IFAD POLICY FOR
GRANT FINANCING

Milestones

1978
Lending policies and criteria of IFAD
Non systematic, case-by-case approval of grants

2003
Grant Policy
1. Promotes pro-poor research on innovative approaches and technological options to enhance field-level impact
2. Builds pro-poor capacities of partner institutions, including community-based organizations and NGOs

2009
Policy revision
Private sector becomes eligible for grants
Approval authority for provision of grants of the President increases from US$200,000 to US$500,000
The 2009 revised policy confirmed the 2003 policy objectives but introduced a number of "outputs" and "activities", broadening the domain of application of grants

From 2003 to 2013

IFAD approved
784 grants

For a total amount of...
US$ 449 million

Which accounts for...
6.1% of IFAD’s programme of loans and grants

Distribution of financial volume of grants by recipient category

- 24% Inter-governmental organizations (of which 13% UN agencies)
- 17% Member States
- 26% Civil Society Organizations (NGOs, farmer organizations, their federations and apex bodies)
- 31% Research institutions (of which 22% CGIAR)
- 4% Others
Evaluation findings

Grants have considerable potential to promote rural poverty alleviation, but grants policy is constrained by:

- Not clear setting of priorities
- Room for interpretation
- Wide gap between the potential and the achievement

Grants allowed IFAD to collaborate with a wider range of organizations (notably farmers’ federations, civil society organizations, indigenous people’s organizations) and institutions involved in international agricultural research.

Better attention was given to the grant programme by IFAD management in the latest years. Examples are: greater role for country programme managers to sponsor and manage grants; reduction in the number of grant proposals in the annual pipeline in order to make supervision more manageable; revised quality assurance procedures for grants.

Areas for improvement

- Priorities for grants were not clearly set
- This left room for the objectives to be widely interpreted as the policy was being implemented
- Linkages between grants and IFAD’s operations and strategies have been weak
- It remains a challenge to capture and “internalize” results and knowledge stemming from grants
- Procedures for grant approval, oversight and monitoring, and fiduciary aspects were not sufficiently calibrated with IFAD’s resources and capacities
- Resulting in complicated processes that do not ensure commensurate value added

Recommendations

1. Prepare a new grant policy for EB approval with clearer grant objectives.
   (a) For country-specific grants: develop national policies, test innovative approaches, capacity building of partners, KM to support scaling-up.
   (b) For non-country specific grants: research, policy analysis, priority corporate partnerships

2. Provide a larger allocation to country-specific grants: manageability and absorptive capacity is simpler for country-specific grants. But avoid past loan-component grant modality, not supporting grant policy goals

3. Simplify and strengthen the grant allocation and internal review process. Focus review of proposals on policy compliance, linkage with current or future COSOPs or corporate priorities and likelihood of internalizing results in IFAD’s and/or the government’s programme of rural poverty alleviation

4. Invest in a Grant Management Information System that maintains a record of all grant-related documents, saved in an accessible formal, from inception to completion

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