EXPLANATORY MEMORANDUM TO

THE INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT (EIGHTH REPLENISHMENT) ORDER 2012

2012 No. 2790

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 £33.852 million 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. 154/XXXII of the Governing Council of IFAD on 19th February 2009.

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 seven 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 2010-2012. 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 he 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

Andrew Mitchell, 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 (Eighth Replenishment) Order 2012 are compatible with the Convention rights.

7. Policy background

7.1 IFAD is a Specialised Agency of the United Nations and an International Financial Institution that is 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 directly with governments and partners to achieve the objectives set out in its strategic framework to ensure that poor rural people have better access to, and the skills and organisation they need to take advantage of: natural resources; improved agricultural technologies and effective production services; a broad range of financial services; transparent and competitive markets for agricultural inputs and produce; opportunities for rural off-farm employment and enterprise development; local and national policy and programming processes.

7.3 IFAD replenishments are generally at three-year intervals. The United Kingdom's contributions to the last seven 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[1]
7th Replenishment	£27,725,000

7.4 IFAD adopted the Eighth Replenishment Resolution (Resolution No. 154/XXXII) on 19th February 2009. A copy of Resolution No. 154/XXXII has been laid in the House of Commons library. In accordance with Resolution No. 154/XXXII, 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.

[1] The contribution to the Sixth Replenishment consisted of £19,707,000 plus a complementary contribution of £6,569,000 towards the IFAD's Innovation Mainstreaming Initiative for a total of £26,276,000.

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 provides an annual report on its Impact and Development Effectiveness in December. In addition, IFAD's activities are evaluated by its Independent Office of Evaluation, which publishes an Annual Report on Results and Impact. IFAD's financial data is audited by an external and independent auditor.

12.2 IFAD has agreed to report against a Results Framework that sets out what we can expect IFAD 8 to deliver, both in terms of development impact and improvements in operational performance. Department for International Development monitors IFAD's performance as part of its continuous engagement with IFAD and works closely with other Member States through governing bodies in overseeing IFAD's performance and use of resources.

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).