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Office of Evaluation of the International Fund for Agricultural Development**

## **A Joint Evaluation of AfDB and IFAD Operations in Agriculture and Rural Development in Africa**

### **A Review of Partnership between AfDB and IFAD Part II**

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Agriculture and Rural Development in Africa**

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## Abbreviations and Acronyms

AfDB	African Development Bank
ADF	African Development Fund
AGRA	The Alliance for a Green Revolution in Africa
ARD	Agriculture and rural development
AU	African Union
BOAD	West African Development Bank
BSF	Belgian Survival Fund
DAC	Development Co-operation Directorate
DBS	Direct Budget Support
ECOWAS	Economic Community of West African States
FAO	Food and Agriculture Organisation of the United Nations
FO	Farmers' and Rural Producers' Organizations
GEF	Global Environment Facility
GM	Global Mechanism
IE	Independent Evaluation
IEE	Independent External Evaluation
IFAD	International Fund for Agricultural Development
IFI	International Financial Institutions
IFPRI	International Food Policy Research Institute
ILC	International Land Coalition
JE	Joint Evaluation
KPI	Key Performance Indicators
MDG	Millennium Development Goals
MfDR	Managing for Development Results
MOPAN	Multilateral Organization Performance Assessment Network
MOU	Memorandum of Understanding
NEPAD	New Partnership for Africa's Development
NGO	Non Governmental Organization
OE	Office of Evaluation of IFAD
OECD	Organization for Economic Co-operation and Development
OPEV	Operations Evaluation Department
PD	Paris Declaration
PRSP	Poverty Reduction Strategy Papers
PROMSA	Modernization of Agricultural Services Program
RECs	Regional Economic Communities
RMC	Resource Monitoring and Control
SIDA	Swedish Development Cooperation Agency
SPA	Special Program of Assistance for Africa
SSA	Sub-Saharan Africa
SWAps	Sector-wide approaches
UEFC	Unidad Ejecutora del Fondo Competitivo
UJAS	Uganda Joint Assistance Strategy
UN	The United Nations Organisation
UNDG	United Nations Development Group
WCD	World Commission on Dams
WB	World Bank
WP-EFF	Working Party on Aid Effectiveness and Donor Practices
WFP	The United Nations World Food Programme

# **A Joint Evaluation of AfDB and IFAD Operations in Agriculture and Rural Development in Africa**

## **A Review of Partnership between AfDB and IFAD**

### **Main Report**

#### **I. INTRODUCTION**

1. In late 2006 the Boards of the African Development Bank (AfDB) and the International Fund for Agricultural Development (IFAD) approved a Joint Evaluation (JE) on Agriculture and Rural Development (ARD). The evaluation is expected to assess the relative comparative advantage of both organisations and also help promote a fuller operational partnership between IFAD (and its global mandate) and the AfDB (and its regional mandate).

2. The joint evaluation is divided into two phases. The first phase consists of four interrelated sub-studies (context, past performance, business processes and partnerships) that will be combined and summarized in an Interim Report. The second phase will consist of country work and an analysis of the design of recently approved country strategies and operations<sup>1</sup> that will build on the findings of the first phase and culminate in the Joint Final Report.

3. The present report constitutes the assessment of the partnership performance of the AfDB and IFAD and their key partners. It is informed by the other various studies mentioned above and cross references have been made to facilitate the reading of what is a very large volume of analytical work.

4. The objective of the partnerships review is to assess how well IFAD and AfDB have been partners with each other and with other key players in agriculture and rural development in the past in Africa, and to provide recommendations on how to develop and maintain partnerships most effectively in the future. The review is limited to partnerships formed for or related to ARD in Africa.

#### **A. Approach**

5. The review of partnerships has followed a three-step approach:

- (i) the conduct of a benchmarking study to learn from good practices related to partnership that may be found in other development organizations, and to provide a generic template for the assessment of partnerships;
- (ii) assessment of the performance of the AfDB – IFAD partnership using the above template, including an examination of the determinants of observed results; and
- (iii) identification of the principal additional partners of both organizations in ARD in Africa and review of the performance of these partnerships.

6. The partnership review takes as its point of departure a set of questions and hypotheses about what makes for good partnership management drawn from the theory and case studies of the benchmarking study. This provided lines of enquiry for discussions with key informants (see Annex 1) in the respective headquarters of AfDB, IFAD on their experience of partnership working in ARD in Africa.

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<sup>1</sup> With the aim mainly of discerning if AfDB and IFAD are learning from past experiences.

7. The review places partnership working within the wider ‘sea of activity’ of both agencies and the operating environment of the Paris Declaration on Aid Effectiveness; which in itself provides a common framework, a common cause and a set of shared expectations and standards for partnership working, including the key principle of Managing for Development Results (MfDR). Within this operating environment agencies such as AfDB and IFAD will be general development partners to the national recipient government (the ‘partner country’ – and within this more specific partners to different parts of government) and will work in harmony with other agencies (‘development partners’) supporting common areas of the country’s development strategy.

## B. Definitions

8. The term ‘partnership’ is generally used in a generic way to describe many different forms of association between one or more actors. This diversity is a reflection of how development partnerships operate in a multi-level and multi-sectoral governance environment and are complex systems, consisting of various interdependent actors which are also part of other sub- or supra-systems which influence their action. Patterns of partnerships (varying size and scope) provide the basis for various forms of categorisation. For instance, the Benchmarking Review identifies 33 defining characteristics set across 11 key variables

9. In our review work we have been guided by drawing a distinction between; relationships, alliances, networks and ‘strategic partnerships’, characterised as:

**Relationships**, based around a set of more limited, time sensitive transactions (e.g. funding transfer from donor – recipient) with no shared accountability for outcomes;

**Alliances**, on shared issues/ goals; a common feature of agency working at the global, regional, sub-regional and country level;

**Networks**, participation in a loosely controlled, system driven arrangement involving many actors and multiple hubs of connectivity; and

**Partnerships**, between agencies which are strategic when through a strong task focus they aim to achieve a significant increase in the ‘results’ (linked to targets/ indicators within a strategic framework) of an agency’s core business, or enable a partner or partners to break into a new area of work. Such results may be pitched at the output, outcome or impact level, or at the corporate (organisational) level in terms of improved capacity.

10. The focus of the review is on distilling from the general AfDB and IFAD historical experience of partnership working, related to ARD in Africa, some observations on the effectiveness of partnership working with development partners, including the AfDB-IFAD partnership. From this analysis, the review will aim to draw out some conclusions in the form of actions that may emerge under the new partnership initiative between IFAD-AfDB and a set of key issues and related questions to feed into the Joint Evaluation Interim report and the shaping of the JE Country Phase. The Country Phase will provide the opportunity to explore the partnering experience of IFAD and AfDB with the partner country and with the different tiers of the recipient government system, national Non Governmental organization (NGO) system or local executing agency.

11. The Benchmark Review of good practice (five cases of partnership for development ) and theoretical approaches to partnership management provided the basis for our identification of a number of conditions which we were mindful of in examining the partnership experience of AfDB and IFAD and in particular in putting the spotlight on the collaboration between the two organisations.

12. The main findings from the benchmark study, of relevance to this work, can be clustered around four key points:

13. **Goal and context are key.** A partnership is not the end goal, but a mechanism to deliver corporate, project and programme objectives – these must be clear to all partners, and the aim should

be for long term performance based partnerships rather than short term project funding. The environments in which these projects operate are invariably complex and the various influences on decisions at the project level create different demands on the partnerships. Partners and partnership projects are impacted by economic and political events, these must be well understood.

14. **Understanding partner incentives and conflicts, as individuals and as institutions.** For each partner, understanding its own individual and institutional incentives, negotiables, obstacles, and assets (including reputations) is the primary starting point for partnering. That includes understanding that the nature of the individuals that come to the table is critical to the effectiveness of the partnership. Partnership projects need champions to carry the purpose and sell the idea and process. However, to ensure sustainability, partnerships need to move carefully and systematically beyond the individuals and into institutions. As individuals also move on, mechanisms need to be put in place to ensure smooth transition. Induction programmes, frequent and structured reviews, rotating chairs and other mechanisms will enable broader ownership.

15. **Building on existing assets with sufficient flexibility to adapt to change when needed.** Understand what is available on the ground, enhance the capacities of existing resources, determine the best way to fill the gaps, and then expect that as the partnership matures and capacity develops, roles may shift and the partnership may need to be modified. This requires flexibility as changes in staffing and representation and other influences will force change within partnership projects. In order to accommodate change, institutions need to build up the capacity for partnering, i.e., the capacity to recognise the vital contribution of each stakeholder, the capacity to understand the constraints partners face, the capacity to compromise and negotiate fairly, etc. Effective partnering not only requires a workable interface between representatives and organisations sitting at the table but it requires that each of the partners develops effective communication channels within their own individual organisations.

16. **Understanding time frames and time requirements.** Ideally a partnership process will allow the different stakeholder groups to strive for modest milestones that coincide with their individual cycles. This will occur not without negotiation and mutual understanding. Too often the pressure is on to produce the results, even though partners have not been given or made the time to get to know each other. Investing time at the beginning will save time and money in the long term as each partner becomes more familiar with how other partners make decisions, invest resources and take action.

### **Hypotheses – what makes for a good partnership?**

17. **Context is key.** Partnerships are effective where they are developed on the basis of an understanding on what is available on the ground, where they enhance the capacities of existing resources, determine the best ways to fill gaps, and are open to change of roles and modifications to the partnership as the partnership matures and capacity develops.

18. **Understand partner incentives and conflicts.** For each partner, understanding one's own individual and institutional incentives, negotiable points, obstacles and assets (including reputations) proves the primary starting point for partnering.

19. **Differentiate between individuals and institutions.** Partnerships need to move carefully and systematically beyond the individuals and into institutions where partnerships are to be sustained. Each partner needs to develop effective communication channels within their own individual organisations.

20. **Actively manage assumptions and expectations.** Developing early clarity on the model of partnership, and in doing so recognising the disincentives and incentives to partner. The fact that a partnership agreement exists does not mean that a model of partnership has been considered at the outset.

21. **Focus on results.** Partners (jointly) recognising and determining concrete milestones and targets as a means to deliver on partnership objectives; clarifying with each other the quantity and quality of

outcomes expected and recognising where interests converge to the degree anticipated. Decision makers in the partnership arrangements tapping authentic information about processes and results from the operators that are close to where the results emerge.

