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Investing in rural people

Summary of the Chairperson: third session of the Consultation on the Tenth Replenishment of IFAD's Resources

Note to Executive Board representatives

Focal points:

Technical questions:

Mohamed Beavogui

Director and Senior Adviser to the President
Partnership and Resource Mobilization Office
Tel.: +39 06 5459 2240
e-mail: m.beavogui@ifad.org

Cheryl Morden

Deputy Director
Partnership and Resource Mobilization Office
Tel.: +39 06 5459 2822
e-mail: c.morden@ifad.org

Dispatch of documentation:

Deirdre McGrenra

Head, Governing Bodies Office
Tel.: +39 06 5459 2374
e-mail: gb_office@ifad.org

Executive Board — 113th Session
Rome, 15-16 December 2014

For: Information

Summary of the Chairperson: third session of the Consultation on the Tenth Replenishment of IFAD's Resources

In accordance with resolution 180/XXXVII on the Establishment of the Consultation on the Tenth Replenishment of IFAD's Resources (IFAD10), requiring that the Executive Board be kept informed of the progress of the deliberations of the Consultation, the Chairperson's Summary of the third session of the IFAD10 Consultation is herewith provided in the annex to this document.

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Summary of the Chairperson: third session of the Consultation on the Tenth Replenishment of IFAD's Resources

Note to Consultation members

Focal points:

Technical questions:

Mohamed Beavogui

Director and Senior Adviser to the President
Partnership and Resource Mobilization Office
Tel.: +39 06 5459 2240
e-mail: m.beavogui@ifad.org

Cheryl Morden

Deputy Director
Partnership and Resource Mobilization Office
Tel.: +39 06 5459 2822
e-mail: c.morden@ifad.org

Dispatch of documentation:

Deirdre McGrenra

Head, Governing Bodies Office
Tel.: +39 06 5459 2374
e-mail: gb_office@ifad.org

Consultation on the Tenth Replenishment of IFAD's
Resources — Third Session
Rome, 7 – 8 October 2014

For: Review

Summary of the Chairperson: third session of the Consultation on the Tenth Replenishment of IFAD's Resources

Introduction

1. Members of the Consultation on the Tenth Replenishment of IFAD's Resources (IFAD10), IFAD Management and staff, and observers met in Rome, Italy, on 7 and 8 October 2014 for the third session of the IFAD10 Consultation. The following papers, prepared by IFAD Management, were reviewed: (a) Scaling up results; (b) Financing options for IFAD beyond 2015; (c) Review of the status of the Debt Sustainability Framework; (d) Exchange rates for the Tenth Replenishment of IFAD's Resources; (e) the IFAD10 Results Measurement Framework (2016-2018); (f) the draft Report of the Consultation on the Tenth Replenishment of IFAD's Resources; and (g) the Revised Draft resolution on the Tenth Replenishment of IFAD's Resources. In addition, the Independent Office of Evaluation of IFAD (IOE) made presentations on its assessment of the Results Measurement Framework and on the progress of the corporate-level evaluation on IFAD's engagement in fragile and conflict-affected states and situations.
2. In addition to the session on 7 and 8 October, Management offered two informal seminars for Members on 6 October regarding (a) IFAD's engagement in South-South and Triangular Cooperation and (b) progress with IFAD's impact evaluation initiative. Moreover, on 7 October, Management held an informal briefing for members on IFAD's engagement and plans in relation to mainstreaming nutrition-sensitive agriculture and rural development.

Opening remarks and adoption of the agenda

3. Following a welcome and introduction of the agenda by the Chair, the President of IFAD greeted participants. In his opening remarks he highlighted some of the key themes for the Consultation session and IFAD10 more broadly. Representatives for Lists B and C gave opening statements during the first morning session. Representatives for Lists A and C also made List statements on papers presented. (All List statements have been posted on the Member States Interactive Platform [MSIP]).

Addresses by distinguished guest speakers

4. Following the adoption of the agenda, Mr Homi Kharas, Senior Fellow and Deputy Director, Global Economy and Development programme at the Brookings Institution and former Executive Secretary, Secretariat of the High-Level Panel on the Post-2015 Development Agenda, addressed the meeting. He noted that the political momentum around the post-2015 development agenda is likely to increase the demand for IFAD's services; that there exists a broader array of options for financing international financial institutions than previously and, in particular, while significant increases in the core replenishment resources of multilateral development funds will be difficult to realize in the current climate, there is a growing availability of potential loan funds into which IFAD could tap for its increasingly creditworthy clients; and, finally, that based on the experience of other development banks IFAD is well positioned to take advantage of these opportunities.
5. On the second day of the meeting, Mr Jean-Michel Severino, Chief Executive Officer of Investisseurs et Partenaires – and formerly Director General, Agence Française de Développement and Vice-President of the World Bank for the East Asia Region – spoke on public-private partnerships (PPP) for sustainable development. He argued that PPPs are at the core of the post-2015 development agenda and central to a post-2015 world that will be complex and in which partnerships and alliances will be

