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## IFAD at the Midterm of the Tenth Replenishment

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Consultation on the Eleventh Replenishment of IFAD's Resources —  
 First Session

Rome, 16-17 February 2017

For: Review

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## Abbreviations and acronyms

4Ps	public-private-producer partnerships
AAAA	Addis Ababa Action Agenda
ADM	Administrative Services Division
Agenda 2030	2030 Agenda for Sustainable Development
ARM	Additional Resource Mobilization
ARRI	Annual Report on the Results and Impact of IFAD Operations
ASAP	Adaptation for Smallholder Agriculture Programme
BOD	Budget and Organizational Development Office
CFS	Controller's and Financial Services Division
CLE	corporate-level evaluation
CLEE	Corporate-level evaluation of IFAD's institutional efficiency and efficiency of IFAD-funded operations
CLPE	country-level policy engagement
COM	Communications Division
COSOP	country strategic opportunities programme
CPM	country programme manager
CSD	Corporate Services Department
DEF	Development Effectiveness Framework
ECD	Environment and Climate Division
EMC	Executive Management Committee
FAO	Food and Agriculture Organization of the United Nations
FMD	Financial Management Services Division
FOD	Financial Operations Department
FSU	Field Support Unit
GAFSP	Global Agriculture and Food Security Program
GEF	Global Environment Facility
GSS	Global Staff Survey
HR	human resource
HRD	Human Resources Division
IAI	Impact Assessment Initiative
ICO	IFAD Country Office
ICT	Information and Communications Technology Division
IFI	international financial institution
IOC	instrument of contribution
IOE	Independent Office of Evaluation of IFAD
LEED	Leadership in Energy and Environmental Design
LEG	Office of the General Counsel
LMIC	lower-middle-income country
M&E	monitoring and evaluation
MDB	multilateral development bank
MDG	Millennium Development Goal
MIC	middle-income country
MoU	memorandum of understanding
ODI	Overseas Development Institute
OMC	Operations Management Committee
OPE	Operational Programming and Effectiveness Unit
OSC	Operational Strategy and Policy Guidance Committee
PBAS	performance-based allocation system
PCR	project completion report
PoLG	programme of loans and grants
PoW	programme of work
PMD	Programme Management Department
PRM	Partnership and Resource Mobilization Office
PTA	Policy and Technical Advisory Division
QA	quality assurance

QAG	Quality Assurance Group
QE	quality enhancement
RBA	Rome-based agency
RIDE	Report on IFAD's Development Effectiveness
RIMS	Results and Impact Management System
RMF	Results Measurement Framework
SBF	Sovereign Borrowing Framework
SDG	Sustainable Development Goal
SKD	Strategy and Knowledge Department
SSTC	South-South and Triangular Cooperation
TRE	Treasury Services Division
UN-SWAP	United Nations System-wide Action Plan on Gender Equality and the Empowerment of Women
WFP	World Food Programme
WGG	Ad Hoc Working Group on Governance

## Executive summary

### IFAD in the emerging global context

1. The Tenth Replenishment of IFAD's Resources (IFAD10) began in 2014 at a time of global optimism about the prospects for development. Enormous progress had been achieved across the Millennium Development Goals (MDGs), including the decline in extreme poverty by more than half, the tripling of people in the middle class in developing countries and the near halving of the proportion of undernourished people. New opportunities for smallholder farmers emerged as a result of relatively higher food prices, growing urban populations with a growing need for food, including higher value foods, and a transforming rural economy within the overall transformation of national economies of developing countries. Taken together, these developments present new challenges, but also a golden opportunity to direct efforts towards boosting the role of agriculture in the process of economic growth and to make the benefits of economic growth truly inclusive, as highlighted in the Rural Development Report 2016. Inclusive rural transformation has the potential to lift hundreds of millions of people out of poverty and food insecurity.
2. In this context, world leaders agreed in 2015 on the ambitious 2030 Agenda for Sustainable Development (Agenda 2030) and the Sustainable Development Goals (SDGs), which call for the eradication of poverty (SDG1), and the ending of hunger and malnutrition, achievement of food security and promotion of sustainable agriculture (SDG2). Agenda 2030 is universal, and aims to eradicate poverty and hunger everywhere.
3. Yet, despite achievements to date, the number of people living in extreme poverty remains unacceptably high, at 836 million in 2015. In all regions, rates of poverty and food insecurity are higher in rural areas, where 75 per cent of the extreme poor reside. Also, global crises such as climate change, migration and forced displacement are severely affecting rural areas, and rural-urban inequalities threaten development progress.
4. Achieving the SDGs without strategic investment in rural areas is thus not possible. IFAD's unique role as the only international financial institution (IFI) dedicated exclusively to the development of rural areas is now more important than ever. Both its portfolio and its four decades of accumulated knowledge in this area need to be put at the service of the global effort to definitively eliminate hunger and extreme poverty.
5. During the formulation of Agenda 2030, IFAD supported Member States in designing specific targets related to smallholder farmers and other rural people, and IFAD10 was undertaken with an awareness of the importance of consolidating progress made during IFAD9 in order to gear up for the challenges ahead. With the aim of enhancing the impact of IFAD's investment in rural people, IFAD9 saw innovations in IFAD's approach to results measurement, with the focus shifting from outputs ("number of beneficiaries") to an impact indicator, "number of people moved out of poverty". During IFAD10 important lessons are being derived from that experience and are driving changes in the way IFAD does business, as well as stimulating dialogue among development institutions facing the same challenges and interested in learning from IFAD's work.
6. Under IFAD9 a number of initiatives related to the priority areas of gender, climate change and nutrition were mainstreamed, as well as partnership-building. IFAD10 is cementing these efforts, while also taking forward the process of decentralization and broader institutional reform begun under IFAD9 to increase IFAD's efficiency, consolidate improvements in the Fund's financial model, and further enhance development effectiveness.

### Beyond business-as-usual

7. There is widespread consensus that the SDGs will not be reached with current approaches<sup>1</sup> and that business-as-usual will be insufficient to meet these ambitious targets. Bold new ways of thinking and doing business will be needed. IFAD has been ahead of the curve in this regard, taking a series of steps over the last three replenishment cycles to change the way it works, expand its operations and strive for greater impact.
8. In response to the rise in food prices that began in 2007-2008 and the world food price crisis, in IFAD8 the Fund increased its programme of work by 75 per cent, and the number of people reached by IFAD-supported projects grew by 115 per cent. Direct supervision of projects reached 94 per cent. IFAD adopted a new business model in order to deliver on the far larger programme of work, and also launched a change and reform agenda in 2009. Among the many steps taken to improve IFAD's impact while delivering greater value for money were the creation of a Financial Operations Department and strengthened financial planning, the setting up of a Corporate Services Department and a Strategy and Knowledge Department, the first-ever job audit and the first scaling-up review by an international development institution. In 2012 IFAD created the Adaptation for Smallholder Agriculture Programme (ASAP), now considered the gold standard for climate mainstreaming in the United Nations system.<sup>2</sup>
9. During IFAD9 and IFAD10, the Fund has expanded its presence in the countries where it works and now has 40 IFAD Country Offices; it also launched an Additional Resource Mobilization initiative (ARM), established a framework for sovereign borrowing and pursued an impact evaluation initiative. IFAD's efficiency ratio for 2017 is expected to be 9.8 per cent, compared with 16.4 per cent in 2007. Further initiatives are under way to build capacity in project financial management. These and other achievements show that IFAD has been delivering more and delivering better and smarter for years, and is poised to take these efforts to the next level.
10. Building on the IFAD10 Consultation's strategic vision statement, IFAD's fifth Strategic Framework reflects the importance of rural transformation within the evolving global context and the need for IFAD to play a larger role given its comparative advantage in this area. It articulates the contribution of IFAD-supported projects to the goals of Agenda 2030, and the Paris Agreement on climate change under the United Nations Framework Convention on Climate Change. It aligns IFAD's work with the new financing framework for development as outlined in the Addis Ababa Action Agenda, which recognized IFAD for "mobilizing investment to enable rural people living in poverty to improve their food security and nutrition, raise their incomes and strengthen their resilience".
11. Reflecting several years of growth and reform, the Strategic Framework affirms that IFAD is ready to expand its efforts in helping countries achieve their priorities relative to Agenda 2030. To do so IFAD needs to work in a way that is bigger, better and smarter: bigger, by mobilizing more resources for investment; better, by strengthening the quality of country programmes; and smarter, by further sharpening its efficiency and delivering results more cost-effectively.

### Expanding IFAD's programme of work to meet global demands

12. IFAD is a unique organization with a vital role in achieving the SDGs, but it must be financially equipped to increase its programme of work (PoW) and expand its programme of loans and grants (PoLG). IFAD9 moved the Fund in the direction of a bigger PoLG and this trend is continuing under IFAD10. A record PoLG<sup>3</sup> of

<sup>1</sup> See Homi Kharas, John McArthur, Geoffrey Gertz, Lorenz Noe, *Ending Rural Hunger: 2016 Update: Progress Toward SDG 2* (Washington, D.C.: Brookings Institution, 2016).

<sup>2</sup> [www.ifad.org/documents/10180/343a2ddc-4067-422c-b99c-1c326b01f76e](http://www.ifad.org/documents/10180/343a2ddc-4067-422c-b99c-1c326b01f76e).

<sup>3</sup> The PoLG is defined as the value of new loan and grant commitments financed from IFAD's own resources as well as those from other institutions but managed by IFAD.

US\$3.1 billion was delivered under IFAD9, exceeding the IFAD8 PoLG of US\$2.85 billion and the IFAD9 target of US\$2.95 billion. Two key drivers of this expansion were the establishment of ASAP and the adoption of sovereign borrowing as a resource mobilization instrument.

13. IFAD's role is increasingly one of mobilizing additional resources for the projects it supports, through cofinancing from both public and private sources. Mobilization of high-levels of domestic and international cofinancing enabled the achievement of a total PoW<sup>4</sup> for IFAD9 of US\$7.17 billion, surpassing the level realized in IFAD8 of US\$6.78 billion. The average size of investment projects went from US\$63.3 million to US\$69.6 million between IFAD8 and IFAD9, translating into more cost-efficiency in the project cycle.
  14. IFAD works in some of the most remote areas of the world where other development institutions seldom venture. Hence, an IFAD-supported project can act as a catalyst that draws in other partners, public and private, to invest in rural areas. This is critical for fostering inclusive rural transformation. With its decades of experience in smallholder agriculture and rural development, combined with its strong relationships with both governments and rural people and their organizations, IFAD is uniquely suited to the role of leading investment in rural areas to help countries achieve the SDGs and make Agenda 2030 a reality.
  15. Despite having successfully expanded the size of its PoLG and PoW, the Fund recognizes that demand from Member States for its resources exceeds supply, and that to extend its reach to more rural people and increase its impact will require increased funding. While continuing to focus on mobilizing core resources through replenishments, both the IFAD9 and the IFAD10 Consultations encouraged Management to examine options for broadening IFAD's resource mobilization efforts. In response, IFAD launched the Additional Resource Mobilization initiative in 2012 and produced a paper on financing options for the IFAD10 Consultation.
  16. Progress has been made on mobilizing replenishment contributions, boosting the PoLG through sovereign borrowing, and expanding the PoW through more supplementary funds, support from foundations and the private sector, and cofinancing. Despite the difficult global financial situation, IFAD has received strong support from its Member States, including borrowing countries: as of 30 September 2016, 100 countries had pledged US\$1.127 billion to IFAD10. This compares to 94 countries at the same point in time in IFAD9, and to 86 countries at that point in IFAD8.
  17. The Fund has also better defined the mechanisms for cofinancing, in accordance with its commitment to operationalize an approach for mobilizing cofinancing. Overall, and in line with expectations to exceed the cofinancing ratio target of 1:1.2, Management will aim to deliver an overall programme of work of approximately US\$7.3 billion in IFAD10.
  18. Further, IFAD is stepping up its focus and approach around partnerships (SDG17). Indeed, strengthening IFAD's partnership performance has been a central theme of IFAD9 and IFAD10 with such key milestones as the establishment of the Partnership and Resource Mobilization Office, approval of the IFAD Partnership Strategy in 2012 and the incorporation of partnerships as a principle of engagement in the Strategic Framework 2016-2025.
- Improving the quality and impact of IFAD's programme of work
19. Beyond increasing the size of the portfolio, the Fund has introduced new approaches to transform and improve the impact of its PoW. Innovation, learning and scaling up have long been critical for IFAD. This means more impact per dollar spent: expanding, adapting and sustaining successful projects, programmes and policies through partnerships, institutional and organizational change, and better

<sup>4</sup> The programme of work is defined as the sum of the PoLG and domestic and international cofinancing.

results management. A new operational framework for scaling-up results was presented to the Executive Board in December 2015 and the latest Annual Report on the Results and Impact of IFAD Operations (ARRI) confirms the significant improvement in IFAD's performance in promoting innovations and scaling up. Indeed, scaling up was the dimension for which the highest proportion of projects were rated satisfactory and highly satisfactory in the 2012-2014 period.

20. IFAD has a holistic, people-centred approach that addresses the context-specific challenges that poor rural people and communities face. Therefore, the Fund understands that to produce even greater impact, operational approaches must be sensitive to a range of cross-cutting issues. Consequently, the Fund has prioritized the need to mainstream themes such as adaptation to climate change (SDG13), improved nutritional impact (SDG2), and gender equality and women's empowerment (SDG5) across all activities. Building on the first big push on climate resilience in IFAD9, IFAD is on track to achieving its commitment of 100 per cent climate mainstreaming in project design by 2018. On nutrition, IFAD has met its commitment to develop an action plan on nutrition. The commitment that 100 per cent of country strategic opportunities programmes (COSOPs) include strategic objectives related to nutrition is on target. Gender is the most comprehensively monitored dimension in IFAD's results measurement system and the Fund is on track to fulfilling its commitment of meeting all the targets of the United Nations System-wide Action Plan on Gender Equality and the Empowerment of Women (UN-SWAP) by 2017.
21. IFAD is prioritizing work in the area of public-private-producer partnerships (4Ps) to increase links between producers and modern value chains, while also encouraging "agripreneurship." To help create an enabling environment in which smallholder farms and other rural businesses can thrive, IFAD has also developed a strategic engagement plan to influence country-level policy processes to leverage systemic change. Further, a growing number of South-South and Triangular Cooperation (SSTC) initiatives are being undertaken, with IFAD on track to meet the commitment of ensuring 50 per cent of all COSOPs have an approach for SSTC. A new web platform to promote IFAD SSTC knowledge and experiences is set for development in 2017.
22. Under IFAD10, the Fund committed to employing differentiated approaches in response to diverse country-level needs. Consultations on four interrelated topics took place during 2016. In April, the Executive Board endorsed the Update on IFAD's Engagement with Middle-Income Countries, and in December, the IFAD Strategy for Engagement in Countries with Fragile Situations; IFAD's Approach to South-South and Triangular Cooperation; Approach to the review of the performance-based allocation system; and the IFAD Corporate Decentralization Plan.
23. To measure the impact of efforts to improve the quality, reach and impact of IFAD's PoW, a target of 80 million rural people moved out of poverty became the focus of the IFAD9 Results Measurement Framework (RMF). Following this bold initiative, and since it was recognized at the time that the 80 million target of people to be moved out of poverty was not based on rigorous empirical evidence, significant resources were invested to scientifically assess the impact of IFAD's investments through the IFAD9 Impact Assessment Initiative (IAI). This was unprecedented among international financial institutions in that while RMFs served to measure results at the impact level, they were not used to estimate the overall impact of the institutions themselves. No IFI had used a systematic approach across the portfolio that attempted aggregation as a corporate measure. Therefore, in addition to the gains for IFAD, the knowledge and learning being generated by the IAI are of value to other IFIs and development partners as they supply a global public good serving all those working to eradicate rural poverty.



24. The process of attempting to report on the “number of people moved out of poverty” highlighted issues with the indicator itself, and correspondingly, the 80 million target (see annex I). The technical definition of movement out of poverty is based on a somewhat arbitrary poverty line that, for example, fails to capture the doubling of income of extremely poor households if that income gain is insufficient to get them over a particular poverty line. An exclusive poverty focus also ignores other IFAD strategic objectives and impacts on rural people’s lives, in areas such as food security and resilience. By definition, the indicator therefore necessarily underestimates the impact of IFAD investment.
  25. While the IFAD9 RMF failed to identify an adequate indicator of IFAD success, it has not led IFAD to shy away from such efforts. On the contrary, the IFAD9 IAI was used to demonstrate that IFAD’s investments in rural people generated impacts in a number of critical areas, beyond movement of income in relation to a poverty line. These results included an estimated 43.2 million beneficiaries who saw an increase in their agricultural revenue, 28.8 million who experienced a rise in poultry ownership, and 22.8 million who increased their livestock assets, in addition to the 24 million people who moved out of poverty. In fact, IFAD investments are projected to reduce poverty by between 5.6 and 9.9 per cent, consistent with the poverty reduction impacts estimated by the Independent Office of Evaluation of IFAD (IOE) of 5 to 7 per cent, and those documented for cash transfer programmes (3 to 7 per cent).
  26. Further, the knowledge gained from the impact evaluations has made it possible to design and implement a new Development Effectiveness Framework (DEF) to improve the focus on results. The DEF replaces the “people moved out of poverty” indicator with more accurate and valid indicators linked to the goal of enhancing the economic mobility of poor rural people and the strategic objectives of improving production, enhancing access to markets and increasing resilience, as articulated in the Strategic Framework. This approach allows IFAD to assess both its broader impact and the pathway through which it achieves impact.
  27. The DEF includes actions to systematically improve results measurement, strengthen accountability and harvest lessons and evidence from projects. This will help IFAD to continuously improve project design and implementation based on solid evidence, and in turn will enable it to increase the value for money of its projects, and make a greater impact on rural people’s lives.
- Managing IFAD’s activities more efficiently
28. Delivering a larger and improved PoW has been accompanied by substantial improvements in the management of IFAD activities. Building on the commitment to review its country presence, IFAD has made its decentralization plan a critical part of enhancing institutional effectiveness, which has boosted the Fund’s presence on the ground in the countries where it works, better enabling it to respond to the growing complexities at the country level and the demands of Member States. As of February 2016, 40 IFAD Country Offices (ICOs) had become operational. In December 2016, the IFAD Corporate Decentralization Plan for IFAD10 and beyond was presented to the Executive Board. Building on IFAD’s experience and current decentralization structure, the plan consists of a coherent framework for action, and the ICO models tailored to support the timely delivery and monitoring of IFAD’s project efficiency, country-level dialogue and field-level needs.
  29. The drive to increase the responsiveness of IFAD staff to country needs has been flanked by improvements in human resource (HR) development and management. A refined HR delivery model and tools were reported to the Executive Board in September 2016 through the Report on IFAD’s Development Effectiveness (RIDE). As indicated in the RIDE, IFAD’s human resource management improved across all indicators, save one, as compared to their baselines. The staff engagement index,

at 74 per cent, is very close to target and the share of workforce from Lists B and C has increased. Strides have also been made in embedding learning and knowledge management throughout IFAD's operational activities, with specific mechanisms put in place to advance and monitor progress in this area across COSOPs, concept notes and project design

30. In addition, efficiency has been strengthened at both the ICO and the headquarters level. IFAD has significantly upgraded its information and communications technology systems to achieve efficiency gains, and placed greater emphasis on sustaining ICOs and focusing on business effectiveness and resilience. Accounting and financial reporting and management have been streamlined, as have human resources management and travel, where manual processes have been replaced by automated systems, generating significant time savings. A videoconferencing project in 38 ICOs has reduced staff travel to these locations resulting in cost-efficiencies. Furthermore, a review of the contracts with all major providers of facilities, security services, communications and office supplies has resulted in significant savings. These are just a few of the actions incorporated into the RMF that IFAD has taken to become even more cost-effective.

Transforming for the future

31. IFAD10 has continued the evolution of the Fund – initiated in IFAD9 and articulated in the Strategic Framework – towards a refined business model that recognizes the need for new and inventive approaches as well as increased resources to meet the ambitious targets of the SDGs. Unmet demand from Member States for IFAD support and the universality of Agenda 2030 and its rural dimensions require more resources for IFAD to expand its impact. By developing more effective measures to support the inclusive transformation of rural areas, bringing successful approaches to scale and building its ability to scientifically study its impact and fold that learning back into project design for better results and greater efficiency, IFAD is helping to create a development model that can truly deliver on the SDGs, whose success critically depends on the empowerment of poor rural people.

## IFAD at the Midterm of the Tenth Replenishment

### I. Introduction: IFAD's strategic vision in the current and emerging global context

1. At its thirty-eighth session in February 2015, the Governing Council adopted Resolution 186/XXXVIII on the Tenth Replenishment of IFAD's Resources (IFAD10), covering the period 2016-2018. The target Member contribution level was set at US\$1.44 billion in order to finance and implement a three-year programme of loans and grants (PoLG) of at least US\$3 billion. The resolution also called for a midterm review of IFAD10 to be presented to the IFAD11 Consultation in early 2017. This report fulfils that purpose, and documents not only the progress made during the first part of IFAD10, but also the results achieved under IFAD9.
2. Section I covers the strategic context in which IFAD is operating and the global leadership that it provides, as part and parcel of its contribution to achieving the ambitious Sustainable Development Goals (SDGs), notably: eradicating poverty (SDG1) and ending hunger and malnutrition, achieving food security and promoting sustainable agriculture (SDG2). Section II outlines how IFAD is expanding its programme of work (PoW) to respond to demand, and reports on the increasing size of its PoLG in 2016, as well as projections for 2017 and 2018. Section III details the steps taken to further enhance the effectiveness of the Fund's operations, while section IV focuses on improvements in institutional effectiveness and efficiency, including financial management and administrative efficiency. Section V closes with concluding remarks and prospects for 2017 and 2018.

#### A. Strategic context for IFAD10

3. The IFAD10 period began with global optimism based on development gains realized since the setting of the Millennium Development Goals (MDGs). Extreme poverty has declined significantly over the last two decades: in 1990, nearly half of the population in the developing world lived on less than US\$1.25 per day; in 2015 only 14 per cent did so. And the numbers are now coming down in all regions. The proportion of undernourished people has fallen by almost half, from 23 to 13 per cent; and child mortality rates have declined by more than half, from 90 to 43 deaths per 1,000 live births. Significant numbers of people have moved into the "working middle class": this group now makes up half the workforce in developing countries, up from barely 18 per cent in 1991.<sup>5</sup>
4. In addition, new opportunities are emerging for smallholder farmers and rural people. As highlighted in IFAD's Rural Development Report 2016, rural economies are transforming. Relatively higher food prices compared to previous decades, coupled with growing demand for food in urban centres in most developing countries – particularly for higher-quality and higher-value products – create a range of market opportunities for smallholder farmers. By expanding and diversifying their production, smallholders can increase their incomes by selling to these markets, improve their own food security and nutrition, and contribute to the economic growth process. This market-driven growth thus benefits families, communities and countries.
5. Agroprocessing is also becoming increasingly important, providing new sources of non-farm growth and employment in rural areas. In all regions, a growing proportion of rural household income comes from the non-farm economy. Environmental service markets too are gradually starting to offer rural people new sources of income, from providing services such as ensuring water supplies downstream for expanding urban centres, safeguarding biodiversity or

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<sup>5</sup> United Nations, *The Millennium Development Goals Report: 2015* (New York: United Nations, 2015).

sequestering carbon. The challenge presented by all of these contextual changes is how to promote inclusive rural transformation that ensures that poorer rural households access and benefit from the expanding opportunities.

6. Despite the achievements of the MDG period, the number of people still living in extreme poverty remains unacceptably high at 836 million in 2015.<sup>6</sup> In all regions, rural rates of poverty and food insecurity are higher than for urban areas, and 75 per cent of the extreme poor live in rural areas. In many countries the gap between the haves and the have-nots continues to widen. Youth unemployment is a chronic and unresolved social problem as well as an economic loss. These challenges are exacerbated by problems of environmental degradation and by climate change, the impacts of which will be felt above all by the most vulnerable – rural women and men. Migration and forced displacement also have a major rural dimension. Large numbers of displaced people originate in rural areas, and now live in rural host communities within or outside their home countries. Displacement can lead to the collapse of food production in areas that are abandoned. Investing in agriculture and rural people is thus critical to sustainably addressing forced displacement, poverty and food insecurity.
7. For these reasons, as well as for the major contributions rural people can make to key areas of 2030 Agenda for Sustainable Development (Agenda 2030) – inter alia food security, employment generation, environmental and water management – achieving the SDGs without strategic investment in rural areas is not possible.
8. A year after the adoption of the SDGs and Agenda 2030 targets, IFAD recognizes and the evidence shows<sup>7</sup> that a business-as-usual approach will be insufficient to meet these ambitious goals – bold new ways of thinking and doing business are needed to accelerate progress. As IFAD continues to consolidate under IFAD10, it is also taking a forward-looking approach by developing innovative tools and strategies to equip the organization to meet the challenges ahead and fulfil its leadership role in furthering inclusive rural transformation.
9. However, flows of official development assistance (ODA) from international development agencies represent a declining and relatively minor share of agricultural investment.<sup>8</sup> The international development community is increasingly focused on humanitarian assistance rather than long-term development because of the growing numbers of externally and internally displaced people around the world. But for many countries – including many middle-income countries (MICs) – ODA remains very important, as a catalyst for private investment in the agricultural and rural sector, and as a package of funding and technical expertise (when provided by institutions like IFAD) that can help governments strengthen their policies and add value to the quality of public investment in the sector.
10. The roles played by smallholder farmers, the private sector, governments and international development agencies are changing. It is important to underline that the farmers themselves are by far the largest private-sector investors in agriculture in developing countries. But large investors, both domestic and international, are also increasing their engagement in the sector and exploiting new opportunities – with both positive and negative consequences for rural populations. In this context, public investment by governments has been affected by the financial crisis of recent years but remains critical for the provision of the public goods and services that can unlock the potential of smallholder farmers and other rural enterprises, and generally foster private-sector investment at all scales.
11. After a successful period of consolidation, and with innovations transforming the way IFAD and others approach investing in rural areas, the Fund is now recognized for its global leadership role in the domain of rural poverty eradication. It has a

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<sup>6</sup> See note 5.

<sup>7</sup> See note 1.

<sup>8</sup> Source: FAOStat.

unique mandate as the only United Nations agency and international financial institution (IFI) exclusively dedicated to smallholder agricultural development and rural poverty reduction, and a proven record of operational performance and development impact.

## B. IFAD Strategic Framework 2016-2025

12. It is increasingly clear in the changing global context that it will be necessary to be bolder, and go even further, in transforming the way IFAD does business. Reflecting this reality and the vision statement agreed by Members during the IFAD10 Consultation, the Fund introduced a new strategic framework, covering the period 2016-2025. This fifth Strategic Framework takes account of three landmark international agreements in 2015: Agenda 2030 and the SDGs; a new financing framework for development outlined in the Addis Ababa Action Agenda (AAAA); and the Paris Agreement on climate change under the United Nations Framework Convention on Climate Change. The Strategic Framework orients IFAD's investments towards the realization of economically, socially and environmentally sustainable development that will bring extreme poverty and food insecurity to an end within a generation. This vision will be the compass for IFAD's work in the coming decade.
13. Agenda 2030 offers clear evidence that investing in poor rural people – IFAD's mandate – is of absolute relevance over the coming decades. After several years of consolidation, growth and reform, IFAD is now recognized for its experience, knowledge and performance in the domain of smallholder agriculture and rural development, and as the key player in helping countries achieve their priorities in those areas. But for it to do so within the scope of a universal agenda to eradicate hunger and poverty by 2030, the Strategic Framework postulates that IFAD needs to work in a way that is bigger, better and smarter.
14. Bigger. The inclusive and sustainable transformation of rural areas is essential for the ambitious SDGs of eradicating poverty (SDG1) and ending hunger and malnutrition, achieving food security and promoting sustainable agriculture (SDG2); and it is also important for many other elements of Agenda 2030. However, the scale of the need will require the mobilization and effective use of substantially increased levels of financial resources, encompassing both public expenditure and responsible private investment. It will require strong commitment and action at the national level, supported by continuing engagement from the international community. IFAD, as the leading institution in this area, will need a correspondingly larger envelope of resources.
15. IFAD is positioned to make a unique and substantial contribution to the achievement of the SDGs, but it must be financially equipped to do so. Following recent consolidation and progress, going forward IFAD will require a sizeable increase in its programme of work (PoW) over the 10-year Strategic Framework period, an increase that must be driven, at least partially, by an expanding PoLG, in order to keep up with demand from Member States and the ambitions of Agenda 2030. To this end, a gradual increase towards a programme of loans and grants (PoLG) of US\$3.5 billion by the end of IFAD11 is foreseen. This is a substantial but not unrealistic increase, for IFAD's role will increasingly be one of bringing additional resources to the projects it supports through cofinancing, from both public and private sources. Its investments can play a catalytic role by attracting other partners to contribute to rural transformation. IFAD is well prepared to deliver bigger; it has amply demonstrated its ability to do so over the past decade, when it succeeded in more than doubling its PoW while achieving significant improvement in the quality and impact of its operations.
16. Better. "Bigger" alone is not sufficient: IFAD's development impact depends on the quality and success of its PoW, which are the keys to leveraging financial resources beyond those brought by IFAD to the programmes it supports. This constitutes the

heart of IFAD's scaling-up agenda. Therefore, IFAD is strengthening the quality of its country programmes, ensuring that investment projects, grant-financed activities and engagement in national policy processes combine to realize greater and more sustainable development impact relative to a clear and defined set of strategic objectives. Working better has several critical dimensions: improving the Fund's capacity to identify innovations that address constraints faced by rural people, and to incorporate and test them within projects; strengthening IFAD's ability to learn, generate knowledge and provide evidence about what works; enhancing project quality-at-entry and implementation support; and strengthening partnerships and policy engagement, including through expanded country presence.

17. Smarter. Working better also entails working smarter, that is, delivering development results in a cost-effective way that best responds to partner countries' evolving needs. It means making the most efficient and effective use of all resources at IFAD's disposal, with maximum coordination and collaboration across the organization, at headquarters and in IFAD Country Offices (ICOs).
18. During the period covered by the Strategic Framework, IFAD will pursue three closely linked and mutually reinforcing strategic objectives (SOs) to achieve its mandate:
  - SO1: Increase poor rural people's productive capacities;
  - SO2: Increase poor rural people's benefits from market participation; and
  - SO3: Strengthen the environmental sustainability and climate resilience of poor rural people's economic activities.
19. Smallholder agriculture and rural development programmes will remain at the heart of IFAD's business, as it works to build the capacity, productivity and market participation of poor rural people, using approaches that promote economic and social empowerment. IFAD will also continue to target the most vulnerable and marginalized rural groups such as women, youth and indigenous peoples, with a strong focus on the establishment and strengthening of small and medium-sized rural enterprises as a powerful driver of progress towards sustainable, inclusive and resilient development.
20. Finally, the Strategic Framework is at the centre of IFAD's system for managing for development results. Performance will be measured through the Results Measurement Frameworks (RMFs) agreed with Member States in the context of IFAD's replenishment consultations. Progress will be reported annually to the Executive Board and its Evaluation Committee in the Report on IFAD's Development Effectiveness (RIDE), and the Annual Report on Results and Impact of IFAD Operations (ARRI) produced by the Independent Office of Evaluation of IFAD (IOE).