22. **Reconcile private (single partner) interests with collective interests.** Unless the particular problem is of sufficient urgency to all partners, it is likely that individual missions will outplay collaborative missions. Reconciling private interests with collective interests becomes possible only when partners begin to understand the problem in terms of the high stakes of not engaging in a shared solution.

23. **Forge partnerships on basis of complementary contribution.** The premise of complementary partnerships is that organisations should stick to what is most integral to their operations (their core business), contribute what they do best (their key competencies) to the partnership, and determine which of these core competencies appropriately add value to what each of the participating organisations are contributing (complementary contribution).

24. **Recognise time and energy as critical resources.** The most costly resources of collaboration are not money but the time and energy required for negotiating with collaboration partners across the five dimensions of collaborative action<sup>2</sup>, neither of which can be induced.

25. **Apply concrete measures.** Working in partnership requires concrete measures for accountability: clarification of roles and responsibilities, continuous exchange of information, clarification of expectations and a list of possible sanctions.

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<sup>2</sup> Five dimensions: Governing, administering, paying attention to the tension between self interest and collective interests, forging mutually beneficial relationships and building reciprocal and trusting relationships.

## II. OPERATIONS

26. IFAD and the AfDB are both important players in ARD in Africa. They have been grappling with the challenges of agricultural and rural development since 1968 (AfDB) and 1978 (IFAD) and have provided the continent with a combined cumulative total of more than \$10 billion in loans and grants for ARD<sup>3</sup>. This sum increases to about \$17 billion when co-financing and borrower contributions are included. Both institutions have partnerships with regional institutions in Africa such as New Partnership for Africa's Development (NEPAD), the West African Development Bank (BOAD) and the Belgian Survival Fund (BSF), in addition to a joint partnership agreement between them. They administer region specific grant programmes and participate in international initiatives such as the Special Programme of Assistance for Africa<sup>4</sup>. Yet, by common consent results have been less than hoped for and both share a commitment to achieve a substantive increase in development effectiveness.

### A. Differences and Similarities between IFAD and AfDB

27. The current ARD policy in the AfDB and the regional strategies for Africa in IFAD were developed during the past decade to meet and overcome shortcomings in earlier policy and strategic frameworks. Thus in the AfDB a new and comprehensive policy for agriculture and rural development was crafted during 1998 and 1999<sup>5</sup> and in IFAD the long-standing corporate strategies spanning 1998 to 2010 were supplemented and regionalised in 2001 and 2002<sup>6</sup> by three sub-continental strategies.

28. Both organisations use an almost identical array of instruments (similar in most respects to other International Financial Institutions (IFI)'s) in pursuit of their objectives. The predominant instrument is the investment project, even though more recently greater attention is being devoted to non-lending activities such as policy dialogue. In IFAD investment projects in Africa comprise more than 40% of its ongoing portfolio in all regions globally. Naturally, accountability for the management of such substantial resources is a matter of considerable institutional importance. Similarly, in the AfDB agriculture and rural development operations constitute about one third of the ongoing project portfolio that has been guided by a policy and strategy defined in the late 1990's and the relevance and effectiveness of which has declined, according to the Meta evaluation conducted in connection with the joint evaluation.

29. In the last few years both institutions have sought to use results based country strategies (programmes) to guide their work. These country strategies reflect a shift in approach, consistent with the guiding international framework for development assistance, the Paris Declaration. This makes the country the principal unit of account so that country portfolios of loans and grants are designed to be well aligned with country Poverty Reduction Strategy Papers (PRSP)s, mutually supportive and complemented by policy advice and policy dialogue. The whole is expected to capture synergies that render the results greater than the sum of the individual parts.

30. Both IFAD and the AfDB have undertaken extensive evaluations both at corporate level of the institutions and of their operations in Africa. Corporate level differences and similarities shape the

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<sup>3</sup> The two organizations have funded roughly equal numbers of projects (168 for IFAD, 175 for AfDB) during the past ten years, although, IFAD has provided more agriculture and rural development (ARD) funding in Africa than the AfDB since they both started work.

<sup>4</sup> In 1988, the international donor community formed a partnership under the chairmanship of the World Bank to coordinate external support for programs of reform undertaken by low-income debt-distressed countries in Africa. All of the major official donors working in Africa, bilateral and multilateral, participated. The aim of this partnership-- the Special Program of Assistance for Africa (SPA) -- was twofold i) to ensure that adequate balance of payments finance was available for reform programs; and ii) to provide a forum for improving the effectiveness and efficiency of donor assistance programs. The SPA ended in the mid nineties as the HIPC initiative gathered pace.

<sup>5</sup> Agriculture and Rural Development Sector: Bank Group Policy, OCOD, African Development Bank, January 2000, Abidjan.

<sup>6</sup> Regional Strategy Papers Near East and North Africa, Eastern and Southern Africa, and Western and Central Africa, IFAD, 2002.

possibilities and constraints to effective partnering. Therefore, evaluative evidence has been gathered to assess this dimension in some depth, leading to the following observations:

31. In terms of “raison d’etre” both are IFIs, with similar governance structures and need to find (and sometimes defend) a place in a global aid architecture that is continuously changing and becoming increasingly competitive;

32. Both recognize at the highest political level that these changes mean a need for organizational flexibility and ability to partner to ensure continued relevance and demonstrate effectiveness, a sine qua non for continued support from shareholders;

33. Effectiveness being an organizational imperative, both have initiated extensive corporate reforms to improve effectiveness, including opening of country offices to strengthen development effectiveness on the ground;

34. Results focus is part of the effectiveness agenda and both institutions have made great strides to build a new results culture, and strengthened systems and capacity to measure and document results;

35. ‘Partnerships’ are acknowledged as being important, but have tended to be ad hoc<sup>7</sup> opportunistic relationships and now both institutions want to be more strategic and results oriented;

36. While investment projects remain the key operative modality for both, both agencies also face expectations on other fronts: IFAD on its ability for innovation and reaching rural poor people who live often in remote geographic areas, AfDB on the ambition to be a voice for Africa and “a partner of choice”.<sup>8</sup>

37. Key differences are highlighted in the other related studies but include:

- Substantive scope: IFAD is a sector-specialized organization, ardently defending its niche, whereas AfDB is a multi-sector broad development organization trying to narrow its scope;
- Geographical scope: IFAD operates in five regions spanning over 100 countries, AfDB in the 54 African countries;
- Size: IFAD is relatively small, with about 200 professional staff, AfDB has 700 professionals; and
- Volume of activity: in 2007 IFAD’s lending volume was about \$600 million for some 35 projects; the AfDB’s about \$4 billion a year through more than 120 projects<sup>9</sup>.

38. The report on business processes and the meta evaluation says about this latter point: “When comparing the operations of the two organizations devoted to agriculture and rural development in Africa, however, the differences are much smaller: in 2006, IFAD provided total financing to the Africa region of \$208.3 million (through programs in 13 countries, including loans and grants) while the AfDB provided \$274.3 million (through 9 loans and 22 grants) to agriculture and rural development. In other words, their lending volume and the number of countries with operations in a given year are quite similar, with IFAD having a slightly larger number of operations, but of a smaller size”.<sup>10</sup>

39. While differences and commonalities in their current operations and inherent in ongoing reform processes do shape the possibilities and constraints to effective partnering, it is also clear that partnering is essential for both organizations to effectively fulfil their mandates and meet expectations

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<sup>7</sup> ‘A mixed bag of partners’ was a common way respondents described the portfolio.

<sup>8</sup> Annual report 2006; “The Bank can, and should, play a greater and more visible role in delivering results in Africa in order to become the premier voice on African development, a trusted and respected partner of choice for RMCs.”

<sup>9</sup> Business Processes report 2008: “This suggests an order of magnitude of AfDB of about four times that of IFAD (which inevitably implies major differences in organizational structure and business processes).”

<sup>10</sup> Business process review report.

of their shareholders. Therefore, ongoing and new partnerships must have a large element of flexibility to ensure continued relevance and effectiveness in a continuously evolving context. One dynamic of this is how IFAD is actively looking to broaden its engagement with national governments (away from the classical loan project) to embrace a diversity of approaches in response to agriculture as a 'private sector industry'.

### **Operations – similarities and differences**

- IFAD and AfDB are both IFIs of a similar size and governance structure significant for ARD in SSA, but occupy different positions in aid architecture.
- Both are focussed on the Paris Declaration Agenda.
- Both recognise the need for organisational flexibility and the need for partnerships to demonstrate effectiveness and have both initiated corporate reforms to improve effectiveness.
- Both are aiming to develop more strategic partnerships.
- Neither agency has engaged significantly with the private sector.
- IFAD is sector specialised working worldwide – AfDB is multi-sectoral focussed on Africa.
- With 200 professionals IFAD is smaller than AfDB, 700 professionals, even though it is to be recognised that no more than about 100 AfDB staff work on agriculture operations.

### III. PARTNERSHIPS

40. The following section examines first the corporate drivers for partnering and then the respective partnership landscape for ARD in Africa; both in terms of the partnership between the two institutions and the partnerships that each institution has with other development partners. Needless to say, there is a great deal of commonalities in the way the two institutions partner with each other and with other partners. Weight has been put on the former, with the other types of partnerships dealt with in less depth.

#### A. Corporate Drivers for Partnership

41. For both institutions, there is no fulfilling of their respective mandates, without partners and effective partnerships. In IFAD, three key drivers to partnering can be clearly identified: i) an identity change mid 90s and a subsequent recognition that IFAD cannot fulfil its mandate alone: ii) stronger country focus, partly an outcome of the new international aid agenda, and iii) new players including the private sector in Africa. For AfDB, two aspects have had a major impact: i) the Paris Declaration which brought with it new modalities, a renewed country focus at one level, and a push for a narrower corporate focus at another, leading to more selectivity, and ii) the move towards a “knowledge bank” meaning a need for real knowledge management (which is at present however somewhat un-linked from operations), economic and sector work, and a need to know where to find specialized skills not available in AfDB. A transitory driver is the need to draw on other organizations’ staff due to a high vacancy rate; this is however more of a structural rather than a strategic driver.

