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**Progress report on implementation of the  
performance-based allocation system, the Borrowed  
Resource Access Mechanism and the IFAD  
Graduation Policy**

**Addendum**

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# Progress report on implementation of the performance-based allocation system, the Borrowed Resource Access Mechanism and the IFAD Graduation Policy

## Addendum

1. The Executive Board is invited to take note of the additional information provided in this addendum, which complements the progress report on the implementation of the performance-based allocation system (PBAS), the Borrowed Resource Access Mechanism (BRAM) and the IFAD Graduation Policy included as part five of IFAD's 2026 results-based programme of work, regular and capital budgets, and budget outlook for 2027–2028.<sup>1</sup> Section I of this addendum provides an overview of the delivery of PBAS and BRAM resources in 2025, the first year of the Thirteenth Replenishment of IFAD's Resources (IFAD13) cycle. Section II provides an update on the implementation of the Graduation Policy, as foreseen in said policy.<sup>2</sup> Annex I reports on progress in implementing country strategic opportunities programmes (COSOPs) in countries above Graduation Discussion Income (GDI), which were presented to the Executive Board in 2024.

## I. Implementation of the PBAS and BRAM in IFAD13 (2025–2027)

2. **Background.** In December 2024, Management shared with the Executive Board the list of countries identified to access core and borrowed resources through IFAD-financed sovereign operations in IFAD13. It also shared the individual country allocations deriving from the application of the PBAS formula to core resources, and indicative amounts of borrowed resources that eligible countries could access based on demand through the BRAM. In addition, Management shared the country distribution of core climate top-ups (CCTUs). These top-ups constitute IFAD's new core resource financing mechanism for climate activities (also distributed through the PBAS) and are funded through core additional climate contributions.<sup>3</sup>
3. The following sections outline the progress made to date<sup>4</sup> in delivering IFAD13 resources for sovereign operations (PBAS allocations, CCTUs and BRAM resources) in terms of both operations approved and the pipeline of operations for the cycle. Given that the IFAD13 cycle is at a very early stage, some elements of the pipeline information are still fluid as operational design processes are evolving and in-country situations change. These elements of the pipeline will firm up as the cycle evolves. At the end of the cycle, a complete overview of IFAD13 delivery will be included in the progress report presented to the Executive Board in December 2027.
4. **IFAD13 country list.** In 2024, IFAD identified 80 countries as being eligible to access resources: 22 low-income countries (LICs), 39 lower-middle-income countries (LMICs) and 19 upper-middle-income countries (UMICs). In 2025, IFAD requested official confirmation from country partners regarding their intention to access IFAD13 resources. This was done through official letters indicating the sources of funding for which they were eligible (core and/or BRAM) and related volume of resources. All countries responded positively on their intention to absorb IFAD core resources. All but four BRAM-eligible countries opted to access the BRAM. At the same time, 21 countries requested additional resources: four LICs and LMICs requested an additional US\$186 million in PBAS resources, and 17 (comprising LICs, LMICs and UMICs) requested an additional US\$400 million in BRAM resources.

<sup>1</sup> EB 2025/146/R.18.

<sup>2</sup> EB 2021/133/R.5: "The annual reporting on the performance-based allocation system will contain a dedicated annex on the implementation of the Graduation Policy."

<sup>3</sup> GC 47/L.5, annex VII.

<sup>4</sup> 3 October 2025.

5. **IFAD13 reallocations.** To optimize the delivery of IFAD resources, and in line with standard operating practice, Management undertook two reallocations in 2025, for a total of US\$119.6 million. In doing so, and to safeguard the financial sustainability of the Fund, the distribution of core resources within the IFAD13 programme of loans and grants (PoLG) has shifted somewhat compared to the beginning of the cycle (see table 1). The resources reallocated include: (i) BRAM resources tentatively made available to Bangladesh, Bhutan, Fiji and Kyrgyzstan, which they decided not to absorb; and (ii) the PBAS/climate top-up allocation for Ghana and Sudan (core resource loans and Debt Sustainability Framework [DSF] grants respectively). These resources have been reallocated to countries that expressed additional demand and were ready to absorb additional resources early in the cycle; these are Bangladesh, Botswana, Costa Rica, Rwanda, United Republic of Tanzania and Türkiye. This brings the share of PoLG resources accessed by UMICs to 16 per cent, well within the 11 to 20 per cent range set in the IFAD Graduation Policy.<sup>5</sup> The number of countries that are expected to access IFAD resources in IFAD13 currently stands at 78, as opposed to 80 at the beginning of the cycle.
6. **Pipeline management.** To optimize the use of resources, IFAD has set the end of June 2026 as the date by which all countries who have confirmed demand for IFAD resources shall have a concept note approved by IFAD's Operational Strategy and Policy Guidance Committee. This is expected to allow IFAD country teams and country counterparts sufficient time to work together on project design and ensure that sovereign operations aiming to be financed with IFAD13 resources are approved by December 2027 at the latest. Should this not materialize, Management may divert resources to countries that have officially expressed additional demand based on IFAD's country engagement, performance of the portfolio in the country, and other relevant factors to facilitate the optimal utilization of resources and ensure sound processes and budgetary planning.

Table 1

**IFAD13 PoLG volume and composition**

(Millions of United States dollars)

Type of resources	IFAD13 initial	IFAD13 current
DSF (including CCTUs)	455	408
PBAS loans (including CCTUs)	1 928	1 975
BRAM	857	857
<b>Total resources for sovereign operations</b>	<b>3 240</b>	<b>3 240</b>
Other	165	165
<b>Total PoLG</b>	<b>3 405</b>	<b>3 405</b>

7. **Programming of IFAD core resources (i.e. PBAS and CCTUs for loans and grants) and BRAM resources.** At the time of writing,<sup>6</sup> the bulk of IFAD13 resources (95 per cent) have already been programmed. As shown in table 2, this is the case for both core and borrowed resources. Programmed resources include 2025 approvals to date as well as investment projects in the operational pipeline for 2025, 2026 and 2027. Only 5 per cent of available resources have still to be programmed and strong additional demand exists, as mentioned in paragraph 4. Management is closely monitoring pipeline planning and is confident that the full volume of resources available will be programmed by cycle-end.