### C. IFAD in the context of the global agenda for sustainable development

21. The context in which IFAD has been operating under IFAD9 and IFAD10 has been shaped not only by some major social, economic and environmental trends, but also by an unprecedented international alignment around a shared vision for sustainable development, which in 2015 crystallized into three major international agreements: Agenda 2030 and the SDGs, the Addis Ababa Action Agenda on financing for development, and the Paris Agreement on climate change.
22. There is general consensus that implementing the new global agenda requires new and better approaches to mobilizing resources, and alignment of investments from a range of actors – both public and private – around the same principles and goals (SDG17). This is particularly well spelled out in the AAAA, but it is also a thread running through the SDGs and the Paris Agreement. During IFAD9 and IFAD10,

IFAD has strengthened – and will continue to strengthen – its capacity to leverage resources from a range of actors, including governments, other development institutions and the private sector. Its capacity to mobilize climate finance (e.g. for climate change adaptation, under the Adaptation for Smallholder Agriculture Programme [ASAP]), and to facilitate and leverage remittance flows is also growing, making it in some respects a trailblazer and innovator among the IFIs. ASAP continues to be a unique instrument for channelling climate finance to smallholder farmers, while the Financing Facility for Remittances is an innovative mechanism for remittance-based financial inclusion, working to maximize the impact of remittances on development and promote diaspora engagement in their countries of origin.

23. IFAD's dedicated focus on rural women and men living in poverty, with special attention to youth, indigenous peoples and marginalized groups, cuts across all the elements of the new global agenda. In fact, the AAAA recognized that agricultural and rural development "will lead to rich payoffs across the sustainable development goals" and singles out for recognition IFAD's own approach in this area. This is an approach in which attention to human capital, gender equality and rural women's empowerment (SDG5), smallholders' entrepreneurship and market engagement (SDG8), and the climate resilience of poor rural women and men (SDG13), in addition to IFAD's traditional focus on smallholders' incomes and productivity (SDGs 1 and 2), reflects IFAD's belief and experience that poor rural women and men can be central agents of transformation for sustainable development. This approach has marked IFAD under IFAD9 and IFAD10, with increasing focus and investment in innovative approaches.
24. In terms of modality of delivery of its contribution to Agenda 2030, IFAD's business model is also worthy of mention, particularly given its firm grounding in a partnership with Member States. Thanks to this model, IFAD is well placed to support governments in designing and implementing policies and programmes that advance the global agenda for poor rural people, and to do so with an evidence-based approach. This is especially relevant in view of the widespread concerns about inadequate data about the rural sector. Given the great need for transformative rural policies and investments in the next 15 years, IFAD is increasingly a key partner for governments (and others). This is because its growing focus on learning and its commitment to accountability and measurable impact are as indispensable as finance to enabling countries to achieve the SDGs.

## II. Expanding IFAD's programme of work to meet global demands

25. IFAD projects and programmes reached 112.7 million people in 2015, up from 59.1 million people in 2011. The continually expanding scale of the Fund's operations has allowed it to surpass the IFAD9 target of 90 million people reached. Increasing the size of the Fund's operations has been made possible by a range of new mechanisms, innovations and new ways of working. Moving forward, IFAD is continuing to transform the way it does business, recognizing that it must grow in order to meet the demand emerging from Member States, as well as from the new international development context.
- A. IFAD9 programme of loans and grants and programme of work
26. A fundamental transformation of IFAD's financial model took place in IFAD9. The two key outcomes were the establishment of the ASAP and the adoption of sovereign borrowing as a resource mobilization instrument. Combining these new sources with funds mobilized through replenishment, a record IFAD PoLG of US\$3.07 billion was delivered, exceeding the IFAD8 PoLG of US\$2.85 billion and the planned IFAD9 PoLG of US\$2.95 billion. Moreover, with a more systematic

focus on scaling up – a central IFAD9 commitment – and despite the challenging global fiscal environment, high levels of domestic and international cofinancing were mobilized, which brought the total programme of work for IFAD9 to US\$7.17 billion, surpassing the IFAD8 level of US\$6.78 billion (see table 1).

Table 1  
**Programme of work delivered in IFAD9 compared to IFAD8**  
(Millions of United States dollars)

	IFAD9 period			Total IFAD9 <sup>b</sup>	Total IFAD8
	2013	2014	2015		
<b>IFAD programme of loans and grants</b>					
IFAD loans (including loan component grants) and Debt Sustainability Framework grants	838	713	1 360	2 911	2 700
IFAD grants	49	47	66	161	147
<b>Total IFAD PoLG<sup>a</sup></b>	<b>887</b>	<b>760</b>	<b>1 425</b>	<b>3 072</b>	<b>2 848</b>
<b>Other funds under IFAD management</b>	<b>112</b>	<b>114</b>	<b>54</b>	<b>279</b>	<b>527</b>
<b>Total PoLG</b>	<b>998</b>	<b>874</b>	<b>1 479</b>	<b>3 352</b>	<b>3 375</b>
<b>Cofinancing (international [net of that managed by IFAD] and domestic)</b>	<b>961</b>	<b>890</b>	<b>1 968</b>	<b>3 819</b>	<b>3 410</b>
<b>Total programme of work<sup>c</sup></b>	<b>1 959</b>	<b>1 764</b>	<b>3 447</b>	<b>7 170</b>	<b>6 784</b>

<sup>a</sup> The PoLG is defined as the value of new loan and grant commitments financed from IFAD's own resources (through replenishment, reflows and borrowing) as well as those from other institutions but managed by IFAD.

<sup>b</sup> Current amounts as at 8 November 2016. Current amounts reflect any increase/decrease in financing during implementation, including additional domestic funding and cofinancing.

<sup>c</sup> The PoW is defined as the sum of the total PoLG and domestic and international cofinancing.

27. New commitments approved in IFAD9 served to finance 90 new investment projects, additional financing for 29 ongoing projects, and 206 new grant programmes. The higher share of financing approved for ongoing projects (13 per cent in IFAD9 compared to 7 per cent in IFAD8), coupled with a growing focus on scaling up, has meant fewer but larger new projects, delivering increased cost efficiency for project design and supervision.
28. In line with the Policies and Criteria for IFAD Financing, 67 per cent of the PoLG approved during IFAD9 was on highly concessional and Debt Sustainability Framework (DSF) grant terms. Overall, the distribution of the IFAD9 PoLG by lending terms was: DSF, 17 per cent; highly concessional, 50 per cent; blend, 10 per cent; and ordinary terms, 23 per cent. By country category, IFAD continues to invest predominantly in low-income countries (LICs) and lower middle-income countries (LMICS), which together account for 88 per cent of loans and DSF grants. However, the continued prevalence of poverty in countries graduating from these categories means that, given the Fund's focus on the poorest of the poor, a significant share of investments will need to be maintained in middle-income country (MIC) categories if the ambitions of Agenda 2030 are to be realized. In IFAD9, of the PoLG for investment projects, the share for Africa accounted for 49 per cent, while the share of the portfolio in support of countries with fragile situations was 52 per cent. Table 2 shows the distribution of IFAD loans and DSF grants by country category in IFAD9.<sup>9</sup>

<sup>9</sup> Country categories as defined by the World Bank list of economies.



Table 2

**Distribution of IFAD loans and DSF grants by country category in IFAD9**

(Millions of United States Dollars)

<i>Country category</i>	<i>Total IFAD9</i>	<i>Percentage share</i>
Low-income countries	1 012	34.8
Lower-middle-income countries	1 550	53.3
Upper-middle-income countries	342	11.7
High-income countries*	7	0.2
<b>Total</b>	<b>2 911</b>	<b>100</b>

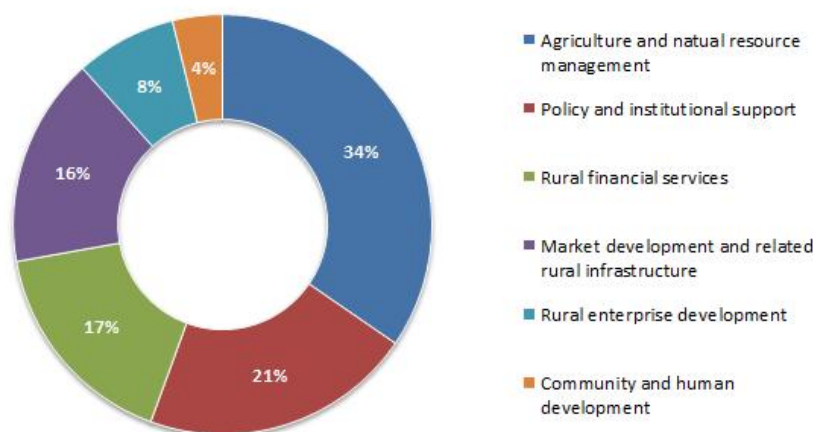
\* These amounts refer to financing approved for investment projects in Seychelles and Uruguay. Both countries were upper-middle-income countries (UMICs) at the time the investment projects entered the pipeline.

29. Representing a key IFAD9 commitment, the ASAP was established in 2012 as a multi-donor trust fund managed by IFAD. By the end of 2015, contributions received totalled US\$366 million, making ASAP the largest global financing source dedicated to enabling poor smallholder farmers to adapt to climate change. Of this amount, investments totalling US\$285 million had been approved and integrated within IFAD-supported programmes in 36 countries by the end of 2015.
30. The IFAD9 Consultation issued Management with the mandate to strengthen IFAD's financial capacity. In 2014, the Executive Board approved a sovereign borrowing agreement between IFAD and Germany's KfW Development Bank for a loan of EUR 400 million; by the end of 2015, EUR 300 million of the loan had been committed. Building on this experience, a general framework for borrowing – the Sovereign Borrowing Framework (SBF) – was approved by the Executive Board in 2015 to guide IFAD's borrowing from sovereign states and state-supported institutions.
31. At the end of IFAD9, IFAD's active portfolio<sup>10</sup> comprised 256 investment projects and 272 grants, totalling US\$16.5 billion, with IFAD resources accounting for US\$7 billion (43 per cent), domestic cofinanciers – including financial institutions and governments – accounting for US\$5.5 billion (33 per cent), and international cofinanciers providing US\$4.0 billion (24 per cent).
32. While the active portfolio has increased in volume compared to IFAD8, the number of investment projects has decreased (from 281 to 256), resulting in larger average project size (US\$63.3 million in IFAD8 and US\$69.6 million in IFAD9). This translates into greater cost-efficiency in the project management cycle.

<sup>10</sup> All projects approved and not yet closed.

33. Chart 1 shows that about one third of the active portfolio funds agriculture and natural resource management, enabling smallholder farmers to increase their production and manage natural resources more sustainably and efficiently. About 16 per cent of funds go to strengthening markets and related infrastructure, helping connect smallholders to markets. Rural finance accounts for 17 per cent of investment, bringing access to services such as credit, savings and insurance to enable rural people to build their businesses and manage risks.

Chart 1

**Distribution of IFAD current portfolio by broad theme (at end 2015)**

Source: Grant and Investment Projects System (GRIPS)

Note: Agriculture and natural resource management includes irrigation, livestock, fisheries, research, extension and training.

34. In total, loan and grant disbursements over IFAD9 reached US\$2.09 billion, higher than for IFAD8, as shown in table 3.

Table 3

**Loan and grant disbursements in IFAD9**

	2013	2014	2015	Total IFAD9	Total IFAD8
IFAD loans (including loan component grants) and Debt Sustainability Framework grants	627	648	619	1 894	1 852
All other IFAD grants	53	72	66	191	138
<b>Total</b>	<b>680</b>	<b>720</b>	<b>685</b>	<b>2 085</b>	<b>1 990</b>

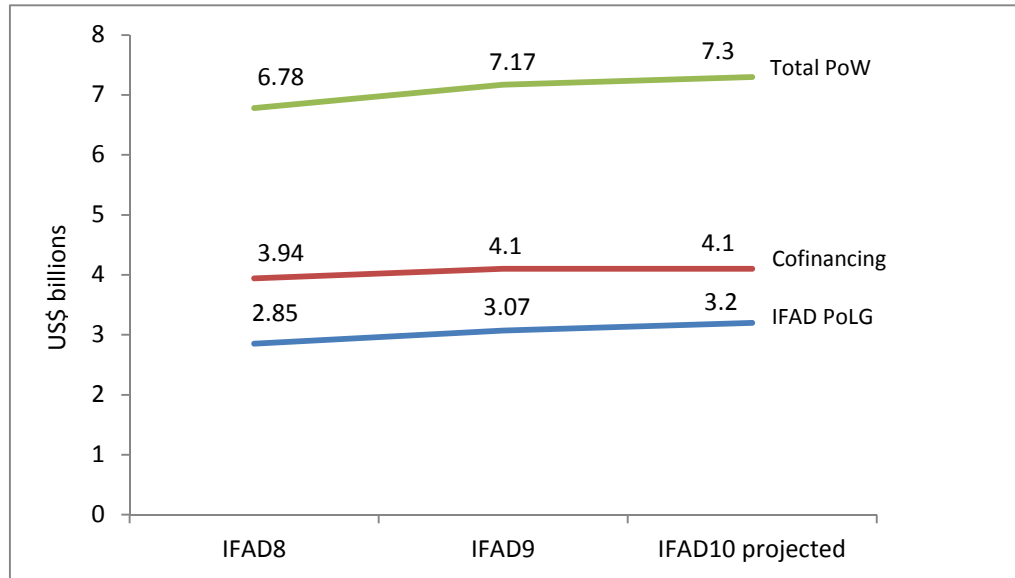
**B. Delivery of the PoLG and PoW in the first year of IFAD10**

35. During the first year of IFAD10 (2016), the PoLG amounted to US\$823 million, including 23 new investment projects and additional financing for seven ongoing projects, and 39 new grant programmes. IFAD is actively exploring borrowing options and the value of the PoLG for the remainder of IFAD10 is expected to total about US\$2.37 billion, for an overall IFAD10 PoLG of US\$3.2 billion (see figure 1), inclusive of full utilization of resources from the first phase of ASAP.
36. IFAD expects to meet its IFAD10 commitment to provide 40 to 45 per cent of its core financing to sub-Saharan Africa, and up to 50 per cent to Africa in general. Resources allocated to countries with fragile situations represent 48 per cent of the total. Some 44 projects and programmes, and additional financing for 7 ongoing loans and grants, are currently planned for approval during 2017. A pipeline of investments is being prepared, which will ensure: (i) project readiness in case of slippages; (ii) a more balanced schedule of project approvals; and (iii) adequate projects in place for the first year of IFAD11. To achieve this IFAD will promote greater use of additional financing for ongoing and scalable projects identified by regional assessments and a global study of the current portfolio, and timely

redistribution of resources allocated through the PBAS. The Fund is on track to deliver a total PoLG of US\$3 billion to US\$3.5 billion as agreed for IFAD10 (see figure 1).

Figure 1

**Actual and projected programme of work for IFAD8 to IFAD10**  
(Billions of United States dollars)



37. As noted above, the PoW includes IFAD loans and grants financed not only from core resources but also through supplementary funds and cofinancing. With a level of cofinancing close to that of IFAD8 and IFAD9, the Fund aims to deliver an overall PoW of approximately US\$7.3 billion in IFAD10. IFAD will redouble its efforts to mobilize additional resources to reach more rural people and increase its impact.
38. Table 4 below presents the current planned distribution of IFAD's PoLG for investment projects by country category.

Table 4

**Current allocation of resources through the performance-based allocation system by country category in IFAD10**

(Millions of United States dollars)

Country category	Total IFAD10	Percentage share
Low income countries	981	32.3%
Lower middle income countries	1 476	48.5%
Upper middle income countries	578	19.0%
High income countries*	6	0.2%
<b>Total**</b>	<b>3 040</b>	<b>100%</b>

\* Tentative minimum PBAS allocations are proposed for Seychelles and Uruguay, subject to approval by the Governing Council. In both cases, investments are foreseen as scaling up of previous operations designed at the time when both countries were classified as UMICs.

\*\* Discrepancy in total is due to rounding.

C. Donor contributions, sovereign borrowing, DSF and new financing options

39. Solid overall progress was made in consolidating and expanding the Fund's resources during IFAD9. As of 31 December 2015, the third and final year of the IFAD9 period, total pledges – including complementary contributions – amounted to US\$1.432 billion representing 95 per cent of the replenishment target of US\$1.5 billion. Instruments of contribution (IOCs) received (including payments with no prior IOC deposit) amounted to US\$1.423 billion, representing 99 per cent of the pledges received as of 31 December 2015.

40. IFAD10 began with the highest level of pledges for core contributions ever achieved at the equivalent point in an IFAD replenishment cycle: US\$1.07 billion as of 16 August 2015. The IFAD10 Consultation set a target of US\$1.44 billion, later revised to US\$1.353 billion. A number of factors lie behind the shortfall, primarily exchange rate fluctuations, which account for US\$57.6 million or around three quarters of the gap. This shortfall was also compounded by the non-participation of two Member States in the replenishment.
41. As of 30 September 2016, 100 countries had pledged a total of US\$1.127 billion, representing 83 per cent of the revised IFAD10 target. IOCs deposited (including payments with no prior IOC deposit) amounted to US\$797 million or 71 per cent of total pledges received. Although the replenishment target was adjusted, the target PoLG was maintained at a level of US\$3.2 billion for the three-year period.
42. In addition, DSF payments become effective as of IFAD10 (except in cases where DSF contributions were clearly indicated as incremental to replenishment pledges). While the World Bank/IMF first formulated their Debt Sustainability Framework for low-income countries in April 2005, the recommendation for IFAD to implement a DSF was approved in 2007, at the ninetieth session of the Executive Board (document EB 2007/90/R.2). This allows IFAD to govern the form of its financial assistance to countries eligible for highly concessional lending, and enables Member States to reduce the risk of high debt levels in the future and better manage the level of debt in line with country development planning. It is available to all countries that have been identified as having either low or medium levels of debt sustainability, as determined by the joint World Bank-International Monetary Fund debt sustainability analysis.
43. Under the DSF, certain countries eligible for highly concessional lending receive financial assistance on a grant rather than a loan basis. IFAD is expected to be compensated on a pay-as-you-go basis, requiring Member States to compensate the Fund for principal repayments that it would have received had the financial resources provided to these countries been on highly concessional terms rather than in the form of a grant. The first DSF compensation was accepted during the IFAD10 period. However, it is important to note that the compensation methodology adopted in the IFAD10 replenishment resolution covers only the principal (not the interest) and is not necessarily additional to replenishment contributions. All these elements currently result in a negative impact on IFAD's equity and financial sustainability, which will deteriorate exponentially.
44. As of 30 September 2016, contributions received as DSF compensation amounted to US\$2.9 million, compared to the overall expected DSF compensation of approximately US\$3.4 million, leaving a shortfall of US\$0.5 million. The shortfall arose because countries that were expected to pledge compensation did not do so.
45. A DSF review is due to be conducted under the IFAD11 Consultation. The review will evaluate the impact of the current DSF modality on IFAD's financial sustainability, and compare IFAD's DSF procedures to those of other IFIs. This review will also assess the robustness of the principle of commitments from Member States to compensate IFAD for approved DSF grants.
46. A cross-departmental review of the strategic, legal, operational and financial aspects of IFAD's lending policies and criteria is well under way. It includes an analysis of IFAD's current lending practices, products, terms and pricing vis-à-vis other multilateral development banks (MDBs) and current demand from borrowers. The review will also assess the impact of the potential changes on lending policies and on IFAD's overall financial model. The results will be presented to the Executive Board in late 2017.

## D. Strategic partnerships and resource mobilization

47. IFAD is operating in an increasingly dynamic context, in which partnerships play a key role. Strengthening IFAD's partnership performance (SDG17) has been a key theme of IFAD9 and IFAD10, from the establishment of the Partnership and Resource Mobilization Office (PRM) and approval of IFAD's Partnership Strategy in 2012, to the incorporation of partnerships as a principle of engagement in the Strategic Framework. A working group on partnerships coordinated implementation of the strategy during IFAD9 and recently completed a progress review and developed a workplan for IFAD10. The next detailed assessment will take place in 2018, after the planned IOE evaluation synthesis report on partnerships (2017).
48. During IFAD9 considerable efforts were invested in developing new tools for building, monitoring and managing partnerships, and also in increasing staff capacity to facilitate, develop, manage and maintain partnerships. Further, partnerships have increasingly been integrated within IFAD's business processes: for example, in the IFAD Policy for Grant Financing (2015), which has established clear eligibility criteria for strategic partners in guidelines for country strategy development which place considerable emphasis on country-level partners, and in IFAD's annual Client Survey, which since 2013 has included a specific question on IFAD's partnership-building. This latter measure has seen a significant improvement: in 2013, 88 per cent of respondents considered performance to be "moderately satisfactory or better" while in 2016, the figure had risen to 97 per cent.
49. Good partnership work is often driven by the skills and competencies of individuals and cross-departmental teams. Over 80 IFAD staff members have now benefited from training in effective partnership-building and resource mobilization, and further sessions are planned in late 2016 and early 2017.
50. Priority partners and groups of partners identified in the IFAD9 and IFAD10 Consultations included MDBs, the CGIAR, bilateral development agencies, the Global Donor Platform for Rural Development, foundations, NGOs, universities, farmers' organizations, and the Rome-based agencies (RBAs). IFAD continues to strengthen those partnerships. For example, MDBs provide the bulk of international cofinancing for IFAD-supported projects, play a key role in collaboration on global and country-level policy engagement, participate in IFAD Replenishment Consultation sessions as observers and vice versa, and coordinate closely through working groups on performance-based allocation systems, development effectiveness, managing for results, portfolio management, financial management harmonization, and replenishments. Particular progress was made in the partnership with the Asian Development Bank during IFAD9, and work is ongoing to renew memorandums of understanding (MoUs) and revitalize partnerships with the African Development Bank and the Islamic Development Bank during IFAD10. MoUs have also been signed with the European Investment Bank and European Bank for Reconstruction and Development, which should create opportunities for increased cofinancing and collaboration on the European Union's blending mechanism.
51. Under IFAD9 and IFAD10, partnership with the RBAs has been elevated to a strategic level in response to the growing impetus for the RBAs to enhance collaboration based on mutual strengths and complementarity. In 2016, Management of all three agencies came together and oversaw the development of a joint paper on RBA collaboration entitled "Collaboration among the United Nations Rome-based Agencies: Delivering on the 2030 Agenda". This paper was formally presented to the governing body of each institution separately. At IFAD, Board presentation was preceded by an informal seminar on the topic. Practical collaboration is also ongoing on joint servicing initiatives, and on project design, supervision and implementation support. Further, the Food and Agriculture

Organization of the United Nations (FAO) participates in the design of about 20 per cent of all new IFAD-financed projects. In addition, a second phase of the grant to FAO for a capacity-building initiative targeted at project units and government agencies involved in IFAD projects in countries with fragile situations was approved in 2016. IFAD also collaborates closely with the Purchase-for-Progress (P4P) programme of the World Food Programme (WFP), and recently signed a MoU with WFP for country-level collaboration in Sudan.

52. The Committee on World Food Security is another key platform for RBA collaboration. During IFAD10, the Fund has engaged increasingly with the platform, including in its latest reforms towards making the voice of civil society and the private sector constituencies heard in the negotiation process, leading to greater relevance and the application of the Committee's flagship policy products. IFAD is currently supporting an independent evaluation of the Committee, towards assessing and improving its overall impact on food security and nutrition – drawing on lessons learned from the deployment of the platform's policy products.
53. The IFAD9 and IFAD10 Consultations encouraged Management to follow the lead of other major IFIs and examine options for broadening IFAD's resource mobilization efforts to support the expansion of the PoLG and PoW. In response, IFAD's approach to resource mobilization has undergone significant changes, beginning with the launch of the Additional Resource Mobilization (ARM) initiative in 2012. A paper on financing options for IFAD's future was discussed during the IFAD10 Consultation. Progress is summarized below on enhancing replenishment contributions through increasing IFAD Membership and unrestricted complementary contributions (UCCs), boosting the PoLG through sovereign borrowing, and expanding the PoW by mobilizing supplementary funds, support from foundations and the private sector, and cofinancing.
54. IFAD has actively encouraged non-Member States and groupings of states to contribute to or join the Fund, with considerable success. Four new Member States joined IFAD during the IFAD8 period,<sup>11</sup> and seven countries joined during IFAD9<sup>12</sup> (see table 5). IFAD is in dialogue with multiple other non-members and it will also continue with efforts to re-engage with Member States that have not contributed to recent replenishments.

Table 5

**Pledges made by Member States joining during IFAD9 and IFAD10**

(United States dollars)

<i>Member State</i>	<i>IFAD9</i>	<i>IFAD10</i>
Federated States of Micronesia	-	500
Montenegro	-	-
Nauru	-	-
Palau	-	-
Russian Federation	6 000 000	9 000 000
Tuvalu	-	-
Vanuatu	-	25 000

55. For IFAD10, Member States were given the opportunity to provide unrestricted complementary contributions for four strategic priorities: (i) nutrition-sensitive agriculture; (ii) climate change adaptation; (iii) South-South and Triangular Cooperation (SSTC); and (iv) public-private-producer partnerships (4Ps). Pledges have been received under the first three of these areas. A letter of intent has been drafted for donors who announced "climate UCCs" at the twenty-first session of the

<sup>11</sup> Uzbekistan (2011, List C), Hungary (2011, List A), Estonia (2012, List A) and South Sudan (2012, List C).

<sup>12</sup> Nauru, Tuvalu and Vanuatu (2013, List C), the Russian Federation (2014, List A) and the Federated States of Micronesia, Montenegro and Palau (2015, List C).

Conference of the Parties of the United Nations Framework Convention on Climate Change (COP21) in Paris.

56. Under IFAD10, climate mainstreaming is largely being implemented through core replenishment contributions, reinforced by climate UCCs. At least US\$100 million in supplementary funds will also be mobilized under the second phase of ASAP for grants in support of technical assistance, innovation, capacity-building, policy dialogue and creation of enabling environments for climate-sensitive operations.
57. IFAD's SBF incorporates lessons learned from the Spanish Food Security Cofinancing Facility Trust Fund and KfW loan during IFAD9, and was approved by the Executive Board in April 2015. A high-level task force on sovereign borrowing has been established, and while no loans have yet been concluded under the SBF, a first review was presented to the Executive Board in September 2016 highlighting lessons learned with regard to minimizing transaction costs and introducing cross-currency swaps. A proposal to access the balance of EUR 100 million of the KfW loan was approved by the Executive Board in September 2016. Subsequently, at its session in December 2016, the Executive Board authorized Management to conclude an agreement to borrow EUR 200 million from Agence Française de Développement. Management continues to consult with other potential lenders in case additional resources are required to fund the IFAD10 PoLG.
58. As per the SBF document, Management was encouraged by the Executive Board to undertake feasibility studies and preparatory work to explore the scope for borrowing from capital markets. The Executive Board were provided with a briefing on the technical issues related to this type of borrowing in December 2016.
59. In addition, cofinancing resources are mobilized in the form of supplementary funds that are channelled through IFAD and form part of the PoLG. They typically comprise resources received through the European Union, Global Environment Facility, Least Developed Countries Fund, Global Agriculture and Food Security Program (GAFSP) and other bilateral and multilateral sources. In IFAD9, US\$322.6 million was mobilized in this manner, representing approximately 10 per cent of the IFAD9 PoLG.
60. Supplementary funds constitute an increasing and extremely valuable source of grant cofinancing for IFAD-supported investment projects, and a major source of financing for IFAD's thematic work on farmers' organizations, remittances, indigenous peoples, research, agricultural risk management and other issues. They also provide critical financing for IFAD-led non-lending engagement at country level – a priority activity for which limited funds are available through the administrative budget or PBAS/grant allocations. Since 2013 details of supplementary funds received, committed and used have been reported annually to the Executive Board, in response to a recommendation from the Office of Audit and Oversight.
61. During IFAD9 the new supplementary fund agreements signed for a total of US\$322.6 million<sup>13</sup> represented a significant increase on the US\$208 million mobilized during IFAD8. So far in IFAD10 a total of US\$67.5 million in new supplementary funds have been mobilized and negotiations are ongoing both with Member States and with other sources. While maintaining supplementary funds as a flexible instrument, IFAD intends to establish a more strategic approach to them through greater use of thematic windows, which improve efficiency and learning. IFAD's accreditation by the Green Climate Fund will provide an important new source of supplementary funds from 2017 onwards.
62. As part of the ARM initiative, IFAD has continued to expand its collaboration with the private sector and with foundations. A specific Private Sector and Foundations Unit has been established within PRM to lead these efforts and ensure a strategic approach. A global review of over 250 private foundations has been undertaken to

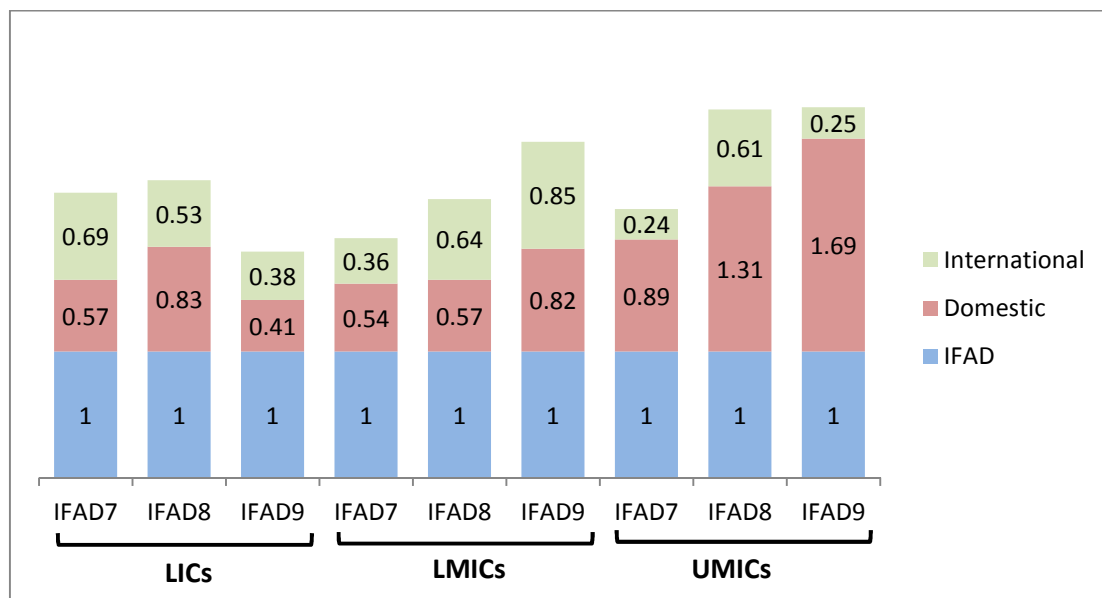
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<sup>13</sup> Figures for 2013 and 2014 do not include climate funds, GAFSP, or the associate professional officer programme.

identify those most aligned with IFAD’s mandate. During IFAD9 supplementary funds were mobilized from the Bill & Melinda Gates Foundation, and work is ongoing on a number of new financing facilities to attract further engagement and financing from the Gates Foundation and others. A formal due diligence process has also been established to address risks associated with entering into formal partnerships with the private sector.

