
IBSA Fund: A Showcase of Low Cost and High Impact Southern-led Trust Fund



*Camila Amorim Jardim**

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Since 2003, India, Brazil and South Africa have been collaborating in IBSA Dialogue Forum; a Southern framework of cooperation in multiple fronts comprising coordination among international organizations; sectorial cooperation at ministerial level and among civil society groups; and development cooperation with lower income countries through the IBSA Fund against Hunger and Poverty.

Each IBSA country has to contribute annually US\$ 1 million dollars to the IBSA Fund. This contribution is minimal compared to the bilateral development programmes from Brazil, India and South Africa. However, with its unique institutional arrangement, the Fund has been considered the most successful activity under the IBSA Forum. It has also been showcased as a very innovative and Southern-led initiative as its small budget has led to a framework that prioritizes low -cost and high- impact initiatives using local capacities and low -cost and simple technology projects, which can be easily replicated and expanded.

Working under the demand-driven logic, it provides grant finance for technical assistance projects for capacity-building and in-kind contributions in many different areas such as health, education and agriculture. In this sense, IBSA Fund is structured as a horizontal cooperation initiative that intends to develop projects based on the demand of the recipient country and through the partnership with the

* PhD candidate at the International Relations Institute of the Pontifical Catholic University of Rio de Janeiro (PUC-Rio), Brazil. Contact: camila_ajardim@hotmail.com

local government, national institutions and partners (UNDP, 2017)¹.

This paper argues that what assures IBSA Fund's real impact is its unique institutional design, as despite being a trust fund, IBSA countries meet very often and are the ones which decide projects approval and resource allocation with additional in-kind contributions. Such institutional design of low-cost and high-impact projects allows for feedback loops, learning and real-time adjustments, as unexpected costs usually compromise a huge proportion of the budget in small-scale projects.

Historical background

The possibility of the creation of a multilateral Fund against hunger was first considered and advocated by the former Brazilian president Lula da Silva in the early 2003. At that time, the Brazilian Cooperation Agency (ABC), in its initial stage of development supported by the UNDP, had still very little know-how and institutional solidity to coordinate creation of such a fund. Meanwhile, both South Africa and India did not have specific national institutions to handle development cooperation, what could make trilateral institutional cooperation very difficult (Jardim and Silva, *forthcoming*)²

Usually international agencies do not approve managing funds that have such a small budget, but UNDP's Special Unit for the South-South Cooperation (SUSSC) was at that time interested both in the possible and innovative institutional framework of the IBSA Fund as well as in learning and having a deeper comprehension of South-South cooperation initiatives (Bergamaschi and

Soulé-Kohndou, 2016)³

In that context, it is important to highlight that in early 2000s, developing countries were less capable of mobilizing and advocating Southern approaches of development cooperation and the very idea of Southern principles was very initial and was still little acknowledged. In that regard, establishing such a fund was also an opportunity for learning from the UNDP's institutional side.

Institutional framework

Due to its small size, IBSA Fund was designed as an experimental initiative and conceived as an impact fund; in the sense that all resources should be applied in a result-oriented way; allowing that the low contributions provide real impact in the implementation of projects. To guarantee the highest possible impact, operational and management costs were kept at a minimal; IBSA countries were to finance technical visits and analysis, without incurring operational costs to the fund.

Hence, placing the central management of the Fund in the UNDP's SUSSC (currently the UNOSSC) in New York solved a coordination challenge among the three countries, facilitating meetings and decision-making without incurring high costs of creating their own institutional arrangement. Some other advantages in holding funds and projects under the institutional framework of the UNDP are that IBSA Fund benefits itself from an extended country presence and a decentralized structure; with somewhat more neutral institutional framework, reducing political bias of the fund; technical know-how; strategic positioning within the UN system; emphasising on capacity development and demand-led approach to

programming; and flexibility to respond at the country level (UNDP, 2013)

Even though it is seen as an initiative very compatible to South-South principles, the IBSA Fund could be formally recognized as a trust fund, a trilateral cooperation initiative, or even a multi-actor partnership; as it usually involves local institutions beyond UN offices and participation of IBSA countries.

From another point of view, albeit considered a very Southern-like initiative, the practice of trilateral cooperation is essentially different from pure South-South Cooperation, as it involves a much consolidated institutional framework – in this case under the framework of UNOSSC and UNDP – which has expertise but can also create limits in maintaining South-South principles as the main guidelines for cooperation (Jardim and Silva, *forthcoming*)

Thus, IBSA Fund has emerged as an innovative initiative and has inaugurated a new perspective for Southern trust funds in the UN for being small (in terms of size of contributions) and initially an almost experimental institutional arrangement, keeping IBSA countries as the main decision-making actors as well as important know-how sharers, being articulated by the UNOSSC with local UN agencies, local government and local civil society organizations. Its unique structural setting led to elaboration of a framework paradigm of low-cost and high-impact projects.

Project management

According to the IBSA Fund Guidelines document, the project proposals are presented to IBSA Focal points in respective capitals (New Delhi, Brasilia and Pretoria), and would be analyzed by the Focal

Points in accordance with the following principles – a) reduction of poverty and hunger; b) national ownership and leadership; c) South-South cooperation; d) use of IBSA country capacities; e) strengthening local capacity; f) ownership; g) sustainability; h) identifiable impact; i) replicability; j) innovation. Other criteria involve a time-frame between 12 and 24 months and medium-size projects (usually around 1 million USD).

If pre-approved, the projects are sent to the Board of Directors of the IBSA Fund in New York, which is composed of respective Ambassadors, heads of the permanent missions at the UN. The Board meets four times a year, and has a much more participative and major role in approval of projects and allocation of resources than that is in other trust funds, in which usually the decision-making is held by the managing institution.