42. A “partnership” is a term used liberally within both institutions. The Annual report for the AfDB always includes a chapter on partnership. In 2006, it stated that “Partnership activities played a fundamental role in the successful implementation of the Bank Group’s work program”. In the Annual report 2007 it stated that: “The main objective of these strategic partnerships is to mobilize financial resources, share knowledge and information, and build technical skills in the Resource Monitoring and Control (RMC)s.”

43. In practical terms for the Bank this means co-financing operations, bilateral technical cooperation, and multilateral technical cooperation. The 2007 report also stresses that “all partnerships endorse the principles of the Paris Declaration, in seeking harmonization of procedures and instruments, collaboration based on comparative advantages, and results management for maximum impact on poverty reduction.” Hence, there is a strong link between the partnership concept and the new international aid effectiveness agenda as it is expressed through the Paris Declaration, inter alia. This is examined in more detail in a subsequent section.

44. The text on IFAD’s homepage underlines outreach and resource mobilization as key reasons to engage in partnerships: “to accomplish its fundamental goals of rural poverty eradication, ensuring food security and helping prevent famines and with a view to mobilizing resources for the implementation of the Fund’s mandate, IFAD has made efforts to consolidate existing and create new partnerships and to broaden its outreach.

45. The Fund maintains strategic partnerships with a number of Bilateral Donors, in particular with the major Organization for Economic Co-operation and Development (OECD) countries. Key aspects of these strategic partnerships are contributions to IFAD core resources, the supplementary funds, [and] co-financing of IFAD projects”. Hence it presents a predominant view of partnerships as a financial rather than a substantive measure. A more nuanced view is to be found in the strategic Framework for IFAD updated and developed further in the partnership framework for the 8<sup>th</sup> replenishment period. Here a number of “Principles of engagement” are outlined and one of those relates directly to partnerships: “We work systematically with partners to solve problems and deliver results. Our key partners are developing country governments, poor rural people and their organizations, non-governmental organizations and the private sector. We also work with partners in the international development community, combining the best available skills and knowledge to develop new and innovative solutions to rural poverty.” Thus, innovation for IFAD is also an important driver, as exemplified by the fact that it was the theme of the Twenty-Ninth Session of

IFAD's Governing Council. In 2006 and in 2004 the Board approved an operational framework for mainstreaming innovation.

46. The key purposes for partnering in the two institutions, as expressed in various strategic documents and through interviews, include:

- Catalyze policy and resources;
- Mobilize and leverage resources;
- Replicate and scale up pilots and innovative models;
- Outreach and reaching target populations;
- Complement and underpin own work for wider impact;
- Knowledge sharing; and
- Better coordination for higher effectiveness.

47. In practical terms, both organizations tend to stress the co-financing aspects, but also mention bilateral and multilateral technical cooperation.

48. Often partnerships are formalized through a Memorandum of Understanding (MOU) or a Cooperation Agreement; increasingly results focused documents spelling out purpose, expected outputs and with a responsibility matrix to enable tracking of results and a clarification of roles.

49. Notwithstanding the above, it is striking that none of the organizations have an overarching Board approved policy or strategy on Partnering<sup>11</sup>, or guidance to staff on how to select, develop, formalize and measure partnerships<sup>12</sup>, given the strategic importance apparently attached to partnerships<sup>13</sup>. One explanation might be that the need for partnering may have i) evolved out of a political agenda rather than emerged out of a sectoral imperative and ii) is so closely linked to what have been evolving business models in both institutions that it would have been premature to develop such policies or strategies; something the present evaluation should help to do.

50. Having said that, IFAD has developed recently (October 2008) a paper on partnerships, *Collaboration and Partnerships for Increased Impact and Effectiveness*. The paper articulates the importance of partnerships for IFAD and proposes key actions for the way forward. The paper concludes by saying that the Fund plans to develop a framework to provide clearer definition, objectives, criteria and indicators for IFAD partnerships. In fact, the 8<sup>th</sup> replenishment report (finally adopted by the Governing Council in February 2009) underlines the importance of partnerships for IFAD's organisational effectiveness, and that during the 8<sup>th</sup> replenishment period (2010-12), IFAD will take a more systematic and strategic approach to partnerships.

## **B. The Partnership between AfDB and IFAD**

51. IFAD and AfDB have a 30 year long relationship, one that has evolved with the rhythm of the international development agenda, and which is poised to continue along the track laid out in the "new paradigm for development" as embodied in the Millennium Development Goals (MDGs) and the Paris Declaration. Key notions, such as country focus, division of labour, selectivity, new modalities, and effectiveness guide the institutions and also bear on the shape and content of this partnership. It can also be seen from the review of documents and interviews that it has moved from being primarily poised at operational level to now comprising the corporate and political level – this evaluation being the best example of this new trend.

52. Since the first agreement between AfDB and IFAD was signed in 1978, 31 projects have been co-financed to a total volume of over 1 billion. Eleven of these are projects still ongoing. These 11

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<sup>11</sup> IFAD has a private sector and partnership strategy, but this focuses more on the private sector

<sup>12</sup> 'We have a number of (so termed) strategic partnerships but haven't put sufficient effort to nurture a few partnerships'.... 'there remains a diverse view within the organisation on what constitutes a 'strategic partnership'.

<sup>13</sup> 'Partnership is a high priority but is not well resourced'

projects are in mainly fairly traditional projects, not yet influenced by the winds of change<sup>14</sup>. Tables 1 and 2 (see below) provide an insight into the scope and relative scale of the co-financing partnership between IFAD and AfDB in comparison with the partnerships that IFAD has had with other institutions. The figures indicate:

- a shift in recent years away from agriculture by co-financiers;
- the dominance of IFAD initiated and co-finance arrangement within co-finance projects;
- a marked decline in the role of AfDB as a cooperating institution (i.e. with responsibility for supervision) in co-financed projects with IFAD; and
- a general decline or static position regarding partnership activity in recent years despite the strong sentiments of an increasing desire amongst development partners to partner with each other.

**Table 1. Experience of AfDB – IFAD partnering through investment projects**

Period	'Partner' role of AfDB	Level of activity (AfDB / AfDF)
1978 – 2007	Co-financing institution	36 projects - \$410m
	<i>Within these co-financed projects AfDB has also taken the role of;</i>	
	Initiator institution	3 projects
	Cooperating institution	25 projects
1998 – 2007	Co-financing institution	14 projects - \$241m
	<i>Within these co-financed projects AfDB has also taken the role of;</i>	
	Initiator institution	1 project
	Cooperating institution	2 projects

<sup>14</sup> One notable exception is the collaboration between AfDB and IFAD on the Ghana Northern Region Rural Programme where the AfDB were able to come in on the back on an IFAD design to add a substantive infrastructure component to a pro-poor initiative. This example is seen as reflecting a gradual intensification in recent years of the relationship between AfDB and IFAD in that region.

**Table 2. Overview of IFAD’s experience of partnering on co-financed projects with AfDB and with others<sup>15</sup>; general trends illustrated in reference to three periods of new project approvals (1978 – 1993, 1994 – 2001, 2002 - 2007)**

Development Partner	Number of new co-financed projects approved by IFAD (in Africa) / \$m (IFAD) commitment			General trend in partnership activity (2002 – 2007 in comparison with earlier periods)
	1978 - 1993	1994 - 2001	2002 - 2007	
BSF	3 <sup>16</sup> / \$14m	13 / \$38m	10 / \$45m	No change
AfDB/ AfDF	29/ \$330m		7/ \$80m	Fall
BOAD	5/ \$24m	10/ \$27m	6/ \$25m	No change
OPEC Fund	15/ \$47m	9 / \$74m	6/ \$49m	Fall
GEF	-	2/ \$26m	5/ \$23m	No change
WB/IDA	30 / \$1364m	14/ \$405m	4/ \$91m	Significant fall
WFP	13/ \$21m	4/ \$7m	1/ \$2m	Fall
Arab Fund for Economic and Social Development	2/ \$66m	1/ \$19	-	Fall
Overall assessment	68/ \$1536m	82 / \$926m	39/ \$315m	Fall

### C. From cooperation agreement to results oriented partnership

53. The first cooperation agreement between AfDB and IFAD was signed in 1978 by the then presidents A. M. Al-Sudeary and K.D. Fordwor. The second agreement was signed in 2008. Both agreements are products of their time, with an emphasis that is consistent with development trends at the time of signature; in 1978 focus was on operational project-cycle related activities, whereas with new modalities, a broader type of agreement is needed. In 1978 the agreement was activity focused; in 2008 the shift to results and outcome focus is clear. In 1978 it did not have clear priority areas of cooperation, in 2008 it has a broad list of priority sectors and themes (see table below).

54. The key differences and similarities between the two agreements are highlighted below:

<sup>15</sup> The Table covers over 95% of the partnering activity of IFAD associated with investment projects during the period from the Fund becoming active in 1978.

<sup>16</sup> Partnership with BSF active from 1984

	<b>Cooperation Agreement 1978</b>	<b>MOU 2008</b>
<b>Goal</b>	Promote the common objective of the Fund and the Bank in countries of common membership	Promote the common goal to reduce rural poverty and hunger, enhance capacities of the rural poor, promote rural business linkages, and support good governance
<b>Objective</b>	The Fund is desirous of utilising the services of the Bank for carrying out part of its identification, preparation and appraisal work and for the purposes of loan administration	To join efforts and resources of both institutions towards enhancing aid effectiveness [...] as highlighted in the Paris declaration: twin aims of enhancing effectiveness and efficiency of their combined development assistance to foster greater ownership by client countries
<b>Modalities</b>	Identification and preparation of projects Bank services for Projects to be Financed by the Fund (appraisal, loan negotiations, loan administration, co-financing, review and monitoring by the Fund, Post evaluation)	a) Exclusive financing by IFAD with the bank providing services as project administrator b) Joint financing c) Arrangements for joint projects appraisal, loan negotiations, approval and administration
<b>Themes</b>		Co-financing of development activities Private sector promotion and micro-finance Capacity building Poverty reduction strategies Good governance Joint intervention in post-conflict and fragile states Staff exchange programmes Joint project cycle activities Cross-cutting issues such as HIV/AIDS, energy and environment, and gender information exchange Other sectors of partnership as may be agreed upon
<b>Sectors</b>		Agriculture and Rural development Private sector development and micro-finance Rural infrastructure Small-scale community energy facilities
<b>Implementation</b>	Assistance by way of field work or office work	Joint missions Dialogue Organize knowledge events Collaborate in training Provide bi-annual reports Create technical networks
<b>Reporting</b>	From time to time	Meet at least twice a year
<b>Costs</b>	The Fund shall reimburse the Bank for the additional costs of the services performed by the Bank on behalf of Fund	Shall be borne by one or both parties in accordance with agreements to be reached by the parties in advance of the implementation of the activities concerned

55. The process of developing the new partnership was initiated in 2006, through a round of consultations, assessment of past experience, joint reflection on comparative advantage and a good deal of strategic thinking on both sides.

