

**Notes on the Fourth Meeting of Convenors and Friends in 2021
9 September 2021**

1. The fourth meeting for 2021 between Convenors and Friends and the President of IFAD took place on Thursday, 9 September. The meeting was held virtually via the Zoom meeting application.

Agenda item 1: Opening remarks by the President and adoption of the agenda

2. The President welcomed Convenors and conveyed congratulations, through the Group, on the recent appointment of His Excellency Ambassador Miguel Jorge García Winder to the role of List C and sub-List C3 Convenor.
3. Speaking about activities Management had undertaken since the group had last met in June, the President provided updates on the following issues:

Readiness for IFAD12

4. IFAD12 PBAS allocations, based on updated replenishment scenarios and liquidity calculations, would be shared with the Executive Board in December.
5. Convenors were encouraged to advocate among Member States to pledge or increase existing pledges to reach the IFAD12 Scenario D target of US\$1.55 billion.

D2.0 progress

6. The decentralization process would be at the centre of the IFAD12 business model to ensure increased impact and support recovery and enhanced resilience of rural people. The process of moving Regional Offices out of headquarters was well underway.
7. Going forward, efforts would focus on: smooth relocation of staff; operational transition; adequate staffing of Country Offices prioritized for 2021; relocation plans for non-Programme Management Department staff in the West and Central Africa and East and Southern Africa Divisions in mid-2022; and, determining the location of Regional Offices of the Asia and the Pacific and Latin America and the Caribbean Divisions. The entire process has been consultative and inclusive of staff engagement through the Staff Association.

IFAD's role in and expected outcomes from the Food Systems Summit

8. The pre-Summit, for which IFAD had supported approximately 145 dialogues, demonstrated the willingness of different stakeholders to work together to bring about the tangible, positive changes necessary to transform the world's food systems and achieve the 2030 Agenda.
9. In addition, IFAD had supported the organization of over 40 independent farmers and indigenous people's dialogues.
10. At the Pre-Summit, IFAD had presented, together with the Italian, French, Canadian and Thai Governments, its proposed coalition engaging Public Development Banks, aimed at increasing investment and catalysing green and inclusive investments in agriculture and across food systems, through a global platform of national, regional and international public development banks.

Such a coalition had gained significant support from diverse constituencies, and was expected to be one of the main outcomes for IFAD at the Food Systems Summit, as well as a key element of the upcoming second Finance in Common Summit (FiCS2), and G-20.

11. Going forward, IFAD planned to engage in the other coalitions presented during the pre-Summit to ensure a prominent role for small-scale farmers.
12. IFAD would continue to support Governments on the development of National Pathways, expected to consolidate country level commitments and actions to advance food systems transformation and the achievement of the Sustainable Development Goals (SDGs) and actively engage in the implementation of the outcomes of the summit, especially on the finance side.

IFAD's reaction/response to the recent SOFI report

13. The President noted that figures in the report on the State of Food Security and Nutrition in the World, the SOFI report, had raised significant concerns for the achievement of SDG2, showing that COVID-19, combined with conflict and climate change, had exacerbated food insecurity, which had already been on the rise before the pandemic.

External Engagements:

14. Update on participation in the International Union for Conservation of Nature (IUCN) World Conservation Congress held in Marseille and the High-Level Dialogue with Friends of The Global Center on Adaptation (GCA) in Rotterdam as a prelude to bringing the focus of adaptation during COP26.

COP26

15. The President shared information on the Fund's plans in preparation for COP26 in Glasgow from 31 October to 12 November under the Presidency of the United Kingdom and Italy.
16. COP26 represented an opportunity to address topics of interest to IFAD's work, such as the goal of mobilizing US\$100 billion per year for climate finance for developing countries, and the need to prioritize adaptation and strategies to achieve the SDGs.
17. IFAD intended to use COP26 to cement its credibility as a leader in the adaptation space.
18. With these opening remarks, and agreement to accommodate a request to include updates on the Establishment of a Trust Fund for the African Agricultural Transformation Initiative and the Food Systems Summit at the forthcoming Board meeting under other business, the agenda was adopted.

Agenda item 2: IFAD12 – Update on the target for pledges and the programme of loans and grants (PoLG) and effectiveness

