

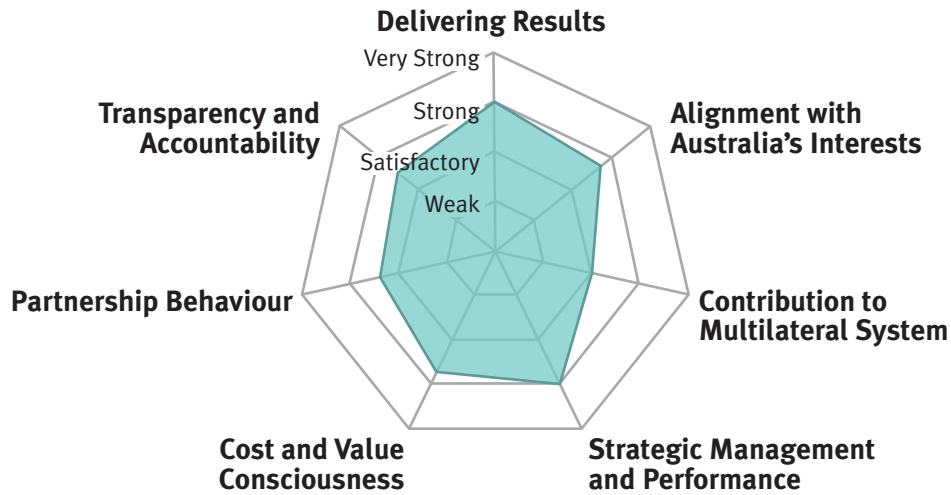


Australian Multilateral Assessment March 2012

International Fund for Agricultural Development (IFAD)



OVERVIEW OF ORGANISATION RATINGS



ORGANISATION OVERVIEW

The International Fund for Agricultural Development (IFAD), a specialised agency of the United Nations, was established as an international financial institution in 1977 as one of the major outcomes of the 1974 World Food Conference.

IFAD's focuses on reducing poverty and food insecurity in the rural areas of developing countries. It seeks country-specific solutions, which can involve increasing rural poor peoples' access to financial services, markets, technology, land and other natural resources.

By 2010 IFAD was supporting US\$2.4 billion worth of loans and grants to 92 countries and currently has 260 professional staff.

Australia was a founding member of IFAD, but announced its intention to withdraw from the organisation in June 2004. Australia cited as its reasons for withdrawing 'limited relevance to the Australian aid program's priority countries in South-East Asia and the Pacific; lack of comparative advantage and focus—other organisations are

more strongly involved in rural development in our region; shortcomings in management and failure to respond to concerns that the Australian Government raised with IFAD senior management.’ Australia’s withdrawal formally took effect in 2007, following payment of its final replenishment commitment. During its 30 years of membership, Australia provided \$53 million (or US\$37 million) to IFAD. Australia is the only OECD country, and one of only two G20 countries, that is not a member of IFAD. Australia is considering resuming its membership.

RESULTS AND RELEVANCE

1. Delivering results on poverty and sustainable development in line with mandate

STRONG

In 2010 IFAD reported that more than 90 per cent of projects were rated ‘moderately satisfactory or better’ for expected impact on poverty measures; gender equity and target population; and effectiveness of thematic areas. Tangible aggregate results for 2009 showed 4.8 million active borrowers (mainly female) for rural financial services; 4.9 million hectares of land under improved management; 322 000 hectares of land being rehabilitated; and 28 000 marketing groups formed.

IFAD’s good results framework, with appropriate quality indicators, is used to push for continual improvement. Independent assessments, such as that by the Multilateral Organization Performance Assessment Network, confirm IFAD’s strong focus on results.

IFAD has a pro-poor focus at country-level. In 2010, 84.5 per cent of its program and project financing was to low income, food-deficit countries and 56.3 per cent to least developed countries.

a) Demonstrates development or humanitarian results consistent with mandate

STRONG

Despite its relatively small size, IFAD is an effective and results-focused partner in the increasingly high profile rural development sector. IFAD makes an important contribution to poverty alleviation and has a good results framework that is used to push for continual improvement. The Multilateral Organization Performance Assessment Network (MOPAN) Survey of 2010 found IFAD’s key strengths included a clear link between its mandate and its results focused strategy; a good results measurement framework; transparency in its aid allocation decisions; and independence of the evaluation unit. IFAD’s results measurement framework uses quality performance indicators and a clear hierarchy of results. These systems contribute to clear measures of success on the ground. For example, a snapshot of progress half-way through the eighth replenishment shows that in 2009, 36 million people were receiving services from IFAD, 51.49 per cent of whom were female; there were 4.8 million active borrowers (again, mainly female) from rural financial services; 4.9 million hectares of land was under improved management; 322 000 hectares of land was being rehabilitated; and 28 000 marketing groups had been formed.

