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Investing in rural people

IFAD Management's comments on the Corporate-level evaluation on IFAD replenishments

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IFAD Management's comments on the Corporate-level evaluation on IFAD replenishments

1. Management welcomes this corporate-level evaluation on IFAD replenishments (CLER), which provides useful insights that will help inform its preparations for IFAD10. Indeed, the CLER has already served to validate many of the changes and actions that are under way in preparation for that consultation. As the evaluation itself points out, evidence emerging from corporate-level evaluations has often served as the basis for institutional reform in IFAD, and this evaluation has in fact produced useful insights and recommendations that can help to strengthen the replenishment process. Management is pleased that the overall assessment of IFAD's recent replenishments is favourable and welcomes many of the areas highlighted for further improvement. The evaluation's benchmarking with other replenishments gives Management a helpful point of comparison.
2. From an overall perspective, a key evaluation recommendation is that IFAD replenishment consultations be conducted so that they are focused at the strategic level, with a perspective that looks beyond the immediate three-year replenishment period. Management is in full agreement with this recommendation and is planning the IFAD10 consultation accordingly.
3. The CLER's summary of key points for each section provides an especially useful reference for follow-up action. Management welcomes the CLER's confirmation of good practices, a number of which it is already implementing, particularly the reliance on an external chair for the consultation process and the on-time delivery of high-quality papers as the basis for discussion and deliberation in the consultation. Similarly, Management has already begun implementing a number of the actions recommended in the CLER, namely, the careful preparation of a strategic vision, the development of greater capacity for ongoing monitoring and analysis of development finance and donor trends, greater Member State outreach and engagement, and more opportunities for informal consultation and discussion.
4. The CLER provides a very constructive discussion of issues related to voice, representation and governance. It underscores the importance of ensuring that all Member States have an opportunity to engage and participate in the replenishment, as a key governance process. Management strongly concurs with this point and is exploring options for ensuring such participation in IFAD10, with particular attention to ensuring engagement with List C Member States. In fact, the need for opportunities for all Member States to engage with IFAD is precisely why Management does not agree with the recommendation made in the corporate-level evaluation on efficiency that IFAD's Governing Council meet on a biennial rather than an annual basis.
5. Regarding governance issues of particular relevance to the replenishment process, the CLER recommends further study of the implications of changes to the List system, which is a key feature of IFAD's governance architecture. Management will await feedback from Member States to confirm whether this is an issue that the membership believes requires further reflection. The CLER notes that many Executive Board members also act as Members of the replenishment and concludes that this ensures a "thorough knowledge of the institution and a certain continuity, but carries the risk of insufficient distinction between the role of the replenishment consultation and that of the Board." Management concurs with this assessment and would welcome the membership's views on the matter.
6. The CLER raises questions about cases in which Member States participate in the replenishment consultation, but subsequently fail to contribute to that replenishment. On this point, Management believes that active participation in the consultation in itself contributes to the achievement of three of the replenishment's primary objectives: accountability, dialogue and strategic guidance. Thus,

Management welcomes overall Member State participation and, at the same time, would also welcome the adoption of a general understanding or norm suggesting that all participants in the replenishment are also expected to contribute financial resources.

7. Management welcomes the CLER's discussion of the possibility of converting from a three-year to a four-year replenishment cycle and believes that this deserves further discussion with Member States. A longer cycle would contribute to cost savings and – perhaps most importantly – would be a prerequisite for the CLER's recommendation that the meeting on the mid-term review be held as a stand-alone event several months prior to the start of the replenishment consultation. Under the current three-year cycle, this would mean that the review would be based on only five or six months of the three-year replenishment and could not, in fact, be considered a mid-term review.
8. The CLER emphasizes the need for a theory of change to underpin IFAD's Results Measurement Framework (RMF), citing efforts in this area by other international financial institutions. Management takes note of this recommendation and proposes to examine the issue in the context of its RMF paper for the IFAD10 consultation. It takes note, for example, of the proliferation of indicators and the need to ensure that they are useful measures of the commitments undertaken within the replenishment process while also ensuring that these commitments are consistent with the underlying theory of change embodied in the RMF. Management notes the complexity of the issue and the challenges involved in positing and demonstrating causal links among the levels of the RMF. It anticipates that the results of the 30 impact studies that it has committed to carry out during IFAD9 will provide significant feedback to test and substantiate its theory of change.
9. Regarding the reporting of results, the CLER raises a concern about whether the current guidelines for the Report on IFAD's Development Effectiveness (RIDE) provide adequate space for in-depth discussion of key issues and cites additional communication tools used by other international financial institutions to supplement their annual reporting document. Management notes that annexes to the RIDE provide just such an opportunity for more thorough discussion of critical issues.
10. The CLER also cautions about a potential mismatch between IFAD's strategic framework, its replenishment commitments (including the RMF) and its rolling Medium-Term Plan (MTP). In Management's view, the strategic framework provides an overarching structure from which the RMF is derived, while also capturing additional replenishment commitments. The RMF facilitates the implementation of the strategic framework. The MTP, on the other hand, is a management document whose main function is to further operationalize the strategic framework and RMF commitments. It is formulated with specific reference both to the strategic framework and the RMF. The MTP is a dynamic, three-year rolling document that allows for ongoing redirection of operations in a shorter time frame. There is potential for even closer alignment of the strategic framework with the RMF in the IFAD10 cycle, as the replenishment consultation will precede and can thus inform the formulation of the next strategic framework.
11. The process of the CLER has served to focus Management attention on the need for clearer terms and definitions for the different categories of IFAD resources. This will be particularly important in the coming months and years. As new sources of finance become available, the parameters and characteristics of each need to be clearly defined and understood. Management plans to review and clarify current definitions, with an eye to identifying possible new types of finance, such as debt funding.
12. The CLER raises an important concern about the risk of excessive earmarking of contributions and suggests that, to the extent that this trend is evident in IFAD, it may put at risk the multilateral character of the institution. Management is sensitive

to this risk and believes that it poses new challenges for effectively managing a more complex approach to resource mobilization while safeguarding the fundamental character of IFAD as a robust multilateral organization. One of the key safeguards is to ensure that the replenishment continues to serve as the foundation of IFAD's resources. On this point, Management takes this opportunity to reiterate strongly the statement it has made on other occasions: the replenishment is unalterably the foundation of IFAD's operations now and will be in the future. At the same time, if IFAD is to continue to realize its mission in a rapidly changing global environment, it must develop more diverse financing instruments that can enable it to mobilize and extend greater resources on behalf of smallholder farmers and rural entrepreneurs.