

CORPORATE-LEVEL EVALUATION ON IFAD REPLENISHMENTS

## Reflections on the replenishment process at IFAD: learning from peer institutions

**IFAD's replenishment exercise covers three goals: mobilizing resources, ensuring accountability for results, and enabling strategic dialogue. IFAD has undertaken nine replenishments to date since the establishment of the Fund, and is conducting the Tenth Replenishment Consultations in 2014.**

While replenishments with similar goals are a well-established practice at multilateral development banks and other international financial institutions which also mobilize resources through periodic replenishments, there are some significant differences in the way IFAD conducts its replenishments. Comparison allows for reflection on how the process should continue to evolve: what good practices from other organizations could IFAD apply, and what are the areas where IFAD must find its own way to strengthen the process?

### Voice and representation, process organization and results reporting

When comparing IFAD to other banks and international financial institutions, three key areas were identified: voice and representation, the organization of the process itself, and how results are reported.

In terms of voice and representation, the evaluation highlights IFAD's history as a partnership between the countries of the Organisation for Economic Co-operation and Development (OECD), the members of the Organization of the Petroleum Exporting Countries (OPEC) and developing countries: "The historic partnership at IFAD between developed and developing Member States is unique to IFAD, as compared to peers." A concrete manifestation is that a larger number of developing countries participate in and contribute financially to the IFAD consultations as compared to other banks and international financial institutions.

However, the classification of members into these three categories (Resolution 86/XVIII) – the "List system" – conceived in response to this particular governance structure, has not evolved to take account of the changes in the geopolitical context and the global economy over the past four decades. Although the evaluation found that "IFAD is ahead of peers in providing seats at the replenishment table to a larger group of both traditional and new donors, and to borrowing countries," it also stressed that further effort is needed to maintain and consolidate this unique partnership.

With respect to how results are reported, the mid-term review (MTR) - a process institutionalized by IFAD during the Ninth Replenishment cycle - is a key event for all organizations. The evaluation noted however, that in other banks and international financial institutions this is held well in advance of and separate from the first replenishment meeting, and has a somewhat deeper scope as they seize the opportunity for a more in-depth discussion of selected issues that have been identified in the previous consultation process. For example, at the MTR of the 16th Replenishment of the International Development Association of the World Bank Group (IDA), in addition to results reporting, progress reports were presented on IDA support and performance in various areas, such as fragile and conflict-affected countries and climate resilient development. Furthermore, the first meeting of IDA17 included an agenda item to discuss issues remaining from the IDA16 MTR, thus creating a close link between the MTR and the next replenishment cycle.

In terms of the process itself, three key issues where organizational practices differ deserve mention: the duration of the cycle, the number and the location of meetings. In terms of duration, the Asian Development Bank has four-year cycles while the other institutions have three-year cycles. However, the three-year cycle is now being questioned and several peers are considering lengthening the period. On the number of meetings, the trend among all has been to hold fewer sessions, and IFAD joined the peers in reducing the number from five to four in IFAD9. Peers are however now aiming to further reduce this number - an example of this is the Asian Development Fund's last replenishment consultation which included only three sessions. In terms of location, in contrast to peers, IFAD's replenishment meetings have always, with one exception, been held at the organization's headquarters, something that seems to be appreciated by a majority of members of the consultation.



**A worker of the CETEL communication company setting up a telephone tower in Manjingu village. The expansion of mobile phone coverage in rural areas brings hope for remote villages. Manjingu village, Arusha, Tanzania.**

**Improving telecommunications technology is one of the primary objectives of IFAD-funded First Mile Project. The initiative aims to empower small farmers to get access to information and communication technologies, based on their own needs.**

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## Issues for further reflection

There are valid arguments towards re-examining the List system to reflect changes in the international architecture, building on experience with the existing system of Convenors and Friends (an informal mechanism that IFAD has established to ensure continuity of dialogue among Member States and IFAD Management consisting of informal consultations in between Executive Board meetings). Any reconsideration of the List system, however, is likely to also have consequences to other aspects of IFAD's legal framework and governance. Nevertheless, pending a review, improvements may be made that serve the same purpose – to strengthen voice and representation – for example through more informal sessions and working groups that favor engagement with Management and between Members.

In terms of the results reporting, this is closely linked to the process itself, as a key issue to reflect on is the duration of the cycle, which has implications for the MTR. A longer replenishment cycle would allow for a more strategic and meaningful MTR as there would be more results to report on. It might also help keep IFAD on the radar screen of major donors, and indications seem to be that it would not have negative implications for funding. These issues, however, all deserve further investigation.

Several improvements have been included in the process over time, and efficiency gains made. The main challenge today may be linked to the issue of voice and representation: how to design a process that ensures accountability to all members while encouraging dialogue and financial participation, yet is manageable and efficient given the larger number of participants compared to peers? Could a stronger link be made to the Governing Council – for example through informal side events held at the Governing Council prior to the first replenishment consultation meeting? And a similar event to present the consultation report the following year?

Irrespective of the detail of changes proposed, they must contribute to build an effective system for dialogue which can help generate consensus and ownership of decisions; this is a fundamental building block for maintaining trust in the institution and its multilateral character – and hence an issue that deserves the full attention of all stakeholders.

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### Further information:

IFAD Replenishments, Corporate-level Evaluation, Report No. 3377, May 2014, ISBN 978-92-9072-479-7 Independent Office of Evaluation of IFAD, Via Paolo di Dono, 44, 00142, Rome, Italy. The full report, Profile and Insights are available online at: [www.ifad.org/evaluation](http://www.ifad.org/evaluation); email: [evaluation@ifad.org](mailto:evaluation@ifad.org).