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Investing in rural people

Report of the Consultation on the Eleventh Replenishment of IFAD's Resources

Leaving no one behind: IFAD's role in the 2030 Agenda

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Abbreviations and acronyms

4P	public-private-producer partnership
AAAA	Addis Ababa Action Agenda
ADM	Administrative Services Division
AF	Adaptation Fund
AFD	Agence Française de Développement
AfDB	African Development Bank
ARRI	Annual Report on the Results and Impact of IFAD Operations
ASAP	Adaptation for Smallholder Agriculture Programme
AsDB	Asian Development Bank
AsDF	Asian Development Fund
BOD	Office of Budget and Organizational Development
CDL	concessional donor loan
CFS	Committee on World Food Security
CLE	corporate-level evaluation
CLEAR	Centers for Learning on Evaluation and Results
COM	Communications Division
COSOP	country strategic opportunities programme
CPL	concessional partner loan
CPM	country programme manager
DEF	Development Effectiveness Framework
DFID	United Kingdom’s Department for International Development
DSF	Debt Sustainability Framework
EMC	Executive Management Committee
FAO	Food and Agriculture Organization of the United Nations
FARMS	Facility for Refugees, Migration, Forced Displacement and Rural Stability
FFR	Financing Facility for Remittances
FMD	Financial Management Services Division
FOD	Financial Operations Department
GCF	Green Climate Fund
GEF	Global Environment Facility
GKS	Global Engagement, Knowledge and Strategy Division
GS	General Service
HRD	Human Resources Division
IAI	Impact Assessment Initiative
IATI	International Aid Transparency Initiative
ICO	IFAD Country Office
ICP	IFAD Client Portal
IDA	International Development Association
IFAD11	Eleventh Replenishment of IFAD’s Resources
IFI	international financial institution
IFRS	International Financial Reporting Standard
IOC	instrument of contribution
IOE	Independent Office of Evaluation of IFAD
IVI	IFAD Vulnerability Index
LDC	Least Developed Country
LDCF	Least Developed Countries Fund

LEED	Leadership in Energy and Environmental Design
LIC	low-income country
LMIC	lower-middle-income country
M&E	monitoring and evaluation
MDB	multilateral development bank
MFS	most fragile situation
MIC	middle-income country
NDC	nationally determined contribution
ODA	official development assistance
OECD	Organisation for Economic Co-operation and Development
OMC	Operations Management Committee
OpEx	Operational Excellence for Results exercise
ORMS	Operational Results Management System
OSC	Operational Strategy and Policy Guidance Committee
PARM	Platform for Agricultural Risk Management
PBAS	performance-based allocation system
PCR	project completion report
PMD	Programme Management Department
PoLG	programme of loans and grants
PoW	programme of work
PTA	Policy and Technical Advisory Division
QA	quality assurance
QAG	Quality Assurance Group
QE	quality enhancement
RBA	Rome-based agency
RIDE	Report on IFAD's Development Effectiveness
RIMS	Results and Impact Management System
RMF	Results Management Framework*
SBF	Sovereign Borrowing Framework
SCCF	Special Climate Change Fund
SDG	Sustainable Development Goal
SDR	special drawing right
SECAP	Social, Environmental and Climate Assessment Procedures
SIDS	small island developing states
SIF	Smallholder and Small and Medium-Sized Enterprise Investment Finance Fund
SKD	Strategy and Knowledge Department
SME	small and medium-sized enterprise
SO	strategic objective
SSA	sub-Saharan Africa
SSTC	South-South and Triangular Cooperation
UCC	unrestricted complementary contribution
UMIC	upper-middle-income country
UN-SWAP	United Nations System-wide Action Plan on Gender Equality and the Empowerment of Women
VfM	value for money
WFP	World Food Programme

Executive summary

1. Every three years, IFAD's Member States come together to review the Fund’s performance, agree on future directions and priorities, and replenish its resources in a process known as the replenishment consultation. Representatives of IFAD's Member States met five times between February 2017 and February 2018 for the Consultation on the Eleventh Replenishment of IFAD's Resources (IFAD11). This was the first replenishment consultation held since the global agreement on the Sustainable Development Goals (SDGs), and its deliberations related to IFAD's financing and operations for the period 2019 to 2021.