<sup>5</sup> EB 2021/133/R.5, paragraph 5: "UMICs are expected to receive at least 11 per cent and up to 20 per cent of the agreed IFAD programme of loans and grants (PoLG). The precise lending volume and share of IFAD's PoLG will only be known at the end of the IFAD12 cycle, but progress will be reported regularly to the Executive Board."

<sup>6</sup> 3 October 2025.

Table 2

**Delivery and programming of IFAD13 resources for sovereign operations at Q3 2025**

(Millions of United States dollars)

Type of resources	Core and borrowed resources for SOs		Unprogrammed (%)	
	Approved	Programmed		
DSF (including CCTUs)	408	93	284	8
PBAS loans (including CCTUs)	1 975	198	1711	3
BRAM	857	43	743	8
<b>Total</b>	<b>3 240</b>	<b>334</b>	<b>2 738</b>	<b>5</b>

8. **Core climate top-ups implementation in IFAD13.** CCTUs financed through additional climate contributions (ACCs)<sup>7</sup> form part of PBAS allocations to LICs and LMICs, therefore their programming and delivery are reflected in the status of resource programming described in the sections above. However, since CCTUs are being implemented for the first time in IFAD13, Management is paying special attention to monitoring their delivery. CCTUs aim to boost predictability and ex ante integration of climate finance within IFAD's regular programmes in the form of climate top-ups allocated through the PBAS formula and approach. They exclusively finance climate activities, which are classified according to the methodologies used by the multilateral development banks (MDBs), and are made available to countries on their usual lending terms and financing conditions, including countries eligible for grant financing under the DSF. CCTUs support activities that directly contribute to climate adaptation and/or climate mitigation and are eligible to be reported as 100 per cent climate finance according to the MDBs' methodologies. The climate finance provided by the CCTUs will be over and above the 45 per cent of the PoLG climate finance target that IFAD has committed to deliver in IFAD13.<sup>8</sup>
9. The programming of climate top-ups so far has been smooth and has followed the MDBs' methodologies for climate finance tracking, which ensures 100 per cent utilization for climate-focused activities. A guidance note that was produced jointly by the Office of Development Effectiveness and the Environment, Climate, Gender and Social Inclusion Division has helped project delivery teams better understand how to embed climate top-ups into project designs. At Q3 2025, collectively, 9 out of the 11 projects approved in 2025 include US\$10.59 million in climate top-ups. The top-ups are distributed to: 2 countries in Asia and the Pacific, 4 countries in East and Southern Africa, 1 country in Latin America and the Caribbean, 1 country in Near East, North Africa and Europe and 1 country in West and Central Africa. At the time of writing, the pipeline shows that 15 out of the 25 projects that are currently in the pipeline and are fully designed include an additional US\$17.174 million in climate top-ups. Once all projects are approved, the full amount of CCTUs delivered will reach US\$27.769 million. The remaining CCTU resources are being programmed as part of the pipeline (see para. 6) and Management is confident of their full delivery by cycle-end.

## II. Implementation of the IFAD Graduation Policy

### A. Introduction

10. The Executive Board approved the IFAD Graduation Policy<sup>9</sup> in September 2021. The policy is guided by the principle of universality and IFAD's mandate to serve its developing Member States, while focusing on poor, food-insecure and vulnerable rural people. Graduation is firmly based on a process of consensus-building and consultation with Member States and is guided by criteria established in the policy

<sup>7</sup> In IFAD13, IFAD launched core ACCs as a new form of voluntary additional contribution to the Fund's core resources. ACCs embed climate activities into IFAD's project design and implementation from the start, boosting efficiency and impact; leverage IFAD's financial architecture to expand both the PoLG and climate finance through its multiplier effect; and offer Member States the opportunity to make climate-dedicated contributions during replenishments. ACCs are operationalized at country level through core climate top ups. GC 47/L.5, annex VII.

<sup>8</sup> GC 47/L.5.

<sup>9</sup> EB 2021/133/R.5.

and agreed targets to ensure full transparency. The policy comprises four pillars and provides clarity on the distribution of IFAD's financial resources (pillar 1) and the financing conditions and pricing of borrowed IFAD resources (pillar 2). Pillars 3 and 4 articulate in detail the criteria and process, and address situations of possible reversal of the socioeconomic development of an IFAD Member State.

11. As envisaged in the policy, Management has reported annually on implementation progress. The first annual update was presented as part of the results-based programme of work submitted to the Executive Board in December 2022,<sup>10</sup> followed by reports presented in 2023 and 2024. Additionally, a progress report was presented to the Governing Council in February 2023 and the IFAD13 Consultation on 2 November 2023.<sup>11</sup> The present report constitutes the fourth annual update on the policy's implementation and will also be included in the results-based programme of work and budget document that will be shared with the Governing Council in February 2026.
12. This update is structured as follows: sections B and C summarize the implementation status of the policy by pillar and section D provides a qualitative summary of the implementation progress of the four COSOPs approved in 2024. Reporting against progress towards the quantitative indicators included in these COSOP assessment frameworks may be possible only after the midterm of the COSOP when COSOP results reviews take place. This timeframe takes into account the fact that certain key data needed for countries' socioeconomic analysis and the COSOPs' assessment framework are updated every three years (once per replenishment cycle).<sup>12</sup> For this reason, and in alignment with the provisions of IFAD's Graduation Policy, countries' progress towards the criteria to graduate from IFAD's financial support will be assessed at COSOP completion.<sup>13</sup>

