

MOPAN 2017-18 ASSESSMENTS

Organisational Performance Brief International Fund for Agricultural Development (IFAD)

Published April 2019

IFAD's performance at a glance

IFAD is a relatively small player, operating in a niche. Its clear mandate is supported by a well-articulated strategic framework and medium-term plan, aligned with the 2030 Agenda.

The strategic framework sets out an overarching development goal, principles of engagement, strategic objectives and strategic outcomes. The Fund continuously analyses its position within the global development architecture and its comparative advantage, including identifying explicit contributions to the Sustainable Development Goals (SDGs). The replenishment consultations that take place every three years provide IFAD and its member states a regular, systematic opportunity to review the effectiveness and appropriateness of the organisation's strategy, direction and finances. IFAD's results measurement framework defines indicators and targets.

IFAD delivers strong results for its core target group – the rural poor – and contributes to rural poverty reduction more broadly, as well as to cross-cutting results, most notably gender. The Annual Reports on Results and Impact of IFAD Operations (ARRIs) for 2015-17 confirmed that performance on rural poverty impact has been consistently strong. Recent evaluations, most notably the gender equality and women's empowerment synthesis evaluation, also demonstrate that IFAD has delivered significant benefits for women. IFAD contributes to human rights-related results in several areas including through this work but also, most notably, through its work on the protection of indigenous peoples' rights to lands, territories and resources. The Fund also contributes to good governance by prioritising the development of grassroots capacities at both the individual and, more commonly, organisational levels. Overall however, IFAD's performance and contribution to results in the cross-cutting areas of good governance, human rights, and environment and natural resource management have comparatively been weaker.

At the same time, some areas of weaker performance remain, among which notably efficiency and sustainability. ARRIs acknowledge this, and country evaluations that were reviewed report similarly mixed results. Both identify some internal factors as negatively affecting efficiency, particularly under-spending and over-spending on project components, high costs per beneficiary and high management costs. However, the nature of IFAD's work, target groups and operating contexts inevitably incurs higher costs, particularly if the Fund is compared or benchmarked against other international finance institutions. For sustainability, limited ownership and a lack of exit strategies were identified as two of the most important contributing factors to this comparatively weak performance.

IFAD KEY FACTS

MISSION AND MANDATE: IFAD was established in 1977 as a response to the United Nations' 1974 World Food Conference. The Fund's current overarching goal is "to invest in rural people to enable them to overcome poverty and achieve food security through remunerative, sustainable and resilient livelihoods".

GOVERNANCE: IFAD's Governing Council is open to all 176 member states and meets annually. Member states are grouped into three lists: (i) countries that provide contributions to the Fund but do not receive IFAD support (List A); (ii) member countries of the Organization of the Petroleum Exporting Countries, that provide contributions and may receive IFAD support (List B); and developing country recipients, many of whom also provide contributions (List C). The Executive Board is composed of representatives from 18 member states drawn from 8 List A, 4 List B and 6 List C countries.

STRUCTURE: The Office of the President and Vice President provides IFAD's day-to-day leadership. IFAD operations are organised across five departments: External Relations and Governance, Financial Operations, Programme Management, Strategy and Knowledge, and Corporate Services. IFAD has over 600 staff; approximately 70% are based at headquarters in Rome and 30% are in regional hubs or country offices. As of mid-2018, IFAD has 9 regional hubs, 3 South-South and Triangular Cooperation and Knowledge Centres, and 28 country offices.

FINANCE: IFAD's core resources are mobilised through the Fund's replenishment process. Member states pledged a total of USD 1.1 billion for the three-year IFAD10 period (2016-18). IFAD11 (2019-21) sets a target for member state contributions of USD 1.2 billion. For the years 2015-17, IFAD's annual loan and grant disbursements were respectively USD 660.5 million, USD 702.6 million and USD 804.6 million.

There is, however, evidence of a positive trend in sustainability, especially in relation to innovation and scaling-up. The performance of IFAD interventions has exceeded targets with respect to the extent to which IFAD has introduced innovative poverty reduction approaches and the extent to which governments, donors and other institutions have scaled up IFAD interventions. There is also a broader positive trend, with scores for sustainability of benefits improving steadily in recent years. Moreover, country evaluations identified several notable examples of IFAD interventions building sufficient institutional capacity and/or being mainstreamed into government activity.