2. Following a year in which the world faced multiple humanitarian crises and record levels of forced displacement and migration, IFAD is embarking on a period of ambitious acceleration to maximize its contribution to the SDGs, boost resilience, and support recovery and long-term sustainable development. Members of the IFAD11 Consultation underlined that IFAD has a unique contribution to make to the achievement of the SDGs, and a key role to play in ending rural poverty and hunger, addressing climate change, improving nutrition, empowering rural women and girls, creating opportunities for rural youth, and addressing the challenges of fragility and migration in rural areas.

3. The Consultation agreed on an important programme of business model enhancements aimed at ensuring excellence in operations, with a strong focus on value for money and a commitment to transparency, accountability and results. The Consultation also agreed to expand the resources of the Fund by US$100 million per year, to reach a total of US$3.5 billion for the three years of IFAD11. Combined, these changes and increased financing will enable IFAD to increase its outreach from almost 100 million poor rural people today, to 120 million by the end of 2021 and achieve greater impact across a range of the SDGs – from improved incomes, resilience and nutrition to increased agricultural production and market access. A new focus on youth and youth employment and new approaches to engaging with the private sector will create opportunities and bring a better quality of life to marginalized rural areas, giving choices to young rural people who would otherwise see migration as their only hope.

4. While Members' replenishment contributions will remain the foundation of the Fund's capital and commitment capacity (with a replenishment contribution target of US$1.2 billion), borrowing from Member States and their institutions will be fully integrated into the financial framework of the Fund for the first time. The Fund will also embark on a road map that aims to ready IFAD for possible market borrowing. This financial strategy will enable IFAD to focus its core resources on the poorest people and the poorest countries, while remaining universal and offering a mix of lending and non-lending support to all its developing Member States.

5. This executive summary provides an overview of the ten key messages of the IFAD11 Consultation, as well as the main agreements reached on the targets for increasing IFAD's financing, results and impact over the period 2019-2021.

Key messages of the IFAD11 Consultation

Key message 1: Business as usual is not sufficient to reach SDG 1 and SDG 2.

6. The 2030 Agenda for Sustainable Development (2030 Agenda) has renewed the urgency to achieve development progress. While many countries have made progress, it has not been enough: an estimated 836 million people still live in extreme poverty, and 815 million are experiencing food insecurity. Of these the vast majority, an estimated 75 per cent, live in rural areas and most depend on agriculture for their livelihoods. To achieve the SDGs, particularly SDG 1 (no poverty) and SDG 2 (zero hunger), the need to focus on *rural* areas is inescapable.

7. However, if current trends continue, SDG 1 and SDG 2 will not be achieved. Ending poverty by 2030 will require doubling current rates of progress, and the 2017 *State of Food Security and Nutrition in the World* revealed that hunger is once again on the increase. Fragility, climate change and a host of other issues – including gender inequality, malnutrition and youth unemployment – present significant challenges that must be met in order to achieve the SDGs and to reduce inequality within and among Member States. Responding to these challenges and accelerating progress will entail significantly stepping up efforts in low-income countries (LICs) and lower-middle-income countries (LMICs), and continuing action in upper-middle-income countries (UMICs). IFAD's delivery in fragile situations must receive special attention.

Key message 2: IFAD has an important role to play in leaving no one behind.