56. The key issues that were identified as having hindered a smooth cooperation in the past included differences in management culture, operational modalities, procedures and approaches to project design and implementation, and weak consultation and coordination. IFAD had clearly expressed dissatisfaction with the Bank's supervision, loan administration and monitoring and evaluation and had gradually over the period moved to different modalities for supervision.

57. These issues are being addressed through the review of business processes on both sides, through much enhanced information sharing and communication, including a workshop for key staff in Tunis in mid-May 2008, and not least through a clearly expressed commitment from top management that this partnership is important.

58. A number of targets have been set for the partnership including a number of joint/linked CSPs, a joint pipeline of projects with co-financing, and plans for IFAD staff to go into AfDB offices.

#### **D. Capacity**

59. Historically, IFAD has had a liaison officer placed in AfDB HQ which has greatly facilitated communication according to interviews. However, this arrangement ended in 2004 and since then, relations have been managed by different staff in the two organizations, in IFAD a dedicated person, in AfDB various staff in the agriculture department.

60. Capacity for partnering is perceived as having suffered from lack of familiarity with procedures and trust among staff. The retreat (May 2008) between CPM level (IFAD) and Task Managers and Directorate Agriculture and Agri-business (AfDB) was the start of a process to address this; taking stock of the problems (of partnering together) and mapping with a 2-3 year horizon on what each organisation is planning to do and where they can co-finance and where the two strategic frameworks align/ are complementary (AfDB hardware/ IFAD software model). It also served to develop common views, and spark increased sharing and learning, on thematic policy areas such as food prices, climate change and land issues.

#### **E. Performance of the AfDB – IFAD partnership**

61. Given the 1978 cooperation agreement's focus on two key areas: co-financing and supervision on the one hand, and the lack of any pre-defined outcome or performance targets and indicators on the other, one may conclude that with the level of co-financing achieved (particularly during the 1990's) this aspect of the partnership has been satisfactory. However, there is no doubt that with respect to supervision, performance has been inadequate and led to a questioning of the whole agreement. This was also confirmed by the two corporate level evaluations on supervision done by OE between 2003 and 2005.

62. There is a general acknowledgement in the Bank that the supervision of its projects in general is poor and measures are now being taken to improve the process as well as the format of supervision reports, the periodicity and the systems, to ensure a follow-up. However, IFAD has meanwhile opted for undertaking its own supervision and is currently developing its capacity for the purpose.

63. The narrow scope and limited intensity to date – in concrete terms - of the partnership between the AfDB and IFAD coupled with the relatively recent emergence of the initiative to re-set the relationship limits the extent to which a useful assessment of the performance of the partnership, using an adaptation of the Benchmark Review template, can be made. Table 3 below provides our judgement based on a May 2008 snapshot. It uses a simple subjective rating scale (Strong, Fair, Weak) of the strength of the partnership based on evidence gathered through our discussions with key informants and by reviewing secondary information. Whilst in total our assessment amounts to a poor or low key performance to date of the 'AfDB – IFAD partnership' it does illustrate that some of the

seeds for a prospective effective partnership have been and continue to be sown. The starting position of a low base does however suggest that considerable investment of time and effort will be required to realise the benefits of a strategic partnership. This is reinforced by the fact that the envisaged synergies arising through a complementary relationship in partnering will require a more subtle and interactive approach than the earlier relationship which focused on the co-financing and supervision of investment projects.

**Table 3. The Performance of the AfDB-IFAD partnership.**

<b>Parameters for assessment: Core dimension of collaborative arrangements and principles of good partnership management</b> (Source: adapted from Generic Partnership Evaluation Template, Benchmark Study and Evaluation Template: Final Report, May 2008)	<b>Overall account of experience of AfDB – IFAD collaborative working (1978 – 2008)</b>
<b>Partnership structure and governance:</b> <i>How has the partnership organised itself and taken decisions on its work?</i>	
<b>Organisational set up:</b> evidence of complementarity of partners, clear division of roles and functions, administrative structure for coordination, harmonised procedures?	<b>Weak</b> (now being actively examined)
<b>Partnership strategy:</b> evidence of a focus on concrete results and alignment of activities to outcomes, regular performance reviews, alignment with recipient governments' priorities, partners perceive benefits arising outweighing costs?	<b>Weak</b> (current dialogue has a stronger orientation on results)
<b>Partnership governance:</b> evidence of clarity of responsibilities and rules of engagement within the partnerships including dispute settlement, accountability mechanisms established?	<b>Weak</b> (yet to mature to this extent)
<b>The partnership process:</b> <i>How have the different actors interacted and learnt in the partnership?</i>	
<b>Formal interaction:</b> evidence of the availability of the two partners to interact post signature on the agreement, partnership activities forming an integral part of the member organisation's own agenda, a structured regular policy dialogue between the two partners, use of communication tools enabling a continuous information flow among partners and between the partnership and its designated area of activity?	<b>Fair</b> (earlier efforts now surpassed by recent MoU initiative)
<b>Partnership culture:</b> evidence of a sharing and understanding of each other's incentives, constraints and assets and a channelling of the learning on diversity into the partnership process, a sense of shared ownership by the partners of the partnership process, specific measures taken to promote ownership and commitment among the partners, recognition of the assets and competencies their counterparts bring into the partnership?	<b>Weak</b> (earlier weaknesses and distance arising now being addressed)
<b>Learning and innovation:</b> evidence of feedback mechanisms on the results of partnership activities established by the partnership, the partnership providing space for the sharing and development of innovative approaches, organisational learning across the partnership as a defined goal and with specific activities?	<b>Weak</b> (but improving)
<b>The partnership performance:</b> What are the results achieved in terms of outcome and sustainability?	
<b>Relevance of objectives and of the partnership:</b> evidence of partners and stakeholders clearly articulating what the exact partnership objectives are, extent to which these are explicitly aligned with the overall purpose of the partnership, the necessity for and value for money arising from tackling a particular development problem through a collaborative endeavour?	<b>Weak</b> (but investing in sharpening this)
<b>Effectiveness and efficiency:</b> evidence of the degree to which the partnership achieved its stated objectives (outputs and intermediate outcomes), monitoring of operational costs and the transaction costs of the partnership activities, transaction costs are considered in adequate relation to the benefits arising from the partnership?	<b>Fair</b> (co-financing levels), <b>Weak</b> (supervision role)
<b>Impact and sustainability:</b> evidence of positive changes in the designated area of action the partnership was/ is contributing to partners achieving their own individual goals and objectives through the partnership, the rationale for the partners remaining committed to staying engaged with the partnership?	<b>Weak</b> (rationale and related modalities for partnering being re-examined).

## F. AfDB and IFAD: The Future

64. The clear intent within both agencies is for a strategic partnership at the institutional level, which takes account of their respective comparative advantage and encompasses a mutually reinforcing partnership working at the global, regional and country levels of operations. Historically the most visible expression of the long standing collaboration has been the investment project and this has proved problematic. It has left baggage of some mistrust between those staff of the two institutions who are involved in frontline operations. Our findings suggest that there are strong prospects for a strategic partnership between the two agencies to be designed around the **complementarity of working** in areas (development challenges) where their core areas of interest converge, retaining sufficient flexibility for both agencies on partnering choices at country and project level.

65. Much thinking and analysis has been done to identify the most promising areas of cooperation at country level and thematic areas. Overall, there seems to be a view that the AfDB should focus on the “hardware” (e.g., larger irrigation infrastructure) and IFAD on the “software” (e.g., community development, gender mainstreaming and institutional strengthening). As both institutions shape their niche in the global aid architecture, settle into the post-Paris way of operating, and start their strategic reflection on where ARD is going, they need to keep in mind several promising trends, and some risks:

66. **Importance and drivers of partnering:** strategically both institutions need partners to fulfil their role. Comparative advantages have emerged with time and the two institutions can complement each other in important ways so that one plus one can be more than simply two.

67. **Approach to partnering:** both institutions are moving from opportunistic to strategic, but slowly. The new MOU between the two organisations will be more effective with a clearer strategic joint statement by the two organisations about their partnership approach in the future. Strategic partnerships could be those that have two components: co-financing for investment projects and trust fund arrangements for other types of activities.

68. **Management:** the emergence of a results based wider ranging partnership based on an analysis of comparative advantage of the two institutions. Close monitoring and good communication around the results and the commitments will be essential to maintain credibility and motivation.

69. **Modalities:** the recent MOU provides for a deeper and wider partnership using a wider palette of modalities (previously limited to co-financing and supervision). Selected modalities need to be constantly reviewed to ensure their continued relevance to the changing aid environment.

70. **Design:** a deliberate shift to a simpler design in ARD (e.g., in terms of defining less ambitious objectives, which could require fewer components leading to simpler co-ordination and implementation arrangements), can help improve performance, and making use of the comparative advantage of each, they will jointly for example, be able to reach target groups at a scale they could not do alone.

71. **Results:** the results of some projects probably would not have been the same without partnering, as the different design and approaches increase the quality of the interventions. These need to be analysed, replicated and be better communicated to all staff, to temper the perception of higher transaction costs and poorer quality of interventions that has marred cooperation in the past.

72. **Capacity and resources:** the high vacancy rate in the AfDB and the mix of skills and experience limit the role the Bank can play but also provides a strong impetus for using IFAD staff.

## G. The Wider Set of Partnerships

73. Both AfDB and IFAD record an extensive range of institutional ‘partnerships’ operating above the country level. Some of these are relatively limited in scope (for example defined in terms of a

resource transfer such as Trust Fund support by bilaterals), whilst others have a higher order objective but a limited modality (joint funding). The diversity of ‘partnerships’ with development partners directly related to ARD in Africa, which remain ‘on the books’ of the two institutions, is a reflection of the way in which they have continued to both evolve.