IFAD has a large number of relatively small projects. In 2010 it had 234 projects under implementation in 92 countries, with the most common project size falling within the

range of US\$10–15 million. Only five IFAD projects were larger than US\$50 million; however, IFAD has been evolving towards larger projects in recent years.

b) Plays critical role in improving aid effectiveness through results monitoring

STRONG

IFAD has a focus on results and outcomes. Recent results oriented reforms for development effectiveness include the reformulation of IFAD’s strategic framework and the establishment of results-based country strategies and programs. IFAD has a transparent results management framework with indicators aimed at better capturing country program management; better project design; and better supervision and implementation, as well as a four tier results matrix used for results-based budgeting. IFAD also assesses its impact on rural poverty using five ‘impact domains’. IFAD concludes that around 80 per cent of projects now perform ‘moderately satisfactory or better’ with respect to four of those impact domains. However, only around 50 per cent of projects have a ‘moderately satisfactory or better’ rating when it comes to the fifth impact domain: natural resources and the environment. These various systems contribute to clear measures of success on the ground.

An assessment of IFAD’s action plan in 2008 by Canada, the Netherlands and Norway found that under the heading of Managing for Development Results, IFAD has developed a system for monitoring and reporting on results at multiple levels.

IFAD projects rate reasonably well on quality, with ‘sustainability’ being the lowest scoring indicator. Overall, IFAD projects are rated ‘moderately satisfactory or better’ at quality at entry in 2010. More specifically, over 90 per cent of projects were rated ‘moderately satisfactory or better’ in terms of expected impact on poverty measures; gender equity and target population; and effectiveness of thematic areas. Almost 80 per cent of projects were rated moderately satisfactory or better with respect to innovation, learning and scaling up during quality at entry and 72 per cent were rated satisfactory or above with respect to sustainability. IFAD projects are rated moderately satisfactory or better at completion, using assessments by IFAD’s Independent Office of Evaluation (OIE) and IFAD management. The OIE’s latest annual report on results and impact states that: ‘in terms of overall project achievement (which is a composite of relevance, effectiveness and efficiency, and therefore a key evaluation criteria), performance has increased from 41 per cent moderately satisfactory and 17 per cent satisfactory in 2002–2004, to 55 per cent and 31 per cent respectively in 2007–2009.’

IFAD had 17 per cent of its projects classified as ‘at risk’ in the latest common performance assessment system report. This is a higher proportion than the Islamic Development Bank (16 per cent), the Inter-American Development Bank (15 per cent), the World Bank (12 per cent), the African Development Bank (6.4 per cent) or the Asian Development Bank (6.4 per cent). However, as these figures involve self-reporting by agencies, it is unclear whether IFAD has a more ‘at risk’ portfolio or is simply more stringent in its self-assessment (possibly even more candid) than others. What is perhaps important is management’s response to projects at risk: the so-called ‘pro-activity index’. The common performance assessment system review reports that 63 per cent of IFAD projects rated as ‘actual problems’ in the previous year have been upgraded, restructured, closed, cancelled or suspended.

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| c) Where relevant, targets the poorest people and in areas where progress against the MDGs is lagging | STRONG |
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IFAD works to address large poverty concentrations in rural areas of emerging and middle income countries, including members of the G20. IFAD has a funding strategy to focus on large rural poverty concentrations in otherwise middle income countries such as Brazil, China, India and Indonesia. A recent AusAID review found that these countries clearly valued IFAD for its technical expertise in tackling persistent rural poverty, and are willing to co-finance programs and pay interest surcharges on concessional loans from IFAD appropriate to a middle income country.