critical. Private corporations are increasingly concerned about contributing to sustainable development, and many have made their “public good” agenda an integral part of their business model. There are important opportunities for development agencies to work with the private sector. Building PPPs is difficult and there have been many examples of failures: professionalism, careful design, realism and transparency are critical for success. He concluded, that IFAD’s 4P approach (public-private-producer partnerships) is relevant and timely, and that adequate resources are required in order to ensure that IFAD is able to deliver effectively on it.

Members’ overall reaction

6. Members commended Management on the quality, conciseness and timeliness of the papers presented to the Consultation, and indicated broad agreement with their key messages. Members also offered strong support to at least maintaining IFAD’s current level of operations. They exchanged views on key areas of concern and provided guidance to Management on issues to be clarified.

Scaling up results

7. Members strongly endorsed the principles and main thrusts of the Scaling up results paper, and they welcomed the measures IFAD proposes to take to move the agenda forward: an action framework for scaling up, knowledge products and operational guideline notes. They highlighted a number of specific issues that are of particular importance to them including the need to: (a) analyse and disseminate success stories, as well as learn from failures, as part of IFAD’s knowledge strategy and provide a platform for scaling up; (b) ensure national ownership of the scaling-up agenda, build partnerships of local actors to support scaling up, and collaborate in networks to promote learning and knowledge around the scaling-up agenda; (c) enable rural communities and their organizations to participate actively in scaling-up processes; (d) link IFAD’s other related thematic institutional priorities, such as policy dialogue and South-South and Triangular Cooperation, nutrition, gender and climate change adaptation to the scaling-up agenda; (e) monitor the effectiveness of scaling up and measure results in this area; and (f) build capacity, develop skills and change mindsets, both among IFAD staff and in partner countries – including in fragile states. Members recognized that the scaling up agenda is not easy to implement, and that it requires systematic attention. The Chairperson noted that it would be helpful if the Member States themselves were to promote a scaling-up agenda in their own development initiatives to facilitate partnerships for expanded development impact.

Financing options for IFAD beyond 2015

8. Following a presentation by Management on the document Financing options for IFAD beyond 2015 and an update on the preparation of a General Borrowing Framework by IFAD, participants held a rich and informative discussion. Members agreed that the IFAD10 agenda should be one of consolidating the reforms that IFAD has made in recent years, also in terms of financing options, and building on its achievements in terms of results and impact. Members supported a replenishment that would permit the maintenance of a programme of loans and grants (PoLG) of at least US\$3 billion (as in the case of IFAD8 and IFAD9). They agreed that the mobilization of core and unrestricted complementary replenishment contributions of US\$1.44 billion required to reach a target level for the replenishment of US\$3 billion was of the highest priority.
9. Members sought more information on IFAD Management’s intentions regarding debt financing and exchanged views on this important area. The President stated that Management intended to proceed cautiously; while sovereign borrowing could be initiated once part 1 of the General Borrowing Framework is approved by the Executive Board, Management does not consider market borrowing as an option for IFAD10. Delegates noted this clarification and Management’s intention to explore

whether and how, beyond IFAD10, market borrowing could be initiated, building on the experience gained from sovereign borrowing and taking into account IFAD's financial management capacities. Members cautioned against IFAD being turned into a bank, and the President confirmed that this is not the intention of Management. Members recognized that cofinancing, both national and international, is an important route for expanding the programme of work, but also that this is not entirely in IFAD Management's hands.

10. Members also raised questions on the scenarios envisaged if a US\$1.44 billion replenishment target of core and unrestricted complementary contributions is not reached through core and complementary contributions; and on IFAD Management's proposed level of borrowing. Management explained that it is looking for a replenishment based on core contributions of US\$1.44 billion. However, if this does not materialize, then it will adopt two alternative approaches. First, it will look to unrestricted complementary contributions, particularly for climate change, for South-South and Triangular Cooperation, and for the 4P initiative. Second, and to the extent necessary, it will look to sovereign borrowing to fill the gap, subject to the rules of part 1 of the General Borrowing Framework as and when approved by the Executive Board. Beyond the US\$3.0 billion PoLG, IFAD Management explained that, based on demand, it may look to additional borrowing, in line with part 1 of the borrowing framework – as and when approved and in all cases with the approval of the Executive Board – up to a maximum PoLG of US\$3.5 billion. Management agreed to reflect on a member's suggestion that an indicative figure be set for sovereign borrowing under IFAD10 and to come back with a proposal.

