

PERFORMANCE AT A GLANCE

The International Fund for Agricultural Development (IFAD)

FEBRUARY 2024



ABOUT IFAD

HISTORY AND MANDATE

The International Fund for Agricultural Development (IFAD) was founded in 1977 as a United Nations (UN) Specialised Agency. IFAD aims to transform rural areas by reducing poverty and food insecurity through inclusive agriculture and rural development. It focuses on supporting the most disadvantaged and marginalised farmers by providing resources to those with the highest levels of need. This is through work at three levels: (i) at the global level, IFAD allocates resources to the countries in lower-middle-income groups, disadvantaged regions and countries in fragile situations; (ii) at the country level, IFAD channels resources to the disadvantaged regions and most vulnerable socio-economic groups through a COSOP (Country Strategic Opportunities Programme), which is a framework for making strategic choices about operations within a country; and (iii) at the project level, IFAD targets the poorest and most excluded within the project area.

IFAD is both a UN Specialised Agency and an international finance institution (IFI). IFAD is headquartered in Rome, Italy. It currently has 808 permanent staff members with ongoing operations in 93 countries across five regions. It has 12 multi-country offices and 2 regional offices.

IFAD has 178 member states, divided into three groups (or lists). List A consists of economically developed countries. List B are petroleum exporting countries (mostly OPEC members) which were instrumental in IFAD's creation. List C members are eligible for IFAD loans and grants. All three groups of countries contribute financial resources to IFAD. IFAD is financed through the replenishment of its resources by members and increasingly by loan repayments. In 2022, IFAD's portfolio of ongoing projects had a value of USD 7.98 billion. During the assessment period for this report (2018-23), IFAD obtained an AA+ credit rating from two international rating agencies, permitting it to borrow funds on capital markets.

During 2023, IFAD has engaged in consultations with member states about priorities, targets and commitments to guide its work during IFAD13, between 2025 and 2027. IFAD13 focuses on supporting resilient rural livelihoods and food systems through (i) an enhanced focus on fragile contexts; (ii) investing in biodiversity and climate resilience of small-scale producers; (iii) increasing engagement with the private sector; and (iv) ensuring inclusivity to "leave no one behind". To maximise opportunities for this assessment to inform and support the successful implementation of IFAD13, the key findings reflect on the relevance and implications for IFAD13.

IFAD AT A GLANCE

Established: 1977

Member Countries: 178

Headquarters: Rome

Operations in: 93 countries
5 regions

Regional offices: 2

Multi-country offices: 12

Staff: 808 full-time

IFAD12 Replenishment:
USD 1.28 billion

Active portfolio: USD 7.98 billion

FY22 Admin budget:
USD 166.9 million

KEY FINDINGS

IFAD is well positioned to respond to global polycrisis and an evolving development context. The development context has become increasingly complex and challenging since 2013. The COVID-19 pandemic, climate change, increasing global conflict and fragility, sharp increases in internal and external debt, and supply chain disruptions have resulted in the sharpest global economic downturn in decades. Global forecasts on poverty, hunger, malnutrition and climate impact are bleak. The Food and Agriculture Organisation's (FAO) forecasts predict that approximately 575 million people will be living in extreme poverty by 2030, and data show that currently 2.3 billion people are moderately or severely food insecure. The adverse effects of climate change have markedly intensified over the last ten years. The Intergovernmental Panel on Climate Change (IPCC) notes that the increasing frequency and heightened intensity of climate-related phenomena have had a disproportionately negative impact on countries situated within the tropical belt, which is home to the majority of the world's food insecure population. Against this backdrop of major global challenges, IFAD's mandate and role in transforming rural communities and food systems is even more relevant. Given these challenges, IFAD needs to strengthen its strategic focus, doubling down on its past successes, based on strategic analysis of its mandate in light of global needs, and to leverage for impact in ways that are aligned with IFAD's strategy. This includes commitments outlined in IFAD13: concentrating on climate-resilient agriculture, supporting smallholder farmers in fragile and conflict-affected states, supporting the Leave No One Behind agenda and fine-tuning its operational model to further enhance impact, effectiveness and efficiency.