IFAD has a pro-poor focus at the country-level. In 2010, 84.5 per cent of IFAD's program and project financing was to low income food-deficit countries as defined by the FAO and 56.3 per cent to the least developed countries as classified by the UN.

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| 2. Alignment with Australia's aid priorities and national interests | STRONG |
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IFAD has demonstrated strong interest and responsiveness in discussions on Australia potentially resuming its membership.

There is close alignment between IFAD's work and the Australian aid program's strategic goal of sustainable economic development through agriculture and rural development. IFAD works with poor rural people in some areas where Australia has limited presence, including in parts of Africa, Latin America, the Middle East and South Asia, making it a useful partner in expanding Australian assistance to these areas.

Gender is now largely integrated into IFAD's business processes although there some variability in promoting gender equality and women's empowerment across projects and countries.

IFAD is increasing its attention to environment issues.

IFAD works extensively in fragile states. The 2010 MOPAN report found that partner governments generally agree that IFAD's procedures take into account local conditions, an important factor in adjusting to the particular needs of fragile states.

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| a) Allocates resources and delivers results in support of, and responsive to, Australia's development objectives | STRONG |
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There is now close alignment between IFAD and Australia's priorities for food security and rural development as a vehicle for economic growth and poverty reduction. IFAD offers partnerships in regions and sectors where Australia wishes to expand but lacks deep technical or country knowledge and presence. IFAD works with rural poor people in fragile and conflict-affected areas, sometimes in areas where Australia's aid program has limited or no existing presence. IFAD works to address large poverty concentrations in rural areas of emerging and middle income countries.

IFAD offers the opportunity for strong Australian influence and profile. IFAD is a multilateral partner of choice that complements Australia’s global investments in rural development, food security and poverty reduction more effectively than the alternatives.

IFAD’s presence in the Pacific is still small and is not considered to be its strength. Rather, IFAD’s long-term and deep engagement in Africa, the Middle East, South Asia and Latin America is seen as providing a potentially valuable partnership as Australia seeks to broaden its geographic reach and influence to these regions. In particular, Australia’s investments in these regions have a focus on food security and rural development. There is therefore now a better fit and level of complementarity than there was when Australia decided to withdraw from IFAD.

IFAD senior management consistently expressed to a recent Australian review team a sophisticated and apparently genuine view about why they wanted Australia to return: it values Australia’s specialist technical expertise in many areas of agriculture (such as dry land farming, fisheries regulation, biosecurity including livestock quarantine, water management and salinisation) as well as our unique and strong voice on policy issues (such as the impacts of agricultural protectionism on rural livelihoods). Given that IFAD can only use staff and consultants who are nationals of member countries, it advised that since Australia’s withdrawal, it has not been able to recruit Australians it often considered the best candidates to meet developmental needs, or has resorted to engaging Australians by working around administrative procedures.

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| b) Effectively targets development concerns and promotes issues consistent with Australian priorities | STRONG |
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Rural development and food security are reflected in the five strategic goals of the aid program set out in An Effective Aid Program for Australia.

There is now close alignment between IFAD and AusAID’s priorities for agriculture and rural development as a vehicle for economic growth and poverty reduction. More specifically, Australia and IFAD have complementary approaches to food security, agriculture and rural development that directly contribute to achievement of MDG 1, MDG 3 (promote gender equality and empower women) and MDG 7 (ensure environmental sustainability).

AusAID seeks to achieve outcomes through delivery of results in the following three focal themes or pillars, which overlap significantly with the priorities of IFAD:

- > improving agricultural productivity through more effective agricultural research
- > improving rural incomes, jobs and access to financial services through market development, and
- > increasing the resilience of the poorest through enhanced and expanded social protection.

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| c) Focuses on crosscutting issues, particularly gender, environment and people with disabilities | SATISFACTORY |
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IFAD has increased its program attention to issues such as natural resource management, desertification, multiple water use management, land tenure, and preserving and rehabilitating vast peat swamps (a cross border source of ecosystem degradation and loss of carbon sequestration in South-East Asia). IFAD has recently created a new Environment and Climate Division within the organisation.

IFAD also has a strong pro-poor focus within countries, including targeting women and indigenous peoples in its policies, programs, and analytical work. It works to give ‘voice’ to women’s groups through forming and supporting women’s producer associations. IFAD also has a policy of investing about 20 per cent of its loan and grant programs in development for indigenous peoples.

