

Document:	<u>EB 2008/94/R.31</u>
Agenda:	<u>15</u>
Date:	<u>13 August 2008</u>
Distribution:	<u>Public</u>
Original:	<u>English</u>

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Enabling poor rural people
to overcome poverty

Report on the second and third sessions of the Consultation on the Eighth Replenishment of IFAD's Resources

Executive Board — Ninety-fourth Session
Rome, 10-11 September 2008

For: **Information**

Note to Executive Board Directors

This document is submitted for the information of the Executive Board.

To make the best use of time available at Executive Board sessions, Directors are invited to contact the following focal point with any technical questions about this document before the session:

Timothy W. Page

Head, Replenishment Secretariat
telephone: +39 06 5459 2064
e-mail: t.page@ifad.org

Queries regarding the dispatch of documentation for this session should be addressed to:

Deirdre McGrenra

Governing Bodies Officer
telephone: +39 06 5459 2374
e-mail: d.mcgrenra@ifad.org

Report on the second and third sessions of the Consultation on the Eighth Replenishment of IFAD's Resources

1. The following is a report on the second and third sessions of the Consultation on the Eighth Replenishment of IFAD's Resources. The second session was held in Rome on 22-23 April 2008 immediately prior to the ninety-third session of the Executive Board; the third session was held on 8-9 July 2008, also in Rome.
2. The second session of the Consultation began with a presentation by Joachim von Braun, the Director General of the International Food Policy Research Institute (IFPRI), on poverty, climate change, rising food prices and the small farmers. Professor von Braun's participation in the Consultation is an example of the synergies that have been achieved through the IFAD-IFPRI partnership in policy innovation and communication. Professor von Braun noted the ongoing and new forces driving up food prices, including income growth, biofuels, climate shocks, and the lack of supply response. He confirmed that IFAD had an important role to play in the international effort to address these challenges. According to IFPRI's estimates, an additional investment of US\$25-30 billion per annum in agricultural production is required over the next ten years, if the first Millennium Development Goal (MDG1) is to be met. Many members welcomed this timely and pertinent discussion, and encouraged IFAD to participate actively in a coordinated international response to the situation, guided by the mandate articulated in the Fund's Strategic Framework 2007-2010.
3. The Consultation considered the document Meeting the Challenge by Delivering Results: IFAD 2010-2012 (REPL.VIII/2/R.2), which provided the basis for a discussion of relevant issues and resource requirements for the Eighth Replenishment period. To further facilitate the discussion, presentations were made on IFAD's role in addressing the triple scourge of persistent rural poverty, climate change, and rising food prices; on the Fund's programme priorities in 2010-2012; and on financing requirements. It is widely recognized that substantially higher levels of investment in agricultural and rural development will be needed to achieve the MDG to halve global poverty and the other Millennium Development Goals. As a result of the reforms that IFAD has undertaken in the past few years and the enhancement of its country-level and project development processes, IFAD has the capacity to deliver a US\$3.0 billion programme of work between 2010 and 2012. Based on prudent use of internal resources, this level of programme of work would require a replenishment of US\$1.2 billion.
4. Members broadly welcomed the document, while requesting greater detail on a number of issues, including country ownership, human resource management and financial issues.
5. The announcement by the Kingdom of Saudi Arabia of its contribution of US\$50 million to the Eighth Replenishment of IFAD's Resources was warmly welcomed by the Consultation. The Kingdom's contribution represents a fivefold increase over its contribution to the previous replenishment. The People's Republic of Bangladesh announced a pledge of US\$600,000, which is a demonstration of the value borrowing Member States place on their partnership with IFAD.
6. Drawing on the discussion of the paper Meeting the Challenge by Delivering Results: IFAD 2010-2012 and a list of issues provided, the Consultation agreed on a schedule of work for the July, October and December sessions.
7. At the third session of the Consultation, members conveyed their sincere gratitude to the Government of Italy for IFAD's new headquarters, as yet another demonstration of its continued and generous support of the organization.