## **IFAD**

74. IFAD was set up as a Fund with a business model of providing financing mainly through other multi-lateral institutions, who also took responsibility for supervision. In the 1980’s and 1990’s the World Bank was one of the major cooperating institutions for IFAD. Reflection on IFAD’s added value given that its projects were designed and supervised by others led to a policy shift supporting the establishment of a more specific identity. This led to a period of a heavy reliance by IFAD on the ‘FAO Investment Centre’ (for design inputs) and IFAD Loan Officers became essentially ‘contracting officers’. This in turn resulted in the emergence of IFAD-funded projects without a clear pattern and a portfolio that although responding to country needs and priorities and thus being judged as “relevant”, was not necessarily sufficiently closely aligned with the more narrow focus of IFAD corporate goals. A shift away from co-financing followed towards more ‘going it alone’ (e.g. In 2006 - \$550m new approvals of which \$108m involving co-financing). More recently the agency has started to re-define country programmes as joint programmes with government and (where possible) with other donors. This is then being reflected in increased co-financing activity (e.g. in 2007 of \$580m in loans and grants \$400m involved co-financing - mostly with the WB<sup>17</sup>).

75. At the same time (as with recent shifts in co-financing activity) there was a ‘shift of attention within IFAD to the meso-macro level and use of other platforms (UNDAF, PRSPs etc). The recognition that IFAD did not have adequate policy analysis capability to input strongly in these arenas has led to increasing partnering activity. One clear objective of this has been to bring an increased emphasis to an advocacy or influencing role – other donors/ platforms – on the ‘voice of the poor’.

76. During the earlier period IFAD was focused on co-financing, and within this one, partnerships were characterised by contractor/ sub-contractor relationship. Now, IFAD has entered a different era with different partnerships driven by global agendas such as the ‘One UN reform’ and the realities of country level (seeing what others are doing). IFAD is now looking to capitalise on its distinctiveness from the IFIs, as a ‘UN agency + a Fund’, using the ‘legitimacy’ it has to have a ‘different conversation with national governments’.

77. IFAD engagement at the country level has increased in recent years. Moving ‘beyond the project’ has resulted in a broadening of partnership working particularly at the country level. The importance of a broader view on partnerships is reflected in the corporate Key Performance Indicators (KPI)s for 2008. Co-financing is still important, and a key indicator for ‘Better Country Programme Management’ is the ‘ratio of national and international co-financing mobilised to IFAD funding for projects and programmes’ (target of 1.2 against a baseline of 1.0). But key indicators for ‘More strategic international engagement and partnership’ have also been developed and show the importance of partnering as there are two: i) the number of international fora where IFAD makes a stronger contribution (of a policy and/or financial nature) and ii) ‘stronger partnership developed with at least two international partners’.

78. There is no clear hierarchy of partnerships within the organisation and limited value, in operational terms, is attributed to MoUs and other documents that relate to strategic partnerships at the corporate level.

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<sup>17</sup> In Angola IFAD has recently partnered with the World Bank. This has been recognised by both sides as a very successful partnering experience effectively combining the 15+years experience of IFAD in-country with the Bank’s first substantive investment in agriculture. The willingness from both sides to recognise what both parties brought in terms beyond financial resources, and the strong personal trust and chemistry that developed between the key interlocutors are seen as key to the success of the partnership.

79. IFAD is now looking for lending partners with financial resources with low transaction costs and/ or specific experience. An example of a new ‘non-traditional’ strategic partner is The Alliance for a Green Revolution in Africa (AGRA). AGRA is able to bring in relatively small levels of additional finance but more importantly brings in specific expertise, new ways of doing things and new ideas. Given IFAD’s reputation as an innovative donor, this is well in line with its comparative advantage. AGRA is an example of a partnership that complements and underpins IFADs own work for wider impact.

80. Another example of this is the ‘Farmers Forum’ initiative (from 2006) . Representative farmers organisations at national level offer the potential of a principal partner for IFAD at the country level providing a key tool for IFAD to advance policy dialogue (i.e. achieving a strengthened role for the IFAD targeted group in policy making and policy advocacy).

### **The Alliance for a Green Revolution in Africa (AGRA)**

81. IFAD has forged a relationship with AGRA at regional and country level and signed a Memorandum of Understanding in June 2008 to concretise and structure this relationship. AGRA is an important example for IFAD of a non traditional partner organisation with whom the partnership naturally builds around a shared objective to mobilise and engage with a development challenge; as opposed to IFAD’s more traditional partnership relationships founded on resource transfers. AGRA, established in 2006, is a partnership based organisation that works with small scale farmers across Africa to rapidly and sustainably increase their productivity and lift millions out of poverty. To date it has invested over \$330m in solutions to problems across the agriculture value chain and expects to significantly increase these levels of investment in the coming years.

### **The Farmers Forum**

82. The Forum is an ongoing process of consultation and dialogue between Farmers’ and Rural Producers’ Organisations (FOs), IFAD and governments, focused on rural development and poverty reduction. The Forum meets every two years, the first meeting was in 2006, for a global consultation in conjunction with the Governing Council of IFAD. This event represents the culmination of continual discourse within and between FOs at national, sub-regional and regional level. IFAD actively seeks to enhance country level consultation with FOs, to support their engagement in policy dialogue at regional and global levels and contributes directly to their capacity building (recent example of IFAD \$200,000 grant to SAC Agric Unions to strengthen national chapters). The partnership between IFAD and FOs is an imaginative mix with IFAD using farmer organisations as both a ‘partner’ (consults with them to advance specific shared agendas) and an ‘arm’ of the Fund (to inform IFAD’s policies).

83. IFAD management want to move away from partnerships as part of the ‘announcing culture’ where ‘partnerships’ are identical to ‘meetings’ which become a substitution for action and results. Also, ‘internal reform processes’ become the excuse for not taking action on ‘political level’ partnership statements. Importantly IFAD now has the pre-conditions – the IFAD Strategic Framework 2007–2010 and the COSOP process - for identifying and progressing strategic partners through ‘informed judgement’. There is a recognition across the organisation of a need to make ‘strategic partnerships’ more substantive.

84. There is also some cautiousness on partnerships. IFAD recently ‘turned down’ a partnership opportunity with the WFP in Mozambique due to a perception that in reality they are ‘two different businesses’ and proceeding in a partnership mode would have risked missing the September Board deadline for submission (with any delay perceived as having a negative reputational effect with the borrowing government).

85. A key driver for IFAD working through partnerships is for the IFAD messages ‘to be heard’ within the donor community (partnering with others to increase receptivity). This is seen as being especially important in contexts where there are less bilaterals actively engaged in agriculture.

86. There are clear corporate objectives on 'Partnerships'. The 2007-10 Strategic Framework Principles of Engagement recognise that if IFAD is to have an influence at the policy level it has to invest considerably more in mobilising and cultivating partnerships. Whilst there is a strong push within the organisation to 'work in a partnership mode' this is not well resourced, or guided. Having said that, as mentioned previously, significant efforts are underway to develop a more systematic and strategic was to developing and managing partnerships.

87. IFAD has a number of 'strategic partnerships' which have emerged (somewhat ad hoc) from different points within the organisation - but as yet hasn't put in sufficient effort to nurture a 'few' partnerships in line with the corporate aim of 'collaborating with these agencies wherever synergies can be achieved'. Significant partnerships for IFAD in relation to ARD in Africa include: the International Food Policy Research Institute (IFPRI) – an example of a new knowledge sharing partnership, and the Belgian Survival Fund (BSF, See box below) a well established partnership that serves to extend the reach of IFAD to its target populations. In West Africa there is a good example of how IFAD is working in partnership on sub-regional policy and strategy development, serving to catalyse policy and resources.

### **Belgian Survival Fund (BSF)**

88. The partnership hosted at IFAD headquarters between BSF and IFAD was formed in 1984 around a high level common goal of helping poor people in rural areas to overcome poverty. The vehicle for the partnership has been a series of jointly designed and funded projects (over 30 since 1984 spread across 15 countries in SSA) which increases the value of IFAD investments through integrating the basic needs of poor people; family nutrition and health with agricultural development. Projects are generally a mix of grant funding (BSF) and loan (IFAD) combining with contributions from other financial partners. Examples exist of one project serving as an effective springboard for a follow on IFAD supported initiative which takes the improvements generated through the initial joint investment to another level. In addition to the clear synergies at the project level the partnership has provided wider benefits to both sides; for example it has allowed IFAD to engage in the direct funding of NGOs (e.g. Kenya Women Finance Trust) and the Belgian Government uses the BSF as a learning laboratory for development. Evaluations of the partnership have reported how the partnership activities have been instrumental in the Fund's reaching out to the most marginalised and destitute rural populations in SSA. The internal processes of the partnership have been criticised as being slow and cumbersome.

### **The International Food Policy Research Institute (IFPRI)**

89. IFAD and IFPRI are in the process of establishing a partnership agreement that will allow for some of IFPRIs research to be based in IFAD projects. The partnership is being built on the basis of clear advantages for both partners; IFPRI wants to move to a more grounded less academic approach in its work whilst IFAD wants to nurture a stronger learning dimension to projects. Both institutions are looking to invest considerable levels of staff time in the engagement to realise the desired mutual benefits.

### **Partnership working: sub-regional policy and strategy development**

90. IFAD is working with a range of partners and through a mix of interventions to strengthen policy processes in West Africa. Work with the OECD Secretariat and the French Government on an exercise to adapt an agricultural policy instrument used within OECD countries to an LDC context and increase sensitivity to rural poverty involving an initial three country study is now moving to a new expanded phase. This entails close collaboration with ECOWAS and a 'hub' initiative of IFAD (now also supported by the EU and French Government) to support policy dialogue/ transformation at the regional level. A further contribution will come through IFAD's engagement in a new initiative 'SSI – Scouting and Sharing Innovation Initiative'. Launched in July 2007 this regional initiative (West and Central Africa), spun out of the IFAD Innovation Strategy, aims to identify and document innovations (to improve the livelihoods of poor rural smallholder farmers) and foster a forward looking process of exchange and partnership among producers, the private sector and international organisations. It

involves working in partnership with a range of organisations including the West Africa Rural Foundation, the Technical Centre for Agricultural and Rural Cooperation and FIDAfrique.