Idealised in 2004 and effectively functioning since 2006, the fund targets particularly LDCs and Post Conflict Reconstruction and Development countries. It was planned to enhance UNDP programme activities aligned with the achievement of the Millennium Development Goals (MDGs). After 2015, IBSA Fund works as an important mechanism to advance all 17 Sustainable Development Goals (SDGs) (UNDP, 2017). In that regard, its mandate framework conducts demand-driven projects with Southern counterparts, paying attention to local ownership by involving local institutions and capacities directly in elaboration, implementation and evaluation of projects.

Until 2017, the fund received \$35 million in contributions from India, Brazil and South Africa, and 27

projects were developed in 21 partner countries; mainly Least Developed ones in Africa, Asia, Latin America and Arab States, representing a tangible Southern initiative to the SDGs. IBSA Fund have had most of its projects in agriculture, health-care and livelihood; this has gone beyond IBSA countries respective regions (an interesting indicative of no parochial interests); and has acted mostly on the Least Developed Countries (UNDP, 2017)

Some of the central challenges to trust-funds management are – resource allocation, impact in partner -countries and implementation. Considering these elements, IBSA Fund has shown outstanding results; as according to interviews, in its first 10 years of functioning all the available resources were allocated and implemented (or were under implementation in the following two years with the acknowledgment of beneficiary countries also (Jardim and Silva, *forthcoming*).

The capacity to learn during the project implementation and quickly react to adjust project inputs in face of unexpected context or results is in the core of IBSA Fund’s ability that generates real impact. In this regard, IBSA Fund addresses the need of continuous feedback loops and rearrangements imposed by the very dynamic nature of development cooperation projects, which the traditional cooperation arrangements are much less capable to deal with due to their framework fixity, directly influencing possibilities of producing positive development impacts.

For that matter, the unique design of the IBSA Board of Directors, with frequent meetings and direct participation of the IBSA countries (including through in-kind contributions) in the development

projects proved essential for IBSA project’s impact. Furthermore, pilot projects in new countries usually cost more and have smaller impact than other ones in which the cooperating parts have already built trust and learning by doing previously. Considering IBSA Fund’s history of project scaling-up and follow-up in countries with on-going projects is common and central to IBSA’s project allocation. Those elements were analyzed by a small case study of IBSA Fund’s Guinea-Bissau projects.

The case of Guinea-Bissau

The project ‘Development of Agriculture and Small Animal Herding’ in Guinea-Bissau was the very first project implemented by the IBSA Fund. After its implementation, with around half a million USD budget in partnership with the local Ministry of Agriculture and local Rural Development UNDP, from March 2005 to September 2007, Guinea-Bissau had also other follow-up projects.

In that sense, the continuous dialogue with Guinea-Bissau’s government and local agencies led to building of know-how, allowed scaling -up of projects, and, by 2017, there were a total of six projects implemented in the country from 2006 to 2015. The active participation and more frequent meetings than other development funds of the IBSA Fund Board of Directors proved crucial in the development impact of the fund and reflected commitment to promote collective learning and quick reaction during all phases of the projects life -cycle. This has been particularly relevant in projects in Guinea-Bissau and Cape Verde. (Simplicio and Jardim, *forthcoming*)⁴.

Regarding, for example the Rural Electrification through Solar Energy

Systems (project VI in Guinea-Bissau, from July 2011 to May 2015). The first design of the project comprised only solar panels to power a community Centre with basic health services, such as fridge for conservation of vaccines in 18 communities. Once the community understood the new power, they requested an electric pumping system powered by solar energy to give them access to drinking water (Simplicio and Jardim, *forthcoming*).

Hence, after the implementation, the project was adjusted to their demand, but, after everything was installed, the equipment maintenance, originally part of the recipient government responsibilities, became an issue. Thus, locals (mainly women) were trained and capacitated to maintain and manage services through the Indian Barefoot College project, which gave capacity -building training in solar panels building, management and maintenance to rural community female- leaders (Simplicio and Jardim, *forthcoming*).

Final considerations

IBSA Fund relying on leadership and an institutional design able to mobilize institutions to support the process of promoting impact to its partners was essential to such a project to be developed. Gathering and digesting information, monitoring, learning and adapting with quick decision-making is costly. In the case of the IBSA Fund, the IBSA countries carried out these activities to the partners as an additional in-kind contributions (Simplicio and Jardim, *forthcoming*).

Unexpected costs are a well-known issue in small-scale projects. Promoting impact has a high fixed cost and in small to medium scale projects, this cost may take a large proportion of the budget. Such advancement would never have been possible had the project implementing would have been rigid. But the ability to quickly respond to local demands and change in context both through frequent meetings and disposition to give extra in-kind contributions allowed the projects to have a larger and more consistent impact in local livelihood in Guinea-Bissau.

Endnotes

- ¹ UNDP (2017). IBSA Fund Report: Overview of project portfolio. Available at: <<https://drive.google.com/file/d/0B-buqyoV0jpSMDZsNEhNR2YxS2s/view>>
- ² JARDIM, C.A and SILVA, D. M. (forthcoming). IBSA Fund and the role of Southern diplomacy in the United Nations. Research and Information System for Developing Countries (RIS) and Ministry of External Affairs of India: IBSA Fellowship Program publication. Palgrave Macmillan.
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- ⁴ SIMPLICIO, F. and JARDIM, C.A. (forthcoming) Development impact through responsive feedback loops in the South: the cases of IBSA Fund and Development Impact Bonds (DIBs). In: India-Africa Partnerships for food security capacity building. ORF. (Book in result of the conference, held in Mumbai January 2018). Palgrave Macmillan.