Review of the status of the Debt Sustainability Framework and Exchange rates for the Tenth Replenishment of IFAD's Resources

11. Members endorsed the recommendations in both of the papers presented by IFAD Management.

IFAD10 Results Measurement Framework (2016-2018)

12. Members welcomed the quality of the IFAD10 Results Measurement Framework (2016-2018) document and of the Results Measurement Framework (RMF) itself. They also commended Management's intention to include an annex indicating the methodology and data sources underlying the indicators, with several members seeking specific information about the methodology for measuring the poverty target. Members generally commended the theory of change, but asked for further strengthening with respect to assumptions, risks and measures to address risk.
13. Members supported the effort to reduce the number of indicators while introducing new ones that are strategically important. IOE, in its presentation to the Consultation, also suggested reducing the number of levels from 5 to 4; this received support from some members. However, Management noted, and other members agreed, that the five results levels are well suited to IFAD's needs and are aligned with the theory of change presented in the paper, which members had commended. Other specific concerns included the importance of adequately recognizing IFAD's role in policy dialogue at the country level; an apparent lack of ambition for some targets that are unchanged from IFAD9; the need to provide targets for Level 3 indicators, rather than simply tracking progress; the need to better address key issues such as climate change, nutrition, gender and land management; the need to clarify the link between the target number of people to be reached, of 130 million, and the target of 80 million people to be taken out of poverty; and the need for a more ambitious target for the cofinancing ratio, possibly disaggregated by country type and source of funds.
14. In response, Management thanked members for their helpful comments and indicated that it will organize an inter-sessional seminar in November, to review a new version of the RMF reflecting revisions taking into account the comments received.

Draft Report of the Consultation on the Tenth Replenishment of IFAD's Resources

15. Members expressed their appreciation for the broad direction of the draft Consultation Report. Differing views were expressed around the inter-connected issues of country selectivity, differentiated approaches, IFAD's engagement in middle-income countries and fragile states, and the performance-based allocation system. While the Consultation Report will be revised to attempt to reflect the comments received, the Chair noted that further discussion among member representatives will be required in order to resolve these issues.
16. A number of questions around the financial framework for IFAD10 were posed, and Management provided further clarification on what it seeks from the Membership and the possible – but as-yet uncertain – implications in terms of borrowing requirements under IFAD10. A number of issues were highlighted in statements from Lists A and C (as posted on the MSIP). Individual delegates also made specific drafting suggestions and noted various concerns, including gender, youth, cofinancing and nutrition, etc., in relation to both the main text of the report and the commitment matrix. Management thanked members for their comments and suggestions and noted that it will endeavour to reflect these in the next version of the Consultation Report. Finally, the Chair suggested that Members may wish to avoid overloading the commitment matrix and to focus on the most important, strategic issues.

Revised draft resolution on the Tenth Replenishment of IFAD's Resources

17. Members made a number of specific comments on the revised draft resolution, which IFAD Management will consider in preparing a new version, to be reviewed along with the Consultation Report. Particular questions were raised around whether it is appropriate or necessary to have the borrowing provision in the resolution, and if it is, whether such provision should include an indicative borrowing ceiling for IFAD10 or restrict borrowing to sovereign loans; the approval process for the General Borrowing Framework; and the structural gap.

Conclusion

18. In his closing remarks (posted on the MSIP), the President thanked the delegates for their strong support, detailed and informed feedback, and helpful guidance. He noted that IFAD10 is taking place during a transition period of great importance for IFAD's long-term future, and he summarized Management's positions relative to the financial framework for, and approaches to, financial mobilization under IFAD10. He also highlighted the centrality of a consolidation agenda under IFAD10, aimed at expanding IFAD's development impact. The President pledged his and Management's intensive efforts both to ensuring that the views of the Membership are fully reflected in the revised version of the draft Consultation Report and other documents, and to assuring a successful replenishment outcome.
19. The Chair noted that the third session of the IFAD10 Consultation had offered a very productive exchange of views among members and Management, and that he considered that significant progress had been made in clarifying key issues of concern to members. Of course, more work is required in the preparation of the fourth and final session in December. In conclusion, the Chair thanked all participants for their constructive engagement and expressed his appreciation for the excellent preparation by IFAD Management and staff of the third session of the IFAD10 Consultation.