8. Leaving no one behind – the ambition that cuts across the 2030 Agenda – is central to IFAD's mandate. IFAD's comparative advantage lies in its strong targeting of extremely poor and food-insecure people in rural areas, and in its focus on empowering them to increase their productive capacity, including in difficult contexts experiencing famine, drought, fragility and migration. IFAD's status as a United Nations specialized agency with the business model and governance structure of an international financial institution (IFI) constitutes a further element of its comparative advantage. Its targeted approach and use of productive investments complement the broader investments of other IFIs, the policy and technical advice of the Food and Agriculture Organization of the United Nations (FAO) and the humanitarian support of the World Food Programme (WFP) and others. IFAD increasingly works to encourage and facilitate private investment in rural areas while empowering poor rural people to participate in the benefits of more dynamic rural economies.

9. Rural economies transform as countries develop, presenting a considerable opportunity for smallholder agriculture and related non-farm activities. Over the next 15 years, food demand in developing countries is expected to increase by 25 per cent, with growth of 55 per cent expected in sub-Saharan Africa. Smallholders will have a major role to play in meeting this increased demand. Furthermore, as economies develop, agriculture moves away from being primarily a direct employer and becomes a driver of rural manufacturing and employment, broadening rural investment opportunities and spurring rural transformation. Nevertheless, evidence shows that *inclusive* and *sustainable* rural transformation does not happen automatically; it must be made to happen through specific policies, investments and partnerships. IFAD must simultaneously take advantage of the opportunities presented by rural transformation and contribute to this transformation.

Key message 3: IFAD can deliver bigger, better and smarter.

10. The IFAD11 period will be one of ambitious acceleration in response to the significant opportunities and challenges presented by the 2030 Agenda. The time to achieve the SDGs is short. IFAD11 is the last replenishment cycle under which all projects will be completed and impacts achieved before 2030. Yet demand for IFAD's resources has never been higher, and is significantly above the current level of available funding. In a recent survey,[1] developing countries indicated that along with economic growth they want to focus official development assistance on agriculture, climate change and poverty alleviation. The evidence shows that countries want IFAD's services and have the capacity to absorb more funding.

11. The Consultation has reflected systematically on IFAD's current approaches, and explored options to rapidly enhance the Fund's ability to achieve impact on rural

[1] R. Davies, J. Pickering, "Making Development Co-operation Fit for the Future: A Survey of Partner Countries", OECD Development Co-operation Working Papers, No. 20 (Paris: OECD Publishing, 2015).

poverty and hunger at scale, building on progress made over recent replenishment cycles. While IFAD faces constraints, Members have concluded that the IFAD11 business model can address these underlying issues and enhance IFAD's capacity to deliver. Member States have agreed to work towards realizing the vision of a bigger, better, smarter IFAD, as outlined in the IFAD Strategic Framework 2016-2025, to maximize the Fund's contribution to the 2030 Agenda.

Key message 4: IFAD will leverage diversified sources of development finance to increase its programme of loans and grants.

12. During IFAD11, the Fund will increase and diversify its resource base. While replenishment contributions will remain the bedrock of IFAD's capital and financial commitment capacity, borrowing will be fully integrated into the Fund's financial framework for the first time. Borrowing will be conducted through concessional partner loans (CPLs) and under the Sovereign Borrowing Framework (SBF). A borrowing limit of 50 per cent of replenishment contributions (excluding the grant element of CPLs) was agreed. The Consultation agreed that IFAD should continue to explore market borrowing and endorsed a road map aimed at readying the Fund for this (see annex VII) as well as a separate resolution on market borrowing (see annex X). The financial strategy will facilitate expansion of IFAD's programme of loans and grants (PoLG) with the intention of increasing allocations for all country groups.

13. For IFAD11, the Consultation endorsed a target PoLG of US$3.5 billion, representing an increase of about 10 per cent, or US$100 million per year, with respect to IFAD10. In order to achieve this PoLG, the target for replenishment contributions was set at US$1.2 billion. Replenishment contributions include core contributions, unrestricted complementary contributions, and the grant element of CPLs. The IFAD11 targets are based on assessments of Members' demand and the Fund's capacity to deliver, and are considered to be both ambitious and realistic. The increase demonstrates Member States' strong support for IFAD, and testifies to the growing demand for IFAD's assistance and the meaningful contribution it can make to the 2030 Agenda. The Consultation also reviewed IFAD's Debt Sustainability Framework (DSF) and agreed to maintain it in its current format. Members agreed to meet their respective commitments to provide full capital compensation as provided under the DSF, amounting to a total of US$39.5 million during IFAD11.