This overall positive performance builds on several operational and organisational strengths. Operating in partnership is one of these. Partnering at country level is common practice as the Fund's investments and interventions are delivered through implementation partners rather than directly by IFAD. IFAD's partnerships within the United Nations (UN) system are appropriate and clearly based on the Fund's comparative advantage and the added value it brings. A specific Memorandum of Understanding was signed in 2018 with the two other Rome-based UN agencies: the Food and Agriculture Organization and the World Food Programme. Given its investment-focused operating model, IFAD also works in partnership with other international finance institutions where appropriate, and quite commonly in terms of day-to-day knowledge exchange and networking.

Supporting country-level partnerships, IFAD's intensive design and supervision processes are geared towards ownership and ensure that strategies and projects are highly relevant. For both country strategies and individual projects, IFAD applies intensive design and supervision processes involving close consultation with government, other implementation partners and target groups. This ensures that interventions are inherently aligned with national development objectives. The intervention design and supervision processes also benefit from a suite of detailed, formal procedures (the Social, Environmental and Climate Assessment Procedures [SECAP] and supervision and implementation guidelines), advisory notes (how-to toolkits) and, during design, the quality enhancement process. These bring considerable expertise to bear on intervention design, even if some issues such as governance and human rights are not addressed in the same thorough, systematic way.

More broadly, IFAD has a strong institutional focus on results that is underpinned by a highly developed and regularly refined results measurement infrastructure.

The corporate commitment to developing and maintaining a results culture is clear across IFAD's leadership; it is codified by numerous strategies and policies and operationalised through a robust results management and measurement infrastructure. Progress against results is systematically tracked and measured through an extensive system of monitoring frameworks and tools, with formal, detailed annual reports issued by both management and the Independent Office of Evaluation. A results focus is embedded well at project level, with every intervention required to include a comprehensive monitoring and evaluation plan. IFAD has also established the foundations for results-based budgeting, although reporting of costs from activity through to result remains to improved.

This is further supported by IFAD's Independent Office of Evaluation (IOE) consistently delivering high-quality evaluations that are applied by IFAD's management.

The IOE is operationally, structurally and behaviourally independent and has budgetary independence. Its work is supported by a clear, relatively detailed evaluation manual that sets out the overarching principles to be applied; the planning, budgeting and prioritisation processes; and the types of evaluation that will be conducted and how these should be performed. IFAD management routinely tracks evaluation recommendations.

Finally, IFAD's financial transparency and accountability are supported by a solid audit function. The Fund's internal and external audits comply with international standards, and internal systems for identifying, addressing and monitoring risk- and audit-related issues are well developed. IFAD's internal control policies and frameworks are summarised properly in its accountability framework. A revised Policy on Preventing Fraud and Corruption was scheduled for implementation by the end of 2018.¹

Some key areas for improvement have, however, been highlighted by the assessment as presenting risks. Among these, slow disbursement is a long-standing issue. Both evaluation and management analyses consistently identify disbursement delays and low disbursement ratios as having potentially negative effects on IFAD's results. It is, however, important to keep

1: Following the conclusion of the MOPAN assessment, the revised Policy on Preventing Fraud and Corruption was adopted in December 2018.

in perspective the challenging environments within which IFAD works, often with the most isolated and disadvantaged populations. In response to this well-acknowledged, persistent difficulty, IFAD developed a corporate disbursement action plan in 2016, which is currently under implementation, and a positive trend was noted in recent years.

Non-systematic institutional capacity analysis beyond the direct scope of interventions can constrain higher-level policy engagement. Apart from IFAD's routine, rigorous analyses of financial capacity, institutional analysis is often limited to a short strengths, weaknesses, opportunities and threats exercise. Country strategies include details about the national government and institutions, but these tend to be more descriptive than analytical. There are no dedicated, mandatory analyses of, for example, capacity limitations within countries, governance issues or potential measures that could improve capacity. Beyond processes, the skill base and capacity development opportunities may still be too investment focused, without enough emphasis on developing increasingly important, non-lending skills such as policy engagement.

Shortcomings in targeting strategies can affect the value proposition of IFAD as a niche player, especially in the SDG context of "leaving no one behind". IFAD works in challenging contexts and primarily with very marginalised and disadvantaged groups, meaning that the Fund *inherently* focuses on hard-to-reach populations. But targeting approaches sometimes lack clarity regarding the *specific* intended beneficiary groups, with potential implications on the relevance of interventions and on reaching the most vulnerable.

