Introduction to IFAD’s Operations

Edward Heinemann
Lead Advisor to the Associate Vice President
Programme Management Department

27 February 2020
Key dimensions of IFAD’s business model

- Resource mobilization: Assembling development finance to maximize impact
- Resource allocation: Focusing on the poorest people in the poorest countries
- Resource utilization: Doing development differently
- Transforming resources into development results: Embracing a culture of results and innovations
Resource mobilization
Assembling development finance

Programme of loans and grants: core replenishment resources and sovereign loans

Programme of work: POLG + co-financing - International and Domestic

Additional resources: Adaptation for Smallholder Agriculture Programme (ASAP+); Private sector financing programme

IFAD: Investing in rural people
Broadening our cofinancing partnerships

Asian Development Bank 27%
International Development Association
Islamic Development Bank

Spanish Fund 5%
Inter-American Development Bank
Agence française de développement

International Development Association 16%
OPEC Fund for International Development
European Investment Bank

OPEC Fund for International Development 11%
African Development Bank
Arab Bank for Economic Development in Africa

International Bank for Reconstruction and Development 4%
African Development Bank
OPEC Fund for International Development

US$4.5 billion of international co-financing
Improving our performance on cofinancing

1 : 2.05  
Domestic  0.9  
International  1.15  

Total

IFAD9  IFAD10  2019
LICs  0.85  0.85  0.74
LMICs  1.59  1.25  1.83
UMICs  1.76  2.54  2.46
Resource allocation
Enhancing the Performance-Based Allocation System

\[
\text{COUNTRY SCORE} = \frac{\text{COUNTRY NEEDS}}{(\text{COUNTRY PERFORMANCE})}
\]

- Country needs
- Country performance

\[ (\text{Rural Pop}^{0.05} \times \text{GNI per capita}^{0.25} \times \text{IVI}^{0.05} \times (0.35\text{RSP} + 0.65\text{PAD})) \]

- IVI IFAD vulnerability index
- RSP Rural Sector Performance
- PAD Portfolio Disbursement measure

\[
\text{COUNTRY ALLOCATION} = \left( \frac{\text{Allocation envelope} \times \text{sum of final country scores}}{\text{country score}} \right)
\]

- Increased rural poverty focus of the formula
- Increased efficiency – 80 countries in PBAS under IFAD11 means larger allocations
Focusing on the poorest people in the poorest countries

Low income: +63%
Lower middle income: +13%
Upper middle income: -9%

- +50% investments in Fragile States
- +13% investments in SIDS
Breaking down the investment project portfolio

- **NEN**
  - 38 projects
  - US$1.0 B (12%)

- **WCA**
  - 49 projects
  - US$2.0 B (24%)

- **ESA**
  - 51 projects
  - US$2.1 B (25%)

- **LAC**
  - 32 projects
  - US$0.6 B (7%)

- **APR**
  - 61 projects
  - US$2.7 B (32%)
Resource utilization
Adopting a country level programmatic approach and expanding IFAD’s toolkit

- Longer term transition strategies with support tailored to individual countries
- Policy engagement, knowledge management and partnerships, as well as investment projects
  - Larger, fewer projects
  - Stronger programmatic focus
- Diversified products responding to sophisticated demands and needs
  - RTAs approved or in process
  - Joint country strategies with RBAs underway
  - Results based lending approved or in planning
  - Regional projects under preparation
Focusing on key issues for rural poverty eradication

[Diagram showing overlapping circles labeled Gender, Nutrition, Youth, and Climate, with percentages and descriptions of small and micro enterprises, community-driven and human development, policy and institutional support, other, market and related infrastructure, and rural financial services.]
Measuring performance for mainstreaming themes at project design

<table>
<thead>
<tr>
<th>Theme</th>
<th>Target</th>
<th>Achieved</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender Transformative</td>
<td>25%</td>
<td>32%</td>
</tr>
<tr>
<td>Climate Financing</td>
<td></td>
<td>34%</td>
</tr>
<tr>
<td>Youth Sensitive</td>
<td>50%</td>
<td>82%</td>
</tr>
<tr>
<td>Nutrition Sensitive</td>
<td>50%</td>
<td>61%</td>
</tr>
</tbody>
</table>
Transforming resources into development results
Working differently as an organization

Institutional efficiency

- Reorganization of IFAD’s technical capacity
- New processes for design of projects

Streamlining systems and processes

- Provided with training on decentralization in Operations Academy
- 2/3 staff
- ORMS
- Project cycle tracking

Changing institutional behaviors and cultures

- Dashboards
- Evidence-based management
- Risk
- Introducing risk management in operations
- IFAD10: 15% → 2019: 30%
- Decentralization: staff in field
Increasing our field presence

- HQ in Rome
- 12 sub-regional bubs
- 3 knowledge management/ SSTC hubs
Working differently with our partners

**Leveraging Technology**

- **ICT4D**
  - First strategy approved
  - Countries using IFAD Client Portal
    - 2016: 0%
    - 2019: 63%

**Strengthening institutions and capacities at the country level**

- **PRiME**
  - Investing in capacity building on financial management and procurement
  - Trained and certified 164 project staff in M&E

**Promoting Transparency**

- Operations geo-tagged and made available
- Stakeholder feedback framework approved
- PCRs publicly disclosed
  - 2016: 0%
  - 2019: 73%
Thank you