EXPLANATORY MEMORANDUM TO

THE INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT (TENTH REPLENISHMENT) ORDER 2015

2015 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 £57,077,000 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. 186/XXXVIII of the Governing Council of IFAD on 16 February 2015.

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 nine replenishments). The purpose of this contribution, together with contributions pledged by other Member States, is to provide IFAD with commitment capacity for its continued provision of grants and loans on highly concessional terms to developing countries during the three-year period of the Tenth Replenishment from 2016 to 2018. 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 (Tenth Replenishment) Order 2015 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 in rural areas of developing countries. Seventy per cent or 840 million of the world's poorest and most vulnerable people - those living on less than US$1.25 a day - live in rural areas, and most are directly or indirectly dependent on agriculture. IFAD's goal is to empower these poor rural women and men in developing countries to achieve higher incomes and improved food security. IFAD provides low-interest loans and grants to finance programmes that are developed together with the rural communities themselves, governments, donors, non-governmental organisations and other partners. The programmes aim to support the rural poor in creating economic opportunities; increasing incomes, including through improving access to markets, financial services, technology, land and other natural resources; and strengthening resilience, including to the effects of climate change

7.3 IFAD aims to reach over 100 million rural poor people in developing countries with its services and enable 80 million rural people to move out of poverty by the end of the Tenth Replenishment period in 2018.

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

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
9th Replenishment:	£51,132,720

7.5 Member State contributions have increased over recent replenishments following IFAD's reform process in response to an Independent External Evaluation 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 Tenth Replenishment Resolution (Resolution No. 186/XXXVIII) on 16 February 2015. A copy of Resolution No. 186/XXXVIII has been laid in the House of Commons library. In accordance with Resolution No. 186/XXXVIII, 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 (RIDE) will report against the Results Framework agreed for IFAD 10. This covers development impact as well as improvements in operational performance and efficiency. IFAD's activities are evaluated by an Independent Office of Evaluation, which publishes evaluations of country programmes and an Annual Report on Results and Impact (ARRI). Impact evaluation will also be used to measure progress against IFAD's target of moving 80 million people out of poverty. IFAD's financial data is audited by an independent, external 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 2011 UK Multilateral Aid Review (MAR) highlighted IFAD's unique mandate that is critical to reducing hunger and poverty; its strong results framework and commitment to improving delivery of results; as well as the fact that IFAD is considered as a trusted partner by 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 found that progress had been made in all these areas, with an Action Plan to continue improving efficiency. Priorities, including focus on results; mainstreaming work on climate change; gender; nutrition; and engagement with the private sector, are all reflected in commitments for the Tenth Replenishment. DFID will monitor delivery and continue to review progress in both operational and administrative effectiveness and efficiency.

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).