Strengthening IFAD's focus while managing ambitious goals and expanding mandates: IFAD has a well-defined and clearly articulated strategy (Strategic Framework 2016-2025) that is closely linked to its results framework, its mandate, major global challenges and the needs of its beneficiaries. Its Strategy and Action Plan on Environment and Climate Change 2019-2025 helps implement its objective of improving the climate resilience of smallholder farmers, environmental sustainability and resilience – a key strength of IFAD and a priority identified in IFAD13. IFAD is also responsive to a wide range of goals and targets set in its replenishment consultations. Its responsiveness means that IFAD is committed to an ambitious and expanding range of objectives.¹ This expansion of mandates occurred despite minimal real-term growth in administrative resources from 2016 to 2022. Consequently, IFAD's ability to fully meet these demands has been limited. The assessment identifies a concern that the increasing ambition and activity may lead to a dilution of IFAD's niche focus and the erosion of its distinctive comparative advantage. As IFAD responds to diverse objectives, the challenge is in selectivity, strategic prioritisation and engagement in partnerships aligned with its role in the multilateral system. Balancing commitments is crucial to allocate adequate attention and resources to each priority area. Strategic partnerships can enhance effectiveness in addressing multifaceted challenges. It is important for both the shareholders and IFAD management to reflect upon the expanding mandate and align it with the resource envelope, including the internal capacity to deliver.

Doubling down on past successes to maximise organisational effectiveness and efficiency: IFAD has made progress in each of the areas identified by the previous MOPAN assessment, which focused on performance between 2013 and 2018. This includes (i) increasing the speed of disbursements; (ii) strengthening stronger analysis of domestic institutional capacity in its project work; (iii) measuring the impact of its knowledge management work; (iv) incorporating a human rights and good governance focus; and (v) engaging more with higher-level government policy. The importance of these areas is highlighted in the priorities and commitments within IFAD13. While there has been progress in each of these areas over the past five years, IFAD would benefit from continued efforts to make further advancements. For example, the speed of disbursement is still below the IFAD12 target; analysis of domestic institutional capacity has been strengthened especially for procurement, but further improvement is needed; while IFAD's knowledge management system has improved over the past five years, it would benefit from greater strategic co-operation with other development partners. The development impact of improvements in these areas will be mutually reinforcing and cumulative.

1. IFAD's mandate includes gender transformative approaches, strengthening rural communities, tackling malnutrition, empowering smallholder farmers to navigate multifaceted issues, supporting farmers to adapt to the impacts of climate change and addressing specialised concerns affecting indigenous communities, rural residents with disabilities and rural youth, including unemployment.

Leveraging for impact and deepening engagement with the private sector: IFAD has already made progress on expanding its resource base, and IFAD13 highlights the necessity of engaging with the private sector to achieve the Sustainable Development Goals (SDGs) and respond to major global challenges. IFAD's high rating (AA+) from two international rating agencies supports continued borrowing on capital markets, thus supplementing its limited resource base to support recipient countries that can access non-concessional resources. Similarly, recent efforts to increase supplementary financing through its new partnership strategy are yielding results. The recent engagement with the private sector is necessary for IFAD to respond to the scale of global challenges and organisational ambition. In addition to providing access to capital, the private sector holds promise in other areas such as technology transfer, access to markets and de-risking investments. However, this approach is not without risk. While IFAD has developed a robust risk management framework, it is important to manage potential financial and programme delivery risks. This includes a risk that, to preserve its credit rating, IFAD may experience pressures to mitigate financial and programme delivery risks linked to its focus on the rural poor and its work in the poorest countries. Learning from other IFIs, IFAD should enhance its institutional capacity, especially in terms of skills. Taking cautious steps, including working with other IFIs that have long experience with the private sector is crucial for achieving positive results that are aligned with IFAD's mandate.