- 63. The cofinancing ratio achieved during IFAD9 was 1:1.39, somewhat short of the ambitious target of mobilizing US\$1.6 for each US\$1 that IFAD invests, but in line with the IFAD8 average and substantially above the longer-term average – a remarkable feat given the global economic context. Overall, approximately 55 per cent of cofinancing was provided by domestic cofinanciers, and the balance by international cofinanciers (mainly MDBs). In total, domestic cofinancing by governments, beneficiaries and national private entities remained relatively stable in IFAD9 (US\$2.27 billion) compared to IFAD8 (US\$2.35 billion). A 19 per cent increase in international cofinancing was achieved: from US\$1.49 billion in IFAD8 to US\$1.79 billion in IFAD9 (inclusive of financing managed by IFAD).
- 64. For IFAD10 a cofinancing target of US\$1.2 per US\$1 of IFAD funds was established, together with a commitment to take a more strategic, operational and targeted approach in recognition of the volatility of annual cofinancing trends and sometimes high transaction costs. Projects approved to date in IFAD10 have an average cofinancing ratio of 1:0.7 but this is expected to increase towards the target over the remainder of the IFAD10 period. IFAD expects to maintain the cofinancing target but, in line with the AAAA, will increase its focus on measuring the leveraging effect of IFAD-supported projects on private-sector investment, and the impact of IFAD-supported projects on domestic resource mobilization through enhanced tax revenues.
- 65. Figure 2 provides a breakdown of the cofinancing ratio by country category.

Figure 2  
**Cofinancing trends for low-income countries and for lower- and upper-middle-income countries, IFAD7-IFAD9**





### III. Improving the quality and impact of IFAD's programme of work

66. IFAD recognizes the opportunities and challenges of ongoing transformations in rural and national economies, and the ambitious nature of the new development agenda. It is acutely aware of the need to pursue cutting-edge, systematic approaches to deepen the effectiveness and impact of its operations, building on work done in IFAD9 and IFAD10. It has therefore introduced new approaches to transform the quality, reach and impact of its growing PoW.

#### A. Strengthening IFAD's business model

67. IFAD's capacity to increase its operational effectiveness and reach a larger target population was made possible by the continued strengthening of its business model. In particular, operationalization of a wide range of strategies, policies and approaches; more proactive project supervision and implementation support; and deepened country presence have had profoundly positive effects.
68. In IFAD9, the strategies, policies and approaches developed in IFAD8 – covering scaling-up, gender equality and women's empowerment (SDG5), climate change (SDG13), project efficiency and private-sector collaboration – were operationalized. A comprehensive capacity-building exercise was launched that included the development of tools, training and opportunities for the exchange of lessons and know-how between staff and among projects. At the same time, institutional review processes were strengthened to ensure systematic consideration of these themes during country programming and project design, implementation and completion.
69. As a result, all investment project designs are now reviewed against environmental, social impact and climate risks using the new Social, Environmental and Climate Assessment Procedures (SECAP). In addition, the majority of projects include the private sector as a partner and facilitate the engagement of private value chain actors with IFAD target groups.
70. The IFAD10 Consultation called on IFAD to consolidate the positive results achieved under IFAD9 in these areas in order to continue to enhance operational effectiveness and impact throughout the IFAD10 period and in the years ahead. The key related initiatives are discussed in this section, which also addresses the prospects for continued enhancements in operational effectiveness and impact in the remaining two years of IFAD10.

#### Innovation, learning and scaling-up

71. Scaling up development impact is mission-critical for IFAD to increase the impact of its investments on poor rural peoples' lives. In the new Strategic Framework, scaling up figures as a core principle of engagement. Scaling up means achieving more impact per dollar spent by expanding, adapting and sustaining successful projects, programmes and policies through partnerships, institutional and organizational change, and better results management.
72. IFAD's approach to scaling up centres on the notion that the results demonstrated by its country programmes will be used to leverage additional resources from governments, the private sector, other development partners and the rural communities themselves. It may also entail creating broader alliances and partnerships to ensure that the needed policy framework and fiscal resources are in place to raise results to a larger scale, and to do so sustainably.
73. To mainstream this scaling-up approach into its operations, IFAD has developed a number of practical tools to guide the design and implementation of its strategies and programmes. These tools include an operational framework aimed at defining how scaling up can be embedded into all business processes to bring about desired systemic changes in IFAD's operations in terms of achieving impact at scale. Nine

thematic notes have been produced to guide scaling up in key areas, and 10 country scaling-up notes have been prepared, describing how the scaling-up approach works in different country contexts. A series of training events and workshops have been held.<sup>14</sup> Training will continue in the IFAD10 period, including through the development of an e-learning module.

74. The latest ARRI confirms the significant improvement in IFAD's performance in promoting innovations and scaling up. The report states that the percentage of projects rated as moderately satisfactory or better at completion increased from 79.7 per cent in 2011-2013 to 87.5 per cent in 2012-2014, of which 44.6 per cent were satisfactory or better; scaling up was the dimension for which the highest proportion of projects were rated satisfactory and highly satisfactory in the 2012-2014 period. This progress builds on a review by the Brookings Institution in 2010 which found evidence of considerable success in the scaling up of IFAD's operations and provided substantive recommendations to improve this even further. The uptake of the recommendations has underpinned the Fund's continual advancement in the realm of scaling up.
75. An assessment of country strategic opportunities programmes (COSOPs) and project designs prepared between 2014 and 2016 documented the increased attention to scaling up in IFAD operations, with scaling up included as a review criterion for grants and loans both by the Operational Strategy and Policy Guidance Committee (OSC) and at quality assurance (QA). A recent draft evaluation synthesis report<sup>15</sup> confirms these results, while also identifying areas for further improvement, such as describing more specifically how investments will be scaled up without IFAD support, and defining how the scaling-up process will be monitored and how lending and non-lending activities can be combined more effectively. These areas are all expected to improve as the operational framework (effective as of January 2016) is applied systematically in operations and training, and peer-to-peer exchange and learning initiatives are widened.
76. IFAD is an active member of a cross-sectoral community of practice for exchanging views on innovation and scaling up of impact. The associated working group on scaling up in agricultural and rural development, led by IFAD, serves as a global platform for professional networking, and dissemination of evidence of successful scaling-up practices. Key issues include integrating scaling up considerations into the work of donor organizations, making more strategic use of public-private partnerships, enhancing the role of monitoring and evaluation, scaling up in countries with fragile situations, and scaling up innovation.

### Mainstreaming cross-cutting themes

#### Adaptation to climate change

77. Climate mainstreaming for IFAD means integrating considerations of climate-related risks and opportunities into IFAD investment programmes (SDG13). The push for climate resilience began in IFAD9, and the Fund aims to achieve 100 per cent climate mainstreaming by 2018. A 10-point climate mainstreaming plan to enhance resilience and environmental sustainability across all IFAD country strategies and investments is being implemented; one of the results has been that since the start of IFAD10, 100 per cent of COSOPs and country strategic notes have mainstreamed climate adaptation. The additional climate finance needed to respond to the 100 per cent climate mainstreaming commitment will be supported by different instruments including replenishment contributions (UCCs), supplementary funds and cofinancing.
78. This mainstreaming model benefits from knowledge and learning generated by the first phase of the ASAP programme. The second phase – ASAP2 – will mobilize

<sup>14</sup> The scaling-up notes are available at: [www.ifad.org/what/scaling\\_up/overview](http://www.ifad.org/what/scaling_up/overview).

<sup>15</sup> The report is under finalization and will be presented to the Evaluation Committee in March 2017.

supplementary funds to continue supporting technical assistance, innovation, capacity-building, policy dialogue, advocacy and regional or national public goods to create enabling environments for climate-sensitive investments. These activities will continue to leverage investments from IFAD's PoLG as well as cofinancing from government, private sector, bilateral and multilateral sources such as the Global Environment Facility and the Green Climate Fund.

79. IFAD was accredited by the Green Climate Fund (GCF) in October 2016 and started to work with its member countries on the scoping of project ideas. In the future, the GCF will serve as an additional source of supplementary funds for climate-related activities in IFAD projects.
80. External evaluations of ASAP have confirmed its outstanding performance, with all numerical targets exceeded. The targets relate to the number of countries and projects supported, land area brought under climate-smart management, increased availability of water for both agriculture and human consumption, investments in climate-resilient infrastructure, building human capacity to cope with the impacts of climate change, and sharing knowledge and learning. As such, a recent review by the United Kingdom's Department for International Development gave the programme an A+ score, while the Overseas Development Institute (ODI), in its 2015 review, rated ASAP as the gold standard.<sup>16</sup>

#### Increased impact on nutrition

81. Since 2013 efforts have been undertaken to introduce a nutrition-sensitive approach (contributing to SDG2) into project design through funding from the Government of Canada. To further guide IFAD's agenda on nutrition, an Action Plan 2016-2018 on Mainstreaming Nutrition-Sensitive Agriculture at IFAD was approved in 2015 and is being implemented. It commits IFAD to mainstreaming nutrition in 100 per cent of COSOPs and 33 per cent of investment projects by the end of 2018 – all of which IFAD is on track to achieving (see annex II). Capacity-building exercises have been mounted for IFAD and project staff at headquarters and in the field on nutrition and the related theme of gender, and engagement of IFAD nutrition experts in project design has been heightened. As a result, the share of approved projects defined as nutrition-sensitive rose from 8 per cent in 2013 to 33 per cent in 2015.
82. Knowledge of nutrition-sensitive approaches has been disseminated through a range of products, including publications on improving nutrition through agriculture,<sup>17</sup> scaling up and nutrition,<sup>18</sup> and integrated homestead food production.<sup>19</sup> Guidance notes for design missions, and fact sheets outlining the links between nutrition and other themes such as gender, indigenous peoples and climate change are planned.
83. IFAD is also involved in the global discussion of nutrition as part of the new development agenda. The Vice-President of IFAD currently chairs the United Nations Standing Committee on Nutrition; and IFAD is active in the United Nations Network for Scaling up Nutrition; the Renewed Efforts Against Child Hunger and Undernutrition partnership and the Committee on World Food Security. Furthermore, through generous support from the Governments of Germany, Japan, Luxembourg and the Russian Federation, IFAD engages in various initiatives on nutrition, including: the Initiative for Food and Nutrition Security in Africa and the RBA working group on nutrition-sensitive value chains.

<sup>16</sup> [www.odi.org/sites/odi.org.uk/files/odi-assets/publications-opinion-files/10028.pdf](http://www.odi.org/sites/odi.org.uk/files/odi-assets/publications-opinion-files/10028.pdf).

<sup>17</sup> [www.ifad.org/documents/10180/a986d248-ad22-4ea5-81e1-e7d7daa3ebd4](http://www.ifad.org/documents/10180/a986d248-ad22-4ea5-81e1-e7d7daa3ebd4).

<sup>18</sup> [www.ifad.org/documents/10180/48244012-dd42-4de1-819f-8183cdcc4841](http://www.ifad.org/documents/10180/48244012-dd42-4de1-819f-8183cdcc4841).

<sup>19</sup> [www.ifad.org/documents/10180/fc512428-1cb1-4ad0-b15c-dd63abf8cfab](http://www.ifad.org/documents/10180/fc512428-1cb1-4ad0-b15c-dd63abf8cfab).

### Gender-equality and women's empowerment

84. Reflecting a long-standing commitment, gender (SDG5) is the most comprehensively monitored dimension in IFAD's results system, with targets and reporting at three stages in the loan project cycle (entry, implementation and completion), as well as in human resources (HR) management and the administrative budget. Performance as measured at project design, implementation and completion continues to improve, and in fact remains one of IFAD's highest-rated operational dimensions (see table 6 below). Overall performance against the United Nations System-wide Action Plan on Gender Equality and the Empowerment of Women (UN-SWAP) indicators also improved, with an increase in the number of indicators met or exceeded rising from eight in 2012 to 11 in 2015, with progress on track to meet the commitment of reaching all 15 by 2017. The Midterm Review of IFAD's Policy on Gender Equality and Women's Empowerment presented to the Executive Board in September 2016 confirmed IFAD's strong performance in the area of gender, as did the 2015 ARRI.
85. During IFAD10, the Fund has continued to be a leader on innovative measures to promote rural women's empowerment. For example, together with partners, IFAD has spent several years developing innovative household methodologies (HHM) to promote gender equality and women's empowerment in rural and agricultural development, including in its loan-financed operations. Women's empowerment cannot be achieved without change at the household level involving all members. Therefore these methodologies shift the focus from the individual to the household level, empowering all household members to work together to realize their development potential. As a result of capacity-building events, exchange visits and learning routes, IFAD has been able to expand the use of HHM in Africa and beyond, and more than 40 IFAD loan-financed projects include HHM in their design, some of which are already under implementation. Some examples are the use of the household mentoring approach in Uganda and the Gender Action Learning System in Ghana, Mozambique, Nigeria, Rwanda and Sierra Leone.
86. In line with the Strategic Framework, IFAD will follow a five-point pathway for gender mainstreaming based on the five action areas of its gender policy, and is looking to move beyond gender mainstreaming in order to achieve transformative gender impact. It will aim to ensure that 90 per cent of project designs are rated as moderately satisfactory, with at least 50 per cent satisfactory and 15 per cent highly satisfactory in terms of gender impact.

### Consolidation of strategic approaches

Public-private-producer partnerships and catalysing growth through the private sector

87. During IFAD10, IFAD's work in the area of 4Ps has expanded significantly. The 4P model supports the emergence of pro-poor and win-win business solutions that provide financial and non-financial incentives to private-sector companies to reach out to smallholder farmers as suppliers.
88. Currently, about 75 per cent of IFAD's approved projects include a value chain development component, where the main objective is to forge market-based linkages between small-scale producers and the local private agribusiness sector. Many of these projects have fully embraced the 4P model that IFAD has been championing to attract more pro-poor investments to the agricultural sector and bring additional benefits to the rural poor. Examples are found in newly designed projects in China, Mauritania, Rwanda and Sri Lanka. IFAD is increasingly deploying its own grant resources in this context, providing US\$2.3 million in funding to support the pilot project "Partnering for Value", which promotes 4P brokering in five countries (El Salvador, Mozambique, Senegal, Uganda and Viet Nam).

89. IFAD is involved in a variety of initiatives with key partners to explore and deepen its expertise in the realm of private equity financing and business development services directed specifically at private agribusinesses and rural small and medium-sized enterprises (SMEs). With supplementary funds from the European Union, IFAD has established a technical assistance facility for the African Agriculture Fund (a US\$250 million equity fund financed by public and private sources), as well as the Uganda Small and Medium Agribusiness Development Fund (US\$30 million), which will be investing directly in private agribusiness companies. It has partnered with GAFSP in the “Missing Middle” initiative which is providing direct financing to farmers’ organizations that wish to establish partnerships with the private sector.<sup>20</sup> It is also working with the International Finance Corporation (IFC) – which manages the private-sector window of the GAFSP – as a member of its GAFSP Advisory Services Projects Committee.
90. To facilitate collaboration with the private sector, IFAD has responded to commitments to establish best practices to guide collaboration with the private sector through a number of interrelated initiatives. Hands-on knowledge products, such as a toolkit on sustainable inclusion of smallholders in agricultural value chains, are helping to guide design and implementation; research and studies have been undertaken on enabling factors for 4Ps in agricultural value chains;<sup>21</sup> and training and knowledge-sharing events have been held with internal and external participation. Also, a due diligence process for corporate private sector partnerships has been established. So far, formal corporate partnerships with the private sector have been signed with Intel and Unilever, and more are likely to come in 2017 and 2018.
91. Over the next two years, IFAD will continue to expand its commitment to partner with the private sector within its PoLG through the 4P model. It will also develop a “Framework for Smallholder Agriculture Finance” to pool public finance, technical assistance and commercial financing as a de-risking mechanism to unlock private-sector investments towards smallholders and SMEs in rural areas. IFAD is also planning to establish a mobile platform to collect and aggregate information from producers’ organizations within IFAD’s portfolio and to make it available to private-sector stakeholders that may be interested in purchasing commodities from these groups.

#### Country-level policy engagement

92. Country-level policy engagement (CLPE) is an important vehicle for scaling up and bringing about systemic change in the conditions of poor rural people. Substantial progress was made in IFAD9 in implementing a CLPE action plan, and for IFAD10, a specific commitment was made to ensure that 100 per cent of COSOPs define an appropriate CLPE approach for the country.
93. The 12 COSOPs presented to the Executive Board in 2016 all include a context-specific CLPE approach.<sup>22</sup> This achievement reflects several initiatives. The first is the introduction and refinement of a set of procedures for COSOPs that are explicitly focused on policy engagement, and the inclusion of policy engagement as one of the assessment areas in the COSOP results review. The inclusion of a specific CLPE agenda in the COSOPs is feeding into the project design and implementation process, with a growing number of projects including a specific CLPE component. This is also helping to make CLPE part of the day-to-day work of country programme managers (CPMs).

<sup>20</sup> IFAD has helped three national and regional farmers’ organizations (in Lao People’s Democratic Republic, Mali and in East and Southern Africa) in preparing proposals to gain access to the GAFSP missing middle funds.

<sup>21</sup> Most recently: Jodie Thorpe and Mar Maestre, *Brokering Development: Enabling Factors for Public-Private-Producer Partnerships in Agricultural Value Chains* (IFAD and Institute of Development Studies, 2015).

<sup>22</sup> In order of presentation: Burundi, United Republic of Tanzania, Brazil, Argentina, China, Indonesia, Turkey, Pakistan, Ethiopia, Malawi, Colombia, Nigeria.

94. To further strengthen IFAD's country-level policy agenda, a CLPE toolkit was prepared in 2016 that gives IFAD staff and consultants guidance on how to incorporate CLPE into COSOP design, project design and country programme monitoring and evaluation. Additional technical and, where possible, financial support to CPMs for CLPE activities was also provided. The Policy and Technical Advisory Division (PTA) is collaborating with the Research and Impact Assessment Division to assess the impact of CLPE in four countries in the Asia and the Pacific region in order to develop a replicable methodology for CLPE impact assessment.

#### Global policy engagement

95. In recent years, IFAD has strengthened its presence in and strategic approach to a range of global forums and processes, including intergovernmental and inter-agency forums. It is setting priorities and planning engagements in an increasingly rigorous manner, monitoring achievements and learning from experience. All this has paid off in increasing IFAD's visibility and capacity to influence important global policy deliberations and outcomes such as in the formulation of Agenda 2030, and in the Committee on World Food Security and the Group of 20 (G20).
96. Starting with IFAD10, IFAD has committed to define its corporate-level priorities for international policy engagement every three years. For the IFAD10 period, three objectives have been set: (i) an enabling global policy environment for financing smallholder agriculture and the rural sector; (ii) strong attention to smallholder agriculture and poor rural people in Agenda 2030 monitoring and accountability processes; and (iii) better policies for the economic empowerment of smallholder farmers and poor rural people. These objectives are informed by IFAD's operational experience as well as research. In particular, the Rural Development Report 2016 is expected to provide an evidence base for future global policy engagement by IFAD.
97. IFAD is also collaborating with other IFIs in global forums, notably those related to development effectiveness and financing for smallholder and rural SME investments. Increasingly, it is convening as well as participating in global policy debates, including a major international conference on boosting investment in smallholder agriculture and rural SMEs that IFAD will host with partners in January 2017. During the IFAD10 period, IFAD is committed to expanding and deepening selected strategic partnerships with institutions that have strong capacity in policy-relevant research and with organizations of poor rural women and men, smallholder farmers and indigenous peoples. Also during the IFAD10 period, IFAD is committed to strengthening its capacity to monitor and assess results, learn from its global engagement activities in a rigorous manner, and manage and share IFAD's knowledge and experience more systematically.

#### South-South and Triangular Cooperation

98. During IFAD9, the Fund participated in and contributed to global SSTC events; hosted thematic events at IFAD headquarters and in the field; and developed approaches for monitoring SSTC activities. For the IFAD10 period, IFAD has been mandated to expand its engagement in SSTC, and is committed to ensuring that 50 per cent of all COSOPs have an approach for SSTC and to strengthening monitoring of SSTC performance. IFAD is on target to meet this commitment, with the new COSOP operational instructions including a section dedicated to analysis of SSTC opportunities.
99. A corporate approach paper on SSTC was presented to the Executive Board in December 2016, drawing on, inter alia, an evaluation synthesis conducted by IOE examining IFAD's non-lending SSTC activities. Finally, through funding from the Government of China and a MoU articulating channels for deepening SSTC collaboration, IFAD will have additional resources to develop SSTC pilot activities and approaches at the country and regional level.

100. During 2016, and also in response to the evaluation synthesis report, IFAD's IT Governance Committee approved a proposal to develop a web platform to catalogue and share IFAD (and relevant) SSTC experiences and knowledge. The web-based catalogue will be developed over the course of 2017. Finally, during 2016 IFAD participated in two high-level global SSTC events. One, the Investing in Africa Forum, aimed at connecting policymakers, businesses and investors in China and Africa. The other – the Global South-South Development Expo of 2016 – offered opportunities for the Fund to showcase both its support of the agricultural innovation marketplace – which connects researchers from Africa and Latin America with Brazilian scientists – and its ongoing collaboration with RBAs in the area of SSTC.

#### Stepping up technical support

101. The role of staff in PTA and the Environment and Climate Division (ECD) – the two technical divisions of IFAD – has shifted from performing desk reviews of project design quality to actively participating in COSOP development, project design and supervision teams and supporting IFAD's policy engagement with country counterparts, thus reinforcing the capture and dissemination of knowledge generated through supervision to improve new country strategies, project designs, and policy engagement activities. The number of technical staff was increased and the use of consultants reduced, as was recommended by IOE in the 2013 Corporate-level evaluation of IFAD's institutional efficiency and efficiency of IFAD-funded operations (CLEE).
102. IFAD9 also saw the completion of the almost decade-long reform by which IFAD assumed responsibility for directly supervising the projects it finances. Major capacity-building exercises were undertaken to ensure high-quality supervision and implementation support and the performance of loan administration functions by IFAD staff. IFAD project staff were provided with extensive training on project and financial management, and procurement. Regional divisions reinforced internal peer-review mechanisms as part of the supervision and completion process, allowing for the sharing of lessons among CPMs and further enhancing supervision capacities. Greatly facilitated by the expansion of IFAD's country presence and decentralization (see section V.A), these endeavours have resulted in more thorough and continuous provision of supervision and implementation support functions, as highlighted in the 2015 ARRI.

#### B. Differentiated approaches for countries in fragile situations, LICs and MICs – including PBAS reform

103. The IFAD10 Consultation recognized the importance for IFAD of employing enhanced and differentiated approaches that respond to the diverse needs of the countries in which it works and are in step with social and economic changes in the development landscape. Commitments were undertaken to further strengthen IFAD's operational delivery model in four areas: engagement in countries with fragile situations; engagement with MICs; implementation of PBAS reform; and decentralization. Given the strong interconnections between them, the Executive Board and Management agreed on the need to develop IFAD's future actions in these areas holistically.
104. Throughout 2016, intensive consultations on the four topics took place in successive sessions of the Executive Board, Evaluation Committee, and the Executive Board Working Group on the Performance-Based Allocation System (PBAS Working Group), culminating in the Executive Board's endorsement of the following documents: IFAD strategy for engagement in countries with fragile situations; Update on IFAD's Engagement with Middle-Income Countries; IFAD's Approach to South-South and Triangular Cooperation; Approach to the review of the performance-based allocation system; and IFAD Corporate Decentralization Plan.

105. To integrate the approach to the four areas, the production (by May 2017) of an encompassing document was agreed. The document "IFAD's holistic approach to tailoring operations to country context" will consolidate the papers noted above plus the proposal for the revised PBAS to be presented to the Executive Board in April 2017. The document will help orient the operationalization of the Strategic Framework.

### C. Development effectiveness under IFAD9

#### People moved out of poverty and the IFAD9 Impact Assessment Initiative

106. During IFAD9 and continuing into IFAD10, the Fund has developed bold and ambitious new approaches to measuring the development effectiveness of the projects it supports. To measure the impact of efforts to improve the quality, reach and impact of IFAD's PoW, a target of 80 million "people moved out of poverty" became a focus of the IFAD9 RMF. This represented a step-change in IFAD's approach to results measurement by shifting the emphasis from "number of people reached" to impact assessment and determining the poverty-reducing effect of IFAD-supported projects. Rather than noting IFAD's contribution to improving the well-being of the rural poor, IFAD9 sought to attribute impact to IFAD investment.
107. Following this bold initiative, and since it was recognized at the time that the 80 million target of people to be moved out of poverty was not based on rigorous empirical evidence, significant resources were invested to scientifically assess the impact of IFAD's investments. The IFAD9 Impact Assessment Initiative (IAI) employed quasi-experimental and experimental approaches to assessing impact (see annex I).<sup>23</sup> Such an approach is unprecedented among the IFIs, in that while RMFs tend to measure results at the impact level, they do not attempt to attribute impact to the institution, but rather monitor its contribution. Further, a systematic approach across the portfolio with aggregation to a corporate measure had not been attempted by any IFI. The knowledge and learning that are being produced from this initiative will not only benefit IFAD, but will be a global public good serving all IFIs and stakeholders working to eradicate rural poverty.
108. Yet, the process of attempting to report on the "number of people moved out of poverty" highlighted issues with the indicator and correspondingly, the 80 million target, which turned out to have been not only of limited relevance, but also overly ambitious. The technical definition of movement out of poverty is based on a somewhat arbitrary poverty line that, for example, fails to capture the doubling of income of extremely poor households if that income gain is insufficient to get them over a particular poverty line. An exclusive poverty focus also ignores other IFAD strategic objectives, such as food security and resilience. By definition, the indicator necessarily underestimated the impact of IFAD investment.
109. While the IFAD9 RMF failed to identify an adequate indicator of IFAD success, it has not led IFAD to shy away from such efforts. On the contrary, the IAI was used to demonstrate that IFAD's investments in rural people generated returns in a number of other critical areas, including an estimated 43.2 million beneficiaries who saw an increase in their agricultural revenue (SDG2), 28.8 million who experienced a rise in poultry ownership, and 22.8 million who increased their livestock assets – in addition to the 24 million people who moved out of poverty (SDG1). In fact, IFAD investments are projected to reduce poverty by between 5.6 and 9.9 per cent, consistent with the poverty reduction impacts estimated by IOE (5 to 7 per cent) and those found for cash transfer programmes (3 to 7 per cent). Using an approach that allows for attribution, the IAI projected that millions of rural people benefit in a variety of ways from IFAD investments.

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<sup>23</sup> For further information on the IFAD9 IAI methodology and lessons learned refer to Synthesis of lessons learned from the IFAD9 Impact Assessment Initiative (EB 2016/117/R.8/Rev.1).



110. But the IFAD9 IAI also highlighted significant shortcomings in IFAD's approach to measuring results, including impacts. The fundamental message coming out of the initiative was that adequately identifying the results stemming from IFAD investments requires careful, proactive and forward-thinking planning and action-oriented decision-making. Therefore, IFAD has crafted a Development Effectiveness Framework (DEF) to create the necessary structure to facilitate the use of evidence in decisions regarding the design and implementation of projects. Developing such a framework is the next logical step in IFAD's evolution as a results-based organization, and builds on the approach instituted over a decade ago with the Results and Impact Management System (RIMS). The approach and new measures for assessing impact are described in the next section.

#### Project completion reports

111. The IFAD9 IAI goes deeper and further than the well-established and widely implemented approach among IFIs that uses evaluation criteria such as relevance, effectiveness, efficiency, rural poverty impact and sustainability of benefits. The IAI employs quantitative methods aimed at attributing impact directly, therefore providing a more precise determination of impact. Standard evaluation criteria draw on analysis undertaken at project completion by project staff for project completion reports (PCRs), which tend to systematically identify lessons from the project experience and report on outputs. Occasionally they report outcomes and perceptions of impact, but are unable to quantitatively determine impact. The IAI and standard evaluation criteria are complementary activities that are both designed for accountability and lesson-learning.
112. PCRs provide further validation of the improved quality of IFAD operations, as does IOE's ARRI. The latter notes that "overall, IFAD operations are satisfactory and making good contribution to sustainable and inclusive rural transformation", noting that "projects and programmes had positive results in reducing rural poverty and improving the living conditions of rural poor people".<sup>24</sup>
113. PCR data, which are available for an extended time frame and have associated baselines and targets in the IFAD9 RMF, show a marked improvement in IFAD-supported projects across the board (see table 6), and all outcome targets for 2015 can be considered met or surpassed. For the first time in IFAD's history, all indicators register 80 per cent or more projects in the satisfactory zone; most notably, 94 per cent of projects are in the satisfactory zone for rural poverty impact, 93 per cent for effectiveness, and 87 per cent for sustainability of benefits. High performance was maintained for all other indicators, namely, relevance, gender equality, and innovation and learning. The one exception is environment and natural resource management, which is just shy of its target. But data for the new indicator on adaptation of smallholders to climate change, reported on for the first time, reveal that 90 per cent of projects are in the satisfactory zone.
114. All projects are rated positively for relevance, again confirming the alignment between project designs, national rural development strategies, and IFAD policies and strategies. Likewise, effectiveness continues to be among the highest-rated indicators suggesting that, overall, projects are meeting or likely to meet their objectives. Key to this is a demand-driven approach to serving the target group, combined with increasing flexibility to adapt to evolving circumstances during implementation.
115. Results for rural poverty impact are positive, and performance has improved under all impact domains within this composite indicator when compared to previous years. Market access is the area with most scope for improvement, and indeed gains are expected given the greater attention to sustainably linking smallholders to markets in recent project designs, which include support for more in-depth











<sup>24</sup> See the IOE profile of the 2015 ARRI at [www.ifad.org/documents/10180/35b1dcd5-0111-41f2-bd57-8c66de575672](http://www.ifad.org/documents/10180/35b1dcd5-0111-41f2-bd57-8c66de575672).

analysis of value chains, and expansion of multi-stakeholder approaches such as IFAD's 4P mechanism.

116. Performance on the sustainability of benefits has largely exceeded targets. The early formulation and implementation of exit strategies and clear definition of the roles and responsibilities of institutions mandated to take over activities after project completion have been critical in this regard.

Table 6

**IFAD's contribution to development outcomes**

<i>Indicators</i>	<i>Baseline 2010</i>	<i>Results 2015<sup>a</sup></i>	<i>Target 2015</i>	<i>Progress</i>
<b>Outcome indicators (percentage of projects rated moderately satisfactory or better) at completion</b>				
Relevance	98	100	100	
Effectiveness	80	93	90	
Efficiency	69	82	75	
Rural poverty impact	81	94	90	
<i>Household income and assets</i>		94		
<i>Agriculture and food security</i>		95		
<i>Human empowerment and social capital</i>		91		
<i>Institutions and policies</i>		90		
<i>Markets</i>		85		
Gender equality	90	91	90	
Sustainability of benefits	73	87	75	
Innovation and learning	86	94	90	
Replication and scaling up	85	97	90	
Environment and natural resource management	88	89	90	
Adaptation of smallholders to climate change <sup>b</sup>	-	90		
Government performance	73	90	80	

Note: **Green = target has been met; Yellow = significant progress compared to baseline (i.e. result exceeds 50 per cent of the baseline-to-target gap); Red = unsatisfactory progress.**

<sup>a</sup> Results are for the cohort of projects completing in the 2012-2014 period. The analysis is based on the 2012-2014 PCR cohort, the latest representative sample of PCRs (including PCRs completed in 2012, 2013 and 2014) for a total of 97 projects reviewed up to December 2015.

<sup>b</sup> Of the PCRs included in the cohort, 34 had reported on this indicator up to December 2015. As over time further PCRs report on smallholders' adaptation to climate change, the project sample and the performance ratings will become more robust.

