

Multilateral Aid Review: Assessment for International Fund for Agricultural Development (IFAD)

Summary

Organisation: **International Fund for Agricultural Development (IFAD)** Date: February 2011

Description of Organisation

IFAD is a specialised agency of the United Nations and an international financial institution dedicated to eradicating rural poverty in developing countries. IFAD's goal is to empower poor rural women and men in developing countries to achieve higher incomes and improved food security.

IFAD is the only international organisation to focus exclusively on rural poverty to make progress on MDG1. It also places emphasis on empowering women, contributing to MDG3. IFAD works directly with smallholder farmers and local communities to ensure that poor rural people have better access to, and the skills and organisation they need to take advantage of:

- Natural resources, especially secure access to land and water, and improved natural resource management and conservation practices;
- Improved agricultural technologies and effective production services;
- Financial services;
- Transparent and competitive markets for agricultural inputs and produce;
- Opportunities for rural off-farm employment and enterprise development;
- Local and national policy and programming processes.

IFAD operates in 87 countries and makes loans and grants to developing countries for its 230 ongoing projects and programmes developed and implemented through partner governments, reinforcing the country-led approach. It has limited country presence, prioritising according to agreed criteria, with 28 country offices in 2010, covering 31 countries. These are resourced with a minimal number of staff housed in other agencies to avoid the cost and duplication of establishing separate offices.

IFAD is one of the largest sources of development financing for agriculture and rural development. It programmed US\$855m in 2010 and is one of the top three multilateral institutions working in agriculture in Africa, where almost 50% of its loans and grants are allocated.

All member states participate in the annual Governing Council. IFAD's Executive Board consists of 32 member states. 8 are from the developing country group, 8 are from the OPEC group, which includes Indonesia, Nigeria and Venezuela and 16 are OECD members.

IFAD's last (8th) replenishment resulted in an overall increase of 67% to US\$1.2 billion over the three-year period 2010 – 2012. The UK committed to provide US\$65m (£33.852m) for the 8th replenishment.

100% of IFAD's spend is counted as ODA. Its annual programme is on a steady increase: in 2008 it was US\$650m; in 2009 it was US\$717m; in 2010 it was US\$855m and the forecast for 2011 is US\$1 billion. In 2011, in addition to its US\$1 billion programme, IFAD will manage US\$0.5 billion for other financiers and mobilise an estimated US\$1.15 billion of external resources.

Contribution to UK Development Objectives	Score (1-4)
<p>1a. Critical role in meeting International Objectives</p> <ul style="list-style-type: none"> + IFAD focuses exclusively on rural areas of developing countries, targeting the poorest and most marginalised groups, increasing agricultural production, income and food security, contributing to MDG1. + It contributes to equitable economic growth through its participatory approach and focus on women. IFAD's work on women's empowerment is also linked to MDG3 on gender equality. + Country level evidence shows that IFAD's work contributes to poverty reduction. - IFAD is a comparatively small organisation. Its reach is therefore limited, as is the capacity of its projects and programmes to feed into national policy-making. = IFAD has a unique mandate that is critical to reaching the MDGs, especially MDG1. IFAD is a recognised source of specialised knowledge in the UN system but its smaller size means that it cannot always play a leading role. 	<p>Satisfactory (3)</p>
<p>1b. Critical role in meeting UK Aid Objectives</p> <ul style="list-style-type: none"> + IFAD contributes to economic growth, focusing on the opportunities that smallholder agriculture presents. It provides support in developing profitable businesses, fostering enterprise development and facilitating access to markets. + IFAD is focusing on climate change more systematically, helping smallholder producers to build their resilience and informing dialogue on climate change, rural development, agriculture, and food security. - It is a comparatively small organisation and projects are not always well joined-up, although it is scaling up and focusing on more strategic interventions. = IFAD makes a clear contribution to delivering MDG1 and generating growth and wealth creation. It does not play such a significant role in other priority areas and projects can be too thinly spread to achieve wider impact. 	<p>Satisfactory (3)</p>
<p>2. Attention to Cross-cutting Issues:</p> <p>2a. Fragile Contexts</p> <ul style="list-style-type: none"> + IFAD has policy guidance on working in fragile contexts. + There is country-level evidence that IFAD manages to work in difficult environments, sometimes when other agencies have had to withdraw. - IFAD does not currently have a corporate policy in place for working in conflict and fragile contexts, although it is committed to introducing one in 2011. = Overall satisfactory performance that will continue to progress in the right direction with the development of a 	<p>Satisfactory (3)</p>