Concentrating on building climate resilience of small-scale producers and working in fragile contexts: Over the past five years, IFAD has adjusted its operational model to respond to pressing global and local emerging challenges. The organisation's response encompasses addressing the consequences of climate change, including droughts, floods, saltwater intrusion, emerging pest challenges, wildfires, soil and forest degradation, and water scarcity. Since IFAD11, all new Country Strategic Opportunities Programmes (COSOPs) mainstream climate by analysing the nationally determined contributions. This analysis helps ensure that IFAD's climate investments are aligned with national climate finance targets. COSOPs, guidelines and checklists help screen all projects for environmental and climate risks as part of IFAD's safeguard procedures. IFAD seeks to deliver tailored fragility-sensitive engagement to enhance the resilience and effectiveness of operations in the most fragile contexts. As part of the IFAD12 replenishment, IFAD committed to allocating a quarter of its core resources to fragile states. In IFAD13, IFAD will allocate at least 30% of its core resources to FCAS. IFAD's focus on FCAS is especially important given their high levels of poverty, malnutrition and hunger and IFAD's unique attention to inclusive rural development. Given that climate resilient agriculture and FCAS is a core part of its mandate, IFAD would do well to continue to increase strategic partnerships and its country presence to maximise impact in these two areas within IFAD13.

Further strengthening its approach to sexual misconduct: Over the past five years, IFAD has made progress in its work to protect beneficiaries and host communities from sexual abuse and exploitation. This work has built on IFAD's strong track record in tackling gender-based violence and meeting the needs of poor rural communities. IFAD's first policy to prevent and respond to sexual harassment and sexual exploitation and abuse in 2018 marked an important milestone. The risk of sexual abuse and exploitation by partners is mostly managed through financing and procurement instruments that are applied to governments that IFAD provides loans or grants to, which integrate provisions derived from IFAD's policy on sexual misconduct. It is also managed through the SECAP. In IFAD's business model, the main risk of sexual exploitation and abuse lies in projects that are overseen by recipients of loans or grants (typically governments) and delivered by implementing partners who are in direct contact with host populations. These relationships are managed by the governments that IFAD funds. Although the organisation has strong requirements and clear sanctions for non-compliance, there are opportunities for IFAD to do more to assess the capacity of its partners and seek further assurances that they are upholding IFAD's financial, procurement and risk-related procedures regarding sexual abuse and exploitation. The revision of IFAD's policy will be an opportunity to strengthen and clarify lines of accountability.

Fine-tuning its business model: To support the successful implementation of IFAD13, the following interconnected organisational processes and systems could be further strengthened to improve efficiency and effectiveness:

- *Strategic budget allocation:* From 2018 to 2022, IFAD saw its budget allocation to country programme delivery decline from 52% to 47%. Part of this decline was due to travel restrictions during the COVID-19 pandemic. In 2023, IFAD reversed this decline by allocating 55% of its funds to country programme delivery, and IFAD13 includes commitments to further increase funding to country programme delivery. The impact of these declines is difficult to understand given significant changes in the global environment, notably the COVID-19 pandemic and some organisational restructuring and change. There are opportunities for IFAD to better understand staff costs to improve the allocation of resources, understand cost classifications and improve organisational efficiency.
- *Workplace culture, well-being and resourcing:* In recent years, IFAD has faced challenges in human resource management. The accelerated pace and human resources policy on decentralisation of staff posts, resource constraints and related staff departures are some of the factors that may have contributed to declining staff morale, dissatisfaction with the management of human resources and a perception of inefficiencies in processes. IFAD's management team and the Human Resource Department are leading an exercise to deal expeditiously with staff vacancies and address other sources of staff well-being and morale issues. In parallel, IFAD would do well to support decentralisation by filling any in-country office vacancies, which would help support decentralised staff in implementing the delegation of authority. Experience from other IFIs that have undertaken decentralisation activities shows that it delivers impact and efficiencies but is a time-consuming process and that benefits are derived as the process matures.
- *Growing strategic partnerships:* The implementation of IFAD's new partnership strategy has yielded positive outcomes, particularly with respect to resource mobilisation. IFAD has successfully mobilised supplementary funding and leveraged additional partnerships to support the achievement of key targets set in its results framework. Partnerships with its peer Rome-based agency, FAO, have improved since 2018. As IFAD moves forward, the cultivation and expansion of strategic partnerships, especially with multilateral development banks, will continue to play a crucial role in realising its ambitions, particularly in relation to increasing mandates and ambitious goals. Given the organisation's size and capacity limitations, strategic considerations at the country level will play a pivotal role in determining the scope and scale of these collaborative efforts.
- *Project efficiency:* Though IFAD's project relevance was assessed as highly satisfactory and effectiveness was assessed as satisfactory, project efficiency (the relationship between project benefits and costs) is identified as an area for improvement. IFAD has an action plan to deal with this ongoing problem, but progress over the past five years has been limited and below its own targets and baseline. This partly reflects the hard-to-reach target groups and challenging context in which IFAD works, but IFAD would benefit from engaging in additional work to further strengthen project efficiency such as increasing the capacity of partner governments.

An overview of IFAD's performance against key areas of the MOPAN Framework is provided in Figure 1. Comparison to other assessed organisations and previous assessments by MOPAN is strongly discouraged due to changes in methodology over time and differences in the scale, operating context and comparative advantage of different organisations.