IFAD has a generally good record on mainstreaming. IFAD has clear and explicit policies on gender: *Mainstreaming a gender perspective in IFAD’s operations* was developed to operationalise the gender mainstreaming principles contained in IFAD’s 2002–06 strategic framework. Gender mainstreaming/women’s empowerment are part of IFAD’s targeting policy and the 2007–10 strategic framework. Gender considerations are now largely integrated into IFAD’s business processes related to the project/program cycle, including quality enhancement procedures and supervision guidelines. There is, however, still some variability in promoting gender equality and women’s empowerment across projects and countries. IFAD also has specific policies on, amongst other matters: targeting the poor; indigenous peoples; climate change, environment and desertification; microfinance; land tenure, ‘land grabbing’ and rural finance.

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| d) Performs effectively in fragile states | STRONG |
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IFAD works with poor rural people in fragile and conflict-affected areas, sometimes in areas where Australia’s aid program has limited reach. IFAD has worked extensively to improve the incomes and productivity of poor rural people in fragile or conflict-affected countries including many Sub-Saharan countries, Afghanistan, Pakistan, the West Bank, Nepal, East Timor and Solomon Islands. IFAD currently works in several border regions of Pakistan where Australian Government officials are not permitted to enter because of security concerns. IFAD currently supports projects in Tunisia, Egypt and Yemen, where high food prices recently exacerbated social and political unrest and high unemployment.

The organisation understands the issues that affect fragile states and is strongly geared towards addressing them. For example, its work on land grabbing is very relevant to the particular kinds of needs found in fragile states.

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| 3. Contribution to the wider multilateral development system | SATISFACTORY |
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In most countries IFAD has not engaged systematically at national policy-level or with donor coordination platforms, although this in part reflects its mandate to focus on smallholder farmers.

IFAD has been a voice for smallholders in a range of forums, such as the Consultative Group on International Agriculture Research and the Committee on World Food Security.

IFAD has often been a good incubator of innovative pilots and new approaches but there is scope to sharpen its focus on scaling up its work in a more systematic way to achieve substantial and sustainable development impact.

IFAD has had some influence over international agendas and policy on agriculture, including its role as chair of high-level food security issues at the World Economic Forum and its contribution to the development of the agricultural information management system.

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| a) Plays a critical role at global or national-level in coordinating development or humanitarian efforts | SATISFACTORY |
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IFAD has strong partner relationships and attracts donor funding to addressing critical poverty and food security issues in Sub-Saharan Africa, West and South Asia, and Latin America as part of a common platform approach. However, its strengths have been more as innovator and catalyst rather than in coordinating international development efforts.

IFAD has strong links with the Islamic Development Bank with significant co-financing works in southwest Asia and north Africa. This is a very positive development and offers good entry points into these geographical areas for donors.

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| b) Plays a leading role in developing norms and standards or in providing large-scale finance or specialist expertise | SATISFACTORY |
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Scaling up is critical to IFAD’s overall development effectiveness, but it is not yet being done systematically. IFAD has often been a good incubator of innovative pilots and new approaches. However, the key to IFAD’s ultimate development effectiveness cannot be judged by the quality of its own projects: it is simply too small by itself to have noticeable impact. IFAD also acknowledges that ‘scaling up—broadly defined as replicating, expanding and adapting successful approaches and innovations—is key to effective development’. It commissioned its own, and then an independent, review of the scaling up issue. An independent review by the Brookings Institute concluded:

The notion that (IFAD’s) existence needs to be justified on grounds of adding value through innovation and catalytic impact leading to multiplication and replication on a larger scale is firmly embodied in its lending policies and criteria as first laid out in 1978 and as subsequently amended. If successful, IFAD’s projects were to be handed off to other, better resourced institutions for the scaling up of those innovations. As envisaged by its founders, IFAD was to play a proactive role in this hand-off process. Over the decades, since its creation, IFAD has tended to focus more on innovation, and less on the catalytic, scaling up dimension of its institutional mandate...

...While there are some examples of successful scaling up, the resources allocated for the purposes are insufficient and staff skills are not adequate. Up scaling has largely occurred in an informal and unsystematic manner largely due to individual initiatives.