<p>4. Contribution to Results</p> <ul style="list-style-type: none"> + IFAD's delivery is continuing to show improvement in challenging environments. + Management seeks to improve results at country level, using evaluations to increase effectiveness and results. - Improvements need to be made in ensuring greater sustainability of results and efficiency, which have been identified as the weakest areas in project evaluations. = IFAD's delivery is satisfactory overall, with an ongoing focus on results and continuing improvement. 	<p>Satisfactory (3)</p>
<p>Organisational Strengths</p>	
<p>5. Strategic & Performance Management</p> <ul style="list-style-type: none"> + IFAD has a strong results framework that covers the entire results chain from input to impact and is used to track and improve performance. + IFAD is a committed advocate of Management for Development Results (MfDR) and participates in the IFI MfDR group. + It has a fully independent Office of Evaluation that strives to be at the forefront of good practice in evaluation. + IFAD learns from evaluation findings, implements recommendations, monitors and reports back to the Board. - HR reform has lagged behind in the overall reform process, although IFAD has recently conducted an external review to provide options on how to address this. = IFAD has a strong results framework. The organisation has an Independent Office of Evaluation and follows up on recommendations. HR systems need to be strengthened. 	<p>Score (1-4) Satisfactory (3)</p>
<p>6. Financial Resources Management</p> <ul style="list-style-type: none"> + IFAD has a clear and transparent system to allocate aid that reflects the specificity of the organisation's mandate and has good policies in place for financial accountability. - Financial management needs to be strengthened, including in the area of risk. - Disbursement rates are currently low in comparison with other agencies and need to improve. - Financial processes need to be streamlined for greater efficiency and effectiveness. = IFAD performs well against some of the criteria in this section but disbursement levels are low and the organisation needs to strengthen its financial management. 	<p>Weak (2)</p>
<p>7. Cost and Value Consciousness</p> <ul style="list-style-type: none"> + Governing bodies provide a clear focus on costs and set 	<p>Weak (2)</p>

<p>targets for efficiencies, challenging management as needed.</p> <ul style="list-style-type: none"> + IFAD monitors cost efficiencies at country level. It works with governments and provides training on financial management to partners, encouraging a focus on value for money. - IFAD's administrative:programme ratio is currently too high. - Project efficiency is evaluated as the weakest area of performance. - Disbursement rates, although increasing, are highlighted as an area for improvement by independent evaluations. - A culture of value for money and accountability needs to be promoted at all times by senior management throughout the organisation in all aspects of its business. = Administration costs are currently too high and project efficiency needs to improve. Although the direction of travel is positive, IFAD is below average on cost control. 	
<p>8. Partnership Behaviour</p> <ul style="list-style-type: none"> + IFAD is based on partnership and a participatory approach. It works directly with governments and local communities in developing, implementing and monitoring projects. + IFAD has a distinct focus on empowering women and increasing the voice of beneficiaries. + IFAD is a trusted partner of developing countries and the strong sense of ownership is demonstrated through contributions to projects. IFAD works through government processes, scoring highly against the Paris indicators. - IFAD has only recently introduced a country presence, which is reflected in its ability to participate in national policy consultations, joint thematic groups and donor fora. - A review of IFAD's range of tools could allow for greater flexibility in responding specifically to country contexts. = Good partnerships with developing country governments are fundamental to IFAD's way of doing business. IFAD's reform and new operating model has introduced country presence and this will allow greater flexibility. 	<p>Satisfactory (3)</p>
<p>9. Transparency and Accountability</p> <ul style="list-style-type: none"> + Policies are in place, information is available and easily accessible. + A general culture of transparency and accountability exists in IFAD. + Governing bodies can hold senior management to account. - IFAD does not publish quarterly reports on disbursement. 	<p>Satisfactory (3)</p>

<ul style="list-style-type: none"> - IFAD has not yet committed to IATI standards, although has expressed interest. = IFAD has a disclosure policy, the organisation has a general culture of transparency and the governing body functions reasonably effectively. 	
Likelihood of Positive Change	Score (1-4)
<p>10. Likelihood of Positive Change</p> <ul style="list-style-type: none"> + IFAD has a good track record on delivering reform and maintains its focus on continual improvement. It has an independent office of evaluation that helps to focus on the key areas in improving project performance. Its governing body focuses on reform. - IFAD has a relatively new top management team and although commitment is clear, it is too early to judge impact. - The initial gains of the reform process have been achieved and continued reform will prove to be increasingly challenging. = The scope for improvement is good considering IFAD's commitment to delivering results and its past performance in enhancing country performance. However, the senior management team is incomplete, including in priority reform areas, such as financial management and human resources, making the likelihood of positive change difficult to judge at this time. 	<p>Uncertain (2)</p>