117. External assessments of IFAD's performance bear out these findings. Most notably and prominently IFAD's efforts in "mobilizing investment to enable rural people living in poverty to improve their food security and nutrition, raise their incomes and strengthen their resilience" were explicitly recognized by Member States at the Third International Conference on Financing for Development and referenced in the Addis Ababa Action Agenda. As noted above, IFAD's performance on gender equality and women's empowerment (SDG5) is validated by continued improvement across the 15 indicators included in the UN-SWAP on gender. On climate change (SDG13), the ODI highlighted IFAD's ASAP as the largest dedicated climate fund focusing 100 per cent of its approved finance on supporting the adaptation of poor smallholder farmers to climate change,<sup>25</sup> while a study by the CGIAR Research Program on Climate Change, Agriculture and Food Security mentions IFAD's ASAP as a good example of stakeholder participation, information disclosure and creating opportunities for rural communities, including the women and marginalized groups within them.<sup>26</sup>
118. In addition, metrics used in the IFAD9 RMF to track IFAD's operational effectiveness (see table 7) show positive trends and fulfilment of 2015 targets in

<sup>25</sup> Marigold Norman, "Food and Livelihoods in a Changing Climate: The role of climate finance for agriculture". *Working Paper 429, December 2015* (London: Overseas Development Institute).

<sup>26</sup> Wenlu Ye, Ioannis Vasileiou and Wiebke Förch, "Climate finance for agricultural adaptation: Version 2". *Working Paper no. 155, 2016* (Copenhagen, Denmark: CGIAR).

areas such as the time to process withdrawal applications and timeliness of project completion, as well as with respect to gender focus and IFAD's performance during implementation. However, further progress is needed in other areas, notably with respect to the time from project approval to first disbursement and the disbursement ratio – the disbursement ratio ebbed to 13 per cent at the end of 2015 from 16 per cent in 2013, thus missing the 2015 target of 18 per cent. This is largely a consequence of the continued expansion of IFAD's PoLG in recent years, most significantly in IFAD8 compared to IFAD7, and continuing in IFAD9. As would be expected, this has the effect of reducing the disbursement ratio in the short term.

119. While this factor is expected to ease over time, the importance of improving the timeliness of disbursements is recognized. This issue was examined in the context of an in-depth study providing statistical estimates of the relative influence of certain factors on disbursement, to better understand the factors that shape disbursement performance at IFAD. An initial set of recommendations and remedial actions has emerged from the study and has been discussed with the Executive Management Committee (EMC). A working group is now expanding on these results and considering the appropriate actions to better measure, monitor and manage disbursement. A plan of action will be implemented in 2017, with progress communicated to the Board as part of the discussion on RMF indicators.

Table 7  
**Portfolio management indicators**

<i>Indicators</i>	<i>Baseline value<sup>a</sup></i>	<i>Results 2015</i>	<i>Target 2015</i>	<i>Progress</i>
Projects at risk	18	20	Tracked	
Project time overrun (percentage)	22	11	18	●
Time for withdrawal application processing (days)	28	18	20	●
Time from project approval to first disbursement (months)	17	17	14	●
Percentage disbursement ratio – overall portfolio	15.7	13	18	●
Percentage disbursement ratio – for countries in fragile situations <sup>b</sup>	15	12	17	●
Percentage of projects for which gender focus in implementation is rated moderately satisfactory or better	88	91	90	●
Percentage of projects for which IFAD performance is rated moderately satisfactory or better at completion <sup>c</sup>	73	95	80	●

Note: **Green = target has been met; Yellow = significant progress compared to baseline (i.e. result exceeds 50 per cent of the baseline-to-target gap); Red = unsatisfactory progress.**






<sup>a</sup> All baseline values are as at 2010/2011, except time for withdrawal applications (2009/2010), disbursement ratios and gender focus (mid-2011), and IFAD performance (2012/2013).

<sup>b</sup> This figure relates to disbursements for countries with fragile situations.

<sup>c</sup> The baseline value for this indicator was revised (from originally 71 per cent) in line with IOE's new methodology for reporting IFAD performance, which is now based on completion cohorts.

120. Similarly, assessments by the arms-length QA review process indicate considerable improvements in the quality of project design since 2011 (see table 8), with significant progress across all 2015 targets areas, suggesting the positive contribution of the initiatives noted above.

Table 8  
Project quality-at-entry RMF indicators

<i>Indicators</i>	<i>Baseline 2011</i>	<i>Results 2015</i>	<i>Target 2015</i>	<i>Progress</i>
<b>Percentage of projects rated 4 or better at entry/average rating</b>				
Overall average	79	91	85	
Overall average for projects in fragile states only	n/a	90	80	
Gender	86	89	90	
Monitoring and evaluation	70	88	80	
Percentage of projects receiving positive ratings on scaling up	72	92	80	

Source: Report on IFAD's Development Effectiveness, document EB 2016/118/R.8.

Note 1: **Green = target has been met; Yellow = significant progress compared to baseline (i.e. result exceeds 50 per cent of the baseline-to-target gap); Red = unsatisfactory progress.**

Note 2: All baseline values are as at 2010/2011.

## D. Implementing a Development Effectiveness Framework

121. The shortcomings in IFAD's approach to measuring results highlighted by the IFAD9 IAI have inspired the preparation of a comprehensive and coherent plan referred to as the Development Effectiveness Framework (DEF). The objective of the DEF is to create the necessary structure to facilitate the use of evidence in decisions regarding the design and implementation of projects. While IFAD projects have many of the elements for achieving development effectiveness, an assessment of the underlying constraints to improving evaluability identified key shortcomings. Many of these have been highlighted in self-assessments of project and wider portfolio performance, IOE evaluations and QA reviews. In recent years, various initiatives to remedy these shortcomings have been undertaken, but IFAD has never had a comprehensive and coherent approach for measuring results, including impacts, and it became clear that this was required.
122. Implementing the DEF is a top corporate priority that is expected to yield significant benefits for IFAD development outcomes and impacts, and its ability to convey its comparative advantages and value added to stakeholders. Most of the activities envisaged in the DEF are already well under way.
123. The main elements of the DEF are the following:
- (i) Strengthening the focus on results through the project cycle  
A key aspect of the DEF is to strengthen the self-evaluation tools, particularly the project design report, project status and results report and project completion report, to ensure that they are written in such a way as to provide reflections on the project logic and facilitate learning. In order to ensure continuous and timely feedback on project progress in these documents and in general, the collection of data for projects will be tracked in real time from design through supervision and to completion. The end result of these efforts will be readily available project information for evidence-based project decisions. To further strengthen projects at entry and build on IFAD's existing QA system, a development effectiveness checklist to ensure compliance and quality of project documents will be piloted. The checklist will have two components: one that verifies that IFAD is doing the right things, thereby ensuring a link to IFAD's results, and a second that verifies that IFAD is doing

things right, thus confirming that projects meet quality standards that allow them to be effective.

- (ii) **Enhancing self-evaluation and accountability for results**  
As part of the DEF, a dedicated and accountable unit to ensure expanded learning and fulfilment of corporate requirements thereby giving self-evaluation more prominence and authority has been created. The Operational Programming and Effectiveness Unit (OPE) has been established as part of a PMD. Its functions will include responsibility for improving operational effectiveness by fostering operational and portfolio management practices that focus on results and learning and embrace the use of evidence for decision-making. To increase the incentives to ensure quality, the DEF proposes that consideration be given to assigning greater responsibility for projects to those providing technical input. In particular, a country programme management team could be formed for each project with clear responsibilities and co-leadership by the CPM and the lead technical adviser from PTA or ECD as appropriate.
- (iii) **Improving monitoring and evaluation capacity in the rural sector**  
To enhance country capacity and buy-in in monitoring and evaluation (M&E) and impact assessment as part of the DEF, IFAD is working with the Centers for Learning on Evaluation and Results initiative to design and deliver a curriculum for a certification in M&E and impact assessment. This is being funded through IFAD's grant mechanism. Fostering the use of evidence in portfolio management also requires IFAD staff to proactively obtain and use evidence in project design and promote data collection during project implementation. As with government counterparts, training CPMs and other IFAD staff in the generation and use of evidence is critical. Training is envisioned through an internal academy for CPMs and other IFAD staff.
- (iv) **Fostering the use of evidence in portfolio management**  
Building on existing IFAD portfolio reviews, a key part of the DEF is to systematically assess and understand IFAD's portfolio to determine overall potential impacts of the portfolio and analyse components of that portfolio. Only through a careful analysis is it possible to know what the potential impacts of IFAD investment on IFAD's strategic objectives and goal might be. Further, the DEF envisions conducting systematic reviews of key components of IFAD's portfolio to build an evidence base and map evidence gaps.
- (v) **Linking project monitoring and evaluation to corporate results reporting**  
The DEF will enhance the measurement of IFAD's success by revising the current set of indicators selected as well as the method of measuring those indicators. A reform of the RIMS will transform it into a system that is more robust and strategic, simpler and more relevant and thus easier to incorporate into logical frameworks (logframes). Following the model used in IFAD9, a subset of IFAD projects (15 per cent) will be selected for impact assessments in IFAD10 using experimental and quasi experimental approaches to attribute impact and the findings will be used for corporate reporting on the portfolio. The primary differences with respect to IFAD9 results reporting will be in the quality of the underlying impact assessments and in a stronger understanding of the IFAD portfolio.

124. Combined, these activities should overcome underlying constraints on the generation and use of evidence in decision-making and push forward a results-based agenda that creates three outputs: (i) projects that are designed in a manner that enhances overall corporate development effectiveness; (ii) project logic that is systematically monitored and maintained throughout the project cycle; and (iii) impact assessments that maximize learning. These three outputs should in

turn lead to the key outcomes of enhanced learning and strengthened accountability thereby allowing for evidence-based decision-making. By promoting these integrated activities through the DEF, IFAD can move forward with a development effectiveness agenda that showcases its results and provides lessons for the future.

125. In summary, the overall model for results reporting is to equip all projects with strong logframes that incorporate RIMS indicators that are tracked over time. This information will be aggregated to report outputs at the corporate level as needed for a given period of time (e.g. a replenishment period).
126. A key part of the DEF is an enhanced agenda to assess the impact of IFAD investments during IFAD10 and beyond. Clearly, to overcome the problems associated with the IFAD9 indicator "people moved out of poverty" it is critical to establish indicators that are broadly relevant in that they must match IFAD's strategic goal and objectives, and are broadly defined in that they can capture the benefits across a wide range of projects. The DEF therefore replaces the "people moved out of poverty" indicator with more relevant indicators linked to the goal (number of poor rural people with enhanced economic mobility) and three strategic objectives (number of poor rural people with improved production, access to markets and greater resilience) articulated in the Strategic Framework.
127. These indicators have been incorporated into a new RMF for IFAD10, which was presented to the Executive Board in December 2016. Corporate reporting on impact will be conducted using projections to the portfolio as per the practice under IFAD9, but the quality of the underlying impact assessments will be higher as the assessments will be linked to IFAD's actual portfolio. The projections will provide corporate-level impact estimates for key indicators. Since impact assessment will focus on lessons learned, a synthesis of these lessons will be provided.
128. These sets of actions are fundamentally altering IFAD's approach to results measurement and are enhancing its focus on bringing about effective development. Under IFAD9, IFAD took a risk in proposing a corporate measure of impact – people moved out of poverty – that moved beyond previous RMFs focused solely on outputs. In doing so IFAD did not identify an adequate indicator of IFAD success, and was therefore unable to meet its intended target. But taking that risk has provided significant dividends in terms of prompting IFAD to work towards developing a means to systematically assess – from output to impact – the success of its operations in the field. Investment in the IFAD9 IAI and the thinking involved in attempting to measure impact led to significant reflection on this key task. The DEF will enable IFAD to derive lessons from its projects with care and knowledge and thereby ensure systematic learning and continuous improvement throughout its interventions. Although there is still much to be learned during IFAD10 on how to do this properly, the actions to date place IFAD at the cutting edge of results measurement.

#### IV. Getting Smarter: Managing IFAD's activities more efficiently

129. In order to deliver a larger and improved PoLG, IFAD recognizes the need to be even smarter in the way it manages its activities. Key areas where substantial improvements have been and are continuing to be made include strengthening the capacity of IFAD's workforce, harnessing knowledge from operations, and streamlining financial management and delivery of in-house services. Significant achievements have already been realized with respect to IFAD9 commitments, resulting in savings and cost reductions. Progress made to mainstream and consolidate those achievements under IFAD10 has continued especially as a result of initiatives and advances in decentralization; cost-effective allocation, use and monitoring of financial and human resources; responsiveness to country needs;

transforming IFAD's financial model; enhancing institutional and operational programming processes and policies; and reviewing governance structures.

#### A. Increasing the capacity of IFAD's workforce to respond to global challenges

##### Decentralization

130. A key element of IFAD's improved efficiency, flexibility and responsiveness has been the focus on and advancements in decentralization. The continuing evolution of IFAD's operations and stepping up of activities in support of the ambitious goals of Agenda 2030 have been underpinned by an expansion in IFAD's country presence. This has improved the Fund's ability to adapt activities and adopt holistic, tailored approaches to local contexts.
131. Since the approval of the IFAD Country Presence Policy and Strategy by the Board in 2011, IFAD has made considerable progress in expanding its country presence. During IFAD9, the Field Support Unit (FSU) was established to provide support to ICOs including in the oversight of service-level agreements, and in ensuring: (i) follow-up of host country agreements; (ii) full integration of ICOs and ICO staff into IFAD's HR management, and information and communications technology systems; and (iii) effective security risk management.
132. As of February 2016, 40 ICOs had become operational, covering 78 per cent of IFAD's ongoing portfolio. Of these, 55 per cent of ICOs are located in Africa, 32 per cent in African countries with fragile situations and 25 per cent in countries with fragile situation worldwide. Over 100 staff are now working in the ICOs, including 21 CPMs.
133. The new IFAD Corporate Decentralization Plan focuses on consolidating and strengthening these offices, opening a number of new ones, supporting ICOs in acting as regional hubs to benefit countries without ICOs, and closing a small number of unutilized ICOs. In the long run it is expected that the number of ICOs will stabilize at approximately 45, many of which will have operational responsibility for neighbouring countries. As a result, the number of countries effectively covered by ICOs will rise to 77.
134. IFAD has established the majority of its ICOs using hosting arrangements with other United Nations agencies, including the RBAs. An Update on IFAD's country presence was provided to the Executive Board in April 2016, and the Corporate Decentralization Plan for IFAD10 and beyond was presented to the Board in December 2016. Building on IFAD's experience and current decentralization structure, the plan consists of a coherent framework of action, ICO models tailored to support timely delivery, and monitoring of IFAD's project efficiency, country dialogue and field-level needs.
135. It is increasingly clear from evidence and experience that decentralization and strengthening of IFAD's country presence are having multiple transformative benefits: projects are performing better, policy influence is growing and partnerships are increasingly effective. These benefits are making IFAD even more relevant and responsive in helping countries rise to the challenges of Agenda 2030. ICOs have also enhanced IFAD's visibility at the country and regional levels, making the organization a more effective and trusted partner for all stakeholders. This was confirmed by an independent external report published in 2015 by AidData, entitled "Listening to Leaders: Which Development Partners Do They Prefer and Why?" The report ranked IFAD as "the most communicative development partner in agriculture and rural development".
136. The Corporate Services Department will continue to work with PMD to support the implementation of the Corporate Decentralization Plan by monitoring and fostering the delivery of services and corporate initiatives related to all IFAD's field activities. It will provide a package of support services and standardization measures – from

administrative to financial – across regions. These will cover field security; security compliance of IFAD travel; general administration, HR and IT support; and service-level agreements with host agencies and host country agreements. This decentralized support will be directly linked to headquarters corporate policies and procedures.

137. With the increased responsibilities assigned to ICOs, IFAD has outposted senior operational staff and nearly half of all ICOs are now led by internationally recruited CPMs. A functional and workload analysis will be undertaken to determine the optimal arrangements for country programme management and location. In parallel, efforts will build on the ongoing recruitment of technical and other service staff for hubs and ramp up recruitment of national country programme staff for ICOs. The Corporate Decentralization Plan for IFAD10 and beyond incorporates lessons on country presence/decentralization from Management's self-assessments and portfolio reports, ICO internal audit reports, and the findings and recommendations of IOE's recently completed Corporate-level evaluation of IFAD's decentralization experience.

More efficient human resource management

138. Measures to enable IFAD staff to be more responsive to country needs will be accompanied by improvements in HR development and management. From an HR perspective, the Corporate Decentralization Plan includes a structured rebalancing of staffing between headquarters and ICOs, foreseeing the increase of country programme and administrative functions in existing ICOs and locating select technical and specialized staff in the field. This is being achieved through a parallel shift and cost efficiencies at headquarters. The decentralization plan envisages the grouping of country programmes to the extent possible, allowing staff to work to a greater extent in teams across countries and to share knowledge.
139. The ability of IFAD to respond to the current global context is clearly linked to enhancing the capacity of its human resources. In this respect, a refined HR delivery model and tools were reported to the Executive Board in September 2016 through the RIDE. As indicated in the RIDE, IFAD's HR management has improved across all indicators, save one, as compared to their baselines.<sup>27</sup> At 74 per cent, the staff engagement index is almost on target and the share of the workforce from Lists B and C has increased. The average time to fill Professional vacancies has surpassed the target, and compared to baseline, the time needed has been cut by 42 per cent. This is driven in large part by automation and the streamlining of the recruitment process, for example, the shorter period now required for shortlisting candidates. Actions are being taken to address the only area in need of further improvement: the percentage of women in P-5 posts and above.
140. The Human Resources Division (HRD) has been building significantly on the initiatives completed within the context of the HR reform undertaken during IFAD9, benefiting from the improvements made and consolidating the achievements. Efforts are concentrated on broadening and strengthening IFAD's effectiveness in the areas of innovation, fairness and transparency in the management of the organization's most valuable asset, its workforce.
141. Progress has been considerable in the domain of ensuring that the requisite staff, structures, competencies and skills are in place to help Member States attain the goals set by Agenda 2030. Building on the results of the job audit and through the annual strategic workforce plan (SWP) exercise, HRD makes use of a consistent organization-wide job-titling and job family system to ensure that IFAD's human resources are properly aligned with the Fund's strategic objectives.
142. IFAD's human resources policy framework, introduced in January 2012, now forms the solid policy basis governing human resources management. After IFAD's

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<sup>27</sup> See: Report on IFAD's Development Effectiveness, EB 2016/118/R.8.



extensive participation and contribution to the review of the compensation package for the Professional and higher categories conducted by the International Civil Service Commission, HRD is in the process of implementing the changes introduced by the General Assembly in its resolution A/RES/70/244, adopted in December 2015. In adherence to the schedule recommended by the General Assembly, the first part of the changes relating to repatriation, relocation and field allowances was introduced with effect from 1 July 2016; a second tranche involving the adoption of a unified salary scale and related allowances is planned to be implemented by January 2017; the remaining changes, relating to the education grant, are currently under discussion.

143. Streamlining and automation of HR processes have also improved efficiency in HR management. The implementation of the General Assembly resolution entailed substantive changes to HR IT systems and presented a good opportunity for HRD to engage in a comprehensive review of HR practices, with the purpose of automating and integrating the various online modules. Starting from 2015, in collaboration with the Information and Communications Technology Division, HRD has been implementing a broad HR/ICT vision aimed at enhancing current technology and developing state-of-the-art applications to assist IFAD managers and staff both at headquarters and in ICOs. This process will continue through to the end of IFAD10. The new functionalities include an online application portal and integrated systems for the recruitment of staff and the selection, administration and evaluation of consultants. The efficiencies generated by this major technical shift are numerous, ranging from ensuring consistent application of HR policy, to providing a paperless and error-adverse system, and to providing a central, accessible and auditable repository of information and documents.
144. Development and implementation of the Career Development Framework, guided by the results of the Global Staff Survey (GSS), represents another advancement in the way IFAD manages its human resources. The 2014 GSS identified a widespread desire to respond to career aspirations through a structured approach to career development. A working group championed and led by IFAD Management created a conducive environment for the finalization of a career development framework and a career development guide. These were presented to the Global Staff Meeting in February 2016 and subsequently rolled out to staff through workshops and briefing sessions; several of these were conducted in ICOs.
145. In addition, greater mobility within IFAD provides opportunities for career development and is crucial for consolidating and increasing staff efficiency and competence in the context of the challenges ahead. Through a structured mobility pilot currently being conducted within PMD, IFAD is shaping an effectively managed functional and geographical mobility process, according to IFAD's decentralization plans and as part of the evolving needs of the Fund, as it moves towards increasing country presence. Mobility opportunities enable IFAD to better retain and deploy a dynamic and adaptable workforce in order to meet current and future organizational needs.
146. Strides have also been made in the way training needs are identified and tailored to staff needs. Learning needs for headquarters and ICOs are identified on an annual basis within the IFAD corporate learning needs assessment. With more globally dispersed and mobile staff capacity, training has become increasingly relevant. During IFAD10, HRD increased its outreach to ICOs to introduce new capacity-building services but also to make sure that ICO staff have access to and are able to build on the distinctive opportunities that IFAD offers to its entire staff. In 2016, training needs of ICO staff represent a priority in the allocation of the IFAD training budget, with face-to-face courses continuing to be delivered in ICO locations on a variety of topics.

## B. Harnessing knowledge to further advance quality

147. IFAD's unique knowledge about the challenges and opportunities facing rural women and men is central to the leadership role it is increasingly playing in the global domain of rural poverty reduction. It is imperative that IFAD continues to make significant progress in strengthening its capacity to generate and manage knowledge. At the corporate level, there is a drive to strengthen impact assessment, policy engagement, SSTC and research, alongside investments in flagship knowledge products (including the Rural Development Report and a new research series). The Strategy and Knowledge Department is spearheading an increasingly integrated approach to knowledge management. In terms of IFAD's grant-funded activities, the Policy for Grant Financing emphasizes that IFAD must capitalize more systematically on the experience and knowledge being gained.
148. During IFAD9, mechanisms were put in place to monitor progress in this area. Learning is increasingly being prioritized in key business processes, for example in QA, COSOP formulation, the portfolio review, and project completion reports. New COSOP guidelines released in 2015 ensure that knowledge management builds on M&E and provides the requisite data to support achievement of COSOP objectives. PTA continues to develop solutions-oriented knowledge products for country teams, based on demand, which distil lessons on specific themes and issues. For IFAD10, an action plan has been developed to implement key knowledge management priorities, including more systematic management and sharing of knowledge, more targeted distribution, and improved IT platforms to promote better access to knowledge and information. Additionally, an approach to measuring knowledge management performance is being developed. These initiatives will contribute to IFAD's delivery on the following commitments made under IFAD10: (i) implement a publication strategy aimed at more systematically managing and sharing IFAD's knowledge and experience; and (ii) monitor and report on performance on knowledge management.
149. IFAD's knowledge management strategy was recently praised by the United Nations Joint Inspection Unit, which conducted a review in 2016 of knowledge management in United Nations system organizations. In the draft report, IFAD's knowledge management strategy and work were highly commended and IFAD was recognized as having among the most comprehensive and sustainable approaches to knowledge management of its peer organizations. IFAD is cited as a proponent of a pragmatic and action-oriented approach, based on overall objectives and key results areas, innovative implementation methods and knowledge opportunities, all set within a robust results framework with clear measures of success and means of verification for knowledge-related activities.
150. Advances have also been made through the QA process: a reformed Quality Assurance Group (QAG) unit is ensuring that knowledge is captured and shared throughout IFAD operations, and that the overall quality of operational activities is raised even further. Enhancing continuity and learning throughout the review processes (OSC and QA) at COSOP, concept note and design stage is a key element of this, as is the strengthening of links between quality enhancement (QE) and QA. In addition, work on the Quality Assurance Archiving System (QUASAR) continues, providing a platform for knowledge sharing as well as streamlined workflows.
151. The new IFAD Policy for Grant Financing was approved by the Executive Board in April 2015, and implementing procedures were approved by Senior Management in June 2015. QAG began implementing the new policy and procedures in July 2015, upon EMC approval of the Strategic Guidance Note on Grants. Crucially, as part of the implementation of the grant policy, IFAD is systematically encouraging competitive selection of grant recipients, and greater attention to knowledge management and inter-divisional collaboration.

## C. Stepping up IFAD's financial capacity and management

### Organizational capacity strengthening

152. While noting the progress already made, the IFAD10 Consultation called for further capacity strengthening in project financial management in order to provide timely support during design and implementation. The Fund is at a crossroads in terms of its developmental model: core replenishments can no longer provide the sole source of financing for IFAD not only because of the climate of austerity affecting its traditional sources of funding but also because of IFAD's plans to expand its operations. A new financial development model is needed to enable IFAD to contribute to the advancement of Agenda 2030 and take the organization to the next level in terms of overall development impact.
153. As the Fund moves forward with innovative financing arrangements using non-traditional sources and reviews its existing lending terms, products and pricing, IFAD's internal capacity for risk analysis and financial management will need to be expanded and enhanced. This is a prerequisite for successful engagement in dialogue with new providers of capital and other stakeholders.
154. At the midterm of IFAD10, solid operational results have been achieved in terms of organizational capacity strengthening to bring about this transformation. The President's Bulletin (PB/2016/02) issued in May 2016 realigned the Financial Operations Department (FOD) to enhance its operational profile. The Controller's and Financial Services Division was unbundled to form two separate entities: the Financial Management Services Division (FMD) and the Accounting and Controller's Division, (ACD) thereby adding a higher level of specialization and more flexibility to meet and build on the financial goals of the organization. The Treasury Services Division (TRE) issued an information circular on its new organizational set up and further information is available on IFAD's Client Portal. The risk and compliance function has also been enhanced through an expanded terms of reference.
155. Initiatives to develop project financial management capacity include: (i) a pioneering accreditation process by IFAD for financial management consultants who currently provide up to 80 per cent of supervision and implementation support in the field; (ii) headquarters and regional/subregional workshops and e-learning courses on thematic priorities and/or key policies and procedures.
156. Project financial management will be further enhanced through the progressive transfer of financial management resources and associated accountabilities from the PMD regional divisions to FMD between 2017 and 2018. In addition, IFAD is putting in place a mandatory accreditation process for financial management consultants. This will further strengthen fiduciary oversight, ensure seamless implementation support, consistent practices, and fiduciary compliance value added activities across IFAD project and programmes.
157. To promote financial management knowledge among stakeholders, including project and ministry staff, consultants and IFAD staff, efforts are ongoing to ensure: (i) the availability of updated policy guidelines and procedures manuals; (ii) access to online certification and training materials, including an e-learning tool; (iii) the organization of annual capacity-building workshops in all regions; and (iv) greater awareness among stakeholders of relevant financial management policies and lending products through the issuance of guidance notes and the organization of training activities.
158. Fiduciary oversight of all IFAD operations and performance of financial management functions is now concentrated exclusively in FMD, which will ensure fully consistent, transparent and adequately resourced financial management support to IFAD operations by the end of 2018. This will also strengthen segregation of duties internally and respond to the persistent challenge of excessive workload for CPMs.

159. Greater efficiency across financial operations has been achieved through process streamlining in accounting, financial reporting and financial management. During IFAD9 and ongoing in IFAD10, streamlining and efficiency enhancements have been driven largely by the need for financial operations that respond effectively to IFAD's evolving financial and fiduciary responsibilities. This implies the need for reliable and efficient processes to support these functions. FOD has introduced an Internal Control Framework for reporting that has been reviewed and approved by IFAD's internal and external auditors, thereby ensuring the integrity and reliability of IFAD's financial statements and compliance with accounting and auditing best practice.
160. Enhancing system automation and streamlining<sup>28</sup> continues to be a priority so as to ensure more timely and accurate financial reporting. Significant achievements include the replacement of the Loans and Grants System (LGS) with FLEXCUBE and the Data Warehouse, which further integrated systems, provided additional reporting capacity and dramatically reduced operational and statistical reporting times across the operational units involved in accounting and financial reporting.
161. Another area of enhanced efficiency is the full integration of the payroll system with the financial and travel module to automatically recover outstanding travel advances (through payroll). This has practically eliminated all the manual activities previously carried out by the Payroll unit and Travel unit to process cash advance recovery operations.
162. IFAD's financial operations are also supported by recent developments in IT architecture. IFAD's Client Portal (ICP) will yield benefits for the borrowers and recipients of IFAD financing by improving service delivery, reducing cycle times and providing better visibility and real-time access to financial data. ACD is also working to implement a reporting platform for complementary replenishment contributions and supplementary funds; this platform is expected to be in operation by end-2017.
163. IFAD's progress in financial management capacity, efficiency and processes was recognized in 2016 when it became the first United Nations agency to be positively assessed on all seven pillars required under the new European Commission Financial Regulation Standards. This allows for a higher degree of reliance on IFAD's procedures, and its project and external audits. IFAD also welcomes the possibility of new forms of financing, including blend products, given the assessment it received for financial instruments.

#### IFAD's financial model

164. During the IFAD10 Consultation, the Fund further consolidated its prudent financial framework based on a sustainable cash flow approach implemented during IFAD9. The approach ensures the Fund's long-term and sound financial sustainability by optimizing the use of resources with a strong focus on liquidity.
165. In line with other IFIs, IFAD's borrowing strategy was embedded within this rationale and its financial model is being re-engineered to reflect an acceptable level of financial leverage. The Sovereign Borrowing Framework ensures that every borrowing facility is at all times self-sustainable and also respects IFAD's overall minimum liquidity requirement.

#### Enhancing IFAD's internal resources

166. The way investment and risk are managed within IFAD has also been enhanced. FOD has taken a number of concrete steps to improve IFAD's investment strategy and strengthen risk control. TRE diversified the sector exposure of investment portfolios and has pared it back in others. To compensate for the all-time low yields on global bonds, the policy credit-rating floor was lowered from AA- to BBB to

<sup>28</sup> Among the recommendations of the corporate-level evaluation of IFAD's efficiency (CLEE and agreed commitments outlined in the IFAD10 commitment matrix.

enhance diversification and returns without materially increasing risk. The possibility of limited exposure to equity instruments was also introduced to enable a reduction of concentration in fixed-income products. To date, however, equity investments have not yet been implemented.

167. Liquidity management was improved in IFAD10 to manage short-term cash needs more efficiently. A global liquidity portfolio was created to supply operational funds needed for disbursements and to invest excess cash balances held with banks. This portfolio is invested in highly rated and liquid bonds with short durations to limit interest rate risk, and securities can be sold at any time to meet operational cash needs.
168. In order to strengthen risk control, adopt best industry practices and ensure that potential impairments are detected in a timely manner, a formal impairment policy was established to consolidate and replace related provisions contained in individual investment portfolio guidelines. The policy ensures appropriate assessment, recognition and measuring of impairment losses in accordance with International Financial Reporting Standards (IFRS) and defines objective evidence and processes for recognizing and reporting the impairment of financial assets valued at amortized cost and of investments in equity instruments.
169. Changes to IFAD's debt servicing policies have been implemented and the benefits of these changes, along with prompt monitoring of loan repayments, are continuing to keep arrears at an historically low institutional level. In addition, IFAD's success in recent years with rescheduling long-standing arrears in the form of debt settlement agreements has also contributed to the better management of IFAD's loan reflows. Currently, the amount of arrears is approximately 1 per cent of IFAD's total billing.
170. An impairment provision has been set up in the accounts for any uncertainty on the receipt of loan principal repayments according to the original repayment schedule. As at 31 December 2015, this allowance amounted to some US\$35.5 million in nominal terms, equivalent to 0.57 per cent of the balance of loans outstanding (US\$6,207 million), well below the historical average of 2.4 per cent.
171. In addition to the accounting provisions, IFAD undertakes operational measures to reduce the risk of accumulating arrears balances by engaging directly with country teams and through IFAD finance officers. In the event that payments are not received, disbursements of loans that are 75 days in arrears are discontinued and the entire loan is suspended.
172. IFRS9 will be effective for annual periods beginning after 1 January 2018. In response to the financial crisis, the timeliness of recognition of expected credit losses has become crucial; the IFRS9 impairment section has been designed to address this need.
173. Under IFRS9, the impairment model will become forward-looking and a triggering event will no longer be necessary to recognize an impairment, as it is based on expected credit losses on financial instruments. This requires entities to assess the probability of default at origination/purchase date of the underlying asset and thereafter throughout the entire life/maturity of the financial assets. The valuation should be updated continuously to reflect changes in the evolution of the credit risk of financial instruments.
174. Management will continue working to further strengthen the methodology and the assumptions surrounding the implementation of this accounting principle and will continue to liaise with external auditors to ensure full compliance with IFRS9. Management will also set up systems, tools and procedures to enable its timely implementation.