IFAD is in a period of evolution and engaged in a significant reform agenda. Overall, a key question for the Fund is the consolidation of its value proposition towards its different target countries. The target for 2019-21 (IFAD11 period) is to distribute 90% of core resources to lower-income and lower-middle-income countries, in line with the 2016-25 Strategic Framework. There is, however, continued demand for IFAD's support across many middle-income member states. On-going work on a transition framework will establish guidance for IFAD's lending to countries that also covers the process for graduating from IFAD's financial support. Adequately serving the different demands will have implications on corporate processes, with speed becoming more crucial, but also on resources needs and how these resources are deployed strategically.

The diversification of the resource base and the positioning towards market borrowing are responses to pressure on resources. A key challenge for IFAD continues to be securing full funding for its programme of loans and grants. Diversifying the resource base beyond member state core contributions is a major, ongoing workstream for IFAD and aims partly at addressing such funding constraints and financial risks. Recent milestones include adopting the Sovereign Borrowing Framework and the Concessional Partner Loan Framework and initial exploration of the potential for market borrowing, implying the capacity to obtain and sustain good credit ratings.

The strengthening of IFAD's knowledge-building and brokering role is also a key component of the Fund's evolution. The 2016-25 Strategic Framework identifies "knowledge building, dissemination and policy engagement" as one of the Fund's four results pillars. The increased emphasis on IFAD's knowledge role is partially driving the current decentralisation process (particularly the new South-South and Triangular Cooperation and Knowledge Centres) and organisational restructuring. A well-articulated knowledge management framework and action plan, and work to strengthen the Fund's approach to policy engagement, further support these structural changes. While there is some evidence that external partners do value – and apply – IFAD's knowledge products, the monitoring and measurement of the Fund's knowledge work remains, however, underdeveloped, particularly around policy engagement, external use of IFAD knowledge resources, and longer-term influence and effectiveness.

Even if its effectiveness remains to be assessed, the on-going reform agenda speaks for the organisation's agility and its ability to face the future. The reforms are largely a response to IFAD's move from results clusters to the four new "pillars of results delivery" set out in its 2016-25 Strategic Framework. The Operational Excellence for Results exercise, started in June 2017, involves a review of IFAD's operational model in its entirety, from core business processes to the organisation as a whole. IFAD has in particular accelerated its decentralisation process, relocating a significant proportion of technical staff to regional hubs and country offices from its headquarters in Rome. The effectiveness of reforms in general and of this accelerated decentralisation in particular remains to be assessed, especially as some core operational processes and policies, such as delegated authorities, were being overhauled to better serve a more decentralised organisation.

Key findings

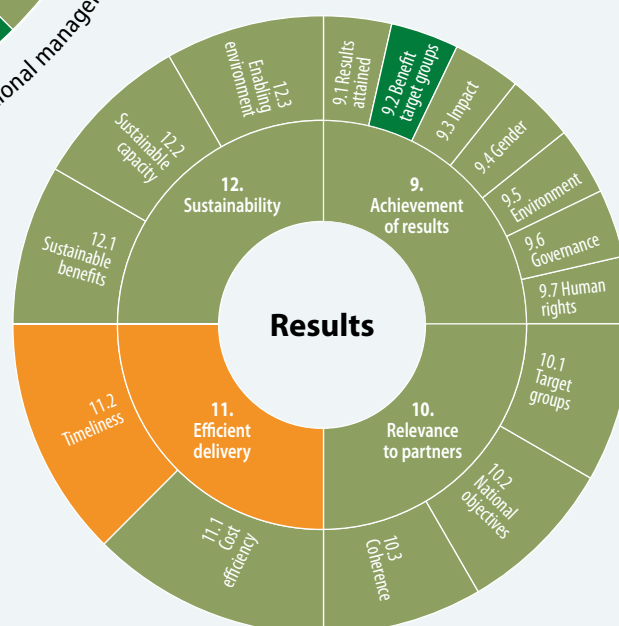
The assessment finds that IFAD is an agile, responsive and well-performing organisation. The Fund's strategy, organisational architecture and operating model are all very well geared to deliver IFAD's mandate and are sufficiently flexible to adapt to the changing global context and to member states' evolving needs and priorities.

