Evaluation Committee
123rd Session
Rome, 6 October 2023

Review of the implementation of Management's response to the 2018 corporate-level evaluation of IFAD's financial architecture

Corrigendum

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Corrigendum

The Evaluation Committee is hereby invited to consider the amendments to document EC 2023/123/W.P.5. The changes to the document are reflected as follows: deleted text with strikethrough, added text underlined.

Page 3, paragraph 15:

> "The other pathway towards reducing the operating loss is to optimize the leverage ratio by increasing it from the current level of 1:0.25~~,~~ ~~to, for example, 1:1, which is the leverage ratio of the International Development Association (IDA) and~~ <u>which is</u> quite conservative by DFI standards (see paragraph 37 for more details). Such an increase would allow IFAD to make additional loans under the BRAM. However, IFAD faces the following limiting considerations in increasing the leverage ratio (share of the BRAM):"

Page 8, paragraph 37:

> "It would be useful to determine if there is room for increasing IFAD's leverage while ensuring these conditions are met. IFAD's leverage ratio, expected to be around 0.5 times equity till 2030, is conservative.[14] ~~For instance, IDA's leverage ratio is 1:1 – in other words, for each dollar of equity, IDA has 1 dollar of debt.[15]~~ The median leverage ratio of the AAA-rated DFIs is 1:2.8. The World Bank's leverage ratio stood at 1:4.75 in 2021, down from 1:5.19 in FY2020, and this high leverage had no negative impact on its AAA rating.[16] Therefore, it can be assumed that there is also potential room for an IFAD leverage ratio that is higher than 1:0.5."

Page 8, footnote 15:

> "~~[15] Financial year 2019 to 2022: Moody's rating report of IDA. (https://thedocs.worldbank.org/en/doc/daed9065774b50e10261008f065969ca-0340022023/original/Moody-s-IDA-03Feb2023.pdf).~~"