IFAD management agrees that scaling up must be made more systematic within IFAD if the organisation is to achieve substantial and sustainable development impact. An office of the chief development strategist has been established to lead in this process.

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| c) Fills a policy or knowledge gap or develops innovative approaches | SATISFACTORY |
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While IFAD has the potential to shape evidence-based policy dialogue at the international and country-level, its implementation has been mixed. On the one hand, IFAD acts as an incubator of important pilots and trials at the community level, generating evidence and insights. IFAD also undertakes useful analytical and policy related research on issues such as land grabbing, weather crop insurance, gender and agriculture, and the impact of remittances in rural areas.

IFAD also supports the formation of producer groups amongst smallholders whose voice could otherwise be lost when governments set policies. IFAD has also had some success in shaping discussions on food security at the international level. On the other hand IFAD’s policy dialogue has mainly been limited to the project context. In most countries IFAD has not engaged systematically and successfully at the national policy-level or with donor coordination platforms. Nor does IFAD participate in sector wide approaches, a common vehicle for policy dialogue at country-level. In part this reflects its mandate to focus on smallholder farmers.

IFAD’s management knows policy dialogue needs to be more systematic and effective. It is expected that the appointment of a permanent chief development strategist in 2011 will strengthen this engagement.

IFAD has had some success at helping shape international agendas and policy on agriculture. Examples include the President of IFAD chairing high level food security issues at the World Economic Forum, IFAD’s role in the G8 Summit in l’Aquila, its contribution to OECD Ministers of Agriculture negotiations on food and its contribution to development of the agricultural information management system. The opportunities—and need—for IFAD to further contribute to international policy discussions will increase over coming years as food prices rise and become increasingly centre stage in a range of international economic and development forums.

| ORGANISATIONAL BEHAVIOUR | |
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| 4. Strategic management and performance | STRONG |

IFAD’s clear and well-targeted mandate comes through in its strategic focus of its policies and programs. Strategic planning and guidance has improved through reform processes over the past few years.

The executive board and management agree on the need for future reform and largely agree on how to get there, including through the 2011–15 IFAD strategic framework; results measurement framework; and external appointment of a new director of human resource management.

Monitoring and evaluation systems have been strengthened through reform, resulting in greater attention to project quality and greater impact through knowledge management and innovation.

IFAD has sound leadership, with management demonstrating a track record in implementing organisational change, including taking hard decisions (such as no increase in general staff costs in 2011). However, management is still addressing challenges in human resource management.

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| a) Has clear mandate, strategy and plans effectively implemented | STRONG |
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IFAD has a clear, focused, targeted clarity of purpose and position engaging with poor smallholders in developing countries.

IFAD’s strategic framework covers the period 2011–15. Country strategies are fully aligned with this framework.

An independent external evaluation of IFAD in 2004 led to formulation of a comprehensive action plan to strengthen IFAD’s overall performance. The action plan was subsequently endorsed by the executive board in 2005. As of the end of 2007, the action plan was very much on track: all 14 of the deliverables to be presented to the executive board had been met, a majority of the other deliverables had been completed, and the outputs of the action plan were already starting to transform the way IFAD goes about its business. IFAD noted at the thirty-fourth session of the governing council in February 2011, several actions it is taking to improve organisational effectiveness including a new strategic framework (2011–15), a strategic workforce plan, and a zero based budgeting exercise.

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| b) Governing body is effective in guiding management | STRONG |
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The executive board and management agree on the need for future reform and largely agree on how to get there, including through the IFAD strategic framework 2011–15; results measurement framework; and external appointment of a new director of human resource management.

IFAD Management is responding to efficiency concerns. To manage corporate overheads, the IFAD executive board introduced an institutional efficiency ratio in 2005. The ratio is calculated by determining the percentage of IFAD’s annual administrative budget in relation to its program of work. It was decided that the percentage should not exceed 17.1 per cent and the Fund was required to work towards reducing the ratio to a target of 13.5 per cent by 2012 within the context of the corporate results measurement framework for the eighth replenishment for the period 2010–12. The efficiency ratio has been diminishing consistently and is expected to be around 14.4 per cent in 2011 and close to the 2012 target despite increases in the program of work and the administrative budget since 2005. If external resources directly managed and supervised by IFAD are included in the program, the institutional efficiency ratio is 9.4 per cent which is comparable to other multilateral development banks.