14. During IFAD11, IFAD will also enhance its capabilities as an assembler of development finance. The target cofinancing ratio will be increased to 1:1.4, with a domestic cofinancing target of 1:0.8 and international cofinancing target of 1:0.6. This should result in an overall IFAD11 programme of work (PoW) of US$8.4 billion, an increase of over US$1 billion compared to IFAD10. Achievement of this target will be supported by a clear plan of action for cofinancing, and a strategic approach to partnerships and resource mobilization. The Fund will also strengthen efforts to crowd in private investment in rural areas, and enhance financial inclusion for women and youth, including by leveraging remittances and encouraging diaspora investment in agriculture. IFAD plans to establish the Smallholder and Small and Medium-Sized Investment Finance Fund (SIF) to directly facilitate medium-to-long-term finance to small and medium-sized enterprises (SMEs) and producers' organizations.

Key message 5: IFAD's investments will target the poorest people and the poorest countries.

15. The Fund will ensure targeted resource allocation to those who need it the most, with special attention to vulnerable populations, including youth. Transparent country selection criteria will be used to identify approximately 80 countries to receive new funding allocations during IFAD11, ensuring strategic focus, absorptive capacity and country ownership. These criteria will be applied in a way that allows all LICs the possibility of accessing an allocation. The

performance-based allocation system (PBAS), which allocates resources on the basis of country needs and performance, will be used to determine country resource allocations. The PBAS reforms that will come into effect in IFAD11 include a stronger focus on both vulnerability and performance, with the result that all vulnerable country groups (e.g. LICs, small island developing states (SIDS), Least Developed Countries and countries with the most fragile situations [MFS]) will receive a greater share of IFAD's resources. Furthermore, Management will allocate 90 per cent of core resources to the LICs and LMICs that are selected for allocations in IFAD11. The remaining 10 per cent of IFAD's core resources will go to the selected UMICs. Management will also ensure that 25-30 per cent of core resources are allocated to MFS, 50 per cent to Africa and 45 per cent to sub-Saharan Africa. Careful targeting of poor and food-insecure rural people within each country will ensure that IFAD's people-centred investments in the productive rural sector reach the priority target groups. Particular attention will be given to women and youth, with appropriate differentiated approaches for young women and young men.

Table 1
Summary of commitments for allocation of core resources by country income group
(Percentage)

Country-income group	*Allocation of core resources*
LICs and LMICs	90
UMICs	10

Table 2
Summary of commitments for allocation of core resources by region and MFS
(Percentage)

Regional/other country groups	*Allocation of core resources**
Africa	50
Sub-Saharan Africa	45
Most fragile situations	25-30

* Allocations all refer to share of total core resources.

Key message 6: IFAD will streamline its processes and leverage partnerships to better respond to country needs.

16. To maximize support to countries in achieving the SDG targets by 2030, and strengthen IFAD's capacity to deliver, the Fund must enhance its business model. This will be achieved through a series of coordinated actions: accelerating decentralization to regional hubs, re-engineering the country-based model, embracing innovative business processes, creating a results-based architecture and making IFAD fit for purpose. IFAD is not alone in this process; significant reform is under way across the United Nations system and other IFIs. IFAD is actively engaged in the United Nations reform process,[2] and the proposals for IFAD11 will make IFAD an even more relevant, effective and efficient player within the United Nations system.

