**EXPLANATORY MEMORANDUM TO**

**THE INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT (NINTH REPLENISHMENT) ORDER 2013**

**2013 No. [XXXX]**

**1.** This explanatory memorandum has been prepared by the Department for International Development and is laid before the House of Commons by Command of Her Majesty.

This memorandum contains information for the Select Committee on Statutory Instruments.

## 2. Purpose of the instrument

2.1 The proposed Order permits the Secretary of State to make a further contribution of £51,132,720 to the International Fund for Agricultural Development (hereafter "IFAD") pursuant to arrangements that have been made between IFAD and the Government of the United Kingdom in accordance with Resolution No. 166/XXXV of the Governing Council of IFAD on 23rd February 2012.

## 3. Matters of special interest to the Select Committee on Statutory Instruments

3.1 None

## 4. Legislative context

4.1 The proposed Order is being made to enable the Secretary of State to contribute further to IFAD (the UK has contributed to the previous eight replenishments). The purpose of this further contribution, together with contributions pledged by other donors, is to provide IFAD with commitment capacity for its continued provision of grants and lending on highly concessional terms to developing countries over the period 2013-2015. This Order is made under section 11 of the International Development Act 2002 which permits the Secretary of State to make relevant payments to multilateral development banks where the Government of the United Kingdom is bound to make such a payment, but that in order to make a payment she must make an order, which has Treasury approval and a draft of which has been approved by the House of Commons.

## 5. Territorial Extent and Application

5.1 This instrument applies to all of the United Kingdom.

## 6. European Convention on Human Rights

Justine Greening, the Secretary of State for International Development, has made the following statement regarding Human Rights:

In my view the provisions of the International Fund for Agricultural Development (Ninth Replenishment) Order 2013 are compatible with the Convention on Human Rights.

## 7. Policy background

7.1 IFAD is a Specialised Agency of the United Nations and an International Financial Institution dedicated to eradicating poverty and hunger in rural areas of developing countries. IFAD is committed to achieving the Millennium Development Goals, in particular the target to halve the proportion of hungry and extremely poor people. It provides grants and highly concessional loans (no or low interest rates and long grace and maturity periods) and develops programmes in line with IFAD's goal to empower poor rural women and men in developing countries to achieve higher incomes and improved food security.

7.2 IFAD works with governments and partners in over 90 countries, with a focus on Africa, to achieve the following objectives set out in its strategic framework:

- A strengthened and more resilient natural resource and economic asset base for poor rural people;
- Enhanced access to services for reducing poverty, improving nutrition, raising incomes and strengthening resilience to shocks;
- Strengthened capabilities of poor rural women and men as producers, small entrepreneurs and workers;
- Strengthened capabilities of poor rural women and men to influence policies and institutions; and
- An improved institutional and policy environment for smallholder agriculture and for other non-farm rural sectors.

7.3 IFAD aims to reach 90 million people in the rural areas of developing countries with its services and lift 80 million people out of poverty by the end of the Ninth Replenishment period in 2015.

7.4 IFAD replenishments are generally at three-year intervals. The United Kingdom's contributions to the last eight replenishments have been as follows:

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| **Initial Contribution** | £18,000,000 |
| **1st Replenishment**: | £12,901,127 |
| **2nd Replenishment**: | £9,226,517 |
| **3rd Replenishment**: | £11,305,433 |
| **4th Replenishment**: | £13,586,773 |
| **5th Replenishment**: | £18,531,000 |
| **6th Replenishment:** | £19,707,000 |
| **7th Replenishment:** | £27,725,000 |
| **8th Replenishment:** | £33,852,000 |

7.5 Overall Member State contributions have increased over recent replenishments following IFAD's reform process in response to an Independent External Evaluation published in 2005. IFAD has significantly improved its performance and evaluations show IFAD's focus on continuing to deliver better results. Expanding the level of IFAD's programme also reflects international commitment to tackling food insecurity.

7.6 IFAD adopted the Ninth Replenishment Resolution (Resolution No. 166/XXXV) on 23rd February 2012. A copy of Resolution No. 166/XXXV has been laid in the House of Commons library. In accordance with Resolution No. 166/XXXV, the United Kingdom's contribution will be made in the form of non-negotiable, non-interest bearing promissory notes expressed in pounds sterling and encashable on demand.

## 8. Consultation Outcome

8.1 Not relevant in the context of this instrument.

## 9. Guidance

9.1 Not relevant in the context of this instrument.

## 10. Impact

10.1 An Impact Assessment has not been prepared for this instrument because there is no impact on business, charities or voluntary bodies in the United Kingdom.

## 11. Regulating small business

11.1 The legislation does not apply to small business in the United Kingdom.

## 12. Monitoring and review

12.1 IFAD's annual Report on Impact and Development Effectiveness will report against the Results Framework for IFAD 9. This covers development impact as well as improvements in operational performance and efficiency. IFAD has also committed to introducing impact evaluation during the Ninth Replenishment period to measure progress against its target of moving 80 million people out of poverty. IFAD's activities are evaluated by its Independent Office of Evaluation, which publishes evaluations of country programmes and an Annual Report on Results and Impact. IFAD's financial data is audited by an external and independent auditor.

12.2 The Department for International Development monitors IFAD's performance as part of its continuous engagement with IFAD, conducting annual reviews and working closely with other Member States through governing bodies in overseeing IFAD's performance and use of resources.

12.3 The UK Multilateral Aid Review (MAR) in 2011 highlighted IFAD's unique mandate that is critical to reducing hunger and poverty; its strong results framework and commitment to improving delivery of results; and the fact that IFAD is a trusted partner of developing countries.

12.4 The MAR also found that IFAD needed to do more to improve its: sustainability of results; efficiency; human resource management; and financial management. The MAR Update in 2013 reviewed these areas and found that progress is being made in all areas, although time will be needed to assess IFAD's Action Plan to improve efficiency. DFID will monitor implementation and review progress in both operational and administrative areas.

## 13. Contact

13.1 Further information concerning the proposed instrument can be obtained from Elizabeth Nasskau at the Department for International Development via email: (e-nasskau@dfid.gov.uk) or telephone (+39 06 4220 4900).