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| c) Has a sound framework for monitoring and evaluation, and acts promptly to realign or amend programs not delivering results | STRONG |
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IFAD has strong evaluation processes. IFAD’s independent office of evaluation (IOE) is responsible for evaluating IFAD’s operations and policies. The IOE reports directly to the executive board and is structurally independent of IFAD’s management. In 2011 the Governing Council approved a budget of US\$5.88m for IOE to conduct three corporate level evaluations, eight country program evaluations, 25 project completion reports and six project performance assessments. However, a review of documents also indicated that the percentage of evaluations subject to independent ex-post evaluations could be improved.

An assessment by the Swedish Agency for Development Evaluation concluded that IFAD management took its own evaluation results seriously. In particular, the report found that ‘The objective of enhancing transparency and holding IFAD management accountable for response actions (to evaluation findings) is largely fulfilled. An effective accountability mechanism ... is in place to ensure the accountability of IFAD management. The executive board can easily cross check the extent to which the evaluation recommendations have been acted upon’. The report also found, however, that ‘Partners show less interest in the evaluation, and their participation in the evaluation and response processes is often limited. The partner government is usually less committed to implement the agreed response activities, and the management response system has not succeeded in holding the partner accountable to the same extent as IFAD management.’

IFAD performs strongly on knowledge management within the institution. The MOPAN survey respondents provided a positive assessment of IFAD for consistently monitoring its delivery and external results and for involving stakeholders and beneficiaries in these activities. IFAD was also rated as strong for the quality of its reporting: its reports use data obtained from measuring indicators, note adjustments made to policies and strategies based on performance information, and identify lessons learned. However, IFAD’s reporting on its Paris Declaration commitments could be improved.

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| d) Leadership is effective and human resources are well managed | STRONG |
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IFAD has a strong President and undertook a very good recruitment strategy to recruit deputies. An Australian review team found that there was a very strong and motivated work culture in IFAD that stems from good leadership. IFAD’s leaders have endorsed and pushed organisational reform following the formulation of a comprehensive action plan to strengthen IFAD’s overall performance.

IFAD needs to further improve its human resources and financial management if it is to increase its impact. There is widespread consensus, inside and beyond IFAD that the future efficiency and effectiveness of the organisation depends upon further substantive reforms in human resources management. Amongst other things, IFAD needs to bed down and further expand its in-country presence; significantly streamline the support

staff to professional staff ratio; have more flexible, performance based, procedures; and upgrade professional skills.

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| 5. Cost and value consciousness | STRONG |
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IFAD’s executive board introduced an institutional efficiency ratio in 2005 which gradually reduced the proportion of its budget spent on administration (although costs remain high relative to most other multilateral organisations).

IFAD uses rates of return in its program decisions and economic analysis processes subject to formal appraisal.

IFAD monitors cost efficiencies at country-level. It works with governments and trains partners on financial management. This encourages value for money.

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| a) Governing body and management regularly scrutinise costs and assess value for money | STRONG |
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Independent assessments confirm progress on reform is occurring, but more needs to be done. Three recent reviews of IFAD—the 2010 MOPAN review, a DFID review, and a review commissioned by Canada, the Netherlands and Norway—have each come to the conclusion that IFAD needs to do more in the area of financial management.

IFAD rates quite favourably in terms of value for money. It tends towards maximising efficiency, in particular because it is selectively focused on one area: smallholder rural development. It is also effective in reducing the administrative burden on recipients.

To manage corporate overheads, the IFAD executive board introduced an institutional efficiency ratio in 2005. The ratio is calculated by determining the percentage of IFAD’s annual administrative budget in relation to its program of work. It was decided that the percentage should not exceed 17.1 per cent and the Fund was required to work towards reducing the ratio to a target of 13.5 per cent by 2012 within the context of the corporate results measurement framework for the eighth replenishment for the period 2010–12. The efficiency ratio has been diminishing consistently and is expected to be around 14.4 per cent in 2011 and close to the 2012 target despite increases in the program of work and the administrative budget since 2005. If external resources directly managed and supervised by IFAD are included in the program, the institutional efficiency ratio is 9.4 per cent which is comparable to other multilateral development banks.