17. The new country-based model will enhance IFAD's focus, flexibility and agility in the use of resources. IFAD will accelerate decentralization to regional hubs, increase its outward-facing capacity and strengthen country directors' engagement in policy processes and partnership-building. Clear country strategies and evidence-based design will provide the basis for a sharper focus on results and the means to achieve them. Streamlining of processes will cut the time from concept note to project approval by more than half (from 17 months to 8 months) and from project approval to first disbursement by 30 per cent (from 17 months to 12 months), and accelerate the pace of implementation and disbursement, especially

[2] See Repositioning the United Nations development system to deliver on the 2030 Agenda: ensuring a better future for all (http://undocs.org/A/72/124).

in countries with fragile situations. Implementation readiness and absorptive capacity will be addressed as key enabling factors of a faster and more agile approach. IFAD will make strategic partnerships the cornerstone of its operations and leverage these partnerships for financing, knowledge, advocacy and influence at national, regional and global level.

Key message 7: IFAD will mainstream nutrition, gender, youth and climate to multiply the impacts of its investments and address migration challenges.

18. The Addis Ababa Action Agenda (AAAA) adopted at the Third International Conference on Financing for Development recognized that investment in agriculture, rural development and food security "will lead to rich payoffs across the sustainable development goals". To realize those payoffs, IFAD will step up its efforts to mainstream nutrition, gender and climate in its operations, and it will introduce youth and particularly youth employment, as a new mainstreaming theme. IFAD will consolidate its position as a leading agency across these four themes, seeking more transformative approaches, and building on the interlinkages between the four themes. These four issues, combined with fragility, underpin some of the greatest challenges to achieving the SDGs; addressing them effectively, in collaboration with partners, builds the resilience of rural communities, reduces vulnerability and helps ensure that migration is always a choice rather than a necessity. With regard to climate in particular, in addition to ensuring that 100 per cent of projects mainstream climate concerns, Management will ensure that at least 25 per cent of IFAD's PoLG is specifically climate-focused.

Key message 8: IFAD will tailor its operations to better support rural transformation processes.

19. A clear transition framework will guide IFAD's engagement with partner countries as they move along their own development pathways. This will enhance IFAD's relevance to country context, and ensure appropriate and country-specific combinations of lending and non-lending activities that facilitate country ownership. It will also provide greater predictability and transparency in determining the package of support that IFAD can provide, and contribute to ensuring sustainability of impacts by supporting partner countries through challenging periods. Particular attention will be paid to addressing the needs of countries at different income levels, those affected by fragility, and SIDS. The new country-based model will enable IFAD to be more engaged in national policy processes and shape country programmes tailored to the specific conditions, demands and priorities of partner countries and target groups. South-South and Triangular Cooperation – including facilitating more dynamic knowledge flows between developing Member States, and brokering linkages, partnerships and opportunities – will become an integral part of IFAD's business model.

Key message 9: IFAD will enhance its value for money across four dimensions – economy, efficiency, effectiveness and equity.

20. The IFAD11 business model enhancements will increase IFAD's results, impact and value for money. A new value-for-money scorecard will drive the value-for-money agenda and assist Management in identifying and balancing the trade-offs inherent in pursuing it. The scorecard incorporates a subset of indicators from the IFAD11 Results Management Framework, measuring progress in improving economy, efficiency, effectiveness and equity in IFAD's operational and organizational performance.

21. IFAD will also embrace a culture of results and innovation across the organization. This culture will be fostered through full implementation of IFAD's Development Effectiveness Framework, strengthened capacity and systems to manage for results, and a stronger service delivery platform. As a result IFAD will become a more efficient and effective organization, with a sharper focus on results and impact, and the capacity to deliver a larger PoLG and PoW. Considerably more

weight will be given to transparency across the organization, and the principle of proactive transparency and openness will be embraced. These changes will help transform resources into development results in a way that maximizes the impact of each dollar invested on the lives of poor rural people.

Key message 10: Through this IFAD will achieve its full potential to contribute to the 2030 Agenda.