## **B. Implementation status by pillar**

### **Pillar 1. Distribution of IFAD's financial resources**

13. As per the policy, IFAD's core resources are fully allocated to LICs and LMICs, with lending to UMICs funded from borrowed resources managed under the BRAM. In line with the provisions of the policy, UMICs access between 11 and 20 per cent of the overall PoLG within a given replenishment cycle. In IFAD12, 15 per cent of the PoLG resources were made available to UMICs through the BRAM. As reported in 2024, actual absorption at the end of the cycle stood at 12 per cent of PoLG resources.<sup>14</sup> Currently, UMICs are expected to access 16 per cent of IFAD13 PoLG resources compared to the initial 15 per cent tentatively made available at the beginning of the cycle. IFAD Management will report on actual absorption at the end of IFAD13, at the December 2027 session, through the dedicated sections within this addendum.<sup>15</sup>

### **Pillar 2. Financing conditions and pricing of borrowed resources**

14. As per pillar 2 of the policy, IFAD's financing conditions and pricing are set to ensure that IFAD recovers the cost of borrowing and differentiates among countries in different income groups, while remaining competitive with regard to countries' other sources of development financing. This differentiation in the financing terms is reflected in different elements of pricing, with tailored maturity periods, grace periods and maturity premiums. The latest updates on ordinary loan pricing<sup>16</sup> and the revised Integrated Borrowing Framework<sup>17</sup> are aligned with the requirements of the policy.

<sup>10</sup> EB 2022/137/R.3/Add.1/Rev.2.

<sup>11</sup> IFAD13/3/INF.2/Rev.1.

<sup>12</sup> This is the case for the IFAD vulnerability index included in the socioeconomic analysis, and the rural sector performance assessment included in the COSOP assessment framework.

<sup>13</sup> EB 2021/133/R.5, para. 15.

<sup>14</sup> EB 2024/143/R.17/Add.1, table 6.

<sup>15</sup> Please see EB 2024/143/R.17 and EB 2024/143/R.17/Add.1 for previous years' reporting.

<sup>16</sup> EB 2023/138/R.7.

<sup>17</sup> EB 2023/138/R.8.

### **Pillar 3. Trajectory for UMICs reaching GDI threshold**

15. **Preparation of COSOPs for countries above the GDI threshold.** In accordance with the Graduation Policy, IFAD engaged in a structured dialogue to develop new COSOPs in the seven Member States that were above the GDI threshold for three consecutive years prior to IFAD12: Argentina, Brazil, China, Dominican Republic, Mexico, Montenegro and Türkiye.<sup>18</sup> Four COSOPs – Argentina, Brazil, China and Montenegro – were presented to the Executive Board in 2024. The COSOP for Türkiye was presented in May 2025, while the new COSOPs for Dominican Republic and Mexico are scheduled for December 2025 and April 2026 respectively.
16. **Prioritization of country strategy and programme evaluations (CSPEs).** Management liaised with the Independent Office of Evaluation of IFAD (IOE) to prioritize the undertaking of CSPEs in these countries. This was to ensure that, to the extent possible, the new COSOPs were informed by the recommendations emanating from CSPEs. The CSPE process has been completed in Argentina, China, Dominican Republic, Mexico<sup>19</sup> and Türkiye. Table 1 presents an update by country of the dates of CSPE presentation to the Evaluation Committee and COSOP review by the Executive Board.

Table 1

#### **Scheduling of CSPE and COSOP presentation**

<i>Country</i>	<i>CSPE – Evaluation Committee date</i>	<i>COSOP – Executive Board date</i>
Brazil		Sept 2024
China	Sept 2023	Dec 2024
Argentina	Oct 2024	Dec 2024
Montenegro		Dec 2024
Türkiye	June 2024	May 2025
Dominican Republic	March 2025	Dec 2025
Mexico	November 2025	April 2026

17. As already communicated to the Executive Board in December 2022 and December 2023, while it was originally hoped that Management would approve all new COSOPs by the end of 2024, some were deferred to 2025 and, in the case of Mexico, to April 2026, to allow time for IOE to complete its CSPEs and ensure the incorporation of evaluation findings into the new COSOPs.
18. These COSOPs have been prepared in line with the revised COSOP guidelines, and are informed by the criteria and process set out in the Graduation Policy.

### **Pillar 4. Addressing reversals due to economic shocks**

19. Pillar 4 does not yet apply. With respect to the countries involved in the process, all seven of them continue to have an applicable gross national income (GNI) per capita above the GDI of US\$7,855.<sup>20</sup>

### **C. IFAD Member States above the GDI threshold**

20. In line with the Graduation Policy, the starting point of the graduation process is triggered when a country remains above the GDI for at least three consecutive years prior to an IFAD financing cycle. If the Member State wishes to continue borrowing, a new COSOP will be developed.
21. For IFAD12, the 2021 GDI threshold of US\$7,155 was applied. For IFAD13, a new 2024 GDI threshold of US\$7,895, issued by the World Bank in July 2024, is applied. Based on this figure, two new countries have surpassed the GDI threshold consecutively for three years: Costa Rica and Serbia. Of these, only Costa Rica is included in the list of countries accessing IFAD resources in IFAD13. Management

<sup>18</sup> Cuba, originally included in the list, was removed, as its GDP per capita decreased significantly and has stayed well below the GDI at least since 2021.

<sup>19</sup> Presented at the 131<sup>st</sup> session of the Evaluation Committee in November 2025.