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| b) Rates of return and cost effectiveness are important factors in decision making | STRONG |
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IFAD has a rigorous cost effectiveness approach. It looks carefully at rates of return and undertakes formal economic analysis processes. It has a formal appraisal system to scrutinise this. IFAD’s overwhelming focus on smallholders has helped to strengthen cost effectiveness because this is the kind of work it does well.

IFAD is reducing the time taken to deliver finances. The pace of actual delivery of the Fund’s financial assistance has accelerated in recent years. The time between approval

and first disbursement of resources from IFAD to the recipient was reduced by 25 per cent in 2010. Similarly, the time lapse between receiving a withdrawal application from the recipient and the disbursement of funds is on track to being halved. Actual disbursements are also rising quickly—by 19 per cent in the four quarters to October 2010, and by 26 per cent relative to 2006. In principle, there is the potential that they will rise more rapidly in the future as commitments increase and improvements in efficiency in the processing of loans and grants are realised, including through implementation of a new financial system.

c) Challenges and supports partners to think about value for money

SATISFACTORY

IFAD has not systematically or successfully engaged at a national policy-level. It has not taken a strong role in financial sector policy analysis, dialogue and reform. IFAD has not succeeded in holding partners accountable.

However, there is evidence in the draft 2011–15 strategic framework that IFAD may give more focus to this area of its work. It identifies, for example, the need for ‘improved policy and regulatory frameworks at local national international levels.’ IFAD has also produced useful analytical research that can form an evidence base for policy dialogue including on topics such as land grabbing, weather index insurance and the like.

IFAD does monitor cost efficiencies at country-level. It works with governments and trains partners to improve financial management and meet IFAD’s internationally agreed standards. This encourages value for money. It also works with project partners on anti-corruption issues.

6. Partnership behaviour

SATISFACTORY

IFAD invests heavily in partnerships. For example, it has a US\$1.5 billion co-financing agreement with the Islamic Development Bank. Other stakeholders consider IFAD to be an effective partner.

IFAD does not make strong use of country systems, such as engaging in sector-wide arrangements, due to concerns this will remove it too far from its main role of on-the-ground engagement with poor farmers. This represents both a strength and weakness of IFAD’s model.

IFAD provides a strong voice to stakeholders on the ground through its focus on rural poor beneficiaries. IFAD consistently monitors the way it engages stakeholders and beneficiaries in its activities and this informs decision making.

a) Works effectively in partnership with others

STRONG

The program management division participates in harmonisation and alignment initiatives, as far as this involves coordination and streamlining of program activities with those of other donor agencies, and aligning these with agendas and systems of governments to whom loans are given through the IFAD portfolio. IFAD tends to be rated

well by other organisations in terms of its capacity for partnerships. FAO, for example, claims WFP, IFAD and itself, work closely and effectively together in Delivering as One.

IFAD was rated well by members of the 2011 review of Australia’s engagement with IFAD for its attention to partnerships.

IFAD currently supports projects predominantly in Africa, the Middle East, Asia and Latin America. IFAD also partners with other donors focused on these regions. For example, it has a US\$1.5 billion co-financing agreement with the Islamic Development Bank, which may provide an avenue for Australia to engage well in countries such as Afghanistan, Pakistan, southern Philippines, and several countries in Africa. However, IFAD continues to have a smaller focus and less experience in working with Pacific Island Countries.

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| b) Places value on alignment with partner countries’ priorities and systems | WEAK |
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IFAD makes only limited use of country systems. MOPAN donors in-country rated IFAD as inadequate on four out of the five microindicators related to its use of country systems. Data from the *2008 Survey on Monitoring the Paris Declaration* indicate the proportion of IFAD loans and grants that is captured in the budgets of client countries (Indicator 3) is low in relation to the target of the Paris Declaration. IFAD notes there are definitional issues that may limit the extent to which the data on this indicator can fully reflect IFAD operations. A similar situation arises with regard to the Paris Declaration indicator on the predictability of aid (Indicator 7). IFAD’s performance on the Paris Declaration indicator on use of common arrangements or procedures (Indicator 9) will always be limited by its policy to not use sector wide approaches.

