIDE.</i></p>	<p>September 2009</p> <p>Annually, each December</p>
Grants	<p><i>A revised policy on grants to be presented to the Executive Board.</i></p>	December 2009
Strategic Framework	<p><i>A new Strategic Framework to be delivered to the Executive Board to guide IFAD's activities in the period 2011 onwards.</i></p>	December 2010

List of documents provided to the Consultation and other reference documents made available

(Definitive listing to be compiled once the report is finalized; the following list comprises only that documentation presented to the first three sessions of the Consultation)

Consultation documents:

Document No.	Title
REPL.VIII/1/R.2/Rev.1	Sessions and workplan of the Consultation on the Eighth Replenishment of IFAD's Resources
REPL.VIII/1/INF.2	Closing statement of the Chairperson
REPL.VIII/2/R.2	Meeting the challenge by delivering results: IFAD 2010-2012
REPL.VIII/2/C.R.P.1/Rev.1	Sequence of topics to be considered by the Consultation on the Eighth Replenishment of IFAD's Resources
REPL.VIII/2/INF.3	Closing statement of the Chairperson
REPL.VIII/3/R.2	Results and impact
REPL.VIII/3.R.3	IFAD's approach to sustainability
REPL.VIII/3/R.4	IFAD's response to food price increases
REPL.VIII/3/R.5	IFAD's Eighth Replenishment financial requirements
REPL.VIII/3/R.6	Draft outline of the Report of the Consultation on the Eighth Replenishment of IFAD's Resources
REPL.VIII/3/R.7	Programme priorities for the Eighth Replenishment period based on US\$3.3 billion in loan and grant operations
REPL.VIII/3/INF.3	Technical note on advance commitment authority
REPL.VIII/3/INF.4	Closing statement of the Chairperson

Draft resolution on the Eighth Replenishment of IFAD's resources