## D. More efficient service delivery

### Upgrading communication and IT systems

175. The Information and Communications Technology Division (ICT) is continuing to sharpen its focus on efficiency and excellence in service delivery, and on adoption of improved information and communications technologies to promote automation and implementation of corporate efficiencies. ICT is fully engaged in the fulfilment of IFAD10 commitments and has already delivered certain key initiatives. It has augmented its partnership with the operations divisions and initiated key financial management systems with specific IT tools befitting a modern IFI.
176. Through smart decentralization, ICT is rolling out economical, effective solutions for ICOs. Currently deployed in 39 locations, these solutions ensure that staff can work effectively and securely regardless of geographic location. In addition, mobile solutions have now become a standard part of IFAD's productivity through the delivery of the strategy and infrastructure needed to enable staff to securely maintain office productivity on mobile devices.
177. ICT has shifted its focus towards strategically enabling IFAD's core business by committing to initiatives that directly support the full array of IFAD lending and grant operations. In particular, emphasis has been placed on providing systematic support to the focus on results throughout the project cycle via the Operational Results Management System (ORMS) project, one of several major corporate initiatives currently under way with PMD. It is expected that implementation of the RMF tools will bring IFAD more in line with the standards of other MDBs while gaining efficiencies, such as automating the capture of real-time results from any location and streamlining results reporting. The project will be implemented in phases, initially with the creation of an online logframe, followed by an online supervision tool. This will eliminate parallel quality reviews for supervision and completion reporting.
178. A new online process to support IFAD's project completion reporting is planned, which will delegate completion reporting ratings to the regional divisions. In addition, during the medium-term plan (MTP) period, technology activities for programmatic IT (including technology for development) will continue to support impact assessment and expedite the adoption of technology in IFAD projects.
179. Access to data management information has been enriched by the integration of disparate IFAD data through the concept of a centralized Data Warehouse, allowing key corporate data to be consumed in real time by all stakeholders. A prime example is the recently released IFAD Country Pages Platform and the new series of reports for contributions and the Fund's project portfolio.
180. Looking ahead to 2017 and beyond, the data collected in the new ORMS will yield further operation management dashboards, and will provide an overall picture of IFAD's portfolio performance at a glance.
181. IFAD will shortly be one of the few IFIs that is able to confer and fully conduct its business online with borrowers, recipients and other partners. This has been made possible through the development of secure, modern and multipurpose, externally facing platforms through the IFAD Client Portal (ICP). The ICP is currently being launched and the first phases of delivery are expected in the first quarter of 2017. Completion is anticipated by the end of 2019. This multi-year project will provide borrowers and recipients of IFAD financing with improved service delivery, reduced cycle times and better visibility and access to data. In addition, this flagship platform will shorten the disbursement cycle of loans and grants, improve the management of loan and grant processes and, going forward, act as a front end for many of the business operations IFAD undertakes with external partners.

182. ICT will also maintain its focus on business analysis and solution development to streamline corporate business processes for operational effectiveness and greater administrative efficiency.

Facilities, travel, procurement and other support services

183. In 2015, IFAD achieved Leadership in Energy and Environmental Design (LEED) platinum certification for the management of its headquarters building, making it the first United Nations entity worldwide to achieve this highest level of certification. In addition, climate neutrality was achieved by purchasing certified emission reductions to offset emissions.
184. Improvements have also been realized in the efficiency with which administrative services are delivered. The Administrative Services Division (ADM) has streamlined corporate administrative guidelines, incorporating special provisions for delegation of authority to ICOs. These include updated procurement, records management and property procedures.
185. A new global travel contract has been implemented which has yielded additional efficiencies and includes provisions for decentralized ticketing at ICOs. ADM has so far implemented decentralized ticketing in 11 countries: Ethiopia, Kenya, Mozambique, United Republic of Tanzania and Zambia (East and Southern Africa); Plurinational State of Bolivia, Brazil, Guatemala and Peru (Latin America and the Caribbean); Ghana (West and Central Africa); and Viet Nam (Asia and the Pacific). Where decentralized ticketing is in place, ICOs can benefit from enhanced services available in the country, automated systems, and cheaper locally purchased tickets, especially for travel originating in countries where the ICOs are located. ADM is planning to implement decentralized ticketing in other locations where a local travel agent is available.

#### E. Refinement of IFAD's governance structure

186. Building on discussions at the 111<sup>th</sup> session of the Executive Board in April 2014 on the Corporate-level evaluation on IFAD replenishments, the IFAD10 Consultation considered the issues of IFAD's governance structure, and the participation and representation of IFAD's Member States in governance processes and replenishment consultations. Consultation members agreed that it would be opportune to review the List system, particularly with respect to effective representation of Member States in IFAD's governing bodies, as well as the length of replenishment cycles, and endorsed the proposal to set up a working group to address some aspects of the replenishment process and governance issues.
187. Based on the recommendation contained in the Report of the Consultation on the Tenth Replenishment of IFAD's Resources,<sup>29</sup> the Governing Council established the Ad Hoc Working Group on Governance (WGG) in February 2015. According to its terms of reference, the Working Group would brief the Executive Board regularly, and would submit a report on the results of its deliberations and any recommendations thereon to the Executive Board in December 2016, for submission to the fortieth session of the Governing Council in February 2017 for endorsement, and with a view to adopting such resolutions as may be appropriate.
188. To assist the WGG in their deliberations, an international consultant on governance was recruited. His final report was presented to the WGG in April 2016. Building on this report and on further analysis, the WGG presented its conclusions and recommendations to the Executive Board in December 2016. The WGG reached consensus on not extending the replenishment cycle to four years at that time, but agreed that this proposal could be revisited in the future. In addition, with respect to the relevance of the List system, members of the WGG agreed on the need for increased representation of some List C least developed countries in IFAD governing bodies.

<sup>29</sup> See: GC 38/L.4/Rev.1.

189. The issue of developing principles of conduct for representatives on the Executive Board of IFAD has been discussed on various occasions in recent years, including as a result of one of the recommendations of the 2013 CLEE. In that context, it was agreed that the matter would be considered by Convenors and Friends. After extensive discussions, proposed Principles of Conduct for Representatives on the Executive Board of IFAD were approved by the Executive Board in December 2016.<sup>30</sup> This marks a fundamental step for IFAD, as the establishment of Principles of Conduct for those serving on the Executive Board of IFAD is in line with international good practice. The principles will further strengthen governance and the reputation of the Fund, which, in turn, is expected to lead to an increased level of public confidence and trust among the Fund's constituencies and stakeholders.

## V. Conclusions and prospects for 2017 and 2018

190. Overall, strong results have been achieved across the IFAD10 commitments, consolidating progress made under IFAD9. IFAD is keenly aware of the scope of the challenges it faces in the new global development context. In order to enable Member States to achieve the ambitious goals they have signed up to under Agenda 2030, IFAD must continue to evolve and transform, building on the progress already made, so as to provide global leadership in the eradication of rural poverty. For this to happen, IFAD must be financially equipped to fulfil its role.
191. IFAD's ARRI and RIDE, external evaluations and the IFAD9 IAI all demonstrate that impressive advances are being made in IFAD's development impact, and the measurement thereof. Looking to the future, IFAD, with the continued support of its Member States, will strive not only to deliver on the IFAD10 commitments, but to continue transforming and expanding its impact with a view to becoming a leading global actor in the realization of the SDGs – most notably, those aimed at eradicating poverty and hunger (SDG1 and SDG2).

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<sup>30</sup> EB 2016/119/R.44.



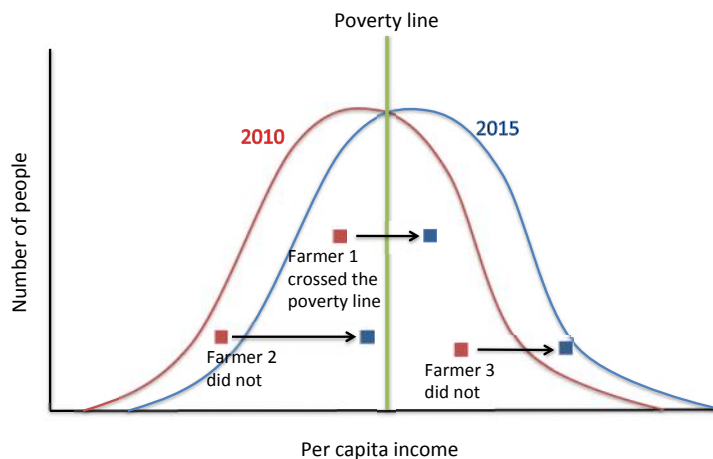
## IFAD9 Impact Assessment Initiative: Synthesis of lessons and steps forward

1. A key part of IFAD9 was the shift in IFAD's results measurement approach from being output- to impact-based: the output measure of "number of people reached" was changed to an impact measure of "people moved out of poverty". A target of 80 million "people moved out of poverty" became a focus of the Ninth Replenishment of IFAD's Resources (IFAD9) IFAD9 Results Measurement Framework (RMF). This approach was unprecedented among international financial institutions (IFIs), in that while RMFs measured results at the impact level, those results were not used to estimate the overall impact of the IFI. No IFI had used a systematic approach across the portfolio, or had attempted aggregation to a corporate measure.
2. It was recognized at the time that the target of 80 million people to be moved out of poverty was not based on rigorous empirical evidence. The IFAD9 Impact Assessment Initiative (IAI) therefore included resources for:
  - Exploring methodologies to assess impact;
  - Measuring – to the degree possible – the results and impact of IFAD-financed activities; and
  - Summarizing lessons learned and advising on rigorous and cost-effective approaches to attributing impact to IFAD interventions.<sup>31</sup>
3. Work in these areas has produced valuable insights into the extent of IFAD's recent impact, and into how best to assess impact and the most effective way for IFAD to assess impact in its future work.
 

What is the best way to measure impact?
4. It can be challenging to measure the impact of development interventions. Ideally, one should begin with two groups: a control group and a treatment group that are alike in all ways except that the treatment group is targeted by the intervention, whereas the control group is not. Data on the two groups should be collected ex ante, that is, before the project is implemented. This makes it easier to identify a control group that is as similar as possible to the treatment group. The indicators selected for measurement should reflect the project's objectives and theory of change as well as the objectives of IFAD's Strategic Framework. After the intervention has been applied, the difference between these groups, in income or in other indicators of well-being, should be attributable to the intervention. This approach requires planning at the initiation of projects to allow impact to be assessed at completion.
5. Since IFAD did not use such systems in prior replenishment periods, to assess impact for IFAD9 required looking backwards and constructing data on projects nearing completion. This created a host of challenges since it required generating data that had not previously been required.
6. In 2012, IFAD committed to addressing the need to assess impact more rigorously by setting several targets. It committed to reaching 90 million people with services from IFAD-supported projects from 2010 to 2015 and to moving 80 million of these people out of poverty. It soon became clear, however, that as an indicator of project performance, the metric "people moved out of poverty" was flawed.

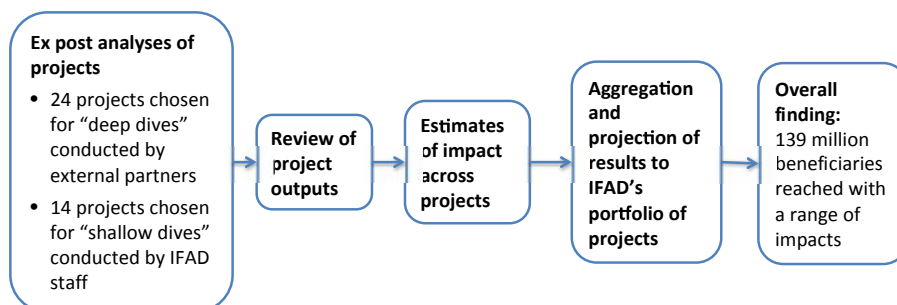
<sup>31</sup> See EB 2012/107/INF.7: Methodologies for Impact Assessments for IFAD9, para. 6 of the executive summary.

Figure 1  
Using a “people moved out of poverty” metric fails to capture many successes



7. Figure 1 illustrates the limitations of this metric. Poverty reduction is a discrete measure based on a clearly defined yet somewhat arbitrary poverty line. To the left of the poverty line in figure 1 are the farmers considered poor; to the right are those considered not poor. Suppose that the distribution line for 2010 shows the initial conditions of a target population based on, in this case, per capita income. The project shifts the beneficiaries in a positive direction, as shown by the distribution line for 2015. On average, the beneficiary population is better off. But consider three farmers, all of whom experience increases in income. In 2010, farmer 1 is below the poverty line. By 2015 the project improves her well-being enough to move her above the poverty line. She is “moved out of poverty” and counted in an impact assessment based on this metric. Farmer 2 begins with a much lower income than farmer 1 but experiences a greater increase in welfare. Yet because he did not cross the poverty line, he does not count in a poverty reduction measure. The project also helps farmer 3, but she is not considered poor before the project, so her gains are not counted under “moved out of poverty”. Clearly, the measure fails to capture some gains – even dramatic ones – of farmers who did not cross the poverty line.
8. Moreover, this focus on the poverty line ignores the importance of other IFAD strategic objectives. For example, an intervention that improves a household’s resilience by limiting its exposure to risk and preventing it from succumbing to poverty would not be captured, as it does not take a household out of poverty.
9. In light of these limitations, along with measuring people moved out of poverty, the IFAD9 IAI attempted to assess the impact of IFAD loans and grants more systematically and comprehensively (figure 2). First, it selected a sample of IFAD projects that were ongoing or completed between 2010 and 2015, to represent the portfolio of activities undertaken by IFAD during that period.

Figure 2  
Methodological approach to IFAD9 IAI



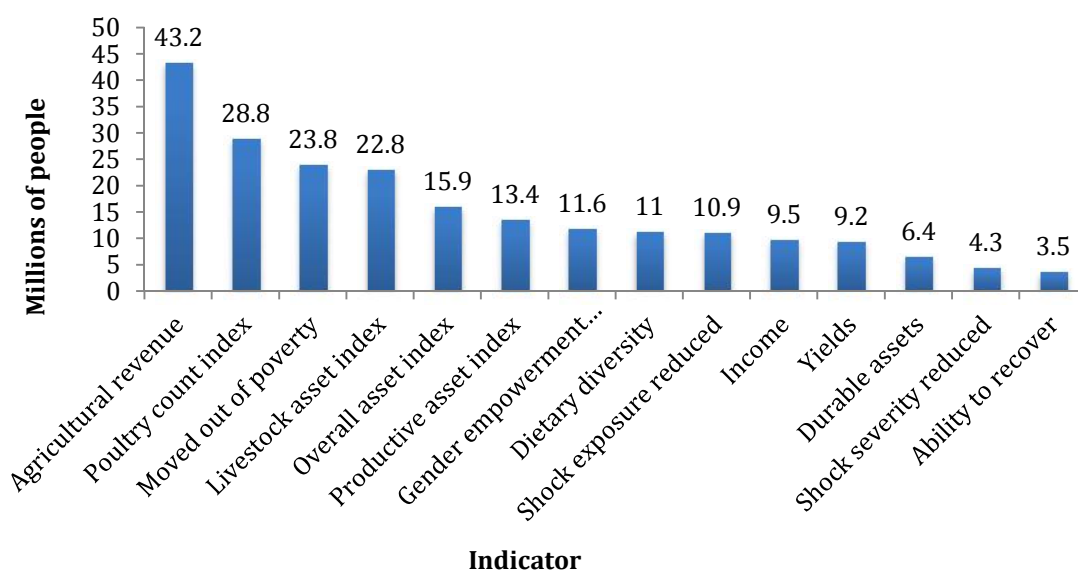
10. All impact assessments were necessarily designed ex post and thus have limitations in the quality of the control group and the data. Out of about 200 projects completed during 2010–2015, 24 were selected for impact assessments by external partners (deep dives) and 14 for analysis by IFAD staff (shallow dives). The projects were chosen in an attempt to achieve a representative selection of the portfolio across regions.<sup>32</sup>
11. All of these projects were reviewed to determine outputs. Estimates of the average effect of the projects on given indicators were made by comparing the treatment group with the control group. These project-level impact estimates were then aggregated to estimate the overall effects and projected across IFAD's portfolio to show the estimated impact of IFAD projects on key indicators, both in general and by project type. This result was then used to estimate the total number of recipients benefiting from IFAD-supported projects.

What did the impact assessment show?

12. Based on all closed and ongoing projects during the 2010–2015 period, the assessment showed that 139 million people and 24 million families had currently been reached. The range of activities targeting these beneficiaries was designed to broadly improve the well-being of poor rural people. Beneficiaries include 18 million active borrowers and 26.6 million voluntary savers, highlighting IFAD's focus on financial inclusion. Numerous farmers have been trained in agricultural practices, including 4.4 million in crop production technologies, 1.6 million in livestock production, and 1.4 million in natural resource management. Improvements in agricultural activities have been promoted, leading to 5 million hectares under improved management practices. The data suggest that IFAD's investment in rural people is leading to significant outputs.
13. Figure 3 moves beyond outputs, extending the estimates to the impacts of the IFAD portfolio. An estimated 43.2 million beneficiaries exhibited a substantial increase in their agricultural revenue, 28.8 million experienced a rise in poultry ownership, and 22.8 million registered an increase in livestock assets. Of course, there is some overlap of benefits across individuals, but the results suggest that benefits are significant and widespread, and there is a high likelihood that nearly all projected recipients will receive some benefits.

Figure 3

**Projected number of beneficiaries impacted by IFAD projects, by indicator, 2010–2015**



<sup>32</sup> Two of the 24 deep dives were not completed on time and are thus excluded from the analysis.

14. Despite the limitations associated with measuring the number of people moved out of poverty, the IFAD9 IAI provided estimates of this measure based on the distribution of an asset index based on durable asset ownership across beneficiary populations. With this method, it found that IFAD investments are projected to reduce poverty by between 5.6 and 9.9 per cent using poverty lines based on the fortieth and sixtieth percentile cut-offs of the durable asset distribution. These results are consistent with the poverty reduction impacts estimated by the Independent Office of Evaluation of IFAD (IOE) of 5 to 7 per cent and those found for the poverty-alleviating impact of cash transfer programmes (3 to 7 per cent). In aggregate, as shown in figure 3, 23.8 million people are estimated to have moved out of poverty.

What lessons have been learned?

15. The IFAD9 IAI has provided IFAD with significant lessons that will help advance a results-based agenda:
- (i) Future impact assessments should be selected and structured to maximize learning. Rather than randomly selecting projects to represent the global portfolio, projects should be purposefully selected where learning is likely to be greatest. Criteria for selection should include: (a) innovative approaches; (b) potential for scaling up; (c) existence of a clear evidence gap; and (d) common projects types – e.g. value chains – which have similar approaches in multiple countries.
  - (ii) IFAD should focus on developing a comprehensive set of indicators that reflect IFAD's three strategic objectives and broader goal. To promote learning, it is important to select and analyse indicators along a project's causal chain, reflecting the theory of change that underlies the project.
  - (iii) Creating an impact assessment agenda requires systematically reviewing the portfolio to understand the impact potential of IFAD-funded projects and to identify where there are gaps in the evidence of the success of those projects.
  - (iv) Projects must be designed with strong logical frameworks and monitoring and evaluation systems from the outset, to ensure that each project's theory of change is articulated, that the proposed indicators of that theory are identified, and that the means of verification are noted.
  - (v) IFAD must focus on ex ante impact assessments. This approach increases the likelihood of accurately attributing impact to IFAD investments and enhances learning.
  - (vi) The IFAD impact assessment agenda must reflect a multi-stakeholder and participatory process. Collaboration among research teams, project management units, IFAD staff, and implementers from the start is crucial for successful, effective implementation of both the project and the impact assessment.
16. The lessons of the IFAD9 IAI have profound implications for IFAD and for how it measures the impacts of its investments in rural people. The Fund has incorporated these lessons into its work for IFAD10 (2016–2018) through the approval of the Development Effectiveness Framework (DEF), which expands the Fund's focus on results. The DEF promotes a series of actions – from training to improved results management systems – to enhance results measurement and thereby strengthen accountability and lessons learned from projects. This comprehensive approach will help IFAD to continuously improve and allow it to deliver better, evidence-based projects.
17. For IFAD10, the DEF replaces the “people moved out of poverty” indicator with more relevant indicators linked to the goal (number of poor rural people with

enhanced economic mobility) and three strategic objectives (number of poor rural people with improved production, access to markets and greater resilience) articulated in the IFAD Strategic Framework 2016-2025. The selected measures overcome the issues with the poverty indicator in that they are broadly relevant to IFAD's portfolio since they reflect IFAD's strategic objectives and goal and in that they are broadly defined so they can capture the benefits from a wide range of projects. Targets for these indicators are based on a systematic review of IFAD's portfolio that is linked to what IFAD does in its projects. This approach overcomes the narrow focus of the "people out of poverty" indicator and provides targets based on a review of the portfolio to ensure that it can adequately assess the Fund's broad set of impacts.

18. By moving forward in this way, IFAD is taking action to advance the results-based agenda that it began a decade ago. As it does so, it will not only gain a better understanding of the impacts of its investments, but also generate knowledge that will make it even more effective in promoting the well-being of rural people.

## IFAD10 commitment report and status to date

- The report provides an account of progress as of 30 September 2016 in implementing the Tenth Replenishment of IFAD's Resources (IFAD10) commitments. Progress towards these commitments is monitored quarterly by Management to identify and mitigate implementation issues. It is worth noting that 49 (89 per cent) of the 55 commitments are reported to be on track and six (11 per cent) are facing minor issues that are being addressed by the responsible departments. Five of the six commitments with minor issues are related to institutional effectiveness and efficiency and one to the financial framework.

Table 1  
**Summary implementation status of IFAD10 commitments**

Areas	Total deliverables	On track (Green)	Minor Issues (Yellow)	Major Issue (Red)
IFAD's strategic vision and role	1	1 (100%)	--	--
Operational effectiveness and efficiency	24	24 (100%)	--	--
Institutional effectiveness and efficiency	21	16 (76%)	5 (24%)	--
Results measurement system for IFAD10	4	4 (100%)	--	--
Financial framework	5	4 (80%)	1 (20%)	--
<b>Total (percentage of total)</b>	<b>55</b>	<b>49 (89%)</b>	<b>6 (11%)</b>	<b>--</b>

Table 2  
**IFAD10 Consultation: selected key milestones for IFAD's engagement with the Executive Board**

Workstream	Total milestones	On track (Green)	Minor Issues (Yellow)	Major Issue (Red)
IFAD Strategic Framework 2016-2025	3	3 (100%)	--	--
Performance-based allocation system (PBAS)	5	5 (100%)	--	--
Sovereign Borrowing Framework (SBF)	3	3 (100%)	--	--
Updated information in middle-income country strategy	2	1 (50%)	1 (50%)	--
<b>Total (percentage of total)</b>	<b>13</b>	<b>12 (92%)</b>	<b>1 (8%)</b>	<b>--</b>

Table 3

## Detailed report on implementation of IFAD10 commitments

Self-rating by relevant division: **Green = on track** / **Yellow = more or less on track** / **Red = not on track**

Area of reform	Key commitments	Responsibilities	Time frame and reporting	Status	Remarks
<b>1. IFAD's strategic vision and role</b>					
	1. Present to the Executive Board the Strategic Framework for 2016 onwards, reflecting the post-2015 agenda and including a systematic focus on innovation, knowledge management and scaling up – particularly by national governments and other IFIs – to improve the sustainability of results	SKD	- December 2015	<b>Green</b>	The new IFAD Strategic Framework 2016-2025 was approved by the Executive Board in February 2016. Two informal Board seminars on the Strategic Framework were held in 2015 (30 June and 7 October). The Strategic Framework included comments made by representatives at the informal seminars, as well as from internal and external groups (farmers' organizations, indigenous peoples).
<b>2. Operational effectiveness and efficiency</b>					
Innovation, learning and scaling up	2. Implement a scaling up process, based on a series of tools, partnerships (including with IFIs), guidance notes and training events, plus a new operational framework, to be developed and distributed to the Executive Board for information	PMD	- December 2015	<b>Green</b>	A new operational framework on scaling up results, 9 thematic notes to guide scaling up in key thematic areas and 10 country notes to guide scaling up in different country contexts were presented to the Executive Board in December 2015. Training has been provided at regional workshops and PMD learning days and will continue throughout the IFAD10 period.  IFAD is leading scaling up efforts in the agricultural and rural development community of practice, consisting of donors, foundations, think tanks and independent scaling up experts who exchange views on innovation and the scaling up of development impact.
	3. 100 per cent of project design reports to define an approach for innovation and scaling up	PMD	- Ongoing - Annually through RIDE	<b>Green</b>	Scaling up is included as a review criterion for grants and loans at the Operational Strategy and Policy Guidance Committee (OSC) and during the quality assurance (QA) process. It is also a required rating for investments at QA, and 100 per cent of project designs define an approach for innovation and scaling up.
Climate adaptation	4. 100 per cent of project design reports to mainstream climate adaptation	ECD	- Ongoing - Annually through RIDE	<b>Green</b>	Target date for this commitment is December 2018. Since the start of IFAD10, 100 per cent of country strategic opportunities programmes (COSOPs) and country strategy notes mainstream climate adaptation.  Consistently reviewed at QA (by Quality Assurance Group [QAG]).
	5. Implement a 10-point plan for climate mainstreaming	ECD	- Ongoing - Annually through RIDE	<b>Green</b>	Workstreams for each of the 10 points have been initiated and are being monitored.
	6. Continue to expand the resource base for climate finance, leveraging additional resources from traditional and new	ECD	- Ongoing - Annually	<b>Green</b>	IFAD has been accredited by the Green Climate Fund. IFAD has been designated as the lead agency for the new GEF-6 and

Area of reform	Key commitments	Responsibilities	Time frame and reporting	Status	Remarks
	stakeholders.		through RIDE		its Integrated Approach Pilot Programme on Food Security and Resilience in Sub-Saharan Africa, which will enable IFAD to programme multilateral environment and climate finance in 8 African countries and substantively expand the GEF portfolio.
	7. Conduct a review of IFAD's work on climate change, including the ASAP	ECD	- 2015	Green	An external review of ASAP was completed by the Overseas Development Institute in 2015 and the results were shared with ASAP donors and Executive Board representatives. A Management response was prepared and follow-up actions are currently being undertaken. A working group was also established in 2015, which prepared a proposal for the second phase of ASAP (ASAP2). This proposal was presented to the Board in September 2016 and it was agreed that the ASAP instrument needs to be amended for the second phase. A request was made to revise the results measurement framework for ASAP2 and to resubmit for approval by the Board in December 2016. The document on climate mainstreaming in IFAD programmes was endorsed by the Board in September 2016 and an updated version will be submitted for information subsequent to the twenty-second Conference of the Parties (COP22) in Marrakech.
Improved nutritional impact	8. 100 per cent of COSOPs to include a nutrition situation assessment and specify how and whether the COSOP's strategic objectives relate to improving nutrition	PMD	- Ongoing - Annually through RIDE	Green	On target to deliver on this indicator. All new COSOPs include a nutrition assessment with assistance from the Operational Programming and Effectiveness Unit (OPE) nutrition team. In 2016, all 7 COSOPs approved to date are nutrition-sensitive.
	9. 33 per cent of project design reports are nutrition-sensitive (with explicit nutrition objectives, actions and indicators)	PTA	- Ongoing - Annually through RIDE	Green	On track to deliver on this indicator building towards IFAD10 target with the support of OPE nutrition team. To date, in 2016, of 9 new projects, 6 are considered nutrition-sensitive.
	10. Develop an action plan on nutrition, offering a road map with targets and time lines of how IFAD will work to mainstream nutrition, including the piloting of a dietary diversity indicator as part of RIMS, and the use of project midterm reviews	PTA	- Mid-2015	Green	The action plan was completed in 2015 and is now in implementation phase.
Public-private-producer partnerships (4Ps)	11. Establish best practices to guide future collaboration with the private sector; develop new financial instruments and business practices to leverage and sustain increased cofinancing through private investments	PMD	- Ongoing - Annually through RIDE	Green	A how-to-do note on designing 4Ps in agricultural value chain projects was prepared and is being disseminated. A toolkit on value chain development was also prepared in 2015. The Policy and Technical Advisory Division (PTA) is supporting country programmes and projects across the 5 regions to integrate approaches and instruments within project design in order to leverage additional financing from the private sector through projects financed by IFAD loans and grants. A presentation on leveraging financing for smallholder agriculture was prepared and used for training and knowledge sharing by PMD.
	12. Expand private-sector participation in projects through the 4P mechanism and value chain financing and assess its	PTA	- Ongoing	Green	In 2014 PTA obtained Executive Board approval for a US\$2.3 million IFAD grant to support 4P-brokering within the IFAD portfolio in 5



Area of reform	Key commitments	Responsibilities	Time frame and reporting	Status	Remarks
	viability and effectiveness		- Annually through RIDE		selected countries in different regions. Elements of market access and private sector participation are present in most IFAD projects to various degrees. 4P approaches feature prominently in an increasing number of value chain development projects.
Gender equality and women's empowerment	13. Commit to meeting or exceeding all 15 UN-SWAP <sup>33</sup> indicators	PTA	- 2017	Green	Ongoing. IFAD has continued to make progress under the UN-SWAP and, by December 2015, had met or exceeded 11 of the 15 indicators. IFAD is on track to deliver by end of 2017.
	14. At least 15 per cent of project designs are gender-transformative (score of 6) and at least 50 per cent achieve full gender mainstreaming (score = 5)	PMD	- Ongoing - Annually through RIDE	Green	Consistently reviewed at QA for investment projects. QA ratings developed with PTA and QAG. On track to deliver building on IFAD10 target.
	15. Conduct review of implementation of the IFAD Policy on Gender Equality and Women's Empowerment	PTA	- 2015	Green	The midterm review (MTR) was completed in 2015 and presented to the Executive Board in September 2016, with face-to-face consultations conducted with IFAD staff from across the house, plus gender teams from the Food and Agriculture Organization of the United Nations (FAO) and World Food Programme (WFP), and several permanent representatives. The MTR findings shaped the five-point gender mainstreaming pathway presented to the PMD Management Team. These were unanimously endorsed by the Board.
	16. Track share of staff costs/time dedicated to gender issues	BOD	- Ongoing - Annually through RIDE	Green	A methodology has been developed with BOD to identify commitments to gender-related staff and activities during the preparations of the regular budget. This methodology is under implementation and will be further improved as we learn from it.
Country-level policy engagement	17. 100 per cent of COSOPs to define a specific approach for country-level policy engagement appropriate to IFAD's programme in each country	PMD	- Ongoing - Annually through RIDE	Green	The Operational procedures on country strategies, approved in August 2016 require the inclusion of a section in the COSOP that articulates the strategy for policy engagement. The procedures also foresee the assessment of policy dialogue in the ex post COSOP results review.  PTA supports the design process for all COSOPs to ensure that they all articulate an approach for country-level policy engagement; and OSC reviews all COSOPs prior to their submission to the Executive Board.  As of end-September 2016, 7 COSOPs had been presented to the Executive Board. All of them define a specific and appropriate approach for country-level policy engagement.
Global policy engagement	18. Define three-year corporate-level priorities for international policy engagement and strategies for priority engagements	SKD	- Ongoing - Annually through RIDE	Green	Corporate level priorities for 2015 were endorsed by the OMC in late 2014, and reflected in the Report of the Consultation on the Tenth Replenishment of IFAD's Resources. In 2015, a Global Engagement and Research Division was set up under SKD, followed by a Global Engagement, Knowledge and Strategy Division (GKS) in early 2016.