<sup>20</sup> As per the Per Capita Income Guidelines for Operational Purposes issued by the World Bank in July 2025.

will engage with Costa Rica to develop a new COSOP for approval during the IFAD13 period.

## **D. Overall context and key learning from the first year of COSOP implementation**

22. Management, together with the regional divisions and concerned country teams, have closely monitored the COSOP implementation progress in Argentina, Brazil, China and Montenegro. In all four countries, COSOP annual progress reviews were held with the participation of representatives of government, development partners, civil society and the private sector. Some progress has been already noted since the four COSOP were approved about 12 months ago.
23. **Macroeconomic situation.** Brazil, China and Montenegro reported overall steady economic growth and institutional stability, creating a favourable environment for their transition towards sustainable and inclusive development. Macroeconomic and trade-related setbacks were noted for Montenegro, where public debt is projected to rise in the coming years, raising concerns about the country's capacity to sustain rural expenditure and policy reforms. In turn, global uncertainties on tariff increases are expected to affect global trade and growth prospects, with potential impacts on the agriculture sector. The economic and institutional context in Argentina has become volatile again, after gradual financial stabilization in 2024 and the first half of 2025. The macroeconomic situation is under increasing financial pressure.<sup>21</sup> The recent institutional restructuring in the public sector has scaled down public agencies and policies for rural development and family farming.
24. **Progress on graduation criteria.** Overall, country credit ratings have remained stable, except for Argentina, where Fitch ratings increased from CCC to CCC+ in 2025, mainly due to the new International Monetary Fund (IMF) fund facility (US\$20 billion) and the liberalization of its foreign exchange market, which boosted external liquidity. For Brazil, China and Montenegro, credit ratings have remained unchanged as compared to the baseline.
25. Notable progress has been observed regarding the Sustainable Development Goals (SDGs). In Argentina, for SDG 1, poverty substantially decreased on a national scale, but rates still remain high, particularly in the northern region where IFAD works. Similarly, Brazil and China have achieved lower poverty levels. In Brazil, the poverty rate remains high, at 27 per cent, but impressive strides have been made on SDG 2 (zero hunger). For Montenegro, no substantial progress on SDG 1 was reported. It is well noted that China has already reached the midterm target for the Gender Development Index, while indicators for SDG 10 (reduced inequalities) rose slightly from 7.2 to 7.4.
26. The implementation of the COSOPs for Argentina, Brazil, China and Montenegro reveals notable **progress in the focus areas** of the Graduation Policy:<sup>22</sup>

### **(i) Focus on generating effective and sustainable rural institutions**

27. Relevant investments have been made in policy engagement and institutional strengthening across the four countries. In Argentina, the Promotion of Resilient and Sustainable Agrifood Systems for Family Farming Programme (PROSAF) is contributing to the effective implementation of the Beekeeping Promotion Law. In Brazil, IFAD engaged with the Interstate Consortium for the Sustainable Development of Brazil's northeast, which comprises the governors and secretaries of agriculture and rural development of the nine states in the northeast region. Furthermore, the new portfolio is intensely focused on support to local institutions down to the municipality level in areas such as payment for environmental services. In China, ongoing projects continue strengthening rural institutions, including farmer cooperatives, enhancing their access to finance, business linkages and innovative

<sup>21</sup> This has resulted in increased country risk, market volatility, pressures on the exchange rate and interventions by Central Bank draining reserves.

<sup>22</sup> A more detailed per-country summary is included in the annex.

practices. The Adaptation to Climate Change and Resilience in the Montenegrin Mountain Areas project (GORA) project in Montenegro<sup>23</sup> engaged over the last year with the Union of Municipalities and the Ministry of Ecology, Sustainable Development and Northern Region Development to establish a working group on mountainous areas, providing a platform for policy dialogue on territorial development and resilience.

**(ii) Promoting global public goods<sup>24</sup>**

28. The four country programmes have been promoting public goods, mainly in terms of climate and environmental benefits. In Argentina and Brazil, IFAD participates in the Reducing Agricultural Methane Programme, which is implemented across 17 countries in Latin America, Africa, and Asia, and is focused on methane emission mitigation strategies for small-scale livestock production. In Brazil, IFAD's Promotion of Payment for Environmental Services Project (CompensACTION), which started implementation in July 2024, supports forest conservation and diversification through best practices in agroforestry in cocoa-growing areas in the south of the State of Bahia. The portfolio in China remains focused on activities to promote eco-friendly and low-carbon development. For example, the Hunan Rural Revitalization Demonstration Project is contributing to reducing greenhouse gas emissions from farmland by promoting fertilization based on soil testing and the replacement of chemical fertilizers with organic alternatives. In Montenegro, the GORA Adaptation Fund grant is already generating knowledge products and baseline evidence to inform climate-resilient value chain development and targeting.

**(iii) Fostering innovations<sup>25</sup>**

29. A strong emphasis has been placed on promoting adapted technology and sharing knowledge on innovations. In Argentina, IFAD has initiated a collaboration with the innovation lab of the Inter-American Development Bank (IDB Lab) under the AgroWeb3 initiative to develop blockchain and Web3 technologies for the inclusion of small-scale apiculture and dairy producers in global markets. A pilot initiative has also been launched with the Ministry of Bioagroindustry of Cordoba Province to develop a technology platform focused on sustainable food traceability. China's expertise in innovation has been leveraged to share technology and innovations in environmentally friendly practices for agrifood systems transformation. Through South-South and Triangular Cooperation (SSTC), a publication on digital agriculture in selected ASEAN<sup>26</sup> countries was issued in July 2025.
30. IFAD has continued strengthening strategic partnerships with public development banks, the private sector and other stakeholders in an effort to incorporate innovation into its financing approaches in its programmes in countries above the GDI threshold and to use IFAD financing in an increasingly catalytic manner. Brazil has developed an innovative collaboration with the Brazilian Development Bank in the Planting Climate Resilience in Rural Communities of the Northeast Project.<sup>27</sup> The first non-sovereign operation in Brazil is being presented to the Executive Board in December 2025. This will enhance IFAD's work with the private sector and more broadly with the financial ecosystem in the country, thereby also contributing to institutional strengthening. In May 2025, the IFAD China Country Office co-hosted "Sci-Tech Empowering Rural Transformation: 2025 HER Power, HER Stories Dialogue", an event bringing together around 100 participants from United Nations agencies, embassies, NGOs and the private sector. The participants conducted field

