

profile

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Corporate-level evaluation on IFAD replenishments

Replenishment consultations are the means by which international financial institutions renew and sustain their funding. They also provide a forum for strategic dialogue on past results and future orientations of these organizations. IFAD's replenishment is an essential process for the Fund.

Thus far, nine replenishments have taken place since the establishment of IFAD (over and above the initial contributions made by Member States), with the Tenth Replenishment Consultation (IFAD10) being held in 2014. Each replenishment consultation is concluded with a report and resolution which is presented for approval to the Governing Council.

The Independent Office of Evaluation of IFAD carried out the first corporate-level evaluation on the process of the replenishment of IFAD's financial resources, with a view to: help ensure accountability and learning from the replenishments; assess the links between the replenishment process and policy and organizational change; understand the relevance of the replenishment in its current form; and identify areas of improvement and good practice from peer institutions, such as multilateral development banks and other international financial institutions.

The report includes, inter-alia, an agreement on IFAD's strategic priorities, programme of loans and grants, and financial contributions that will be made by Member States in the corresponding replenishment period, which covers a three-year period. The pledges made in the last three replenishments, which is the period covered by the evaluation, are:

	Millions of United States Dollars		
	IFAD7 (2005)	IFAD8 (2008)	IFAD9 (2011)
Total pledges to date	639.3	1,056.5	1,387.4

Main evaluation findings

Overall, the evaluation concluded that the replenishment process serves IFAD well in providing a predictable source of funds and a strong platform for dialogue with the Membership. The evaluation also found that any increase in replenishment contributions to IFAD is linked to how well the organization deals with and demonstrates relevance and results. The process ensures a discussion of the strategic direction of the institution with due regard to voice and representation consistent with the emerging global development landscape.

The historic partnership between developed and developing Member States is unique to IFAD, as compared to other international financial institutions, and efforts in the future to further strengthen this distinguishing feature of the Fund would be well invested. Indeed, the evaluation underlined that the current IFAD Member States classification in the three groupings ("List A" - OECD members; "List B" - OPEC members; and "List C" - developing countries) might no longer be the most appropriate representation system today, taking into account the evolution in the global geopolitical and economic landscape since the establishment of the Fund in the 1970s.

The evaluation found that many of the policy and organizational concerns raised by IFAD Member States are not unique to IFAD; these concerns are also found at other international financial institutions, a trend referred to as "policy diffusion". Replenishment consultations have also been major drivers of change and reform at IFAD, one recent example being the importance given to enhancing IFAD's institutional efficiency during the IFAD9 consultation process in 2011 (the corporate-level evaluation of IFAD's institutional efficiency and the efficiency of IFAD-funded operations was presented to the Board in 2013). Replenishments have also contributed to consolidating changes in key strategic planning documents, including the organization's strategic framework and the results

measurement framework (RMF). The evaluation found, however, that the RMF could be simplified and include a more explicit *theory of change*, which would allow the understanding of the building blocks - *inter alia* assumptions and resources - required to achieve transformation which could enable rural people to improve their food security, raise their incomes and strengthen their resilience.

In terms of resources, replenishment contributions that generate reflows from loan repayments and are not earmarked for specific uses are the most useful funds for IFAD, since they support its core mission and allow for flexibility. The demand for IFAD's programme of loans and grants is growing, requiring an increase in IFAD resources, yet there is insufficient evidence that new and returning members' replenishment pledges will grow fast enough to keep up with future demand. Additional resource mobilization is needed, although it is not likely to replace the replenishment as the main source of funding. Management has stated, and the evaluation agrees that "the replenishment is unalterably the foundation of IFAD's operations now and in the future." The evaluation also highlights that IFAD, like other multilateral development banks and international financial institutions, must develop diverse financing instruments that will enable it to mobilize and extend greater resources.

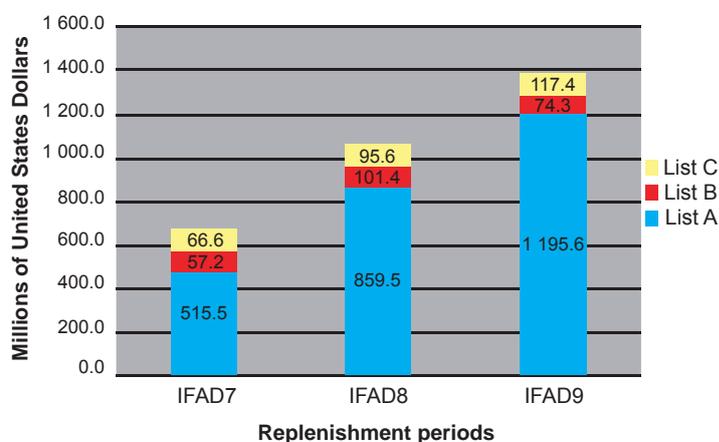
The evaluation concluded that IFAD has improved the replenishment process over time to the satisfaction of its Member States, and that it serves IFAD well in many respects. For example, in the Ninth Replenishment Consultation in 2011, IFAD introduced for the first time an external Chair and prepared the first mid-term review of progress against the commitments of the previous replenishment (IFAD8). There are examples of good practices introduced by IFAD in the recent past that strengthened dialogue between IFAD and its Member States.

At the same time, the evaluation underlined a number of areas that need further reflection moving forward, such as the usefulness to develop a longer term strategic vision for the organization, and explore opportunities for reconsidering the periodicity of IFAD replenishment consultations.

Key recommendations

- At the outset of the IFAD10 consultations, a strong forwards- and backwards-looking case should be made for IFAD, keeping in mind the main objectives of the replenishment. This can be achieved by:
 - (i) Ensuring a comprehensive midterm review of IFAD9, with good documentation and sufficient time to discuss the results of IFAD8; and
 - (ii) Providing a longer-term perspective through the presentation of a strategic vision to supplement the short three-year perspective.
- Efforts must continue to mobilize resources through replenishment processes. Any additional resources provided are preferably untied and not earmarked so as to finance activities squarely within IFAD's strategic framework.
- IFAD is well advised to show how it manages for results. One way would be to present a well-articulated theory of change based on the RMF, clearly illustrating (with examples) how results at one level of the RMF lead to results at another and ultimately to the overarching objectives. IFAD should also show how the different strategic documents are linked and used for management purposes; this may also help Member States link funding more closely to results.
- The List system should be re-examined to reflect changes in the international architecture. Any reconsideration of the List system, however, is likely to also have consequences on other aspects of IFAD's legal framework and governance.

IFAD Member States' Replenishment Pledges by List



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; email: evaluation@ifad.org.