<sup>33</sup> United Nations System-wide action plan for implementing the United Nations policy on gender equality and the empowerment of women.

Area of reform	Key commitments	Responsibilities	Time frame and reporting	Status	Remarks
					Three proposed corporate priorities for global engagement were formulated, based on the IFAD Strategic Framework 2016-2025 and building on lessons learned from recent engagements. These were endorsed by OMC in February 2016 and will cover the IFAD10 period. These priorities are reflected in the IFAD medium-term plan (MTP). In addition, in May 2016 GKS elaborated a corporate approach paper for IFAD's global policy engagement for consideration by the Executive Management Committee (EMC), aiming to further strengthen and rationalize IFAD's efforts in this area. The document further identifies a number of key platforms for IFAD's engagement in 2016-2017 as well as a number of key alliances and partnerships in taking forward IFAD's global policy agenda.
	19. Implement publications strategy aimed at more systematically managing and sharing IFAD's knowledge and experience	SKD/COM	- Ongoing - Annually through RIDE	Green	SKD, in cooperation with the Communications Division (COM), is implementing a strategic corporate publishing programme that includes the Rural Development Report, a new research series, and publications based on analysis of IFAD experience. There is a strong focus on strategic, targeted distribution. SKD and COM are developing guidance tools for staff, building on the existing COM guidelines on publishing in line with the delegation of authority, which empowered directors to approve published content. In addition to the launch of specific strategic publications, all staff are being assisted to make their publishing activities more strategic to reach target audiences.
South-South and triangular cooperation	20. 50 per cent of all COSOPs to include an approach for SSTC	PMD/ SKD	- Ongoing - Annually through RIDE	Green	Including references to South-South approaches in the targeted number of COSOPs will be delivered over the IFAD10 period through proper internal coordination and vetting during the COSOP formulation and clearance process. The new COSOP operational instructions and related template includes a section designed to ensure that adequate analysis and discussion of opportunities for engagement in South-South Cooperation is presented consistently in every country programme strategy (SKD). Consistently included in OSC review.
More differentiated country approaches	21. Submit for the approval of the Executive Board, a strategy for IFAD's work in countries in fragile situations, setting out IFAD's comparative advantage and ensuring linkages with other agencies and international initiatives (such as the Committee on World Food Security Agenda for Action), and incorporating the recommendations of the IOE evaluation	PMD	- December 2016	Green	IFAD's approach to a strategy for engagement in countries with fragile situations was presented to the Executive Board in April 2016. The strategy – which will be presented to the Evaluation Committee in October 2016 and to the Board in December 2016 – builds on the approach paper. The strategy is aligned with international thinking and initiatives (including of the World Bank, African Development Bank (AfDB), Committee on World Food Security, New Deal for Engagement in Fragile States, Organisation for Economic Co-operation and Development and World Humanitarian Summit ), and has been developed through extensive internal consultations. It incorporates recommendations from the Independent Office of Evaluation of IFAD (IOE) corporate-level evaluation (CLE), and incorporates feedback

Area of reform	Key commitments	Responsibilities	Time frame and reporting	Status	Remarks
					received on the approach paper from the Executive Board and Evaluation Committee.
	22. Develop procedures for reimbursable technical assistance (RTA) and expand the RTA tool to respond to Member State demand	PMD	- Completed - Annually through RIDE	Green	New operational procedures were developed and approved by EMC in September 2016 as a result of work by staff from regional divisions, Controller's and Financial Services Division (CFS), PTA, Partnership and Resource Mobilization Office (PRM), Office of the General Counsel (LEG) and QAG. EMC endorsed the proposal to take stock of the application of these procedures within 6 to 12 months.
	23. Implement differentiated approaches to working in different country contexts, strengthening and monitoring performance on South-South Cooperation	PMD	- Ongoing - Annually through RIDE	Green	A strategy for working in states with fragile situations has been developed, in addition to an update to the strategy for middle-income countries. Both papers will form part of the holistic approach to working in differentiated country contexts to be produced in 2017. IFAD has also revamped its procedures on country strategies to include better measurement of results and key institutional commitments, including SSTC.
	24. Submit to the Executive Board updated information on IFAD's strategy on engagement with MICs	PMD	- April 2016	Green	At the April 2016 session of the Executive Board, it was agreed that a holistic approach will be adopted to address the various and mutually reinforcing topics related to fragile situations, the PBAS, MICs and decentralization, with a plan to prepare a single document explaining how these topics are interconnected and underpin IFAD's approach to tailoring operations to country context. An overview of the holistic approach was presented to the Board in September 2016 for information. A document consolidating future directions and plans in the 4 areas (including SSTC) will be shared with Members in May 2017 to inform the substantive deliberations of IFAD11, and will also be shared with the Board in September 2017.
	25. Support the Executive Board in identifying and implementing ways to improve the PBAS	PMD	- 2016	Green	At the 10 June meeting of the Executive Board Working Group on the PBAS, Members approved Management's plan to review the PBAS formula through a two-phased approach. During phase I (June-December 2016) Management would review the variables composition of the formula, while in phase II (January-April 2017) Management would work on the exponents associated with the variables. At the working group's 20 September 2016 meeting, Management presented an analysis of potential variables that could increase the rural poverty focus of the formula. To this end, the working group endorsed the proposal to include a vulnerability index. The working group also reiterated its support for excluding the country policy and institutional assessment (CPIA) variable from the country performance component of the formula, and endorsed Management's proposal to fold relevant CPIA elements into a revised rural sector performance assessment. Management will present an approach paper to the Executive Board in December 2016 reflecting the work done on the PBAS review.

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<b>3. Institutional effectiveness and efficiency</b>					
Further enhancing the operations delivery model and tools	26. Target a mean 1:1.2 cofinancing ratio and monitor and report on its cofinancing performance by source of cofinancing (domestic and international, public and private) and country type (MIC and low-income country)	PMD/PRM	- Ongoing - Annually through RIDE	Green	Target to be applied in 2016-2018. Grant and Investment Projects System (GRIPS) to be used as information source.
	27. Develop an operational approach for mobilizing cofinancing	PMD/PRM	- Ongoing - Annually through RIDE	Green	Documents defining the cofinancing process have been released.
	28. Monitor and report on performance on knowledge management	PMD	- Ongoing - Annually through RIDE	Yellow	Discussion ongoing and reporting through the RIDE in 2016. Several mechanisms are already in place to monitor knowledge management implementation in loan and grant projects, including supervision, and the analysis of project and grant status reports. The new IFAD Policy for Grant Financing places strong emphasis on ensuring that knowledge generated through grant-funded activities is systematically capitalized on and disseminated. Two indicators are included in the grants policy results framework to monitor: (i) the percentage of grants with a knowledge management plan and budget at quality assurance; and (ii) the percentage of grants rated 4 or better for knowledge management and sharing in grant status reports. GKS has developed an action plan for knowledge management implementation during the IFAD10 period, for clearance by OMC. One of the outputs is the development of a methodology for assessing and reporting on knowledge management implementation. This will be delivered in early 2017. (SKD)
	29. Review/evaluate country presence, following implementation of the updated country presence policy and strategy for 2014-15	PMD	- 2017	Green	Following the update submitted to the Executive Board in April 2016 on country presence and the findings and recommendations of IOE's CLE on IFAD's decentralization experience, a corporate decentralization plan is being developed for IFAD10 and beyond and will be presented to the Board in December 2016. Building on lessons learned from IFAD's decentralization experience, it will present a more coherent and harmonized approach for IFAD's country presence.
	30. Establish 10 new country offices to bring the total number to 50, and as required, strategically strengthen staffing, including outposting country programme managers, through a budget-neutral approach, in order to support better project design and implementation, policy engagement and impact	PMD/CSD	- End-2018 - Annually through RIDE	Green	The current number of operational ICOs is 40; 3 new ICOs were opened during 2016 in China, Côte d'Ivoire and Morocco. The new IFAD Corporate Decentralization Plan presented to the Executive Board at its December 2016 session focuses on consolidating and strengthening existing offices, opening a small number of new offices and closing some unutilized ICOs, to reach in the long run a steady state of approximately 45 ICOs.  With an increasingly global workforce, capacity-building and career

Area of reform	Key commitments	Responsibilities	Time frame and reporting	Status	Remarks
					development for ICO staff (international and national) are essential. Provisions are being made as described in the Corporate Decentralization Plan to ensure staff have the technical and managerial capacities and the motivation to deliver. Although the CLE on decentralization has shown that it cannot be cost-neutral, Management will continue to implement cost-efficiency measures, such as eliminating overlaps at headquarters, to limit incremental costs associated with implementation of the Corporate Decentralization Plan. (Field Support Unit [FSU], PMD)
	31. Make further improvements to the QA system, to enhance project quality at entry	QAG	- Ongoing - Annually through RIDE	Green	The QAG unit was restructured in October 2015 and the new Chief of QAG and a QA specialist came on board in September 2015. QAG is working to further develop the review processes for COSOPs, loans and grants at concept note (OSC) and final design (QA) stages, to ensure continuity and promote learning. Links between OSC, quality enhancement (QE) and QA are being also strengthened jointly with PTA. The Quality Assurance Archiving System (QUASAR) continues providing a platform for knowledge sharing and streamlined workflows, and is being further developed to include grants and COSOPs in addition to loans, and to link the 3 stages along the project design: concept notes at OSC, full design at QE and final design at QA. Regarding grants, even though the new Policy for Grant Financing and procedures fully entered into force in January 2016, their implementation started in July 2015 with the EMC approval of the Strategic Guidance Note on Grants for 2016; the Strategic Guidance Note on Grants for 2017 was approved by EMC in June 2016. As part of the implementation of the grants policy and procedures, QA is systematically encouraging competitive selection of grant recipients and greater attention to knowledge management and interdivisional collaboration.
	32. Submit a new grants policy for the approval of the Executive Board, to be implemented under IFAD10	OPV	- April 2015	Green	The new Policy for Grant Financing was approved by the Executive Board in April 2015 (QAG). QAG began implementing the new policy and procedures as of July 2015 with the EMC approval of the Strategic Guidance Note on Grants for 2016. This strategic approach to grants is also embedded in the MTP 2016-2018. (QAG) (PRM)
	33. Review and extend the IFAD Partnership Strategy into IFAD10; provide training on partnership-building, operationalize the tools developed under the strategy and internalize partnership-building into core business processes	PRM	- End-2018 - Annually through RIDE	Green	The mandate of the Interdepartmental Technical Working Group on the Partnership Strategy has been extended for the IFAD10 period, under the guidance of the OMC. Two training sessions have been held thus far during 2016.
Enhancing financial management and	34. Use a tailored system to measure the full costs of key business processes through a more accurate allocation of	BOD	- Ongoing - Annually	Yellow	A key tool developed to assist Management in controlling costs is a tailored system piloted during IFAD9 that clarified the cost of performing

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risk assessment capacity	staff costs to underlying activities		through RIDE		key business processes and activities. For IFAD10, an interdepartmental working group is making progress on the move from clusters to strategic results pillars, which will further refine the approach by costing carefully defined institutional outputs. In this transitional approach, the proposed 2017 budget will illustrate costs by broad output categories.
	35. Strengthen IFAD's financial management capacity and oversight processes, taking into account the sovereign borrowing framework. In particular, shape enhanced risk management, cash flow forecasting and supplementary funds administration to meet the increased challenges of scaling up the multi-mode resource mobilization model to which IFAD is committed	FOD	- End-2015 - Annually through RIDE	Green	<p>The positions of risk management and compliance officer, and cash flow liquidity officer have been filled.</p> <p>A review of supplementary funds investment management is under way. Consultations have been held between IFAD (FOD) and the World Bank and with FAO to benefit from inputs on possibilities and experience of pooling funds in a comprehensive investment mandate. The introduction of FLEXCUBE and the data warehouse further enhances system and reporting capabilities. (FOD-CFS/Treasury Services Division [TRE])</p> <p>TRE has been restructured and strengthened with the addition of the Financial Planning and Analysis Unit. The current realignment of the Controller's and Financial Services Division will further strengthen financial management capacity and oversight.</p> <p>To further strengthen FOD, CFS has been split into 2 new divisions: (i) the Accounting and Controller's Division; and (ii) the Financial Management Services Division (FMD).</p> <p>The new FOD structure will enable the department to meet future challenges and capitalize on opportunities presented by the evolving financial model of IFAD. The new structure will also position FOD to become a stronger and more strategic financial business partner to IFAD departments and divisions and, in particular, PMD.</p> <p>The introduction of FLEXCUBE and the data warehouse further enhances system and reporting capabilities and effective oversight for both loan and grant data and contributions (replenishment and supplementary funds reporting).</p> <p>As of 2016 IFAD is the first United Nations organization to be positively assessed on all 7 pillars required under the new Evaluation Committee standards. This allows for posing a higher degree of reliance on IFAD's procedures, project audits and external audits. IFAD also welcomes the possibility of new forms of financing, including blend products, given the assessment on financial instruments.</p>
	36. Monitor IFAD's financial management, including the decentralization of finance functions to country offices and project financial management oversight, and ensuring adequate resources for robust financial oversight allocated through budgeting process	CSD, BOD, FOD, PMD	- Ongoing - Annually through RIDE	Yellow	The overall decentralization plan needs to be defined, in particular the nature and extent of financial management decentralization including formal accountability. In September 2016 IOE released a draft review of the IFAD decentralization experience. All divisions provided comments. This will be a valuable input for CSD and PMD as they continue to lead the work to develop the decentralization plan with BOD support. An IT

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					<p>system should be developed to support this process.</p> <p>FSU will work with BOD and FOD to further decentralize budgeting functions to ICOs in line with the corporate strategy on decentralization. A pilot in the Asia and the Pacific region (APR) is progressing and options for a second region are being discussed.</p> <p>The FOD realignment, the creation of FMD, the transfer of financial oversight from PMD to FOD and the accreditation of consultants have commenced and are being rolled out with the support of BOD and the Human Resources Division (HRD).</p>
Proactive HR management	37. Improve gender balance, especially at grades P-5 and above, and ensure continued focus on equitable geographical distribution in recruitment	HRD	<ul style="list-style-type: none"> <li>- Ongoing</li> <li>- Annually through RIDE</li> </ul>	Yellow	<p>Of the Associate Vice-President positions, 50 per cent are filled by women, and 66.7 per cent of the senior Management team are from List B or C Member States. The percentage of the workforce (directors, professional staff and consultants) from List B and C Member States is 46.3 per cent.</p> <p>The overall proportion of women in P-5 posts and above is 26.5 per cent.</p> <p>A gender action plan for the IFAD workplace is being drafted and will support IFAD's commitments under the UN-SWAP for Gender Equality and the Empowerment of Women.</p> <p>Gender and diversity matters have been mainstreamed into human resource policies and in the corporate competencies framework.</p> <p>Gender and diversity quotas have been introduced in competitive recruitment.</p> <p>The Appointment and Promotions Board reviews every interview panel recommendation to ensure that corporate gender balance and geographical diversity policies are being observed.</p> <p>Gender sensitization courses and management development programmes are held for staff and managers. Dedicated training and certification for interview panel members on competency-based interviewing skills include elements on gender-sensitive interviewing techniques.</p>
	38. Ongoing HR policy review and HR systems streamlining to ensure optimum effectiveness and efficiency	HRD	<ul style="list-style-type: none"> <li>- Ongoing</li> <li>- Annually through RIDE</li> </ul>	Green	<p>The HR policy review continues, especially in view of the ongoing changes to the conditions of service for Professional and higher category staff as per the United Nations General Assembly resolution. In adherence to the schedule recommended by the General Assembly, a first phase relating to repatriation, relocation and field allowances was introduced with effect from 1 July 2016; a second tranche involving the adoption of a unified salary scale and related allowances is to be implemented on 1 January 2017; the remaining changes, relating to education grants, are currently under discussion. Extensive communication campaigns continue to ensure effective communication</p>

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					<p>of the new provisions to all relevant stakeholders both at IFAD headquarters and in ICOs. Work is ongoing to improve the layout and accessibility of the HR implementing procedures through a specifically designed search engine.</p> <p>The implementation of the General Assembly resolution decisions entailed a substantive change in HR IT systems and presented a good opportunity for HRD to engage in a comprehensive review of HR practices to automate and integrate the various on-line modules. The new functionalities comprise an on-line application portal, an integrated recruitment system, self-service applications available to Professional staff to apply for education grants and home leave, automated payroll workflows to calculate and disburse relocation payments, field allowances and separation benefits. Work also continues on enhancing the system for consultants' selection, administration and evaluation, and on a new interface with the United Nations Joint Staff Pension Fund for information exchange. (CSD)</p>
	39. Enhance HR policies and support for increased country presence	HRD	<ul style="list-style-type: none"> <li>- Ongoing</li> <li>- Annually through RIDE</li> </ul>	<b>Green</b>	<p>Ongoing policy and system revisions are carried out with ICO focus in mind.</p> <p>Mobility: a structured mobility pilot is currently being conducted within PMD with the purpose of shaping an effectively managed functional and geographical mobility process, in line with IFAD's decentralization plans and as part of the evolving needs of the Fund, as it moves towards increasing country presence. Most of these innovative mobility opportunities are made available to ICO staff to enable them to acquire new skills, knowledge and experience within and across departments, functions and duty stations.</p> <p>Work continues on a comprehensive review and proposal for decentralization of HR-related issues in ICOs.</p> <p>Career development: As part of efforts to advance the career development of national staff, IFAD has introduced a pilot development assignment programme for national Professional staff. HRD has also implemented a career development framework programme to guide staff in their career development. The framework was launched during the Global Staff Meeting in February 2016 and specific thematic sessions were attended by ICO staff.</p> <p>Training: training for ICO staff continues to be a priority. Face-to-face courses continue to be delivered in ICO locations on a variety of aspects, such as: stress and conflict management, team building, managing small and remote teams, interview and presentation skills, and impromptu speaking. The recently completed review of language training at IFAD headquarters focused on increasing the opportunities for ICO staff and will allow them to benefit from the e-learning and virtual language classes offered by a leading professional language course</p>



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					firm. (CSD)
	40. Strengthen the strategic workforce planning process, including further substitution of technical staff for consultants	BOD	- Ongoing - Annually through RIDE	Green	A functional review of the strategic workforce plan (SWP) process and organizational development capacity in IFAD has been completed and requirements identified for its strengthening and proposed implementation as part of the 2017 SWP.
Upgrading communication and ICT systems	41. Enhance ICT systems to support streamlined business processes	ICT	- Ongoing - Annually through RIDE	Green	<p>The Information and Communications Technology Division (ICT) continues to support and guide initiatives aimed at streamlining the Fund's processes.</p> <p>In 2016 ICT completed rolling out improved solutions to 39 ICOs to ensure staff can work securely and effectively regardless of location. ICT has also deployed a mobile device management solution that enables staff to securely maintain productivity on mobile devices. Two important corporate initiatives that will significantly streamline corporate processes are under way and on track. The first initiative, the Operational Results Management System, will bring IFAD into line with the standards of other multilateral development banks (MDBs) while gaining efficiencies, such as automating real-time results capture from anywhere and streamlining results reporting. The second, the IFAD Client Portal (ICP), will provide borrowers and recipients of IFAD financing with improved service delivery, reduced cycle times and better visibility and access to data, while shortening the disbursement cycle of loans and grants, improving the management of loan and grant processes and serving as a front end for many of the business-to-business operations IFAD undertakes with external partners. (CSD)</p> <p>The implementation of IFAD's new borrower portal, which is a multi-divisional initiative, will also bring a significant strategic advantage to IFAD as it seeks to distinguish itself as a financing partner of choice in the development sector. (FOD)</p>
Enhancing systems for procurement, facilities management and travel	42. Operationalize revised guidelines for corporate procurement and institutional contracts	ADM	- Ongoing - Annually through RIDE	Green	Revised institutional contract (IC) guidelines were issued in the first quarter of 2013, and revised corporate procurement guidelines were issued in the fourth quarter of 2015. ICs are monitored regularly to ensure compliance with the IC guidelines. Low value procurement delegation of authority has been rolled out to division directors and usage is being monitored closely. Following the rollout to division directors, ADM is now exploring the facilitation of re-delegation of authority to selected country offices to conduct low value procurement up to EUR 10,000. (ADM)
	43. Renew the LEED green building certificate at the gold level or higher	ADM	- Ongoing - Annually through RIDE	Green	Following submission of LEED re-certification documents, IFAD was certified at LEED Platinum level for existing buildings operations and maintenance. IFAD is the first United Nations facility to receive this highest level of certification. ADM will continue to monitor compliance with the certification, including aligning and further incorporating

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					LEED/greening requirements in contracts with vendors, in order to be fully prepared for a possible re-certification in 2020. Monthly LEED/greening meetings are being held to support this process. In addition, IFAD will host the annual meeting of the United Nations Issue Management Group on sustainability management. In line with the concept of monitoring, reducing and offsetting emissions, IFAD has offset its unavoidable emissions for 2014 and attained the status of climate neutrality at the twenty-first session of the Conference of the Parties of the United Nations Framework Convention on Climate Change (COP21). (ADM)
	44. Enhance travel system by streamlining processes	ADM	- Ongoing - Annually through RIDE	Green	Enhancement of travel system entailing implementation of new efficiencies (e.g. automated link between travel and payroll modules) in the course of 2016 using the capital budget. Other efficiencies have been introduced with the new travel management contract. In addition, decentralized ticketing has been implemented in Latin America and the Caribbean Division (LAC) (Plurinational State of Bolivia, Brazil, Guatemala and Peru), East and Southern Africa Division (ESA) (Ethiopia, Kenya, Mozambique, United Republic of Tanzania and Zambia) and Western and Central Africa Division (WCA) (Ghana). Further implementation in additional selected ICOs is planned. (CSD)
Governance	45. Support an inter-Consultation working group of members from all Lists established to consider governance and report on the results of its deliberations and any recommendations thereon to the fortieth session of the Governing Council in 2017	SEC	- 2017 - Regular reporting to Executive Board	Green	<p>The Ad Hoc Working Group on Governance (WGG) was established in February 2015. Since its first meeting held on 14 April 2015, at which Chair and Vice-chairs were elected (Chair: Argentina, Vice-chairs: Indonesia and the United Kingdom), it has held 5 additional meetings, as well as several informal meetings and consultations with the Lists and with IFAD Management.</p> <p>The deliberations of the WGG were documented by syntheses of the meetings presented to the WGG, as well as progress reports presented to the Executive Board.</p> <p>Building on the report presented by the international governance consultant in April 2016, the WGG has discussed several proposals regarding the List system and matters related to IFAD's replenishments, and reached consensus on some Replenishment issues. Further discussion is needed on the List system.</p> <p>The WGG will meet again to finalize its report for submission to the Executive Board in December 2016 and transmittal to the fortieth session of the Governing Council in February 2017.</p>
Administrative efficiency	46. Improve the ratio of the PoLG to actual administrative expenditures to 8.2 by 2018 and continue efforts to improve the efficiency of the business model	BOD	- Ongoing - Annually through RIDE	Yellow	As outlined in the Report of the Consultation on IFAD10, IFAD may additionally look to further borrowing, provided it is on an administrative budget-neutral basis, up to a US\$3.5 billion PoLG. The PBAS will determine the allocation of all programmed resources, and all borrowing to achieve a PoLG greater than US\$3.0 billion will be undertaken on an

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					<p>administrative budget-neutral basis.</p> <p>As part of efforts to increase the efficiency of the business model, an overall target of a US\$3.2 billion PoLG has been set for IFAD10 and US\$1.5 billion for 2017 in the context of a minimal increase in the 2017 proposed budget.</p> <p>As agreed with the Executive Board, IFAD will monitor multiple efficiency ratios of administrative expenditures to the PoLG and programme of work as well as the portfolio managed per dollar of expenditure for a more complete holistic view.</p> <p>A review of the IFAD10 Results Measurement Framework (RMF) continues tracking Level 5 efficiency indicators and exploring additional measures for the future in the context of Strategic Framework pillars.</p>
<b>4. Results Measurement System for IFAD10</b>					
	47. Report to the Executive Board on performance against IFAD10 RMF indicators and targets, including monitoring progress on scaling up	SKD	- Ongoing - Annually through RIDE	Green	Performance against RMF indicators and replenishment commitments is reported annually to the Executive Board through the RIDE.
	48. Agree with the Executive Board on any updates to RMF, based on emerging results from IFAD9, the gender midterm review, other evaluation findings, and the approved SDG Framework	SKD	- End-2015	Green	A proposal for updating the RMF is being developed by SKD, taking into account timelines for the review of results clusters towards results pillars, and reconsideration of impact-level indicators and associated targets (e.g. for the indicator on the number of people moved out of poverty). Additionally, the SDG monitoring framework is likely to be finalized by end-2016 or early 2017. In light of this, the revised RMF will be presented to the Executive Board in December 2016.
	49. Implement a multi-pronged strategy for impact assessment comprising rigorous ex post impact evaluations (minimum 9), randomized controlled trials and systematic reviews and meta-studies	SKD	- Ongoing - Annually through RIDE	Green	A proposal has been developed on the basis of lessons learned arising from the IFAD9 Impact Assessment Initiative. This proposal, which is articulated in the IFAD development effectiveness framework, has been approved by Management and will be presented to the Executive Board in December.
	50. Update the Executive Board both on the specifics of the methodology to estimate the number of people moved out of poverty and on the precise number of impact evaluations to be conducted under IFAD10	SKD	- Fall 2015	Green	The synthesis report on lessons from the IFAD9 Impact Assessment Initiative was presented to the Executive Board in April 2016 and included general recommendations for IFAD10. Specific recommendations have been developed and are noted in the IFAD development effectiveness framework to be provided to the Executive Board for review in December 2016. Further, the approach to measuring impact is being incorporated into new impact indicators that will form part of the revised RMF and targets for new impact indicators will be verbally presented to the Board in December 2016.

Area of reform	Key commitments	Responsibilities	Time frame and reporting	Status	Remarks
<b>5. Financial framework</b>					
Financing options for IFAD's future	51. Present the sovereign borrowing framework for the review of the Audit Committee and then submit it for the approval of the Executive Board	FOD / LEG /PRM	- April 2015 - Executive Board submission in April 2015	Green	Sovereign Borrowing Framework (SBF) is finalized, the Audit Committee review took place on 7 April and Executive Board approved on 22-23 April 2015. Completed (PRM).
	52. Raise unrestricted complementary contributions, receive supplementary funds, develop a more strategic and targeted approach towards co-financing, and following approval of the sovereign borrowing framework, seek borrowing from sovereign states and state-supported institutions, and explore the scope for borrowing from the market	High-Level Task Force on Sovereign Borrowing (which includes FOD and LEG) / PMD PRM	- Ongoing - Annually through RIDE	Yellow	The SBF document requires the exploration of market borrowing to occur in IFAD10. (FOD)  A document on mainstreaming climate and use of unrestricted complementary contributions (UCCs) was submitted to the Executive Board in September for review. A document to amend the ASAP Trust Fund was also submitted to the Board in September 2016. The Board requested Management to resubmit it to the Board session in December 2016 with an adjusted results framework.  A first review of the SBF was presented to the Audit Committee and Executive Board in September 2016. Management also provided an oral update on the milestone reached towards market borrowing. (FOD)  APR, ESA/WCA and Near East, North Africa and Europe Division (NEN) have started to elaborate a more strategic approach to cofinancing with MDBs such as the Asian Development Bank, AfDB and Islamic Development Bank. (PRM)
	53. Ensure that any unrestricted complementary funding is strictly aligned with IFAD's priority areas of strategic focus	PRM/PMD	- End-2015	Green	Unrestricted complementary contributions (UCC) concept notes mainstreaming climate, 4Ps, nutrition, and SSTC prepared and released to Member States. UCCs are being allocated through the PBAS. (PRM)
	54. Ensure that sovereign borrowing is in line with IFAD priorities and the sovereign borrowing framework	FOD/High-Level Task Force on Sovereign Borrowing which includes PMD/PRM	- End-2015	Green	Guidelines on the process and steps to engage in sovereign borrowing negotiations are in progress. Demand-driven process is key. High-Level Task Force on Sovereign Borrowing established to manage borrowing discussion with potential lenders and subsequent borrowing negotiations. (FOD) (PRM)  The first review of the SBF was submitted to the Audit Committee and Executive Board in September 2016. Management also provided an oral update on the milestones reached towards market borrowing. (FOD)
	55. Provide an update to the Executive Board on the identification of sources for sovereign borrowing and negotiations with potential lenders	PRM	- December 2015	Green	In September 2016 the Executive Board approved the option of accessing the balance of EUR 100 million of the KfW facility in 2016 in order to provide financing in IFAD10 to respond to demand from borrowing Member States, subject to prior Board approval.  A High-Level Task Force on Sovereign Borrowing has been established to manage borrowing discussions with potential lenders and subsequent borrowing negotiations. The Board was provided with an oral update on

Area of reform	Key commitments	Responsibilities	Time frame and reporting	Status	Remarks
					<p>an initial conversation with Agence Française de Développement to explore a possible loan in support of the IFAD10 PoLG.</p> <p>The first review of the SBF was presented to the Board in September 2016, as per the requirement of the SBF. (PRM)</p>

Table 4

**IFAD10 Consultation: selected key milestones for the IFAD's engagement with the Executive Board<sup>34</sup>****Green = on track / Yellow = more or less on track / Red = not on track**

Workstream	Milestone	Responsibilities	Timeframe and reporting	Status <sup>35</sup>	Remarks
<b>IFAD Strategic Framework 2016-2025</b>	<ul style="list-style-type: none"> <li>Informal seminar with the Executive Board</li> </ul>	SKD	- Spring 2015	Green	Two Executive Board informal seminars on the Strategic Framework were held in 2015 (30 June and 7 October). (SKD)
	<ul style="list-style-type: none"> <li>Seminar for the Executive Board with UN agencies/MDBs on thematic and country focus</li> </ul>	PMD	- Autumn 2015	Green	Informal seminar scheduled.
	<ul style="list-style-type: none"> <li>Submission of Strategic Framework to the Executive Board</li> </ul>	SKD	- December 2015	Green	The new IFAD Strategic Framework 2016-2025 was approved by the Executive Board in February 2016 and released in September 2016 (SKD)
<b>Performance-based allocation system (PBAS)</b>	<ul style="list-style-type: none"> <li>PBAS Working Group meeting on 2015 programme</li> </ul>	PMD	- Early 2015	Green	Meeting conducted on 16 July 2015.
	<ul style="list-style-type: none"> <li>IOE presents approach paper for CLE on PBAS to Evaluation Committee</li> </ul>	IOE	- March 2015	Green	The CLE on the PBAS approach paper was discussed in the Evaluation Committee in March and the approach paper has since been finalized and posted on the IOE section of the IFAD website. It is fully accessible to the public at large.
	<ul style="list-style-type: none"> <li>PBAS Working Group presents annual progress report to the Executive Board</li> </ul>	PMD	- December 2015	Green	Regularly included in the annual PBAS progress report to Executive Board.
	<ul style="list-style-type: none"> <li>IOE CLE on PBAS presented to Executive Board</li> </ul>	IOE	- April 2016	Green	Final report was presented to the Evaluation Committee in March 2016 and the Executive Board in April 2016 together with Management's response.
	<ul style="list-style-type: none"> <li>Building on IOE findings, review of PBAS, and submission of eventual recommendations to the Executive Board</li> </ul>	PMD PBAS Working Group	- December 2016	Green	Management will present to the Executive Board in December 2016 an approach paper reflecting the work done on the PBAS review.
<b>Sovereign Borrowing Framework (SBF)</b>	<ul style="list-style-type: none"> <li>Decision by Executive Board</li> </ul>	FOD/ PRM/ LEG/ PMD (ARM Working Group)	- April 2015	Green	Two informal Executive Board seminars were held in December 2014 and March 2015. The Audit Committee guided the development of this document during 8 meetings. The Executive Board approved the SBF on 23 April 2015. A review was presented to the Audit Committee and Executive Board in September 2016. (FOD) (PRM)
	<ul style="list-style-type: none"> <li>Update to Executive Board on identification and negotiation for sovereign borrowing</li> </ul>	FOD/PRM ARM	- December	Green	Executive Board approved the utilization of EUR 100 million in KfW funding to be used under

<sup>34</sup> From the "Non-paper on IFAD and middle-income countries" issued 17 December, 2014, ahead of the fourth session of the IFAD10 Consultation.