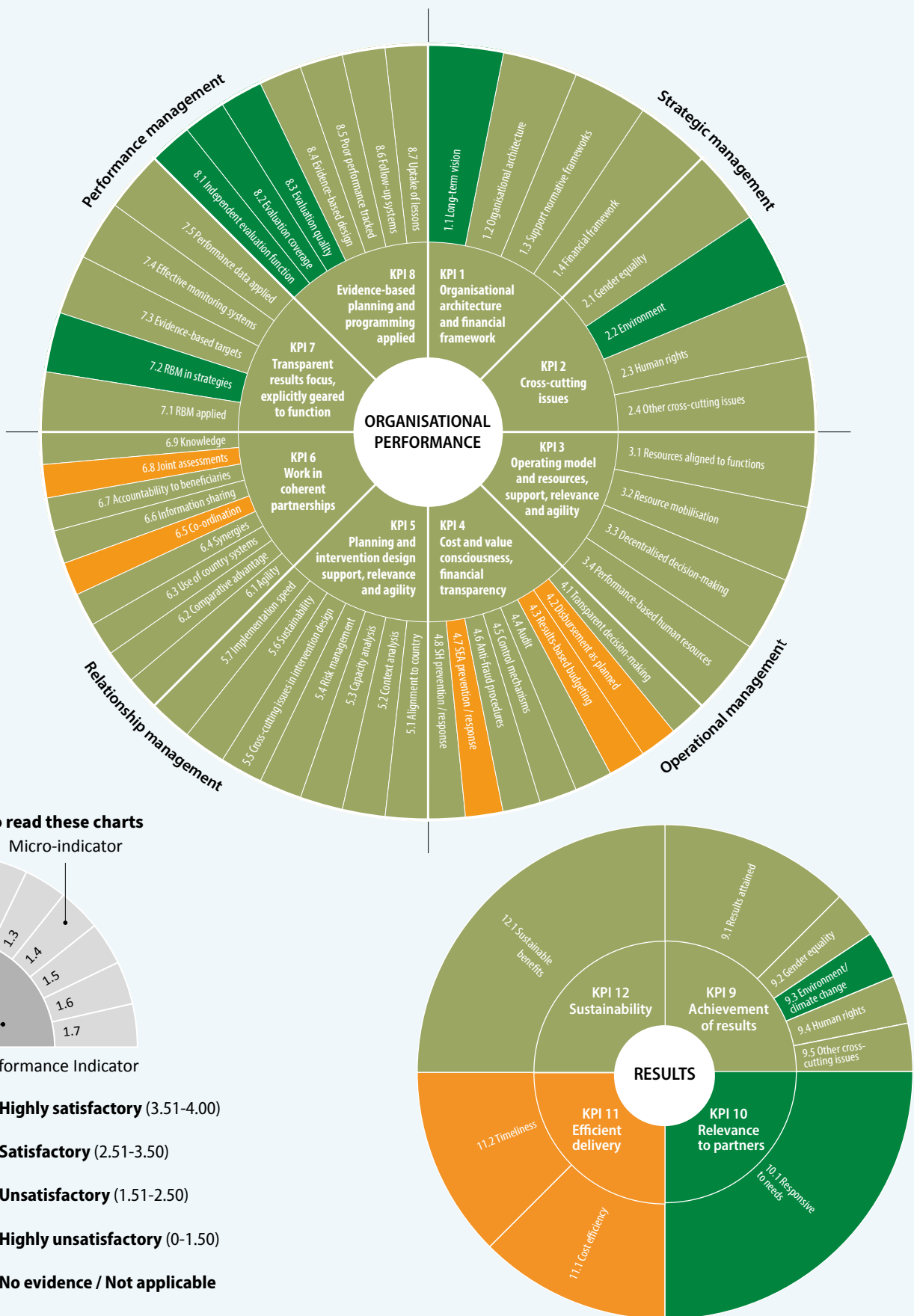
MAIN STRENGTHS

- IFAD has a clear mandate and well-articulated strategic framework which address the issues of food security and agricultural production in the poorest countries and the poorest regions of countries. Over the last five years, IFAD has increasingly focused on supporting farmers in fragile situations, people with disabilities, indigenous communities, youth and those suffering from disasters in rural areas.
- The business model is focused on this mandate, and IFAD has responded appropriately and quickly to changes in the external environment including COVID-19 and climate change.
- IFAD uses effective consultative processes to develop its country strategies, project designs and conduct project supervision.
- IFAD has been responsive in allocating its resources transparently and, in accordance with analysis of global needs, its mandate and the directions of its Member States.
- IFAD's Independent Office of Evaluation produces high-quality evaluations of operational work, country strategies, and on issues of special interest to IFAD and its management.

AREAS FOR DEVELOPMENT

- Improving disbursement rates and minimising implementation delays to improve project efficiency.
- Increasing budget allocation to critical activities such as project design, Country Strategic Opportunities Programmes (COSOP) formulation and project supervision and reflecting on the value of a system to better understand staff costs to improve organisational efficiency.
- Increasing selectivity within programmes, strategic partnerships (including joint monitoring and evaluation), and organisational decision making in accordance with IFAD's mandate, comparative advantage and available resources.
- Strengthening activities to improve staff well-being and respond to findings from the staff survey and initial feedback on the decentralisation process.
- Strengthening IFAD's policy on protection from sexual exploitation and abuse and its implementation; ensuring it is victim-centred and clarifies lines of accountability.

FIGURE 1: IFAD'S PERFORMANCE RATING SUMMARY



ABOUT THE ASSESSMENT OF THE INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

The report provides a diagnostic assessment and snapshot of the International Fund for Agricultural Development (IFAD) and tells the story of IFAD's performance, within its mandate. It is the fourth MOPAN assessment conducted for IFAD, following those completed in 2010, 2013 and 2017-18. It covers the period from 2018 through 2023.

The assessment of IFAD was conducted through a rigorous process and took a collaborative approach, by integrating the perspectives of a wide range of stakeholders. This collaborative approach provides multilateral organisations and Network members with a robust source of evidence-based guidance on the areas for improvement to achieve enhanced organisational performance.