### **The Global Environmental Facility (GEF)**

91. IFAD has a ‘partnership with the GEF’ and since 2001 has been one of ten agencies (including AfDB) that performs an ‘executing agency’ function. This role provides IFAD with an opportunity, through participation in task forces and forums, to influence and shape the GEF. It also provides valued visibility and profile for IFAD and opportunities for systematic sharing of knowledge within the family.

92. Important ‘internal partnerships’ are:

- GEF – ‘programmatic approach’ – fits by bringing environmental issues into the country programme;
- International Land Coalition (ILC) – IFAD both a (funding) member and the host organisation; and
- Global mechanism (GM) – IFAD a ‘contributor’ and the host organisation.

93. The large number of ‘partnerships’ that IFAD reports is illustrated by the Technical Advisory Division (PT) who has<sup>18</sup> identified numerous organisations in focal areas corresponding to the strategic objectives of the 2007-2010 Strategic Framework which it *may* partner with (including existing ‘partnerships’ and gaps to be filled) in respect to its functional areas. A series of Tables depict PT ‘principal’ partners<sup>19</sup> (numbers in brackets) by cluster. For example, on quality enhancement (13), knowledge management and innovation (18), policy dialogue and capacity building (15). This pattern of high numbers and diversity of global and regional ‘partners’ is repeated in the thematic areas in which it works (e.g. environment – over 40, livestock – over 20, rural finance – over 25).

94. Whilst the location of IFAD’s headquarters in Rome offers the prospect of a substantive partnership with both FAO and WFP on ARD in Africa this has yet to be fostered fully. The potential advantages of a nexus between the finance of IFAD, the logistics capability of WFP and the technical expertise of FAO are recognised but issues of confidence in ability to deliver and apparent differences in operating models have to date served to constrain effective partnering either at an operational or institutional level. There have been some relatively isolated examples of IFAD learning from and sharing with FAO (building a knowledge platform) and with WFP (‘purchase for progress’ concept). There are some examples however of partnership between the organisations at the country level, but these are pursued largely as a result of individual efforts and follow-up, rather than through an institutional approach. For example, the principles applied within IFAD’s partnering experience with WFP in India (combining the meeting of 70% of household food needs with provision of hens to target families to service a trajectory out of poverty) may be transferable to countries in Africa.

### **African Development Bank (AfDB)**

95. The Bank has always had a strong interest in developing cooperation with various actors, bilateral and multilateral donors especially, in the past with a clear focus on co-financing. Annual reports contain a separate section on co-financing and resource mobilization and one of the “selling points” for the Bank has been its capacity to leverage its own funds to generate more resources for its DMC. However, when analysing this on a sector basis, figures from 2007 show that co-financing is weakest in agriculture. The multiplier effect is only 1.95 against average of 3.26 and as high as 9.5 for

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<sup>18</sup> Technical Advisory Division submission to the 2006 Project Portfolio Report

<sup>19</sup> An example of a partnership nurtured and maintained by the Technical Advisory Division which for a relatively small investment brings a number of visibility and engagement opportunity benefits to IFAD is that of the ‘Women Organising for Change in Agriculture and Natural Resources’. IFAD was instrumental in the inception of this network/ forum and as a result has a strong relationship with its members. It now provides co-financing for events together with other sponsors.

social sectors<sup>20</sup>. Furthermore, the emergence of the private sector as a key player in agriculture – according to the African Development Fund (ADF) report on results, agriculture is Africa’s biggest private sector activity – also changes the perspective and opens up a new role for the Bank.

96. As partnerships began to be the “name of the game” in the aid business, the Bank was thus not so badly placed and also realized that the new roles, for example as a knowledge Bank, would require an intensification of partnering and a search for new partners.

97. The Paris Declaration also moved focus to country level, and the changes in the way country programming was done, the need for country presence and the decentralised teams, have also opened up new possibilities.

98. Four types of partnerships can be clearly identified: the global or regional partnerships such as NEPAD, African Union (AU) or the Regional Economic Communities (REC)s, traditional multi-and bi-lateral partners, emerging partners such as China and AGRA, and knowledge partners. Furthermore, partnerships can be policy or operationally oriented.

99. Different types of partnerships are managed by different units. The knowledge partnerships will be managed by the chief economist’s office, but the Knowledge management strategy is very new and therefore little reflection seems to exist on this, yet. The global and regional partnerships are managed by dedicated units, such as the NEPAD unit, and the last two groups by the Cooperation Unit with the support of a partnership advisor. A recent reform of the trust funds is poised the unit to play a more strategic and proactive role. It is to be noted, however that ARD is not among the strategic themes or priority areas identified. Also, there are still no procedures or operational processes in place whereby the Unit is able to be part of the core business of the Bank, the country programming exercise, and its outreach to country level is limited.

100. In the past co-financing and leveraging resources were clearly seen as the main rationale for collaboration. The 2007 annual report still states: “The main objective of these strategic partnerships is to mobilize financial resources, share knowledge and information, and build technical skills in the RMCs” Thus mobilizing resources still come in as the first reason and still seems to remain the primary objective and performance is measured in terms of the multiplier effect. As the Bank moves to more strategic partnerships covering a wider range of modalities and with a clearer results framework there is a need to develop a system of measuring and managing the performance of these partnerships. Such a system is not yet in place and should include systematically collecting evidence on how partnerships may shape outcomes, improve operations for example by improving the quality of design, and add more on different types of resources such as networks, knowledge outreach etc.

## Partnerships

- The Paris Declaration and the need for knowledge management, economic and sector work and specific skills are some of the main reasons behind the need for partnerships.
- Both institutions have a plethora of partnerships largely unstructured and reflecting an opportunistic approach rather than strategic thinking. There are notable exceptions such as: IFAD with AGRA, ‘Farmers Forum’, IFPRI and BSF. AfDB with NEPAD, African Union (AU) and the RECs.
- Despite corporate intentions the importance of partnering has not been fully reflected in organisational reform or the opinions of staff.
- IFAD and AfDB have a 30 year partnership set to continue, it is based upon country focus, division of labour, selectivity, new modalities and effectiveness. It was once at an operational level (1978 agreement) but is now at a corporate and political level (2008 agreement). Much of the partnership has been limited to co-financing operations with AfDB supervising IFAD projects although this has declined in recent years.

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<sup>20</sup> Annual report 2007

- For ‘complementarity of working’ the view is that AfDB could focus on the ‘hardware’ and IFAD on the ‘software’ to develop a more strategic partnership at country and thematic level.
- The 2008 MOU between IFAD and AfDB provides for a deeper, wider partnership, this will need to be constantly reviewed to ensure relevance to the changing aid environment.
- Together IFAD and AfDB will be able to reach targets and achieve results they could not do alone.

#### **IV. NEW AID ARCHITECTURE - NEW PARTNERSHIPS - AND PARIS**

101. The world of development has changed during the period covered by the Joint Evaluation and both institutions have been touched by these changes at several levels. At the highest corporate level, they have had to clarify their roles in the global aid architecture and to clearly demonstrate their comparative advantage and added value. At the organizational level, they need to make sure they have the required capacity to fulfil the role, maintain their comparative advantage, and have systems to report back to shareholders on their results. At the operational level, they must ensure that operations are relevant and carried out in full respect of the Paris Declaration principles, principles that embody a new partnership model for development assistance.

102. Focusing on the roles and comparative advantage, the report of the Consultations for the 7<sup>th</sup> replenishment of IFAD makes the differences between the two institutions clear.

103. “While other international financial institutions (IFIs), including the World Bank and the African Development Bank, work in rural settings in poor countries their strategic and programmatic emphasis centres on physical infrastructure (e.g. roads, water supply, electrification) and is framed within national sectoral schemes, such as sector-wide approaches (SWAs), to ensure that the delivery of public goods such as educational and health services includes rural populations. IFAD functions far more through direct linkages with farmers’ groups and associations and through grass-roots change in socio-economic systems aimed at improving rural and agricultural livelihoods and increasing rural incomes.”

104. Looking at the organizational level, both organizations have gone through in-depth evaluations and are in the midst of implementing far reaching reforms; the Independent Evaluation (IE) of AfDB took place in 2004; and the Independent External Evaluation (IEE) of IFAD was completed in 2005. The report on business processes concludes that both IFAD and the AfDB responded to the findings and recommendations of the latest round of external evaluations with a programme of reform activities intended to address the identified problems. There were parallels, but also some significant differences, in the approaches of the two organisations. In particular, IFAD’s response was based on a substantial change in business processes without altering much the organisational structure, whereas AfDB’s response was centred on a significant change in the organisational structure (also including decentralisation) with only minor changes in the business processes. The distinct organisational responses reflect both the culture and historical behaviour in the two organisations.

105. Both have important action plans to improve effectiveness and implement the Paris Declaration principles (see paragraph 110). Notwithstanding the above a short analysis of the drivers of change, the progress made by the two institutions and the way ahead does suggest that they are on ‘different tracks’ with differences – and complementarities – likely to be intensified within the new aid architecture.

#### **IFAD**

106. Following the IEE in 2005, where role and niche were key issues, IFAD clarified its strategic niche and developed a new operating model. A comprehensive statement on IFAD’s niche and development objectives and modalities was included in the 7<sup>th</sup> replenishment Consultation Report:

- IFAD’s resources go to rural and agricultural development, and to that alone;
- IFAD’s experience is attuned to today’s issues of globalization and market-based development;
- IFAD’s activities are rooted in local and community-level problem diagnosis and reflect national priorities. It is not a blue-print organization, but one highly responsive to differences in development context;
- IFAD has a demonstrated commitment to, and ability to work in, isolated areas and in response to the needs of rural women, indigenous groups and ethnic minorities;
- IFAD has a stock of partnerships and ongoing operations that link it directly to farmers’ organizations, women’s organizations and the rural private sector in poor countries;

- IFAD’s governance structure reflects the views of both developing and developed countries, furnishing it with a broad-based legitimacy; and
- IFAD has a highly experienced staff representing one of the highest concentrations of practical expertise in rural and agricultural investment for development anywhere in the multilateral system.

107. A new strategic framework for 2007-2010 was developed and now guides the institution.

108. The business model is grounded in what is perceived as IFAD’s comparative advantage: ability to address key development issues from the perspective of poor people, with and through their own institutions. The model takes as its point of departure national poverty reduction strategies, helps improve programme and project design and strengthen supervision and implementation, share knowledge and nurture innovation and measure results.