19. Management thanked Member States, through the Convenors, for their contributions and urged all Member States to remain committed to the agreed target of US\$1.55 billion.
20. IFAD12 had become effective on 18 August 2021. To date, IFAD had received 85 pledges from Member States for a total of US\$1.16 billion, equivalent to 75 per cent of the IFAD12 replenishment target of US\$1.55 billion.
21. Based on current assumptions, Management expected additional contributions of about US\$150 million by the end of 2021 or early 2022, bringing the total to at least US\$1.3 billion at the time of IFAD12 programming.
22. At a replenishment level of US\$1.3 billion, together with new borrowing of US\$1.1 billion, the maximum sustainable IFAD12 PoLG would be US\$3.5 billion, aligned with IFAD12 Scenario C. Management and Convenors confirmed their joint commitment to strive for Scenario D, which foresaw a PoLG of US\$3.8 billion with pledges totalling US\$1.55 billion.
23. Currently Scenario C was being used as the basis for making the initial IFAD12 PBAS allocations, and for estimating the 2022 Resources Available for Commitment.
24. Should contributions not reach the IFAD12 Scenario D target, the IFAD12 Programme of Loans and Grants and funding available for Debt Sustainability Funding grants would be impacted.
25. While Convenors understood and appreciated the need for Management to adjust the IFAD12 Programme of Loans and Grants to reflect the level of pledges, Convenors expressed disappointment and concern about the potential negative impact on lower income countries should IFAD12 Scenario D target not be reached.
26. Management and Convenors agreed to continue their efforts to solicit increased pledges and management indicated the plan to update on the sustainable level of IFAD12 programme of loans and grants at the September Board session and subsequently on the allocation of resources to countries during the December Board.

Agenda item 3: Implementation of the Integrated Borrowing Framework and related matters

27. The Group was informed that the Integrated Borrowing Framework (IBF), approved by the Executive Board in December 2020, was a pillar of the borrowing strategy for IFAD12. Work had begun on how to implement the IBF effectively in preparation for the commencement of the IFAD12 replenishment cycle.
28. IFAD's experience in borrowing from development agencies meant that standard documentation and processes were already in place. IFAD would establish similar tools to operationalize private placements introduced in the IBF.
29. Such tools included the Euro Medium Term Note Programme (EMTN) to be reviewed by the Audit Committee and approved by the Executive Board in September. The EMTN Programme, a legal platform, provided pre-negotiated legal

clauses thus avoiding the need to negotiate with each investor. The EMTN would facilitate the issuance of private placements in a timely and cost-efficient manner.

30. IFAD had also developed communication and outreach tools to support the Fund's engagement with private institutional investors, for example, IFAD's Sustainable Development Finance Framework (SDFF), launched in June. The SDFF shows how IFAD would use proceeds from private placements to finance development projects and how these projects support IFAD's mission and the achievement of the Sustainable Development Goals, as set out in IFAD's Strategic Framework.
31. Furthermore, IFAD had developed an Investor Presentation containing information on the institution, its mission and operations to be shared with potential investors.
32. Management illustrated three proposed changes to update selected elements of pricing of IFAD's ordinary term loans, as follows:

- a) Update of IFAD's maturity premium differentiation

Differentiated financing conditions had been introduced in 2019. Building on the second pillar of IFAD's Revised Approach to Graduation, upper-middle-income countries (UMICs), with a gross national income per capita (GNIPc) above the Graduation Discussion Income (GDI) threshold, would pay more than those below; UMICs would pay slightly more than low-to-middle income countries (LMICs) to access ordinary term resources; and, lower-income-countries would have access to the highest levels of concessionality. This pricing approach would ensure IFAD's attractiveness compared to financing options on the market.

- b) Suspension of fixed-spread of ordinary term loans for the IFAD12 period

IFAD would suspend the offer of loans on a fixed spread until further notice. This would reduce refinancing risks until the Fund gained more experience in its mobilization of funding resources with new investors.

- c) Discontinuation of the offer of ordinary term loans denominated in special drawing rights (SDRs)

As SDRs are not a functional currency in financial markets, this would support adequate asset liability management and minimise currency risk on IFAD's balance sheet. This was not expected to have significant impact on demand as uptake for this currency denomination had been very weak during IFAD11.

33. Convenors welcomed the update, appreciated the Integrated Borrowing Framework as a tool to diversify lending resources in future and looked forward to further information.

Agenda item 4: Update on IFAD's revised rural finance policy

34. Management explained that the new policy would supersede the 2009 Rural Finance Policy (RFP) and, upon approval by the Executive Board at its September session, would become effective on 1 January 2022 for programmes beginning the design process that year.
35. Management shared feedback from the Evaluation Committee which had reviewed the revised Policy and had commented favourably on its theory of change, inclusiveness, proposed guiding principles and focus on sustainability.
36. Management clarified that the policy provided broad guiding principles while the action plan, referenced in the Policy, would contain specifics on implementation.

Agenda item 5: Other business

37. Management updated the Group on issues pertaining to the agenda for the 133rd session of the Executive Board, which would be held virtually the following week.
38. Management informed that an in-person Executive Board reception on the evening of the opening day of the Board was a first step towards resuming gatherings with representatives at headquarters. This event, and all events, would respect host country pandemic guidelines and IFAD Medical Unit protocols.
39. Conditions permitting, efforts would be made to host in-presence governing body meetings, also in hybrid format, going forward.
40. A hybrid format would be adopted for the follow-up to the Executive Board retreat, which would take place as an informal meeting, held in person on 8 October in Rome. The meeting would serve to discuss outcomes of and follow up to the United Nations Food Systems Summit. Virtual participation would also be possible.
41. Plans were in place for an in-person Executive Board country visit to Egypt.
42. The Convenors and Friends would meet again on 25 November.