The assessment draws on multiple lines of evidence (documentary, survey and interviews) from sources within and outside the organisation to validate and triangulate findings across 12 key performance indicators which are broken down into more than 220 individual indicators. The standard assessment framework has been developed based on international good practice and further customised taking into account the specific mandate and priorities of IFAD. Moreover, the assessment framework has also been revisited to capture the COVID-19 impact on IFAD's mandate and operations, as well as to gauge to what extent IFAD has been able to adapt and leverage its internal processes responding to COVID-19 in an agile manner.

THE ASSESSMENT APPROACH

The approach to MOPAN assessments has evolved over time to adjust to the needs of the multilateral system. The MOPAN 3.1 methodology, applied in this assessment, is the latest iteration.

Starting in 2020, all assessments have used the MOPAN 3.1 methodology,² which was endorsed by MOPAN members in early 2020. The framework draws on the international standards and reference points, as described in the MOPAN Methodology Manual. The approach differs from the previous methodology, 3.0 (used in assessments since 2015) in the following ways:

- Integration of the 2030 Sustainable Development Agenda into the framework.
- Two new micro-indicators (MIs) for the prevention and response to sexual exploitation and abuse and sexual harassment.
- The incorporation of elements measuring key dimensions of reform of the United Nations Development System (UNDS Reform).
- A reshaped relationship management performance area, with updated and clearer Key Performance Indicators (KPIs) 5 and 6, which better reflect coherence, and which focus on how partnerships operate on the ground in support of partner countries (KPI 5) and how global partnerships are managed to leverage the organisation's resources (KPI 6).
- A refocused and streamlined results component.
- A change to how ratings (and their corresponding colours) are applied, based on scores defined for indicators. Compared to the previous cycles conducted under MOPAN 3.0, the threshold for a rating has been raised to reflect the increasing demands for organisational performance in the multilateral system. The underlying scores and approach to scoring are unaffected. This approach was already implemented in MOPAN 3.0* (2019 cycle).

2. MOPAN 3.1 Methodology Manual, 2020 Assessment Cycle, http://www.mopanonline.org/ourwork/themopanapproach/MOPAN_3.1_Methodology.pdf

MOPAN conducted annual surveys from 2003 to 2008 and used a methodology titled the MOPAN Common Approach during 2009-14. The MOPAN 3.0 methodology was first adopted for the 2015-16 cycle of assessments.

In 2019, MOPAN 3.0 was relabelled as MOPAN 3.0* to acknowledge a change in how ratings (and their corresponding colours) were aligned with the scores defined for indicators. Compared to previous cycles conducted under MOPAN 3.0, the threshold for ratings was raised to reflect increasing demands for organisational performance in the multilateral system. The underlying scores and approach to scoring remained unaffected.

In applying the MOPAN Framework, COVID-19 is also considered from three perspectives:

- how the organisation has leveraged its internal processes to respond to COVID-19 in an agile and flexible way;
- the extent to which risk management frameworks contributed to a multilateral organisation's preparedness to respond to the crisis;
- how COVID-19 has been reflected in the organisation's strategies, operations and results targets.

ABOUT MOPAN

MOPAN is a network of 22 members³ who assess multilateral organisations, shape performance standards, and champion learning and insights to strengthen development and humanitarian results and promote accountability. Capitalising on the Network's unique cross-multilateral system perspective and expertise, MOPAN members work together to deliver relevant, impartial, high-quality and timely performance information as a public good through an inclusive and transparent approach. MOPAN's performance information mitigates risks, informs decision-making and supports change, helping to increase knowledge and trust among all stakeholders and ultimately to achieve a stronger and better-performing multilateral system.



3. Australia, Belgium, Canada, Denmark, Finland, France, Germany, Ireland, Italy, Japan, Korea, Luxembourg, Netherlands, Norway, Qatar, Spain, Sweden, Switzerland, United Kingdom, United States. New Zealand and Türkiye are observers.