109. An Action plan was developed in 2005 to guide organizational reforms over the 7<sup>th</sup> replenishment period and improve effectiveness. It includes commitment on partnerships: the Action Plan will help to “enable IFAD to intensify its partnerships with others – governments, farmers’ associations, organizations of the rural poor, the international community and the private sector”<sup>21</sup> Partnerships are mentioned several times in the Action plan from 2005, but was not given much space in the Action Plan’s final progress report two years later. Having said that, it is fair to recognise that the need for strategic partnerships has been a key topic debated during the consultations around IFAD’s 8<sup>th</sup> replenishment in 2008.

110. Yet, interviewed staff generally stressed the need for IFAD to partner: “Without partnerships there is no IFAD”, strategic documents do make reference to partnerships and partnerships also figure among issues tracked for the corporate Key Performance Indicators in the POWB 2008<sup>22</sup>: However, for the moment, there is little guidance to staff on what constitutes a strategic partnership and how to select partners and measure the outcome of partnerships. It seems therefore, that there is much potential for the Joint Evaluation to make a contribution to further strengthen the framework and enabling environment for developing effective partnerships.

111. At the organizational level, much has happened to improve effectiveness generally and implementing the Paris Declaration principles specifically, principles that are based on a new partnership model for development. Indeed, the UNDG report on the implementation of the Paris Declaration stresses that “the recent report on IFAD’s development effectiveness devotes a full Chapter to ‘Progress in Implementing the Partnership Commitments of the Paris Declaration on Aid Effectiveness’ and draws on the 2006 survey organized by OECD-Development Co-operation Directorate (DAC) to monitor progress on the Paris Declaration (PD), concluding that IFAD already conforms with many of the PD commitments.”<sup>23</sup> Moreover, a recent evaluation from 2008 by the United Nations Evaluation Group found that IFAD has done a good job - as compared to various other UN agencies - in implementing the main provisions contained in the Paris Declaration.

112. An exception seems to be in terms of aid modalities where the “old” project modality still prevails. IFAD does not use its funds for Direct Budget Support (DBS), and harmonization has been pursued most systematically through SWaps. IFAD introduced a new policy for SWaps in 2005<sup>24</sup> and engages in existing agricultural SWaps in a number of countries in Africa. Experience with agriculture and rural development SWaps is mixed.<sup>25</sup> Although they have contributed to a more systematic dialogue between donors and government, strengthened government leadership and improved coordination among donors, there have been only a limited number of agricultural SWaps to date, and traditional projects continue to be dominant in the sector. Similarly, IFAD has found it difficult to

<sup>21</sup> IFAD’s Action plan for improving its development effectiveness, December 2005 ,

<sup>22</sup> Specific indicator: “stronger partnerships developed with at least two international partners”

<sup>23</sup> ‘Report on IFAD’s Development Effectiveness’, Report for Executive Board, 11-13 December 2007.

<sup>24</sup> IFAD, ‘Sector Wide Approaches for Agriculture and Rural Development’, IFAD Policy, 2005.

<sup>25</sup> Evans et al., ‘Formulating and Implementing Sector-Wide Approaches in Agriculture and Rural Development – Synthesis Report’, Report to the Global Donor Platform for Rural Development, Overseas Development Institute, 2007.

move more broadly toward DBS because the goods and services for the beneficiaries under its loans (e.g., supply of inputs, building of small infrastructures, marketing services) are not well suited to be provided by government<sup>26</sup>.

113. The UNDG report on the implementation for the Paris declaration concludes: “There remains an important task for IFAD (in partnership with FAO, WFP and others) to ensure that rural development gets full attention among the UN Country Teams.”

## **AfDB**

114. The arrival of a new President in the AfDB also heralded a change for the organization with a search for a new identity and clear role. To facilitate the reflection, a report was commissioned from a High Level Panel (HLP), and the report “Investing in Africa’s Future: The ADB in the 21<sup>st</sup> Century” was published in 2007. The Panel reconfirmed the Bank’s mission: poverty reduction and development through growth and economic integration. Its comparative advantage includes its “African-ness” – an elected African president, universal African membership, an exclusive focus on African development, a strong presence on the continent, including its head quarters and an increasing number of field offices. However, it is also recognized that despite an attempt to be selective in the past, it still lacks focus, something that is inconsistent with adherence to Paris declaration principles. As the report says: “Choices have to be made, and priorities established and maintained” (page 2). The HLP report is also very clear on the need for partnerships: “Nor can the Bank work in isolation: it must leverage its knowledge and resources through partnerships with other institutions and other donors”

115. Other major exercises have contributed to the reflection, especially the development of a knowledge management and development strategy for 2008-2012, based on the vision of the Bank as the “Premier Knowledge Bank for Africa”. The strategy is based on four principles, one of them being building strong partnerships. Lastly, the ADF negotiations included discussion on the Bank’s role, governance structure and capacity to generate results. The Deputies report stresses the concept of “ADF as the partner of choice for aid delivery in Africa”. The rationale includes “its continental mandate, sole focus on African development priorities, unique relationships with African member countries and African institutions, capacity to build productive partnerships across the African development and investor communities and to mobilize finance on a large scale, and the growing confidence of its principal financiers”. For these reasons, “the ADF is positioning itself as the partner of choice for aid delivery in a more selective set of activities. Through greater focus, improved partnerships and strengthened country presence, the Fund will continue throughout ADF-11 to strengthen its role as a major and reliable actor in its areas of focus and the partner of choice for the development community”. The central position of partnerships in this vision for the Bank is to be noted.

116. The biggest challenge for the Bank may not, contrary to IFAD, be in the structure, business processes or capacity, but in the perception among donors. Indeed, this is born out by a number of evaluations and successive Multilateral Organization Performance Assessment Network (MOPAN) surveys. For example the evaluation of the Uganda JAS, concluded that: “Another image problem that AfDB may have to address within the donor community is that some donors see AfDB very much as the Government’s “house bank”.<sup>27</sup> “ And, the most recent MOPAN survey concludes that: “AfDB mostly limits dialogue on its own strategies and analytical work to government ministries. The aggregated questionnaire responses confirm this finding: Almost all views expressed agree that the Bank mostly limits its dialogue to government ministries”.

117. This is in contrast to other MOPAN findings on partnership behaviour and commitment to Paris declaration principles where in fact the Bank is assessed positively on its behaviour on key aspects such as alignment, and generally positive on all aspects relating to relations with other international partners.

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<sup>26</sup> UNDG evaluation of the implementation of the Paris declaration

<sup>27</sup> Evaluation of Uganda Joint Assistance Strategy (UJAS)

118. There is also clear evidence of a change in the Bank. The same evaluation says that: “AfDB was very active and instrumental in shaping the UJAS and moving it forward. In the words of one donor AfDB had a ‘priceless position’ as a sincere broker in UJAS and helped ‘tremendously’ in the acceptance of UJAS by the Government.”

119. In terms of new modalities, a procurement rule has constrained the Bank’s participation in SWaps/DBS, but also here things are changing. The Uganda JAS evaluation states: “It should be commended that Bank Headquarters in 2005 were instrumental in developing a formula for ‘ring-fencing’ certain projects and their procurement to enable the Bank’s participation in sector-wide programming (SWaps) in Uganda.”, and the annual meeting of the Governors are expected to lift the current constraint thus greatly facilitating the Bank’s ability to abide by PD principles. But as importantly, there is a recognition within the Bank that agriculture projects have been too complex thus causing poor performance, and a deliberate effort is made to simplify the design in future projects.

120. Lastly, it is important to look at the operational Priorities for ADF-11 to assess the Bank’s role in ARD in Africa. The Fund will focus on three core and mutually reinforcing operational priorities: infrastructure, governance, and regional integration. These focal areas will be the primary operational paths through which the Fund will deliver prioritized investments in support of: stronger and more inclusive growth; recovery and renewed progress in fragile states; agriculture and rural development; and social and human development.

#### **New Aid Architecture - New Partnerships - and Paris**

- Both organisations have had to face the changes in the world of development at corporate, organisational and operational levels and adjust to the challenges.
- Both have undergone in depth evaluations and are implementing reforms.
- It is too early to assess if there has been successful implementation and improved effectiveness from the new Agenda. However the progress made by the two institutions does suggest that they are on ‘different tracks’ but are complementary – this is likely to be intensified within the new aid architecture.

## V. CONCLUSIONS

121. IFAD and the AfDB are both important players and natural partners in ARD in Africa. They are heavy weights in a sector that is inherently difficult and has often showed only modest results for all involved. Partnerships have become a buzzword of the new development agenda and there is an expectation that partnerships will increase development effectiveness.

122. The focus of the review has been on the partnerships that IFAD and AfDB choose to have with each other and with other international/regional development actors (development partners) in support of partner countries<sup>28</sup>. This includes partnerships that are currently referred to by both institutions as strategic and which aim to bring a particular value in terms of their significance. This significance can take many forms; scale, purpose - including pursuit of a specific corporate strategic objective, a particular geography or operating context, the mobilization and leveraging of resources, providing an entry point to a 'new market', to influence and advance a specific (shared) agenda, to influence and be influenced by the partner, to share services, reduce costs, to gain preferential access to resources and to share knowledge.

123. Our brief review (informed by and building on the Benchmark study) has highlighted a number of specific conditions for successful partnerships<sup>29</sup>:

- a need for clarity on the nature of the partnership objectives: a means to an end, and/ or as an end in itself (i.e. the expected ongoing value of the partnership);
- need for a shared objective: a specific bounded objective (institutional/ policy or operational level and on a country, sub-regional, region or global scale) with one or more clear outcomes, and for which scarce resources (human and financial) of the partners are invested within an active process of partnership working and shared learning;
- need for flexibility: strong partnerships are dynamic in nature, evolving as conditions demand and demonstrating key facets of effective governance, process and performance. They bring an intensity of effort and sharpness; and
- need for a set of capabilities (including appropriate and adequate human resources) and organisational incentives (externally and internally) which need to align across the partners.

124. This sets the bar for 'partnership working' at a higher and more discerning level and it is against this 'standard' that we have pitched the review.