<sup>23</sup> The US\$32 million GORA project is funded by an Adaptation Fund grant, and local and national government. It received its first disbursement in December 2024.

<sup>24</sup> In line with the Graduation Policy, promotion of global goods could take the form of promotion of biodiversity, emission reductions or protection of cultural heritage.

<sup>25</sup> Examples include creating innovative institutional and management arrangements, models that are transferable to other countries, and projects that leverage significant domestic finance and provide important scaling-up opportunities.

<sup>26</sup> Association of Southeast Asian Nations.

<sup>27</sup> This is the first IFAD loan to a public development bank globally. The IFAD Country Team is designing additional financing for the project due to strong demand.



visits to IFAD project sites in Fenghuang County, where a range of innovations such as labour-saving tools are improving productivity, reducing manual labour and empowering rural women through technology. In Montenegro, a European Union delegation has been engaged to explore complementarities and strengthen synergies with European Union accession priorities under the new GORA+ project.

31. The additional financing to the Entre Ríos Province (PROSAF), approved by the Executive Board in December 2024, became the first IFAD-financed agreement in Argentina implemented through a subnational loan operation. This approach opens the way for other possible engagements at subnational level, allowing the country programme to focus specifically on institutional strengthening in areas at risk of being left behind by national growth processes in above-GDI-threshold countries.

**(iv) SSTC, knowledge-sharing and scaling up**

32. IFAD country programmes maintained a strong focus on knowledge-sharing and SSTC. Argentina participated in several initiatives including the systematization of public policies on sustainable camelid production models with the Plurinational State of Bolivia, Chile and Peru, led by the Inter-American Institute for Cooperation on Agriculture; and the sustainable bamboo management initiative with the Plurinational State of Bolivia and Brazil, which was implemented by the International Bamboo and Rattan Organization (INBAR) under the China-IFAD SSTC Facility. In Brazil, two exchanges with government and project management unit representatives from Mozambique and Pakistan visiting IFAD projects in the northeast of Brazil took place in September and December 2025, respectively. High-level representatives of the German and the Spanish permanent representations also expressed their interest in partnering with IFAD on SSTC activities.
33. The first year of COSOP implementation in China was characterized by a particular focus on producing and sharing knowledge products, participating in in-country policy dialogues and promoting SSTC. China hosted an international event in Hunan province (where the Hunan Rural Revitalization Demonstration Project is located) that brought together about 100 participants from United Nations agencies, embassies and private sector actors to discuss women-led cooperatives, digital integration and China's experiences in SSTC. In Montenegro, IFAD is applying the self-evaluation and holistic assessment of climate resilience of farmers and pastoralists (SHARP) methodology to draw lessons from comparable contexts with a view to promoting future exchanges on territorial approaches and climate adaptation solutions.
34. **Cofinance.** High cofinancing ratios in IFAD12 projects in Argentina, Brazil and China suggest that **IFAD-financed operations are highly relevant for national governments** and underscore IFAD's role as an assembler of development finance. During IFAD12, on average, for every dollar invested by IFAD in Argentina, Brazil and China, governments invested US\$2.1 as domestic cofinancing (close to threefold the IFAD12 target of US\$0.8), which suggests strong government ownership and relevance of IFAD programmes. Equally, for every dollar invested by IFAD in these three countries, international cofinanciers invested US\$1.4 (twice the IFAD12 target of US\$0.7).<sup>28</sup>

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<sup>28</sup> Cofinancing figures refer to projects approved by IFAD in Argentina, Brazil and China in IFAD12. Montenegro did not receive loans in IFAD12.

## Summary of COSOP implementation progress in Argentina, Brazil, China and Montenegro

- Between COSOP approval in 2024 and 2025, Brazil, China and Montenegro reported overall steady economic growth and institutional stability, creating a favourable environment for their transition towards sustainable and inclusive development. Table 1 presents the evolution of the GNI per capita in the four countries. It has increased slightly for Argentina, Brazil and Montenegro, and fallen slightly in China.

Table 1  
GNI per capita

GNI per capita (Atlas method current US\$)	At COSOP approval (2024)	Annual results review (ARR) 2025
	(2023 data)	(2024 data)
GDI threshold	7 895	7 855
Argentina	12 890 (2022)	13 434
Brazil	9 310	9 950
China	13 730	13 660
Montenegro	11 450	12 020

### A. Argentina

- Fitch ratings rose from CCC to CCC+ in 2025, mainly as a result of the new IMF fund facility (US\$20 billion) and the liberalization of its foreign exchange market, which boosted external liquidity. Impressive progress has been observed for SDG 1 (no poverty). However, poverty rates remain high, particularly in the northern region where IFAD works. Progress on the other SDGs shows slight improvement as well, suggesting an overall positive trend.