22. The planned enhancements to IFAD's business model will build on progress made over recent years and enable IFAD to significantly step up its contribution to the 2030 Agenda. During the IFAD11 period, the Fund aims to reach 120 million poor rural people and achieve significant attributable impact across each of its strategic objectives, as defined in the IFAD11 Results Management Framework:

(a) 47 million people with increased agricultural production (SDG 2.3)

(b) 46 million people with increased market access (SDG 2.3)

(c) 24 million people with greater resilience (SDG 1.5)

(d) 12 million people with improved nutrition (SDG 2.1)

(e) 44 million people experiencing economic mobility (SDGs 1.2 and 2.3)

23. Reaching these targets would represent a significant and sustainable contribution to the achievement of SDG 1 and SDG 2 by IFAD and its Member States and partners. That contribution will be assessed through rigorous impact assessment, building on the methodology developed during IFAD9 and IFAD10. Notably, IFAD remains the only IFI to monitor the attributable impact of its entire portfolio on a systematic basis.

Report of the Consultation on the Eleventh Replenishment of IFAD's Resources

Introduction

1. **At its fortieth session, IFAD's Governing Council established the Consultation on the Eleventh Replenishment of IFAD's Resources (IFAD11).**[3] The Council requested that the Consultation submit a report on the results of its deliberations to the forty-first session. The Consultation finalized and endorsed this report at its fourth session, on 14-15 December 2017, and recommended a draft resolution on IFAD11 and a draft resolution on market borrowing to the Governing Council for adoption. The IFAD11 replenishment contributions and programme of loans and grants (PoLG) targets were agreed at a fifth session of the Consultation on 12 February 2018.

2. **Members of the IFAD11 Consultation are convinced that IFAD has a unique contribution to make to the goals of the 2030 Agenda for Sustainable Development (2030 Agenda).** IFAD is the only United Nations specialized agency and international financial institution (IFI) dedicated to eliminating rural poverty and hunger and supporting inclusive and sustainable rural transformation. IFAD's target group – the rural poor and food-insecure in developing countries – accounts for the majority of the world's poor and hungry people. IFAD's people-centred approach to agricultural development and inclusive and sustainable rural transformation is a proven, cost-effective means of addressing poverty and inequality and ensuring that no one is left behind. As recognized by the Addis Ababa Action Agenda (AAAA), adopted at the Third International Conference on Financing for Development, investment in agriculture, rural development and food security has rich payoffs across the Sustainable Development Goals (SDGs). IFAD's efforts to mainstream nutrition, climate and gender multiply the benefits of its investments, and contribute to other important global agendas such as the United Nations Decade of Action on Nutrition, the Paris Agreement on climate change and the Commission on the Status of Women.

3. **Following a time of consolidation during IFAD10, the IFAD11 period will be one of ambitious acceleration, in response to the significant opportunities and challenges presented by the 2030 Agenda.** During the five sessions of the Consultation, Members of the Consultation and Management reviewed progress at the midterm of IFAD10 and took stock of the lessons learned. The Consultation reflected on the Fund's current approaches, and explored options to enhance the Fund's ability to achieve impact at scale, building on progress made over recent replenishment cycles. Based on these discussions the Consultation agreed to work towards realizing the vision of a bigger, better, smarter IFAD, as outlined in the IFAD Strategic Framework 2016-2025, and developed a proposition for IFAD11 that is realistic, bold and innovative. IFAD11 is the last replenishment under which all resources are expected to be fully utilized by 2030, further emphasizing the need to set ambitious targets now. The Consultation supported proposals to increase resource mobilization and enhance IFAD's capacity as an assembler of development finance, to strengthen IFAD's resource allocation and resource utilization frameworks, and to enhance IFAD's focus on managing for results and on value for money. Only through such changes can IFAD maximize its impact – and the impact of each dollar it invests – on the lives of poor rural people. IFAD is not alone in this process: significant reform is under way across the United Nations system[4] and in other IFIs. On this basis the Consultation endorsed an increase in IFAD's PoLG for IFAD11.

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[3] IFAD Governing Council resolution 195/XL.
[4] See footnote 2.