125. Both institutions have developed and adjusted policies, strategies, procedures, capacity and to some extent modalities in line with the recommendations emanating from the international development effectiveness agenda (Paris Declaration), but the project modality remains the main modality for AfDB and IFAD, even though more attention is gradually being given to policy dialogue and other non-lending activities. In the last few years both institutions have sought to use results based country strategies to guide their work. These country strategies reflect a shift in approach that makes the country the principal unit of account so that country portfolios of loans and grants are designed to be well aligned with country PRSPs, mutually supportive and complemented by policy dialogue efforts. The whole is expected to capture synergies that render the results greater than the sum of the individual parts.

126. It is within this 'post Paris' world that the future AfDB-IFAD strategic partnership is now being crafted. The former input-oriented cooperation agreement focusing on co-financing and supervision has been replaced (recently) by a results oriented MOU for deeper and wider partnership using a wider

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<sup>28</sup> The next phase – Country Studies – will switch the focus to the effectiveness of IFAD and AfDB as partners to national governments and to the collective of agencies, working to the principles of aid effectiveness at a country level.

<sup>29</sup> Many of these are already captured in the partnership paper developed by IFAD, which was presented to the consultation on the 8<sup>th</sup> replenishment of IFAD resources.

palette of modalities. There is energy behind this and this will need to be sustained as overall over the period under review the partnering experience of AfDB-IFAD has been relatively weak.

127. This ‘low base’ position to the AfDB-IFAD partnership is illustrated through reference to the hypotheses on what makes for a good partnership (see earlier section). There is for example limited evidence of the partnership:

- recognising context as key and adapting an approach to different realities;
- understanding each others incentives and conflicts;
- actively managing assumptions and expectations within the partnership;
- focusing on results; reassign their strategic partnerships in terms of the extent to which they are linked to each organisation achieving a significant qualitative or quantitative increase in their ‘results’; and
- recognising time and energy as critical resources in the partnership and moving on concrete measures.

128. There are however a number of factors that bode well for an effective institutional partnership being forged; strong leadership, certain complementarities, the common obligation to demonstrate effectiveness and results, and the necessity of partnering and developing divisions of labour at country level. Constraints that will need to be accounted for and addressed include the weak incentives for staff investment in partnering, the persistence of an “announcement culture on partnerships” and limited capacity at a time of portfolio expansion<sup>30</sup>.

129. The continued importance for both IFAD and AfDB of the project modality also presents opportunities for effective partnering. For example in the design stage, where there is a need for a simpler design in ARD, and where the comparative advantage of each of the institutions can help reach target groups at a scale they could not do alone. Where there is evidence of projects where results have been enhanced through partnering (e.g. where the design and approaches used are distinctive and have increased the quality of the interventions), these should be carefully analysed and be better communicated to staff, to temper the perception of higher transaction costs and poorer quality of interventions that has marred cooperation between IFAD and AfDB in the past.

130. Neither IFAD nor AfDB have a partnership policy or strategy or guidance to staff on how to select, develop, formalize and measure partnerships, given the strategic importance attached to partnerships. Such a partnership strategy would need to be closely aligned with other corporate strategies and priorities, so that partnerships serve as a means to an end and not an end in itself. Both institutions are claiming to deepen and widen partnerships and move from an opportunistic to a strategic approach. Rationalisation of the existing ‘stock’ of partnerships will be necessary to ensure that the limiting factor of staff time is used to maximum effect on partnership working. In its 8<sup>th</sup> replenishment consultations (2008), IFAD has made a commitment to develop a more systematic and strategic approach to partnerships for the future by 2010.

131. Both institutions are in the midst of reforms and these will also result in internal pressures and incentives and changes in capacity that will shape future partnership opportunities. Due to the flux created by reforms, the changes in the international effectiveness agenda, and also changes in ARD where the private sector plays an increasing role, ongoing and new partnerships must have a large element of flexibility to ensure continued relevance and effectiveness in a continuously evolving context.

132. Some trends can be observed. IFAD is looking to diversify and “modernize” its aid modalities to better reflect the emergence of new possibilities and actors in ARD. As for AfDB, its financial muscle, its stronger country focus and capacity, and its move to be a knowledge Bank, generate new possibilities. Jointly they have decided that one key option to examine further is a work sharing where

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<sup>30</sup> The high vacancy rate in the AfDB and the skill-mix/experience which constrains some of the Banks operations can also provide a strong impetus for partnering. An example is the use of IFAD staff in a strong supportive peer relationship in the collaboration between AfDB and IFAD on GEF.

the AfDB, consistent with its priorities and comparative advantage, focus on rural infrastructure, while IFAD, consistent with its comparative advantage, contribute software in the form of knowledge, capacity building, networks, and the ability to reach poor farmers, women and other disadvantaged groups.

133. In the short term both will need highly selective and focused partnerships due to limited capacity, staff time, resources to invest, the pressure to improve results of the portfolio and the uncertain space for traditional co-financing partnering within the changing aid architecture. It is however, not clear that the more immediate gains in improved development effectiveness of the two agencies will come through partnering, but the efforts to improve effectiveness may lead to increased capacity for partnering in the medium to long term.

134. Our analysis has identified a number of prospective areas – options - for the IFAD - AfDB partnership in the short-medium to longer term:

- i) Complementary (synergistic) areas of engagement (operations and knowledge sharing) in pursuit (at a region/ sub region or individual country level) of change in one or more high level outcome areas which coalesce and converge out of the respective IFAD and AfDB Strategic Frameworks;
- ii) Pursuing through dialogue and project experience the emergence of recipient governments (partner countries) backing new innovative financing instruments designed to facilitate the private sector leading on pro-poor agricultural development;
- iii) Working together and as a partnership with others to leverage significantly increasing funding for agriculture in Africa;
- iv) Joint funding and AfDB supervision of 2<sup>nd</sup> generation innovation projects operating at scale within a SWAp framework;
- v) Sharing experiences and learning on organisational reform and the change process; and
- vi) Sharing in-country resources (CPMs, joint representation in coordination structures/ working groups etc).

135. Three important assumptions underpin these possibilities; firstly, that in the African countries where IFAD and AfDB will be operating there will continue to be space and demand for, and the acceptance of direct IFAD/ AfDB investment in innovative projects set within a overall sector wide approach (rather than moving to pooled funding, SBS or GBS in support of ARD). Secondly, AfDB is not seen as a cutting edge partner for 1<sup>st</sup> generation innovation projects nor will they be active in fragile state environments where there is a high number of extremely poor (a target group of IFAD), Finally, there continues to be space within IFAD to devote considerable time and resources to a genuine strategic partnership with the AfDB.

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## List of Persons Met

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<b>AfDB</b>	
Aly Abou-Sabaa	Director, OSAN
Alassane Ba	Chief of Division, Direct Lending, OPSM
A.D.Beileh	Acting Director, Country & Regional Programming Department South 1
Ann Kabagambe	Presidents Office
Barnett Douglas	Results Management System set up
Charles Boarmah	Financial Controller
Colin Kirk	Director, OPEV
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Detlev Puetz	OPEV
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Gabriel Negatu	Director, OSGE
Gillaume Grosso	
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Khalida Bouzar	Coordinator, Global Environment Facility
Luciano Lavizzari	Director, Office of Evaluation
Marc Van Uytvanck	Programme Manager, Belgian Survival Fund
Marian Bradley	Country Portfolio Manager for Uganda, Eastern and Southern Africa Division
Michael Taylor	International Land Coalition
Mohamed Beavogui	Western and Central Africa Division
Mohammed Tounessi	Country Portfolio Manager, Western and Central Africa Division
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Partnerships Review: Main Issues and Key Questions (June 9<sup>th</sup> 2008)

Main Issues	Key Questions
<p><b>Proliferation of partnerships:</b> Both IFAD and AfDB have a ‘full’, diverse, undifferentiated and loosely defined mix of ‘partnerships’ at the development agency to development agency level. Limited tracking and/or evaluation of the effectiveness of partnerships</p>	<p>How will corporate intent to invest more in strategic and substantive partnerships materialise? Will there be a rationalisation/ordering of existing ‘partnerships’ in relation to corporate strategy and/or country driven needs?</p>
<p><b>Shallow and often negative experience:</b> Historically limited scope (co-financing) and depth (declining practice in response to poor ‘results’) to the experience of the AfDB and IFAD institutional partnership (from 1978).</p>	<p>How will recent efforts to re-focus and re-energise the AfDB and IFAD institutional partnership (a wider palette of modalities) deal with the historical baggage and scepticism of ‘value added’? and the alternative partnering options arising from a country centred view?</p>
<p><b>Uncertain incentives at the operational level:</b> Increasing workloads (throughput and engagement), strong messages on ‘results’ and incentive structures in both agencies operations often mitigate against investing scarce time on partnership building and maintenance.</p>	<p>What and where are the areas of operations (ARD in Africa) where partnership working is seen corporately and individually – by both AfDB and IFAD – as a means to increase corporate performance and development effectiveness?</p>
<p><b>Realising the gains of complementarily given diverging paths?</b> IFAD’s niche country centred role on targeting of the rural poor, innovation, giving a voice for the poor and catalyst for up-scaling. AfDB focusing on rural infrastructure, becoming a ‘knowledge bank’ and ‘partner of choice’ with a strong regional orientation.</p>	<p>This suggests an AfDB/IFAD partnership built around complementarity rather than a shared programming framework and/or project modality. What would it require from the two organisations to make this real, dynamic and sustained in a particular country context after an initial ‘announcement’?</p>
<p><b>Competing demands for partnership effort:</b> IFAD has both existing and new partnerships with a range of agencies. As a UN agency it has a responsibility to take forward the one UN reform agenda. Both IFAD and AfDB are part of the broader ‘development partnership’ Paris agenda at the country level. Both agencies wish to strengthen their bilateral relationship with partner countries.</p>	<p>In the short-medium term which of these strategic agendas will gain the most corporate attention? As a consequence where will most operational effort on partnering be concentrated? On partnerships that; (i) increase the benefits (type/reach/level) flowing from a jointly resourced initiative, (ii) increase the ‘results’ through specific expertise/knowledge/discrete services in a programming/project cycle, (iii) increase the quality of an intervention (e.g. reaching a specific target group) through complementary capacity and comparative advantage (iii) realise efficiency gains through joint programming/joint operations.</p>