Workstream	Milestone	Responsibilities	Timeframe and reporting	Status <sup>35</sup>	Remarks
			2015		IFAD10. (FOD) Consultations were held with Agence Française de Développement on 23 January 2015. Discussions continue with Canada, China, Finland and Germany. Member States are encouraged to indicate their interest in lending to IFAD. (PRM)
	<ul style="list-style-type: none"> <li>Approval of any new sovereign borrowing</li> </ul>	FOD/High-Level Task Force On Sovereign Borrowing ARM Working Group	- IFAD10	Green	High-Level Task Force on Sovereign Borrowing established to ensure Management alignment of responses with approaches from potential lenders. The task force will take responsibility for managing borrowing discussions. (FOD/TRE)
Updated information in MIC Strategy	<ul style="list-style-type: none"> <li>Informal Executive Board seminar on annotated outline</li> </ul>	PMD	- June 2015	Yellow	Decision was made to keep this seminar on hold.
	<ul style="list-style-type: none"> <li>Submission of updated information to the Executive Board</li> </ul>	PMD	- December 2015	Green	A document on engagement with MICs was presented to the Executive Board in April 2016. A document overviewing the holistic approach to fragile situations, the PBAS, MICs and decentralization was presented to the Executive Board in September 2016 for information. A document consolidating future directions and plans in the 4 areas (including SSTC) will be shared with Members in May 2017 to inform the substantive deliberations of IFAD11, and will also be shared with the Executive Board in September 2017.

## IFAD9 commitment report and status to date

The Ninth Replenishment of IFAD's Resources (IFAD9) was concluded on 31 December 2015. The report provides the status of completion of IFAD9 commitments. Progress towards these commitments was monitored quarterly by Management to identify and mitigate implementation issues. It is worth noting that 53 (95 per cent) of the 56 commitments were reported to be on track and 3 (5 per cent) were facing minor issues related to "Increasing IFAD's operational effectiveness"; these were addressed by the responsible departments.

Table 1  
**Summary of completion of IFAD9 commitments**

<b>Areas</b>	<b>Total deliverables</b>	<b>On track (Green)</b>	<b>Minor Issues (Yellow)</b>	<b>Major Issue (Red)</b>
Increasing IFAD's operational effectiveness	32	29 (91%)	3 (9%)	--
Increasing IFAD's institutional effectiveness and efficiency	10	10 (100%)	--	--
Strengthening IFAD's financial capacity and management	7	7 (100%)	--	--
Enhancing IFAD's results and management system	7	7 (100%)	--	--
<b>Total (percentage of total)</b>	<b>56</b>	<b>53 (95%)</b>	<b>3 (5%)</b>	<b>--</b>



Table 2  
Implementation status of IFAD9 commitments

Self-rating by relevant division. Status indicator description: **Green = implementation on track / Yellow = on track with minor issues / Red = major issues**

Area of reform	Key commitments	Responsibilities	Timeframe and reporting	2016 status	Remarks
<b>1. Increasing IFAD's operational effectiveness</b>					
Aid Effectiveness	1. Strengthen country leadership and ownership.	<b>Overall:</b> PMD <b>Implementation:</b> PMD Directors	- Ongoing - RIDE annually - IFAD9 MTR - Busan <sup>35</sup> commitments	<b>Green</b>	Country strategic opportunities programme (COSOP) preparation teams and country programme management teams (CPMTs) include participation by the countries themselves (government and non-government). The Operational procedures on country strategies, issued in December 2015, and the new supervision guidelines currently being developed both emphasize the joint responsibility and ownership of programmes and development outcomes emerging from IFAD-financed programmes. Governments are increasingly participating in project supervision missions, and are taking responsibility for project completion reports. Issues arise in countries with fragile situations, primarily due to weak institutional capacity.  As regards overall adherence to the development effectiveness agenda, IFAD has performed well over IFAD9. IFAD's performance was rated 4 or above by clients in 92 per cent of the 70 IFAD country programmes surveyed over the period 2013-2015 through IFAD's Client Feedback Survey. (PMD)
	2. Strengthen, and where feasible, increase reliance on country systems and implementation structures.	<b>Overall:</b> PMD <b>Implementation:</b> PMD, CFS Directors	- Ongoing - RIDE annually - IFAD9 MTR - Busan	<b>Green</b>	IFAD projects are all run by country institutions, largely government. On design, a review is undertaken as to whether greater use can be made of country systems, which depends wholly on individual factors. (Financial Operations Department [FOD]-CFS/Treasury Services Division [TRE])
	3. Raise the level of IFAD technical cooperation implemented through coordinated programmes.	<b>Overall:</b> PMD <b>Implementation:</b> PMD Directors	- Ongoing - RIDE annually - IFAD9 MTR - Busan	<b>Green</b>	Programmes and projects are coordinated through cofinancing agreements. Around 65 per cent of IFAD-financed projects are cofinanced with other donors, and all projects have government contributions. Increasingly these projects are part of larger government-inspired agricultural programmes.
Scaling up	4. Strengthen country programme development, monitoring and management processes to ensure systematic attention to scaling up, broader partnership-building, more rigorous policy analysis, and active engagement in national policy dialogue on agriculture and rural development.	<b>Overall:</b> PMD <b>Implementation:</b> PMD, SPA Directors	- Ongoing - RIDE annually - IFAD9 MTR	<b>Green</b>	A programme funded by a grant under the Innovation Mainstreaming Initiative (IMI) has been launched to support systematic operationalization of scaling up across IFAD country programmes. The programme supports CPMs and CPMTs in mobilizing technical and policy expertise to develop country-level frameworks for scaling up (including theme-specific focus on areas such as gender, targeting, markets, fragile states, <sup>36</sup> LICs and MICs).  9 thematic scaling up notes were published illustrating how scaling up can be supported in different thematic areas. Likewise, 10 country notes were prepared to illustrate how scaling up occurs in different country contexts.  Scaling up is systematically considered in COSOPs, in institutional review processes (quality enhancement [QE] and quality assurance [QA]), and at project completion. At the corporate level, scaling up was introduced in the IFAD9 Results

<sup>35</sup> Busan Partnership for Effective Development Cooperation.

<sup>36</sup> The term "fragile states" is used in this annex to reflect the original wording used in the IFAD9 commitment matrix.

Area of reform	Key commitments	Responsibilities	Timeframe and reporting	2016 status	Remarks
					<p>Measurement Framework (RMF) through indicators at entry and at completion. These indicators have also been included in the IFAD10 RMF and will facilitate continuous scaling up monitoring.</p> <p>Policy engagement is a key element in scaling up. Capacity is being built within the Policy and Technical Advisory Division (PTA) and Environment and Climate Division (ECD) to strengthen the policy focus of COSOPs and project designs, as well as to assist CPMs in engaging in national policy processes with Member State governments. PTA has developed an approach paper to support that process.</p> <p>In 2015 IFAD became an active member of a cross-sectoral community of practice consisting of a broad range of donors, foundations, think tanks and independent scaling-up experts who exchange views on innovation and the scaling up of development impact. The associated working group on scaling up in agricultural and rural development (ARD), currently led by IFAD, serves as a global platform for professional networking, sharing and learning related to "scaling for impact". The platform will also be used by IFAD and the other members of the community to disseminate evidence of successful scaling-up practices. IFAD also developed a web-based tool for the ARD working group to share documents and exchange information and best practices in scaling up in agricultural and rural development (<a href="http://www.agriscale4dev.com">www.agriscale4dev.com</a>).</p>
	5. Strengthen knowledge management processes to enhance IFAD's capacity to better capture and harness evidence-based knowledge for scaling up.	<p><b>Overall:</b> SKD</p> <p><b>Implementation:</b> SPD, COM, PMD Directors</p>	<ul style="list-style-type: none"> <li>- Ongoing</li> <li>- RIDE annually</li> <li>- IFAD9 MTR</li> </ul>	Green	<p>During IFAD9 the Quality Assurance Group (QAG) built a knowledge management platform (QUASAR) which captures reviewers' comments and ratings with respect to a number of aspects related to project quality-at-entry, including scaling up. (SKD)</p> <p>Knowledge management processes have been strengthened within IFAD (including through the IMI programme mentioned above), with a continuous stream of learning and knowledge-sharing events, and QE/QA. This is being supported by a further focused iteration of the Knowledge Management Framework and plan, linked review of key operational procedures with regard to the adequacy of provisions for knowledge management (KM), strengthening of project monitoring and evaluation (M&amp;E) systems, and execution of 30 impact evaluation studies by 2015.</p> <p>Responsibility for strengthening the integration of scaling up perspectives into IFAD's operations has been reassigned to the group managing the programme quality enhancement process (PTA). With reference to the new grant policy, KM sections are included in the design document templates and are used as a review criterion. The QAG is focusing attention on KM throughout the COSOP – concept note – design cycle. The Environment and Climate Division (ECD) is supporting the development and piloting of innovative M&amp;E tools to support IFAD Country Offices (ICOs) and CPMs in establishing solid M&amp;E systems (e.g. Multidimensional Poverty Assessment Tool, quasi-experimental designs) (PMD).</p>
Private sector	6. Increase engagement in policy dialogue for more conducive rural business environments that enable smallholders and the rural poor to gain better access to	<p><b>Overall:</b> PMD</p> <p><b>Implementation:</b> PMD Directors</p>	<ul style="list-style-type: none"> <li>- Ongoing</li> <li>- RIDE annually</li> <li>- IFAD9 MTR</li> </ul>	Green	<p>Since 2012, 9 of the 17 COSOPs approved have either explicitly included policy dialogue for improved rural business environments as part of their specific objectives and/or have included multi-stakeholder platforms for policy dialogue including the private sector. Since 2013, about half of the 24 projects designed with the private sector as a partner or recipient have included policy dialogue for a better rural business environment (PMD).</p>

Area of reform	Key commitments	Responsibilities	Timeframe and reporting	2016 status	Remarks
	markets and value chains.				
	7. Engage private-sector actors more systematically in country and project-level programming to raise their pro-poor and sustainable investments in rural areas.	<b>Overall:</b> PMD <b>Implementation:</b> PMD Directors	- Ongoing - RIDE annually - IFAD9 MTR	Green	More than 50 per cent of loans and grants approved by IFAD since 2013 (of a total of 45) are to finance projects that include the private sector as a partner or recipient. Typically this involves facilitating the engagement of private value chain actors with IFAD target groups, to leverage the expertise and resources of private agribusiness companies and the local private financial sector.
	8. Increase information and communications technology activities in IFAD-supported programmes.	<b>Overall:</b> PMD <b>Implementation:</b> PMD Directors	- Ongoing - RIDE annually - IFAD9 MTR	Green	This has been achieved in a few projects (First Mile Project in the United Republic of Tanzania; use of cell phones in Kenya). Design of a regional grant programme in support of information and communications technology, using US\$1.6 million of supplementary funds provided by the Republic of Korea is under way. IFAD's new partnership with Intel, using its agricultural extension software tools, is now active in projects in Cambodia and Nepal, and expanding to sub-Saharan Africa. (PMD)
Gender equality and women's empowerment	9. Strengthen analysis of gender equality and women's empowerment issues in IFAD's operations for stronger and more even performance in this regard, and to promote expanded economic opportunities for rural women.	<b>Overall:</b> PMD <b>Implementation:</b> PMD Directors	- Ongoing - RIDE annually - IFAD9 MTR - Annual programme of work and budget document	Green	Evidence from supervision reporting, portfolio review and Independent Office of Evaluation of IFAD (IOE) evaluations suggests that IFAD is doing well in terms of its gender impact. Weaknesses were highlighted in reporting on allocation by gender-related activities in IFAD's budget. This has now been corrected and IFAD presents annually information disaggregated by gender in the annual programme of work and budget document.
	10. Enhance indicators to measure impact and results in gender equality and women's empowerment.	<b>Overall:</b> PMD <b>Implementation:</b> Director, PTA and SKD	- Ongoing - RIDE annually - IFAD9 MTR	Green	The gender team is actively engaged in the ongoing work led by PMD on updating the Results and Impact Management System (RIMS) and linking the revised suite of indicators to the objectives of the IFAD Strategic Framework 2016-2025 to ensure that gender dimensions will be captured across the portfolio. A revised version of the Women's Empowerment in Agriculture Index has also been developed in house and will feed into the work on upgrading impact evaluations. (PMD)  The RIMS, IOE evaluations and the Results Measurement Framework all have gender indicators, which are measured and reported at various points during project cycle – at entry through QA reviews, every year during implementation and at completion. Generally IFAD performs well on these indicators. Although gender indicators have not yet been enhanced – for example by measuring impact through rigorous impact evaluation – the 2015 RIDE found gender impact to be very positive. Work is ongoing towards the development of a core module to measure women's empowerment. This module includes a set of key questions that will be included in the second version of the RIMS impact survey guidelines. These questions will be piloted in the 24 ex post impact evaluations. Some of the IFAD9 impact evaluations will report on gender empowerment, based on the methodology developed by the SKD impact assessment cluster in collaboration with PTA. (QAG)
	11. Enhance IFAD's capacity to document and disseminate field experience on gender equality and women's	<b>Overall:</b> PMD <b>Implementation:</b>	- Ongoing - RIDE annually - IFAD9 MTR	Green	Efforts are under way to enhance IFAD's ability to document and disseminate field experience, with some encouraging examples. The gender desk has produced regional briefs documenting experiences and lessons learned, including through knowledge products, gender breakfast series and websites and webinars. In terms

Area of reform	Key commitments	Responsibilities	Timeframe and reporting	2016 status	Remarks
	empowerment, and strengthen its advocacy efforts in this area.	PMD, COM Directors			of advocacy at the international level, IFAD is an active participant and regular speaker/panel member at international events, e.g. Commission on the Status of Women, the Organisation for Economic Co-operation and Development's Development Assistance Committee Network on Gender Equality (GENDERNET), Multilateral Development Bank (MDB) Working Group on Gender. (PMD)
Climate change and sustainable management of environmental resources	12. Strengthen analysis of climate change and environmental issues in IFAD's operations to support innovative approaches to climate resilience and sustainable use of natural resources.	<b>Overall:</b> PMD <b>Implementation:</b> PMD Directors	- Ongoing - RIDE annually - IFAD9 MTR	<b>Green</b>	Since the publication of the IFAD environment policy and the climate change strategy, IFAD has developed, and is now implementing, a major climate change adaptation initiative (the Adaptation for Smallholder Agriculture Programme – ASAP) which incentivizes and supports the analysis and management of climate-related risks in IFAD operations. In parallel, IFAD continues to mobilize cofinancing from the Global Environment Fund (GEF), Least Developed Countries Fund and Special Climate Change Fund to address environmental and climate change issues in IFAD projects. A request for accreditation to the Green Climate Fund has been submitted. All new investments are being reviewed at QA stage against environmental and social impact and climate risks using the new Social, Environmental and Climate Assessment Procedures (SECAP). IFAD's RMF has been upgraded to capture results on climate change adaptation and environmental sustainability. IFAD's RIMS has been upgraded to include new indicators related to climate change adaptation. A 10-point climate mainstreaming plan for IFAD10 has been developed. (ECD/QAG) (PMD)
	13. Assist smallholder producers in benefiting from climate finance and other adaptation and mitigation incentives, including through the IFAD-managed ASAP.	<b>Overall:</b> PMD <b>Implementation:</b> PMD Directors	- Ongoing - RIDE annually - IFAD9 MTR	<b>Green</b>	IFAD has successfully established ASAP as the largest global adaptation programme for smallholder farmers. As of December 2015, 36 ASAP investments with a financial volume of US\$285 million had been approved by the IFAD Executive Board and are in various stages of implementation; 17 ASAP-supported projects have started to disburse funds and deliver the first results on the ground; and 8 more ASAP investments are in the programming pipeline for 2016-2017. An external progress review of ASAP has been completed to appraise the relevance, effectiveness and efficiency of the ASAP model and devise options for the future of the programme. (PMD)
	14. Ensure that complementary contributions to support the implementation of the ASAP are employed for that purpose.	<b>Overall:</b> PMD <b>Implementation:</b> PMD, CFS Directors	- Ongoing - RIDE annually - IFAD9 MTR	<b>Green</b>	IFAD has established an ASAP Trust Fund agreement and an ASAP monitoring framework to govern the use of ASAP funds.
	15. Enhance IFAD's capacity for knowledge management, advocacy and partnerships on climate change and environment and natural resource management.	<b>Overall:</b> PMD <b>Implementation:</b> PMD, COM Directors	- Ongoing - RIDE annually - IFAD9 MTR	<b>Green (PMD)</b>	IFAD/ECD has trained over 200 IFAD staff and consultants on issues related to climate change adaptation and climate mainstreaming. 36 CPMs have engaged in the programming of climate finance through a hands-on 'learning by doing' approach, which has enabled them to recognize and address climate issues also in programmes that do not benefit directly from earmarked climate finance. 130 IFAD staff have had the SECAP awareness session. 83 IFAD staff and 68 project/non-IFAD staff have been trained on IFAD's revised SECAP. Continuous training is required to ensure that climate, social and environment issues are considered as an integral part of IFAD investment design and not as an "add-on". In addition, ECD creates opportunities for the exchanges of lessons and know-how

Area of reform	Key commitments	Responsibilities	Timeframe and reporting	2016 status	Remarks
					between projects; supports the design of project KM strategies; provides mission-based support to project inception and leads start-up workshops in order to build the capacity of project management units and governments on thematic issues. A set of how-to notes and guidelines to improve investment designs on climate and environment issues have been developed in partnership with PTA. (PMD)
Project Efficiency	16. Strengthen assessments of economic returns on investment during project design, recognizing the need to ensure that social and environmental objectives are also met.	<b>Overall:</b> PMD <b>Implementation:</b> PMD, SPA Directors	- Ongoing - RIDE annually - IFAD9 MTR	Yellow	During IFAD9, a major effort was undertaken by PTA to train staff in economic and financial analysis and provide technical backstop to regional division. A staff member and a temporary staff member were recruited in PTA to provide project teams with assistance in this regard and to manage the training. All investment projects now have an economic analysis at design, which is reviewed at QA. To the extent possible, social and environmental impacts are also evaluated as a requirement in project preparation. Expert understanding of economic and financial analysis and proper use of this tool more broadly throughout PMD remains an issue. (QAG) An operational memo on logical framework (logframe) development and economic and financial analysis during design was issued in July 2015: this will help strengthen logframes, use logframes as a consistent tool for results measurement, and integrate project design and assumptions with rigorous economic and financial analyses. (PMD)
	17. Implement the scaling up agenda.	<b>Overall:</b> PMD <b>Implementation:</b> PMD, SPA Directors	- Ongoing - RIDE annually - IFAD9 MTR	Green	All projects are rated for scaling up at quality at entry through the QA process and at completion. In order to more systematically operationalize scaling up in operations, an Operational Framework for Scaling up Results was published in December 2015. The results framework and performance indicators of IFAD's new Policy for Grant Financing approved in April 2015 measures the number of grants resulting in scaled-up development interventions, including through IFAD investment projects. (PMD)
	18. Reduce delays in the project cycle.	<b>Overall:</b> PMD <b>Implementation:</b> PMD, CFS Directors	- Ongoing - RIDE annually - IFAD9 MTR	Yellow	At the fourth quarter of 2015, delays from project approval to first disbursement are above the RMF target of 14 months (36-month rolling). Staff are working to reduce delays, although these are often dependent on specific country contexts. Additional resources will be made available in 2016 to address implementation issues for projects at risk. (PMD)
Country-level Decentralization	19. Open additional country offices in line with the IFAD Country Presence Policy and Strategy, ensuring adequate delegation of authority at the country level, and cost-efficiency in the set-up and operation of country offices.	<b>Overall:</b> PMD, CSD <b>Implementation:</b> Corporate Decentralisation Coordination Group (CPCG) co-chaired by AVP PMD and AVP CSD	- Ongoing - RIDE annually - IFAD9 MTR	Green	Informed by the recent update to the Executive Board on country presence and IOE's ongoing corporate-level evaluation (CLE), a corporate decentralization plan is being developed for IFAD10 and beyond for presentation to the Executive Board in December 2016. (PMD)

Area of reform	Key commitments	Responsibilities	Timeframe and reporting	2016 status	Remarks
	20. Strengthen country office management and coordination, including implementation of incentives for out posting of internationally recruited staff, and adequate delegation of decision-making authority to operate effectively and efficiently.	<b>Overall:</b> PMD, CSD <b>Implementation:</b> Corporate Decentralization Coordination Group (CPCG) co-chaired by AVP PMD and AVP CSD	- Ongoing - RIDE annually - IFAD9 MTR	Green	Incentives for outposting have been improved. By end of 2015, 21 CPMs had been outposted to ICOs.  IFAD has developed a set of administrative guidelines and procedures that further support a decentralized working environment. These include corporate procurement guidelines that now delegate authority to division directors to conduct low-value procurement and also provide the directors with the possibility to re-delegate this authority to the field. The new global travel contract incorporates the possibility of local ticketing integrated with IFAD's travel policy and Enterprise Resource Planning system. The property policies and procedures have also been recently revised and incorporate a section dedicated for ICOs. Similarly, the Records Management Manual now includes roles and responsibilities for records management for ICOs.  In response to the expanded presence in the field and the growing needs of ICOs, IFAD has further strengthened its Field Support Unit (FSU) established in 2013. In close partnership with PMD, FSU provides a dedicated service to ICOs that includes managing field security operations, overseeing host country and service level agreements, and coordinating advisory services. FSU has concluded the pilot outposting of a regional administrative officer to the East and Southern Africa region with the aim of streamlining administrative processes in the region. Senior Management has agreed for the regional administrative officer function to continue in the IFAD Regional Office in Nairobi and the recruitment of the officer is under way. (CSD)
Fragile States	21. Adopt a flexible approach to programme design and implementation support in fragile states, with a strong focus on building the capacity of community and government institutions, including through appropriate country presence arrangements, and close collaboration with other multilateral and bilateral partners.	<b>Overall:</b> PMD <b>Implementation:</b> PMD Directors	- Ongoing - RIDE annually - IFAD9 MTR	Green	A pilot initiative through a grant provided to the Food and Agriculture Organization of the United Nations (FAO) provided some support to projects to build the capacity of project units, local institutions and communities and to improve government policy in fragile situations.  An updated document, "IFAD's approach to a strategy for engagement in countries with fragile situations" will be presented to the April 2016 Executive Board. The approach, endorsed by the Board, already proposes greater flexibility and differentiation in IFAD's approach to fragile situations (and covers the issues of country presence and of partnerships as a key principle of engaging in fragile situations). The final strategy will be presented in December 2016. (PMD)
	22. Enhance the quality of programme design and implementation support in fragile states by performing deeper analysis of the causes of fragility.	<b>Overall:</b> PMD <b>Implementation:</b> PMD Directors	- Ongoing - RIDE annually - IFAD9 MTR	Green (PMD)	PMD has derived good lessons from the related CLE by IOE presented to the Executive Board in April 2015. This has fed into the update on IFAD's approach to a strategy for engagement in countries with fragile situations for presentation to the April 2016 Executive Board, and will be integrated in the final strategy. (PMD)
	23. Ensure simplicity of objectives and activities of projects in fragile states.	<b>Overall:</b> PMD <b>Implementation:</b> PMD Directors	- Ongoing - RIDE annually - IFAD9 MTR	Green (PMD)	PMD is working to mainstream the principle of simple objectives in QE and QA processes (especially for projects in fragile situations). The operational procedures on logframes also underline simplicity of project objectives and activities. (PMD)

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	24. Strengthen application of risk management in the context of programmes in fragile states, including for security of the workforce.	<b>Overall:</b> PMD <b>Implementation:</b> PMD Directors	- Ongoing - RIDE annually - IFAD9 MTR	Green	IFAD now undertakes more sophisticated risk management assessment in fragile situations. Risk management and resilience is a key principle outlined in the approach paper. For security of the workforce, IFAD is adhering to the guidance provided by the United Nations system. (PMD)
National monitoring and evaluation systems	25. Strengthen national monitoring and evaluation systems by enhancing the capacity of project management staff and implementing partners, particularly at start-up and early project implementation through the systematic engagement of M&E experts during design and supervision missions.	<b>Overall:</b> PMD <b>Implementation:</b> SPA, PMD Directors	- Ongoing - RIDE annually - IFAD9 MTR	Yellow	IFAD is dedicating increasing attention to M&E and M&E capacity at project level. At HQ, some in-house capacity on M&E and impact evaluation is now available. A preliminary draft of Impact evaluation guidelines have been prepared, placing a stronger premium on the integration of IFAD project M&E systems within broader national M&E systems while laying out the foundations of impact assessment at project level.  Two initiatives are being planned to address M&E capacity at project and country levels: (i) a training programme to be developed and delivered to IFAD and partner staff; and (ii) a certification programme to establish global standards in the rural development sector for M&E experts. Both initiatives are still at the design stage, and emerging results should be evident during IFAD10. The results should include strengthened M&E capacity and participation during design and supervision missions. PMD and SKD have jointly organized training sessions on M&E during the 2016 Governing Council and PMD learning days. (PMD)
South-South and Triangular Cooperation	26. Establish an adequately resourced corporate coordination function to ensure South-South and Triangular Cooperation is pursued in a strategic manner, is widely mainstreamed across country programmes, and is grounded in a robust evidence base.	<b>Overall:</b> SKD <b>Implementation:</b> PMD, GER Directors	- 2013 - RIDE annually - IFAD9 MTR	Green	Using IMI financing during IFAD9, information on IFAD's strategy and experience in SSTC was disseminated on the IFAD intranet and its website. More importantly, IFAD began to establish a strong position in global STTC forums, including through linkage of SSTC with the scaling-up agenda and mobilization of project staff for sharing and learning. In tandem, regional divisions mobilized a number of innovative grants proposals in support of SSTC, all of which are now being considered as pilot activities for supporting the formulation – and ultimately the implementation – of a new corporate architecture for delivering, harnessing and mainstreaming South-South and Triangular Cooperation activities. (SKD)
	27. Develop staff incentives to proactively pursue and promote South-South and Triangular Cooperation.	<b>Overall:</b> SKD <b>Implementation:</b> GER, PMD Directors	- 2013 - RIDE 2013 - IFAD9 MTR	Green	Efforts are underway to prepare a new corporate architecture for delivering and harnessing South-South and Triangular Cooperation activities in IFAD operations. Corporate incentives and mechanisms (opportunities, guidance, resources and requirements) for pursuing SSTC promotion activities are envisaged to be included in the new approach in accordance with the IFAD9 commitment. (SKD)
Partnership and Advocacy	28. Increase focus on strategic long-term partnerships, in particular with FAO and WFP in order to contribute to the success of the Committee on World Food Security, strengthen country programming, and raise efficiency through joint	<b>Overall:</b> SKD <b>Implementation:</b> OPV, GER, CSD, PMD Directors	- Ongoing - RIDE annually - IFAD9 MTR	Green	Together with FAO and WFP, IFAD supports the Committee on World Food Security Secretariat, and IFAD senior and technical staff are consistently engaged in working on the Committee on World Food Security. One staff member serves on its Secretariat as part of his overall responsibilities for facilitating coordinated engagement in Rome-based agency (RBA) collaboration. Staff from SKD and other departments have been actively engaged with staff from FAO and WFP in some key processes around the Committee in 2015, notably the development and eventual endorsement of the Framework for Action for Food Security and Nutrition in Protracted Crises, a forum on connecting smallholders to markets, and a special

Area of reform	Key commitments	Responsibilities	Timeframe and reporting	2016 status	Remarks
	servicing initiatives.				<p>event on developing youth's talent and skills for food security and nutrition. They are also jointly supporting the Committee in its reflection around the definition of its role in the area of nutrition and in the context of implementation of the 2030 Agenda for Sustainable Development (2030 Agenda).</p> <p>A framework agreement was signed between IFAD and FAO in February 2013 to facilitate the hosting of ICOs by FAO. Since then, 2 service level agreements have been finalized for the hosting of the ICO by FAO (Sierra Leone and Egypt). Preferred fare agreements resulting in significant savings are negotiated jointly at RBA level with mostly used airlines and alliances. In addition, in December 2015 IFAD and FAO signed an office sharing agreement for the common premises that were made available to both parties by the Government of Ghana free of rent. (CSD)</p> <p>An institutional agreement was launched between IFAD and WFP to achieve greater permeability for the exchange of earth observation and geographic information system-based data between the two institutions and enable a more efficient provision of baseline data for IFAD investment design and monitoring. SKD</p>
	29. Strengthen partnerships with multilateral development banks, the Consultative Group on International Agricultural Research, bilateral development agencies, the Global Donor Platform for Rural Development, foundations, NGOs, farmers' associations and the private sector.	<p><b>Overall:</b> PMD, SKD, PRM</p> <p><b>Implementation:</b> PMD, PRM Directors</p>	<ul style="list-style-type: none"> <li>- Ongoing</li> <li>- RIDE annually</li> <li>- IFAD9 MTR</li> </ul>	Green	<p>Strong partnerships exist with the World Bank, African Development Bank, Asian Development Bank, OPEC Fund for International Development, and CGIAR to support rural development projects. IFAD is an active member of the global donor platform, and is a major promoter and advocate for farmers' organizations and NGOs. For example, IFAD is actively engaged in CGIAR governance, specifically working on models for closer alignment of IFAD grants with CGIAR and for knowledge input from CGIAR. A special window – Agricultural Research for Development (AR4D) – has been established within the IFAD grants programme to support long-term partnerships for strategic research.</p> <p>IFAD became a member of the Global Alliance for Climate-Smart Agriculture in 2015.</p> <p>IFAD partners with MDBs through a number of working groups where issues of common interest are addressed: performance-based allocation systems (PBASs), development effectiveness, managing for results, portfolio management and replenishment working groups. IFAD is the Chair of the Managing for Development Results working group and, taking a leading role, it organised and hosted the MDB Portfolio Management Forum in January 2016. (PMD)</p> <p>In addition, the partnership with other international financial institutions (IFIs) has been strengthened, they have been present as observers during the IFAD10 consultations, and so has IFAD in their replenishment meetings.</p> <p>The IFAD Partnership Strategy was approved in September 2012. Focal points have been established in regional divisions. A number of strategic partnership agreements and statements of intent have been signed/developed in 2014 and 2015 (i.e. EBRD, EIB, CAF). An assessment of all partnership agreements was conducted to improve partnership management and a report was submitted to the Executive board in September 2013. Partnership efforts with private-sector companies such as Intel and Unilever, the MasterCard Foundation and the Bill &amp; Melinda Gates Foundation are moving forward. The Partnership building and communication</p>



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					training has been developed and launched to provide IFAD's Country Programme Managers and their teams with tailored tools to communicate IFAD in different contexts, and to select, approach, cultivate, maintain strategic partners. A review of the implementation of the Partnership Strategy during IFAD9 and preparation of a workplan for IFAD10 is now being prepared as 1 of the IFAD10 commitments. (PRM)
	30. Intensify engagement in global policymaking and advocacy forums, such as the G20, that have a key role in shaping the international development architecture.	<b>Overall:</b> SKD <b>Implementation:</b> SKD, OPV Directors	- Ongoing - RIDE annually - IFAD9 MTR	Green	Since 2013, IFAD has followed a strategic approach to improving its corporate engagement in international policy processes approved by the Executive Management Committee (EMC). This has involved the definition of annual priority processes, systematic planning, inter-departmental approaches, and learning from experience. In 2015, corporate priorities for engagement in this area were set around the post-2015 development agenda process, the Third International Conference on Financing for Development in Addis Ababa, the Committee on World Food Security, and the process of policy dialogue around the 20 <sup>th</sup> anniversary of the Beijing Platform for Action on gender equality. IFAD's engagement in the post-2015 process and at the Addis Ababa conference, facilitated by the inter-departmental post-2015 task Force, was particularly successful, and it led to recognition of IFAD's work in the outcome document of the Addis Ababa conference and to high visibility of smallholder agriculture, the rural sector, food security and nutrition both in the Sustainable Development Goals and in the Addis Ababa Action Agenda. In early 2016, IFAD has continued to engage in processes related to the 2030 Agenda, notably as a member of the inter-agency task force supporting the follow up to the Addis Ababa Action Agenda, converging in particular around the annual Financing for Development Forum at the Economic and Social Council (ECOSOC). In addition, it has actively engaged in supporting the Committee on World Food Security in defining its specific role in the follow up and review to the 2030 Agenda, globally and at the regional and country levels. IFAD also continued to engage in the G20 Development Working Group and in preparations for meetings of G20 Agriculture Ministers, as well as in the G20 Global Partnership for Financial Inclusion. In the G20 Development Working Group context, IFAD's contribution has focused on supporting the profile of agriculture, food security and nutrition in the forthcoming G20 Action Plan on the 2030 Agenda for Sustainable Development, and in highlighting the role of agro-industry in the process of industrialization and structural transformation in the least developed countries, as the basis for policy recommendations to the G20 to support such a process. (SKD)
	31. Intensify identification of and engagement in relevant new high-potential global advocacy initiatives.	<b>Overall:</b> PMD, SKD <b>Implementation:</b> SKD, PMD, OPV	- Ongoing - RIDE annually - IFAD9 MTR	Green	In 2015, IFAD was proactive in seeking and using opportunities to engage in global processes offering space for advocacy around its mandate and the interests and concerns of poor rural people. Among other things, this included spaces offered by the Expo Milano 2015, where IFAD co-led with the other RBAs the engagement of the United Nations system, around the theme of zero hunger, and it co-organized the Global Forum on Remittances and Development 2015 and a high-level event on Finance for Food, together with the Government of Italy and the other IFIs. The latter event, along with other recent IFAD engagements, is part of a consistent effort by IFAD to position itself not only as an engaged participant of external forums and initiatives, but also as a convener of concrete action-oriented policy discussions.