Table 2  
COSOP assessment framework: Argentina

Assessment criteria	Indicator	Approval	ARR	COSOP results review (CRR)	COSOP completion report (CCR)
		At design	Available Updates	Midterm benchmark	Completion target
		[2024]	[2025]	[2026]	[2030]
Availability to access external capital for development	Country credit rating	CCC	CCC+	BB	BB
Institutions/policies for sustainable rural development	Overall rural sector performance assessment (RSPA) rating	4.1		4.2	4.3
	Policies/frameworks (cluster indicator 1.1)	4.0		4.2	4.5
	National climate change policies (cluster indicator 3.2)	4.7	NA	4.7	4.8
	Access/use rural financial services (cluster indicator 4.1)	3.1		3.5	3.8
<b>Progress towards SDGs</b>					
SDG 1: No poverty	National poverty rate	40.9 (2023)	31.6	37.8	30.2
	Poverty rate, northern region	44 (2023)	35.1 <sup>a</sup>	41.2	33.8
SDG 2: Zero hunger	Stunting (% children under five)	10.6 (2021)	~ 9 <sup>b</sup>	8	5
SDG 5: Gender equality	Gender employment gap (%)	17.4 (2023)	TBD	15.6	13.2
SDG 8: Decent work	Employment rate (%)	45.2 (2023)	44.4 <sup>c</sup>	45	46.1
	Employment rate, northern region (%)	43.5 (2023)	41.75 <sup>c</sup>	43.5	44.4
SDG 10: Reduced inequalities	Gini coefficient	0.433 (2023)	0.430 <sup>d</sup>	0.433	0.433

Data sources: Credit rating (e.g. Moody's); policies/institutions: IFAD RSPA.

SDG 1: World Bank – World Development Indicators; SDG 2: State of Food Security and Nutrition in the World (SOFI) report; SDG 5: United Nations Statistics Division; SDG 10: World Bank – World Development Indicators.

<sup>a</sup> Average of poverty rates in the northwest and northeast provinces. Source: [National Institute of Statistics and Censuses \(INDEC\), second semester of 2024](#); and INDEC report, March 2025).

<sup>b</sup> United Nations Children's Fund, World Health Organization, World Bank. Joint child malnutrition estimates.

<sup>c</sup> [INDEC Q1 2025](#); [Center for Argentine Political Economy Q1 2025](#). Average of employment rates in northwest and northeast provinces.

<sup>d</sup> Gini coefficient annual figures (World Bank/national accounts).

3. **Institutional strengthening** support has been provided to the Secretariat of Agriculture, Livestock and Fisheries of the Entre Ríos Province through PROSAF, which is focusing on the preparation of inclusive, market-oriented business plans for farmers' organizations. The project is also contributing to the effective implementation of the Beekeeping Promotion Law.
4. **Global public goods.** Related to the promotion of global public goods, the international Reducing Agricultural Methane Programme includes research activities supported by IFAD, focused on methane mitigation strategies for small-scale livestock production in vulnerable areas in the Pampa biome.
5. **Innovation** efforts include the collaboration with the IDB Lab under the AgroWeb3 initiative, which uses blockchain and Web3 technologies to connect smallholder farmers to global markets.<sup>29</sup> IFAD, in collaboration with the Ministry of Agribusiness of the Córdoba Province, has also launched a pilot initiative to develop a platform that enables agrifood enterprises to share information on the quality, safety and traceability of their products using blockchain technology.
6. **SSTC.** The IFAD portfolio in Argentina is also active in SSTC. Examples include Triangular Cooperation with El Salvador and Paraguay on Indigenous Peoples' policy development, and participation in the INBAR/China-IFAD SSTC Facility, which promotes sustainable bamboo management practices through knowledge exchanges in Argentina, Plurinational State of Bolivia and Brazil.
7. The Global Programme for Small-scale Agroecology Producers and Sustainable Food Systems Transformation was launched on 17 October 2025. It is co-funded by the European Union and the Government of Belgium and includes partners from Argentina, Plurinational State of Bolivia and Brazil. The initiative seeks to strengthen agroecology and promote access to diverse, locally adapted seeds and enhanced knowledge and practices for managing plant genetic resources with a focus on women, and Indigenous and traditional communities. Farmers' organizations participating in PROSAF in the Provinces of Misiones and Jujuy will be involved in the initiative.

## B. Brazil

8. Brazil's credit rating has remained unchanged as compared to the baseline. With regard to SDG 1, poverty incidence has dropped by one percentage point to 27 per cent. The most notable progress related to SDGs is evident on the indicator for SDG 2 (zero hunger), where the prevalence of undernourishment has dropped below the COSOP midterm and completion targets. These figures remain markedly higher in the northeast and northern regions where IFAD works.

<sup>29</sup> <https://bidlab.org/en/news/agroweb3-solution-transform-smallholder-farmers-access-global-markets>.

Table 3  
**COSOP assessment framework: Brazil**

Assessment criteria	Indicator	Approval	ARR	CRR	CCR
		At design	Available Updates	Midterm benchmark	Completion target
		[2024]	[2025]	[2027]	[2029]
Availability to access external capital for development	Country credit rating (long-term Fitch)	BB (Jan 2024)	BB (June 2025)	BBB	A
Institutions/policies for sustainable rural development	Overall RSPA rating	4.0 (2021)		4.2	4.5
	Policies/frameworks (cluster indicator 1.1)	4.5 (2021)		4.5	4.7
	National climate change policies (cluster indicator 3.2)	3.7 (2021)	N/A	4.0	4.2-3
	Access/use rural financial services (cluster indicator 4.1)	3.0 (2021)		3.9	4.2
<b>Progress towards SDGs</b>					
SDG 1: No poverty (World Bank)	Poverty headcount ratio	28.4 (2021)	27.0 (2023)	27.0	25.0
SDG 2: Zero hunger (FAOSTAT)	Prevalence of undernourishment (% pop)*	4.7 (2020-2022)	Below 2.5% (2025)	3.8	3.0
SDG 5: Gender equality (OECD data) (United Nations reporting)	1. Women in parliament (%)	15.2 (2021)	18.1 (2025)	19.0	22.6
	2. Proportion of time spent in unpaid domestic and care work, female	12		11	10
SDG 10: Reduced inequalities (UNDP)	Income share of lowest 40%	6.03 (2021)	N/A	6.03	6.05

Data sources: IFAD RSPA.