IFAD's 2016-25 Strategic Framework is well-aligned with the Fund's mandate, as was its previous strategic framework. While the effectiveness of the 2018 reforms cannot yet be ascertained, the current accelerated decentralisation process is a clear and resourced response to the demands of this strategic framework. The Fund consistently makes positive contributions to reducing rural poverty and continues to deliver results that are highly relevant to its member states' needs and priorities.

PERFORMANCE RATING SUMMARY



IFAD's results culture is strong and growing stronger, and the evaluation and accountability functions continue to be robust. The Fund has now established the basics of results-based budgeting. At the operations level, developments such as the SECAP have further strengthened the intervention design process, including the mainstreaming of the cross-cutting issues such as gender and environment, although good governance and human rights remain a step back. Where results could be stronger – notably on speed of disbursement – IFAD is making progress or is actively addressing the institutional shortcomings that have been linked with comparatively weaker performance.



Key

Highly satisfactory
(3.01-4)

Satisfactory
(2.01-3)

Unsatisfactory
(1.01-2)

Highly unsatisfactory
(0-1)

A major reform process is on-going, including decentralisation for redeploying IFAD's resources at regional and country levels.

Finally, IFAD's work on diversifying its resource base, developing a transition framework for member states and upscaling its knowledge brokering role is a clear indicator of a forward-looking organisation that is highly alert

and responsive to major upcoming strategic challenges. As a result of the refinement of the Performance-Based Allocation System and the adoption of new financing frameworks, IFAD is better equipped to deal with a tighter financial environment, in particular the lack of growth in the value of member state core contributions, and to further evolve over the IFAD11 replenishment period, 2019-21.

About this assessment

The Multilateral Organisation Performance Assessment Network (MOPAN) is a network of 18 countries² who share a common interest in assessing the effectiveness of the major multilateral organisations they fund, including UN agencies, international financial institutions and global funds. The Network generates, collects, analyses and presents relevant and credible information on the organisational and development effectiveness of the organisations it assesses. This knowledge base is intended to contribute to organisational learning within and among the organisations, their direct clients and partners, and other stakeholders. Network members use the reports for their own accountability needs and as a source of input for strategic decision-making.

The International Fund for Agricultural Development (IFAD) is one of the 14 organisations assessed by MOPAN in 2017-18. This was the third MOPAN assessment of IFAD; the first and second assessments were conducted respectively in 2010 and 2013. The United States championed the assessment of IFAD on behalf of the Network.

This brief accompanies the full assessment published in early 2019, which can be found on MOPAN's website at **www.mopanonline.org**. IFAD's management response will be made available on that website as well.

The assessment of performance covers IFAD's headquarters and regional and country field presence. It addresses organisational systems, practices and behaviours, as well as results achieved during the period 2016 to mid-2018. It relies on three lines of evidence: a document review, interviews with staff and small groups, and an online partner survey.³

MOPAN's evidence lines for IFAD

- Review of 92 documents
- 71 staff interviews
- 115 partners surveyed in 13 countries

The MOPAN 3.0 methodology entails a framework of 12 key performance indicators and associated micro-indicators. It comprises standards that characterise an effective multilateral organisation. More detail is provided in MOPAN's methodology manual.⁴

Organisations assessed by MOPAN in 2017-18:

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|-------|-------|--------|------------|----------|---------|-------|
| ● ADB | ● GEF | ● IFAD | ● OHCHR | ● UNESCO | ● UNHCR | ● WFP |
| ● FAO | ● GPE | ● IOM | ● UN Women | ● UNFPA | ● UNRWA | ● WHO |

2: Australia, Belgium, Canada, Denmark, Finland, France, Germany, Ireland, Italy, Japan, Korea, Luxembourg, the Netherlands, Norway, Sweden, Switzerland, the United Kingdom and the United States – and two observers, New Zealand and the United Arab Emirates.

3: The online survey was conducted among partners of IFAD in Bangladesh, Bolivia, the Democratic Republic of the Congo, Ethiopia, Guinea, Jordan, Lebanon, Mexico, Myanmar, Pakistan, Papua New Guinea, Tunisia and Turkey.

4: Available at www.mopanonline.org