8. The Consultation expressed appreciation for the Government of Japan's strong leadership of the Group of Eight and very much welcomed the G-8's commitment to reversing "the overall decline of aid and investment in the agricultural sector ... with particular emphases on fostering smallholder agriculture and inclusive rural growth." The Consultation drew particular attention to the G-8 leaders' encouragement of "the efforts of international financial institutions including development banks and the International Fund for Agricultural Development (IFAD)..."
9. The Consultation session began with a presentation on IFAD's immediate, short-term response to the food price increases through the reprogramming of up to US\$200 million from existing loan programmes, as described in the document IFAD's Response to the Food Price Increases (REPL.VIII/3/R.4). The Consultation heard that, consistent with its mandate, IFAD is actively participating in the coordinated and comprehensive international response to the food crisis, for example through the High-Level Task Force on the Global Food Security Crisis, launched by the United Nations Secretary-General. The document was broadly welcomed by Consultation members. Members recognized the compelling circumstances for a significant role by IFAD in enhancing the productivity and output of smallholder farmers, which would promote food security, reduce rural poverty and help end the recurrence of food crises and their impact on poor people. Delegates sought additional information on IFAD's approaches and modalities for meeting this long-term challenge.
10. The Consultation then took part in a presentation based on the document Programme Priorities for the Eighth Replenishment Period based on US\$3.3 billion in Loan and Grant Operations (REPL.VIII/3/R.7). This document complemented REPL.VIII/2/R.2, which was presented to the Consultation at the April session. Set against the rapidly changing global context, the presentation covered the characteristics of IFAD's future loans and grants, changes in operational priorities, impact on the number and size of projects, and IFAD's capacity to expand its operations while delivering increasingly high-quality results. In the light of the need to institutionalize reforms, members sought further information on IFAD's capacity to achieve the significant rate of increase proposed in the programme of work.
11. Two related oral briefings – *IFAD's new operating model* and *Human resources reform: a people strategy for IFAD* – were also welcomed by the Consultation.
12. IFAD's Action Plan to Improve its Development Effectiveness – conceived in response to the recommendations of the Independent External Evaluation – has resulted in a new operating model built around tools and organizational processes to improve IFAD's country-level results. The delegations from Canada, the Netherlands and Norway announced the draft results of their independent assessment of IFAD's progress in implementing the Action Plan. Members welcomed the findings of the assessment, which identified IFAD's new business model and country-level engagement as the most successful and advanced areas of implementation. While acknowledging the progress made, members urged IFAD to consolidate its reforms and maintain the focus on those areas requiring further attention, particularly human resources.
13. In this regard, members stressed that the topic *Human resources reform: a people strategy for IFAD* was a critical part of IFAD's reform agenda. Members recognized the achievements so far and encouraged IFAD to be bold and act quickly. Noting the importance of diversity, both in terms of gender and geography, several delegates underlined the importance of monitoring these characteristics in IFAD's workforce.
14. The document "Results achieved under IFAD VII and Directions for Results Measurement under IFAD VIII" (REPL.VIII/3/R.2) described IFAD's results measurement system, reviewed results achieved at four specific levels under IFAD VII, and outlined a proposed approach to strengthening the results measurement

system in 2010-2012. There was consensus on the overall approach proposed, including the four-tier results measurement framework. The Results Measurement Framework will be revisited in the light of comments received, and then presented – complete with draft indicators and, where appropriate, draft targets – in the report of the Consultation. Revised to reflect further results achieved or experience, the final Results Measurement Framework will be submitted for the approval of the Executive Board in September 2009, prior to the start of the Eighth Replenishment period. Members stressed the need for simple, measurable, and aggregable indicators that can be used by IFAD Management and are accessible to outside stakeholders, to facilitate their understanding of IFAD's impact at the global, country, and organizational levels. Members endorsed the use of the Report on IFAD's Development Effectiveness as the reporting vehicle for IFAD's results measurement system.

15. The Consultation considered the document IFAD's Approach to Sustainability (REPL.VIII/3/R.3), which reviewed IFAD's performance to date in achieving sustainability in its projects and presented the specific measures that IFAD is adopting to enhance sustainability. Members broadly endorsed the approach, while noting the very ambitious target set by the Action Plan for sustainability.
16. Given the centrality of country ownership to achieving sustainable development results, members requested a separate document on IFAD's approach to country ownership. This will be provided to the Consultation at the October session.
17. The Consultation considered the work programme and financing requirements for the Eighth Replenishment period (REPL.VIII/3/R.5). Members had a number of questions on IFAD's financial structure, including the advance commitment authority (ACA) mechanism. Members requested a technical meeting on the financial aspects. This will be scheduled before the October session.
18. The Consultation reviewed a draft outline of the Consultation report (REPL.VIII/3/R.6) and members provided a number of comments. These will be reflected in the structure of the draft Consultation report to be presented at the October session.
19. The fourth session of the Consultation will be held on 21-22 October 2008 in Rome.