SDG 1: World Bank – World Development Indicators; SDG 2: SOFI report; SDG 5: OECD and United Nations Statistics Division; SDG 10: World Bank – World Development Indicators.

\* Defined as percentage of population living on less than US\$5.50/day.

9. IFAD's portfolio in Brazil is new and dynamic. It comprises eight investment projects, six of which are managed by State Governments of the Northeast, one by the Federal Government, and one with the Brazilian Development Bank (BNDES) as the borrower and the implementing agency (the first IFAD loan to a public development bank).
10. **Decentralized state-level implementation allows for a targeted approach to strengthening rural institutions and reducing poverty in the poorer regions of the country.** The diversified portfolio governance arrangements also mitigate fiscal and political risks associated with IFAD's operations in the country. Continuous policy dialogue and engagement with federal and state authorities underpin these achievements.
11. **Access to public goods, focused on environmental sustainability and climate resilience** is promoted across the portfolio. For example, IFAD's CompensACTION project, which started implementation in July 2024, supports forest conservation and diversification through best practices in agroforestry in cocoa-growing areas in the south of the State of Bahia. The Sustainable Atlantic Rainforest Development Project (*Parceiros da Mata*), for which the first disbursement was made in July 2025, will scale up IFAD's successful interventions safeguarding sustainable agricultural development to a new biome, the Atlantic Rainforest.
12. **Innovative approaches** adopted in projects such as CompensACTION and *Parceiros da Mata* include payment for environmental services. IFAD's recently approved projects scale up best practices that use innovative technologies for climate-resilient rainwater catchment and grey water reuse systems for irrigation designed with the support of local universities.
13. Another feature of the portfolio is its **innovative governance architecture**. IFAD's first non-sovereign operation in Brazil has been posted for approval by lapse of time

in December 2025.<sup>30</sup> Brazil has also developed an innovative collaboration with BNDES in the Planting Climate Resilience in Rural Communities of the Northeast Project. In addition, Brazil has one of the largest international and domestic cofinancing ratio among IFAD countries. For every dollar invested by IFAD in the current portfolio, governments invest US\$2.9 and international cofinanciers invest US\$4.1.

14. **SSTC** is a cornerstone of IFAD's portfolio in Brazil, exemplifying its commitment to fostering international collaboration and knowledge-sharing with other countries and other IFAD-funded projects in the Latin America and the Caribbean region, Africa and Asia. For example, government representatives and project management units from Mozambique and Pakistan carried out visits to IFAD projects in the northeast of Brazil in September and December 2025, respectively.

## C. China

15. China's credit ratings and economic outlook have remained sustainable and are high, at A+. Progress has been made on SDG 1, the Gender Development Index has already reached the midterm target, and the indicator for SDG 10 rose slightly from 7.2 to 7.4 per cent.

Table 4

### COSOP assessment framework: China

Assessment criteria	Indicator	Approval	ARR	CRR	CCR
		At design	Available updates	Midterm benchmark	Completion target
		[2024]	[2025]	[2025]	[projected year]
Availability to access external capital for development	Country credit rating	A+	A+	To be tracked	To be tracked
Institutions/policies for sustainable rural development	Overall RSPA rating	4.2 (2021)		4.5	5
	Policies/frameworks (cluster indicator 1.1)	4.5 (2021)		4.7	5
	Environmental assessments, policies and grievance mechanisms (3.1)	4.7 (2021)	N/A	4.8	5
	National Climate Change Policies (3.2)	4.1 (2021)		4.5	5
	Access/Use rural financial services (4.1)	4.3 (2021)		4.6	5
	Regulatory Quality Index (World Bank)	0.4 (2022)		0.8	1.0
<b>Progress towards SDGs</b>					
SDG 1: No poverty	Poverty headcount ratio <sup>a</sup>	24.7% (2020)	21% (2021)	12.1%	10%
SDG 2: Zero hunger	Agriculture Orientation Index <sup>b</sup>	0.86 (2021)	0.89 (2023)	TBD.	TBD.
SDG 5: Gender equality (UNWomen)	Gender Development Index	0.962% (2022)	0.976% (2023)	0.970	0.998
	Proportion of time spent on unpaid domestic chores and care work, female	14.6% (2023)	No new data available <sup>c</sup>	14.1%	13.6%
SDG 10: Reduced inequalities	Income share of lowest 20%	7.2% (2020)	7.4% (2021)	8%	9%

<sup>a</sup> Poverty headcount ratio as proportion of population with a daily consumption level below US\$6.85 a day as established through the 2017 international process.

<sup>b</sup> The baseline data sourced from UNSTAT has changed with respect to that reported at the time of COSOP approval. For consistency purposes, the revised baseline and the most recent update (2023) data are presented in this table. The revised baseline will have implications for the targets set for the COSOP's midterm and completion. These will be revised in due course, using the same methodology described in the COSOP with the current official figures.

<sup>c</sup> UNWomen does not have updated information as the reference source for this indicator. The Government advised that its third survey of time use (2024) reported a value of 14.5 per cent (209 minutes per full day) for this indicator:  
[https://www.stats.gov.cn/zt\\_18555/zthd/lhfw/2025/2025\\_qgsjlydc/202501/t20250127\\_1958534.html](https://www.stats.gov.cn/zt_18555/zthd/lhfw/2025/2025_qgsjlydc/202501/t20250127_1958534.html).