Area of reform	Key commitments	Responsibilities	Timeframe and reporting	2016 status	Remarks
					(SKD)
	32. Support efforts to bring broader perspectives to global and national policy dialogue on smallholder agriculture, food and nutrition security and rural poverty reduction, particularly those of the rural poor and farmers' organizations.	<b>Overall:</b> SKD <b>Implementation:</b> SKD, PTA Directors	- Ongoing - RIDE annually - IFAD9 MTR	<b>Green</b>	IFAD has consistently advocated for the voices and perspectives of poor rural people and farmers being prominently represented in the international forums in which it participates. In 2015, this included in particular the Committee on World Food Security, the post-2015 process, the Beijing+20 process, and Expo Milano 2015. In 2016, IFAD provided direct support to the Civil Society Mechanism of the Committee on World Food Security to engage through an inclusive bottom up process in one of the Committee's work streams of particular importance to IFAD's ultimate target group, namely a process to define policy recommendations for smallholders' inclusive access to markets. SKD
<b>2. Increasing IFAD's institutional effectiveness and efficiency</b>					
Institutional Efficiency	33. Introduce a fit-for-purpose and efficient-to-use staff time-recording system to measure the full costs of performing key business processes and activities.	<b>Overall:</b> BOD, CSD <b>Implementation:</b> IFAD Directors	- 2013 - RIDE 2013 - IFAD9 MTR	<b>Green</b>	Following a cross-departmental consultation on different options for an appropriate time-recording system, as well as a review of systems used by comparator agencies, agreement was reached to pilot an approach that provided a corporate system for IFAD to forecast the allocation of activities of its staff at the beginning of the year, with the ability to revise this forecast during the year. The outcome of the pilot indicated that greater clarity could be provided to management on the full cost (including staff cost) of performing key business processes and activities, as well as better management information on how staff costs are allocated across projects and key operational processes (i.e. design, implementation, country programme management etc.), particularly those related to delivering the programme of loans and grants.  The solution leverages the existing budget preparation process for allocating the costs of each individual staff member across activities and captures data by staff, cost centre, activity and project which provides scope for the creation of meaningful management reports. The pilot was delivered using IFAD's PeopleSoft Enterprise Resource Planning system, leveraging existing systems already used in the regular budget preparation cycle.  The approach was tested in 2015, and initial results were analysed following the mid-year review. It is proposed to continue the piloted approach during IFAD10 and to explore enhancements and refinements. (BOD)
	34. Develop key business process efficiency indicators and benchmarks to facilitate identification of opportunities for process streamlining and cost-saving.	<b>Overall:</b> SKD <b>Implementation:</b> Director, SPA	- 2013 - RIDE 2013 - IFAD9 MTR	<b>Green</b>	Management endorsed a business process efficiency measurement framework that contains efficiency KPIs for costs, productivity, timeliness and quality of IFAD's key business processes. Reporting on these indicators has been mainstreamed into the annual planning and quarterly performance reporting of the respective business process owners (divisions) and will be further developed in 2016.
	35. Liaise with the Executive Board to explore opportunities to reduce costs associated with the operations of IFAD's governing bodies.	<b>Overall:</b> SEC <b>Implementation:</b> Secretary, IFAD	- 2013 - RIDE 2013 - IFAD9 MTR	<b>Green</b>	Completed. Both of the targets set for cluster 4 have been reached. The goals of the plan to comply with IFAD9 commitments were as follows: (i) reduce the overall volume of documentation presented to governing bodies; and (ii) introduce other cost reductions associated with cluster 4. At its 116 <sup>th</sup> session, Representatives commended SEC on the measures put in place for the three-year period, which had resulted in improved efficiency and an overall reduction of the office's administrative

Area of reform	Key commitments	Responsibilities	Timeframe and reporting	2016 status	Remarks
					<p>budget from US\$8.4 million in 2012 to US\$6.8 million in 2015.</p> <p>The Board welcomed the significant efficiency gains made by IFAD in terms of reduced length of documents and the associated production costs. (SEC) They also strongly supported the actions that were being implemented, including a cost-recovery mechanism, to improve compliance with deadlines for submission of documentation to SEC, which had resulted in more timely submission to the governing bodies and a more balanced distribution of documents across Executive Board sessions. (SEC)</p>
	36. Integrate recommendations of the corporate-level evaluation of the Fund's efficiency into IFAD's Change and Reform Agenda, and strengthen indicators used to measure performance with respect to efficiency, including IFAD's efficiency ratios, accordingly.	<p><b>Overall:</b> OPV</p> <p><b>Implementation:</b> IFAD Directors</p>	<ul style="list-style-type: none"> <li>- 2013</li> <li>- RIDE 2013</li> <li>- IFAD9 MTR</li> </ul>	Green	<p>IFAD responded to the corporate-level evaluation of IFAD's institutional efficiency and efficiency of IFAD-funded operations (CLEE) through the development of a consolidated action plan which was presented to the Executive Board in September 2013 (EB 2013/109/R.12). The action plan addresses both the commitments made under the IFAD9 Consultation and the CLEE recommendations. A number of actions following up on the CLEE recommendations were taken to give continuity to and further reinforce the ongoing Change and Reform Agenda agreed under IFAD9. The implementation status of the consolidated action plan is being monitored through the President's Report on Implementation Status of Evaluation Recommendations and Management Actions (PRISMA) and the results achieved will be reported to the Evaluation Committee and the Executive Board through the RIDE.</p> <p>In addition, IFAD Management set up an interdepartmental working group to review existing efficiency indicators and propose a revised set for IFAD's key processes. This task is at the final stage of completion. The revised RMF for IFAD10, which builds on this work, will be submitted to the third session of the IFAD10 Consultation.</p>
	37. Streamline the Fund's processes and workflows through adoption of improved information communication technologies.	<p><b>Overall:</b> CSD</p> <p><b>Implementation:</b> IFAD Directors</p>	<ul style="list-style-type: none"> <li>- 2013</li> <li>- RIDE 2013</li> <li>- IFAD9 MTR</li> </ul>	Green	<p>The Information and Communications Technology Division (ICT) continues to support and guide initiatives aimed at streamlining the Fund's processes and workflows. The division, in partnership with relevant business owners, made progress in a number of key areas: it partnered with PMD to finalize the data migration of all investment project data from the Project Portfolio Management System (PPMS) to the Grant and Investment Projects System. For the first time, the complete portfolio of grant and investment project data is maintained in a single corporate repository. A business intelligence operations dashboard has been deployed which helps in the tracking key programmatic processes including the PBAS allocation and monitoring of loans and grants.</p> <p>In continuing support for human resource (HR) reform, ICT has worked together with the Human Resources Division (HRD) to streamline and enhance a number of processes and workflows. This includes automation of the paper-based staff separation workflow, a reward and recognition framework, and enhancements to the eRCs module which allows managers to provide online performance evaluations for consultants. In 2015, HRD and ICT also launched the e-recruitment module, a user friendly fully automated system that manages all IFAD recruitments from identification of a vacancy to candidate selection. Another new system launched in 2015 was the eRPA platform allowing divisions to submit requests electronically and automating the entire approval process, thus reducing the time to process requests and increasing efficiency. One of the few remaining obsolete legacy applications,</p>

Area of reform	Key commitments	Responsibilities	Timeframe and reporting	2016 status	Remarks
					<p>the Leave Management System, was retired when the Absence Management module was delivered early in 2014.</p> <p>A key enabler for IFAD's decentralisation strategy is the availability of information technology resources, tools and services to geographically-dispersed IFAD staff. To this end, ICT has adopted an approach of smart decentralisation using the latest technology to ensure that IFAD staff are provided with seamless and secure access to IFAD resources from any internet-connected computer.</p> <p>In addition, the ICO video conferencing initiative has provided ICOs with dedicated, state of the art, video conferencing facilities. A total of 28 ICOs are currently connected, with plans for further expansion in 2016. This initiative has enabled ICO staff to have facilities for a more frequent and reliable contact with IFAD headquarters.</p> <p>ICT partnered with the OPV and Office of the General Counsel (LEG) in a significant undertaking to streamline and update the Delegation of Authority Framework. An integral part of this undertaking included a vast overhaul and simplification of the workflows associated with Governing Body documents. Finally, with SEC, ICT added new and enhanced functionality to its Members Platforms supporting the representatives of the Fund's Member States and completely replaced the few remaining obsolete legacy applications.</p>
	<p>38. Assess value added of business processes, and the potential for adopting more cost-effective alternative delivery modalities, including through joint servicing initiatives with other Rome-based agencies.</p>	<p><b>Overall:</b> CSD</p> <p><b>Implementation:</b> CSD, FOD Directors</p>	<ul style="list-style-type: none"> <li>- 2013</li> <li>- RIDE 2013</li> <li>- IFAD9 MTR</li> </ul>	<p><b>Green</b></p>	<p>The Administrative Services Division (ADM) engaged an independent external consultant who reviewed the revised functional organisation of administrative services with a view to increasing business process efficiency. Several functions were streamlined and merged, leading to a decrease in staff and non-staff costs, and significant efficiencies. The IFAD travel policy and related travel processing have been reviewed and recommendations yielding efficiency gains have been implemented. These include automated expense reports , and a single sign-on that avoids duplicate entry of data, enables users to log in to a single corporate travel module.</p> <p>A new global travel contract includes several value added features such as further decentralized ticketing for ICOs, extended booking periods and enhanced services. Following a joint tendering exercise, the RBAs successfully implemented fuel cards to replace the previously used paper-based system. This has generated administrative efficiencies by reducing the need for manual processing of the paper coupons. In addition, the fuel cards have significantly reduced any risk of misuse of privileges granted to IFAD staff.</p> <p>In line with the practice in some other international organizations, a shipment lump sum has been introduced for entitlement travel thereby reducing the need for soliciting offers for shipments on a case-by-case basis.</p> <p>Sub-delegation of authority to division directors to conduct low-value procurement of up to EUR 10,000, as well as further streamlining of the corporate procurement guidelines has increased administrative efficiency by eliminating transactional steps for low-value and low-risk purchases.</p> <p>A thorough business process review was conducted of the Records Management, Archives and Library functions. The results included a move of the Library function</p>

Area of reform	Key commitments	Responsibilities	Timeframe and reporting	2016 status	Remarks
					<p>to SKD and the development of an action plan to respond to key recommendations. A streamlined workflow for invoices has been introduced by ADM and CFS.</p> <p>Building on the successes of the Common Procurement Team of the RBAs, this initiative has been elevated to a more strategic level by adopting a lead agency concept for joint tenders. IFAD has assumed the common procurement lead role for planning and reporting purposes.</p> <p>Results have been achieved by the Controller's and Financial Services Division (CFS) through enhanced system automation and process streamlining resulting in more timely and accurate reporting. Efficiencies have been achieved through: the upgrade of the Loans and Grants System in moving to FLEXCUBE (FXC) and a Data Warehouse (streamlining of reconciliation process for loans and grants from 8 to 3 working days, integrating the fair value tool for loans within FXC (required for International Financial Reporting Standard compliance) from 2 weeks to 5 hours, automating revenue recognition from 3 working days to 3 hours, automating supplementary fund sufficiency checking and improved reporting); launch of an Audit Reports Tracking System; launch of a financial management dashboard; enhancing payroll system functionalities such as automating the generation of payroll accruals for repatriation/separation and unused leave; introducing risk based disbursements for accounts payable and for loans and grants (resulting in a reduction in withdrawal application processing time from 25 to 18 days; simplifying withdrawal application documentation (introduction of "smart" statements of expenditure (SOE); and scaling up of Nairobi hub which now processes all of East and Southern Africa Division's and 90 per cent of Western and Central Africa Division's disbursements.(CSD)</p>
	39. Report progress against IFAD9 efficiency targets, including cost savings, to governing bodies through the annual Report on IFAD's Development Effectiveness.	<p><b>Overall:</b> SKD</p> <p><b>Implementation:</b> Director, SPA</p>	- 2013 onwards	Green	Data on RMF indicators included in the RIDE. (SKD)
Human Resources Reform	40. Consolidate and deepen reforms completed in IFAD8.	<p><b>Overall:</b> CSD</p> <p><b>Implementation:</b> Director, HRD</p>	<ul style="list-style-type: none"> <li>- Ongoing</li> <li>- RIDE annually</li> <li>- IFAD9 MTR</li> </ul>	Green	It was acknowledged that although the major IFAD8 reform commitments had been accomplished (including the job audit and the strategic workforce plan, updating of staff rules and procedures, strengthening of the HR platform for ICOs, review of the PES system, orientation of the learning and development programme to strategic needs, establishment of an Ethics Office, better rotation of staff, automation of HR processes, and improved communication with staff), the work was not over, for 2 reasons: (a) efforts to strengthen and deepen these reforms would necessarily be ongoing as part of the continuous improvement process, and (b) it was now necessary to ensure that these reforms were fully consolidated into IFAD's daily operations. Work is therefore ongoing in these areas. The implementation of the action plan on the results of the 2012 Global Staff Survey (GSS) has been an essential part of the commitment to the consolidation of the HR reforms into IFAD's human resources processes and procedures, and they were very successful in generating concrete deliverables and in significantly improving staff morale and satisfaction, as reflected in the much improved 2014 GSS results. IFAD is now

Area of reform	Key commitments	Responsibilities	Timeframe and reporting	2016 status	Remarks
					working on the implementation of the action plan on the results of the 2014 GSS, with a focus on career development and recognition of performance, process efficiency, work-life balance, and leadership and people management. With the overall coordination of HRD, under the leadership of champions and project leaders, the working groups have made good progress in their focus areas. A new career development framework was developed in late 2015 with tools to guide staff and their managers in proactive career planning and management. In addition, new and innovative individual career support services are in place through which staff have access to the expertise of certified professional career coaches. IFAD expects to further consolidate and deepen reforms completed in IFAD9. (CSD)
	41. Equip IFAD with instruments and resources to promote gender competence and gender equality in its human resources management policies as well as gender balance and equitable geographical distribution in its staffing.	<b>Overall:</b> CSD  <b>Implementation:</b> Director, HRD	- Ongoing - RIDE annually - IFAD9 MTR	Green	Training has been developed and is being delivered, both at headquarters and in the field, in coordination with the IFAD thematic group on gender (TG-Gender) to foster greater awareness of the role of gender and relationships in successful rural development, and to encourage workplace recognition and appreciation of gender issues and best practices.  In 2013, courses on women's leadership were delivered successfully and with the participation of the IFAD gender senior adviser. Participants agreed to establish a network of women leaders and to work together to promote gender equality and women's empowerment. HRD has reviewed the pilot to replicate it in the future, and will explore the organization of gender training in ICOs.  Gender balance and geographic distribution requirements are being mainstreamed into HR policy whenever they are being revised.  The enhanced competency framework which was developed in close consultation with the TG-Gender and including gender equality and women's empowerment, has been fully implemented as part of the performance management process, and mainstreamed in the recruitment process and in staff development activities. The staff selection process in particular has been reviewed and changes have been implemented to encourage greater focus on equitable gender distribution: gender and diversity quotas have been introduced in the competitive recruitment process (at the shortlist level); HRD has introduced a sourcing tool to better reach potential applicants; dedicated sourcing for qualified women candidates is being undertaken for all recruitments, based on occupational and region-specific networks, associations etc.)  HRD is actively participating in "gender breakfast" events to get insights on additional opportunities to promote gender equality in IFAD HR policies, and to enhance gender balance and equitable geographical distribution of staff.
	42. While maintaining alignment with the United Nations common system, continue to explore opportunities for flexibility in IFAD's compensation and benefits system so as to ensure, as a way to achieve institutional	<b>Overall:</b> CSD  <b>Implementation:</b> Director, HRD	- Ongoing - RIDE annually - IFAD9 MTR	Green	The GS local salary survey was completed and results implemented. The GS salary scale was lowered by 9.2 per cent for new staff, and existing GS salaries were frozen until new salary scale catches up, over time, with the former scale.  A reward and recognition framework (RRF) including monetary and non-monetary rewards was successfully implemented for 2 years in this medium-term plan period. The 2014 GSS results confirm an overall appreciation of the RRF. While the 2012 GSS indicate that only 20 per cent of staff believed that IFAD adequately rewarded staff to encourage good performance, in 2014, 43 per cent expressed favourable

Area of reform	Key commitments	Responsibilities	Timeframe and reporting	2016 status	Remarks
	<p>efficiency goals, that appropriate levels of compensation and performance-based reward systems are in place for all IFAD staff. This would include such efforts as participating actively in the 2011-2012 ICSC Rome Local Salary Survey Committee with respect to GS salary levels, urging the ICSC to ensure appropriate compensation levels at the Professional level, and piloting a pay-for-performance model in collaboration with the ICSC.</p>				<p>views on this. In 2012, only 16 per cent of staff believed that IFAD adequately rewarded performance, while in 2014, 36 per cent have favourable views. These and other results clearly indicate that there is a significant improvement in staff perception of the reward and recognition mechanisms that the organization has put in place. Following an analysis of the first exercise, in 2015 IFAD implemented some fine-tuning to shift part of the funding to the non-monetary travel rewards, while maintaining the Framework's overall structure.</p> <p>In April 2015, IFAD finalised its third reward and recognition process for the 2015 performance cycle, and will look at opportunities for further enhancements.</p> <p>In June 2015, IFAD participated in the United Nations workshop on Performance Management to identify good practices to be shared throughout the United Nations system and contribute to the HLCM Strategic Plan 2013-2016, in which Performance Management is identified as a priority. IFAD is one of the 2 organizations that have implemented a comprehensive reward and recognition system, including monetary and non-monetary rewards, and the only organization that has linked its reward model to the performance management process.</p> <p>The ICSC launched a comprehensive review of the United Nations common system compensation package in 2013, with final results presented to the General Assembly in late 2015. The General Assembly resolution was adopted on 23 December 2015. IFAD actively participated in this work, including hosting the seventy-ninth session of the ICSC on IFAD premises in July 2014. IFAD is also represented in ICSC working groups, in the strategic group of the High-Level Committee on Management of the Chief Executives Board for Coordination (HLCM/CEB) and in the HR Network. (CSD)</p>
<b>3. Strengthening IFAD's financial capacity and management</b>					
IFAD's financial model	<p>43. Deploy an enhanced financial model based on a sustainable cash flow approach on 1 January 2013. Towards this, the capacity of the Treasury Services Division will be strengthened, and a review of the current financial model will be undertaken to improve its flexibility, robustness and alignment with the financial projection models used by other IFIs.</p>	<p><b>Overall:</b> FOD</p> <p><b>Implementation:</b> FOD Directors</p>	<ul style="list-style-type: none"> <li>- 2013</li> <li>- Audit Committee</li> <li>- Executive Board in April 2013</li> <li>- IFAD9 MTR</li> </ul>	<b>Green</b>	<p>The SCF model has been developed. The model has been audited (by external auditors) and related procedures have been documented.</p> <p>A review and update of the financial model will be carried out in 2016 to streamline data feeds and enhance capacity for scenarios and projections of borrowed resources. (FOD)</p>
	<p>44. Present a proposal to the Executive Board regarding the future use of the advance commitment authority, once</p>	<p><b>Overall:</b> FOD</p> <p><b>Implementation:</b> FOD Directors</p>	<ul style="list-style-type: none"> <li>- 2013</li> <li>- Proposal to Audit Committee</li> <li>- Executive Board in 2013</li> </ul>	<b>Green</b>	<p>SCF methodology developed and approved by the Executive Board in April 2013.</p>

Area of reform	Key commitments	Responsibilities	Timeframe and reporting	2016 status	Remarks
	the sustainable cash flow approach has been fully implemented. Until then, current use, reporting and approval of the advance commitment authority will continue.				
	45. Present a proposal to the Executive Board on how responsibility for compensation for forgone principal arising from adoption of the Debt Sustainability Framework will be managed, starting in IFAD10.	<b>Overall:</b> FOD <b>Implementation:</b> FOD Directors	- 2013 - Proposal to Audit Committee - Executive Board in 2013	<b>Green</b>	DSF methodology developed, paper written and updated version reviewed by the Audit Committee in November 2013 and endorsed by the Board in December 2013 for submission to the IFAD10 Consultation in October 2014 and the Governing Council session in February 2015.
Internal resource mobilization	46. Increase internal resources available to support IFAD's programme of loans and grants in the IFAD9 period in line with the decision taken at the 104th session of the Executive Board to carry out a comprehensive review of IFAD's Lending Policies and Criteria in 2012, and to align IFAD's lending terms as much as possible with those of the International Development Association and the International Bank for Reconstruction and Development, taking into account IFAD's specificity as outlined in the Agreement Establishing IFAD.	<b>Overall:</b> FOD <b>Implementation:</b> FOD, LEG Directors	- 2013 onwards - Proposal to Executive Board in 2012	<b>Green</b>	Comprehensive review undertaken, paper written and endorsed by the Board in December 2012, and approved by the Governing Council in February 2013.
	47. Enhance IFAD's internal resources by soliciting payment of loan and contribution arrears, and exploring the possibility of loan prepayments with interested borrowing Member States.	<b>Overall:</b> FOD <b>Implementation:</b> PRM, LEG Directors	- Ongoing - Proposal to Audit Committee and Executive Board as appropriate	<b>Green (BOD)</b>	Loan prepayment has been explored with a number of borrowers, but it has not been largely pursued as the advantage would not be very significant to internal resources. Prompt follow up taken of arrears of loan and contributions. (e.g. Cuba and Sudan) Outstanding arrears over total reflows at minimum level in recent years, also due to active debt-rescheduling with 3 borrowers. (FOD) Success in addressing Zimbabwe's loan arrears, and Iraq's contribution arrears. In 2014 encashed an outstanding promissory note for the initial and first replenishment from India. (FOD)



Area of reform	Key commitments	Responsibilities	Timeframe and reporting	2016 status	Remarks
New sovereign donors and alternative financing modalities	48. Engage non-Member States and groupings of States to contribute to and/or join the Fund.	<b>Overall:</b> PRM, SEC, LEG Directors <b>Implementation:</b> Director, PRM	- Ongoing - Proposal to Governing Council and Executive Board as appropriate	Green	Seven countries have joined IFAD since 2013, namely: Vanuatu, Tuvalu and Nauru in 2013, the Russian Federation in 2014, and the Federated States of Micronesia, Montenegro and the Republic of Palau in 2015. Australia's decision to rejoin IFAD has been put on hold by the new government. New Zealand re-engaged by contributing to IFAD9. Other countries have approached IFAD or have been approached: Belarus, Brunei, Lithuania, Singapore, Slovakia, Turkmenistan, and Ukraine.
	49. Explore the scope for raising financing from other sources to be submitted to the Executive Board, provided that any related agreements have no consequences for the governance of the Fund.	<b>Overall:</b> FOD, PRM <b>Implementation:</b> PRM, LEG Directors	- Ongoing - Proposal to Executive Board as appropriate	Green	Extensive work has taken place on the Additional Resource Mobilization Initiative in terms of contacts with potential sources of resources, liaison with and learning from other agencies with similar goals and in internal conceptualization of viable leveraging modalities. Negotiations and studies are ongoing. A paper with concrete proposals was submitted to the third IFAD10 Consultation session in October 2014. Negotiations with KfW Development Bank were successful and served as an enriching learning process for all departments involved. The loan for Board approval was submitted in September 2014 and signed in November 2014. In April 2015, the Executive Board established a framework setting the parameters within which IFAD would be allowed to borrow from sovereign lenders. IFAD continues to build upon its new partnerships; greater funds are being leveraged for rural poverty reduction, including through memorandums of understanding signed with the Bill & Melinda Gates Foundation, Unilever and the Intel corporation; and new partnerships are being explored with several multinational agribusinesses interested in sourcing more from smallholder farmers. Exploration as to the ways to access the European Commission's blending facilities is ongoing (IFAD requested the EC assessment of our financing instruments – a precondition to access the facilities). The second annual report on supplementary funds was submitted to the Executive Board in September 2015.
<b>4. Enhancing IFAD's results and management system</b>					
Impact Evaluation	50. Raise the level of compliance with the requirement for projects to have a baseline survey by the end of their first year of implementation.	<b>Overall:</b> PMD/SKD <b>Implementation:</b> PMD, SPA Directors	- Ongoing - RIDE annually - IFAD9 MTR	Green	IFAD has met the target set for the submission of baselines: 59 per cent of projects have completed RIMS or equivalent baseline surveys, against a 40 per cent cumulative target. (PMD)
	51. Actively pursue partnerships with institutions specialized in impact evaluation, and mobilize resources to develop adequate internal capacity to conduct/manage impact evaluation work.	<b>Overall:</b> SKD, PMD <b>Implementation:</b> SKD (SPA), PMD Directors	- Ongoing - RIDE annually - IFAD9 MTR	Green	Ongoing partnerships include: the M&E Harmonization Group; 3ie; the International Food Policy Research Institute (IFPRI); Wageningen University; Royal Tropical Institute (KIT); Center for Development Innovation (CDI); ICF International; University of East Anglia (UEA); the Agency for Technical Cooperation and Development (ACTED) and the International Institute for Applied System Analysis (IIASA).
	52. Present an information paper to the Executive Board on the methodologies IFAD will employ in carrying out	<b>Overall:</b> SKD <b>Implementation:</b>	- December 2012 - Paper to Executive Board in December 2012	Green	Completed. An information paper on the approach and methodologies for 30 impact evaluations was submitted to the December 2012 Board, as requested by the IFAD9 Replenishment Consultation (see GC 35/L.4., Report of the Consultation on the Ninth Replenishment of IFAD's Resources).

Area of reform	Key commitments	Responsibilities	Timeframe and reporting	2016 status	Remarks
	impact assessments and in measuring the new impact-level indicators introduced in the RMF 2013-2015.	Director, SPA			
	53. Conduct, synthesize and report on approximately 30 impact surveys over the IFAD9 period. Three to six of these will use randomized control trials or other similarly rigorous methodology, depending on cost-sharing opportunities, and interest and availability of institutions specialized in impact evaluation to support this work.	<b>Overall:</b> SKD <b>Implementation:</b> Director, SPA	- 2013 onwards - IFAD outcome report to Executive Board from 2014 onwards	Green	A RIMS survey inventory analysis was carried out to select the 24 projects to undergo ex post impact evaluation. Six projects were also identified for randomized control trials (RCTs) in the context of the 3ie Agricultural Innovation Thematic Window (supported with US\$10 million in funding from the United Kingdom's Department for International Development (DFID) and the Bill & Melinda Gates Foundation). The 24 ex-post evaluations are conducted in partnership with internationally renowned research institutions (including IFPRI, Wageningen University, University of East Anglia, ICF International, and International Initiative for Impact Evaluation (3ie). 22 have been completed and 2 are ongoing. In addition, 14 in-house impact evaluations have been conducted by the Research and Impact Assessment Division to broaden the evidence base. The analysis of the studies has been completed. Support for the design of RCTs in the context of the ASAP is also being provided.
Results Reporting	54. Review and consolidate mechanisms for results reporting to governing bodies, towards more succinct accounts that are focused on impact and outcomes achieved.	<b>Overall:</b> SKD <b>Implementation:</b> Director, SPA	- April 2013 - Proposal to Executive Board in April 2013	Green	Completed. Management proposals to consolidate results reporting to the governing bodies were endorsed by the Board in September 2012.
	55. Report annually to the Executive Board and Evaluation Committee on performance against RMF 2013-2015 indicators and targets through the Report on IFAD's Development Effectiveness.	<b>Overall:</b> SKD <b>Implementation:</b> SPA, PMD Directors	- 2013 onwards - RIDE annually - IFAD9 MTR	Green	Completed. Performance against RMF indicators is reported annually to the Executive Board. (SKD)
	56. Report annually to the Executive Board through the Audit Committee on enterprise risk management activities in IFAD.	<b>Overall:</b> VP <b>Implementation:</b> Risk Champions	- Annual Reporting to Audit Committee - Annually Annual Report on IFAD's ERM Activities to Executive Board	Green	Completed. In the context of the Board's endorsement (in September 2012) of Management's proposal to consolidate results reporting to the governing bodies (see commitment number 54), the annual report on enterprise risk management (ERM) activities will cease to be prepared. In line with IFAD's ERM policy, through the ERM Committee, chaired by the Vice-President, IFAD maintains a proactive approach to ERM, with corporate risks being assessed and reported to Management every quarter in the context of the corporate quarterly performance review process.