An independent review puts IFAD’s reluctance to engage in sector wide approaches and country systems in a broader context. The Brookings Institute found that while IFAD recognises the potential of budget support operations for influencing the broader budgetary allocation mechanism—and hence a way to scale up the impact of its own limited financial resources—it is concerned that this will remove it too far from its main role of on the ground engagement with poor farmers. Hence, IFAD has generally not provided budget support.

While IFAD could be criticised for not using country systems more, another independent review rated IFAD highly for minimising the burden on national development managements.

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| c) Provides voice for partners and other stakeholders in decision making | STRONG |
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IFAD has specific policies on targeting the poor, indigenous peoples, climate change, environment and desertification, microfinance, land tenure, land grabbing and rural finance. It has performed well in these areas and this is in part through its participatory approaches. IFAD consistently monitors the way it engages stakeholders and beneficiaries in its activities.

7. Transparency and accountability**STRONG**

IFAD routinely publishes its reports on its website, including evaluation reports, annual reports and strategy documents.

The clear and transparent performance based allocation (PBA) system seeks to balance country needs while rewarding good performance. In 2008, 94 per cent of IFAD's annual resource commitments were made in line with the PBA.

Independent assessments conclude that IFAD has good systems for audit, anti-corruption, risk management and procurement but needs to improve the efficiency of its financial management and speed up its disbursement rates.

IFAD periodically raises accountability issues including fraud prevention, and collusive, corrupt and coercive practices with partners, particularly through the training it provides.

a) Routinely publishes comprehensive operational information, subject to justifiable confidentiality**STRONG**

MOPAN survey respondents rated IFAD as strong for the quality of its reporting: its reports use data obtained from measuring indicators, note adjustments made to policies and strategies based on performance information, and identify lessons learned. However, IFAD's reporting on its Paris Declaration commitments could be improved.

IFAD also has an active program of knowledge management and dissemination to external audiences. IFAD has commissioned and published policy relevant research, often in partnership with other organisations, on topics such as land grabbing; remittances in rural areas; weather index insurance; indigenous peoples; community participation; and rural youth.

IFAD routinely publishes its reports—including evaluation reports, annual reports and strategy documents—on its website.

b) Is transparent in resource allocation, budget management and operational planning**STRONG**

IFAD makes transparent aid allocation decisions, using performance information to plan and revise strategies and operations, and introducing performance-oriented country/regional programming processes. IFAD makes a broad range of key documentation publicly available on its website.

IFAD has a PBA system which seeks to balance country needs while rewarding good performance. In 2008, 94 per cent of IFAD's resources annual commitments were made in line with the PBA. The PBA system is clear and transparent.

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| c) Adheres to high standards of financial management, audit, risk management and fraud prevention | SATISFACTORY |
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IFAD has some clear strengths in terms of financial accountability, audit, anticorruption policies, risk management, and procurement.

Independent assessments conclude IFAD has good systems for audit, anti-corruption, risk management and procurement. However it needs to improve the efficiency of its financial management; speed up disbursement rates; and better align its systems to that of an international financial institution with a rapidly growing portfolio, rather than that of a relatively small UN specialised agency.

All of the human resources and financial challenges currently faced by the organisation, are manageable and IFAD has processes underway to implement reforms.

There is no evidence to suggest that IFAD has a systemic weakness with respect to corruption. To the contrary, independent assessments such as those by MOPAN rate IFAD well with respect to anti-corruption. Increasing use of direct supervision, and in-country presence, should also help reduce risks of corruption.

IFAD is benchmarked worse than peers for some aspects of financial management and administration. The common performance assessment system review found that IFAD had the lowest disbursement ratio and one of the less satisfactory variances between planned and actual project duration. MOPAN finds that withdrawal procedures to effect disbursement take much longer in IFAD than in the World Bank. The MOPAN review found that gaps remain in linking disbursements to reported results.

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| d) Promotes transparency and accountability in partners and recipients | SATISFACTORY |
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IFAD's policies on fraud prevention and on collusive, corrupt and coercive practices ensure timely and appropriate action is taken if irregularities are identified. IFAD has close engagement with stakeholders and beneficiaries on the ground, and sometimes conveys critical messages about accountability and transparency. IFAD provides training in financial management and accountability for implementing partners and recipients.