16. The portfolio in China is composed of four projects, of which two are not yet disbursable. The portfolio focuses on strengthening rural institutions with particular emphasis on empowering farmer cooperatives and producers' organizations, enhancing their access to finance, business linkages and innovative practices.
17. **Strengthening rural institutions.** Improving access to finance continues to be a key objective. Rural enterprises and producers' organizations are supported in

<sup>30</sup> <https://webapps.ifad.org/members/lapse-of-time/docs/english/EB-2025-LOT-P-12.pdf>.

engaging in formal partnerships and business agreements with public and private entities. The portfolio also aims to promote women in leadership roles. Preliminary results show that nearly 40,000 rural producers have been trained in the last year in production practices and technologies, which has equipped them with the skills needed to adopt innovative approaches and improve productivity. Village-level consultations and stakeholder workshops are regularly conducted, ensuring that participants are actively involved in project planning and decision-making.

18. **Global public goods.** The portfolio promotes activities that contribute to reducing greenhouse gas emissions from farmland, for example by promoting soil testing-based fertilization and the replacement of chemical fertilizers with organic alternatives.
19. **Innovations** encompass the integration of digital tools within cooperatives, serving both as drivers of innovation and as mechanisms for knowledge-sharing and **SSTC**. In May 2025, the IFAD Country Office in China co-hosted an event on "Sci-Tech Empowering Rural Transformation: 2025 HER Power, HER Stories Dialogue", which was attended by around 100 participants from United Nations agencies, embassies, NGOs and the private sector. Participants conducted field visits to IFAD project sites in Fenghuang County, where a range of innovations and the introduction of labour-saving tools are improving productivity, reducing manual labour and empowering rural women through technology. A report addressing the advancement of digital agriculture in selected ASEAN countries via SSTC was published in July 2025.

## D. Montenegro

20. Montenegro's credit rating (S&P, Moody's) remained at B+ and Ba3, as at baseline. Progress on SDG 1 remains unchanged. No updates are available for SDG 2 (zero hunger), SDG 5 (gender equality) or SDG 10 (reduced inequalities).

Table 5  
COSOP assessment framework: Montenegro

Assessment criteria	Indicator		Approval	ARR	CRR	CCR
			At design	Available Updates	Midterm benchmark	Completion target
			[2024]	[2025]	[2025]	[projected year]
Availability to access external capital for development	Country credit rating	S&P Moody's	B+ Ba3	B+ Ba3	BB+ Ba2	BB+ Ba1
Institutions/policies for sustainable rural development	Overall RSPA rating		3.9		4.1-4.2	4.5
	Policies/frameworks (cluster indicator 1.1)		4.7		4.8	4.9
	National climate change policies (cluster indicator 3.2)		4.0	NA	4.2	4.5
	Access/use rural financial services (cluster indicator 4.1)		3.2		3.8	4.5
<b>Progress towards SDGs</b>						
SDG 1: No poverty	Poverty headcount ratio (upper-middle-income)		8.57%	8.5%	7.76%	7.08%
SDG 2: Zero hunger	Prevalence of undernourishment (% pop) <sup>a</sup>		2.5%	2.5%	2.5%	2.5%
	Prevalence of food insecurity		2.1%	NA	2.2%	2%
	Agriculture share of total government expenditure		1.67%	NA	1.9%	2.15%
SDG 5: Gender equality	Proportion of seats held by women in local governments		35.3	32.7	40%	45%
	Gender Inequality Index (over 100)		60.4	NA	65.3%	69.8%
SDG 10: Reduced inequalities	10.1 Growth rate of income share of bottom 40%		3.4%	NA	3.7%	4.2%

Data sources: Credit rating (e.g. Moody's, Fitch, Standard & Poor's); Policies/institutions: IFAD RSPA.

SDG 1: World Bank – World Development indicators; Montenegro Macro Poverty Outlook / April 2025; SDG 2: SOFI report; SDG 5: United Nations Statistics Division; SDG 10: World Bank – World Development Indicators.

<sup>a</sup> Defined as percentage of population living under US\$5.50/day.

21. IFAD's presence in Montenegro is anchored in the ongoing GORA project, a US\$32 million initiative funded by an Adaptation Fund grant, and local and national government. It received its first disbursement in December 2024. This initiative will soon be complemented by the new GORA+ project, currently under design and scheduled for approval in 2026.
22. **Effective and sustainable rural institutions.** Over the past year, the GORA project has been engaging with the Union of Municipalities and the Ministry of Ecology, Sustainable Development and Northern Region Development to establish a working group on mountainous areas, providing a platform for policy dialogue on territorial development and resilience.
23. **Global public goods.** The Adaptation Fund grant under the GORA project is already generating knowledge products and baseline evidence to inform climate-resilient value chain development and targeting. The country strategy and GORA's objectives are aligned with Montenegro's National Strategy of Sustainable Development and National Climate Change Strategy.
24. **Innovation, knowledge management and SSTC.** IFAD is supporting the application of the SHARP methodology, drawing lessons from comparable contexts, and preparing the ground for future exchanges on the effectiveness of territorial approaches and climate adaptation solutions. A memorandum of understanding has been prepared with the Biotechnical Faculty (University of Montenegro) to strengthen research collaboration and develop knowledge products based on project experiences.
25. The design of GORA+ builds on these foundations and includes dedicated support for rural policy, promotion of public goods, and SSTC, including a budget line for country-to-country cooperation in the region. Discussions are ongoing to assess the feasibility of cofinancing by Agence Française de Développement, who have expressed interest. In addition, a European Union delegation is exploring complementarities and strengthening of synergies with European Union accession priorities under the new project.