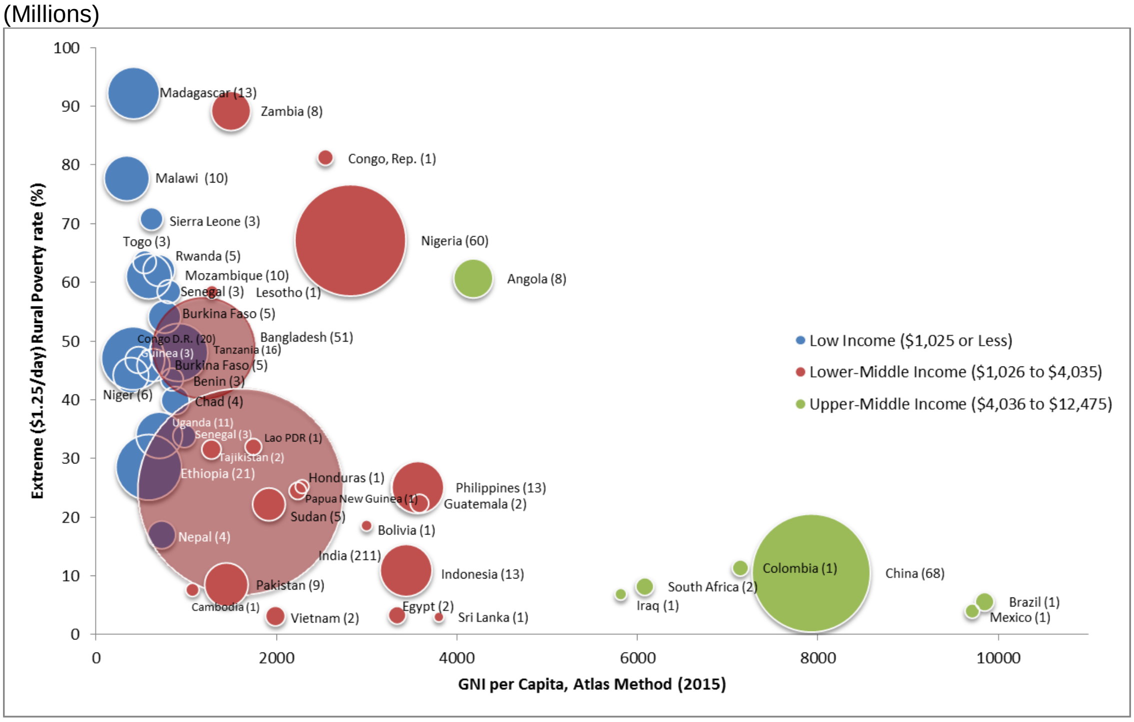
4. **This report summarizes the conclusions of the IFAD11 Consultation process and the guidance provided by its Members.** It is divided into the following sections, on: (i) the overall context in which the IFAD11 Consultation is taking place; (ii) IFAD's comparative advantage; (iii) the main business model enhancements to be undertaken for IFAD11; (iv) the agreed financial framework; (v) an overview of the IFAD11 Results Management Framework; (vi) the commitments matrix; and (vii) arrangements for the midterm review of IFAD11 and for the IFAD12 Consultation.

I. Transforming rural areas – Ending extreme rural poverty and food insecurity

A. Achieving the 2030 Agenda in rural areas

5. **The 2030 Agenda is "a plan of action for people, planet and prosperity".** It demands bold and transformative steps to shift the world onto a sustainable, inclusive and resilient path and a commitment to "leaving no one behind". Central to the SDGs is the call to eradicate extreme poverty (SDG 1) and end food insecurity (SDG 2). These goals are closely linked to achieving gender equality and empowering all women and girls (SDG 5), promoting decent work and economic growth (SDG 8) and reducing inequalities (SDG 10), and they cannot be achieved without attention to climate change (SDG 13), natural resources (SDGs 14 and 15) and effective partnerships (SDG 17).

Figure 1
Number of extreme poor in rural areas
(Millions)



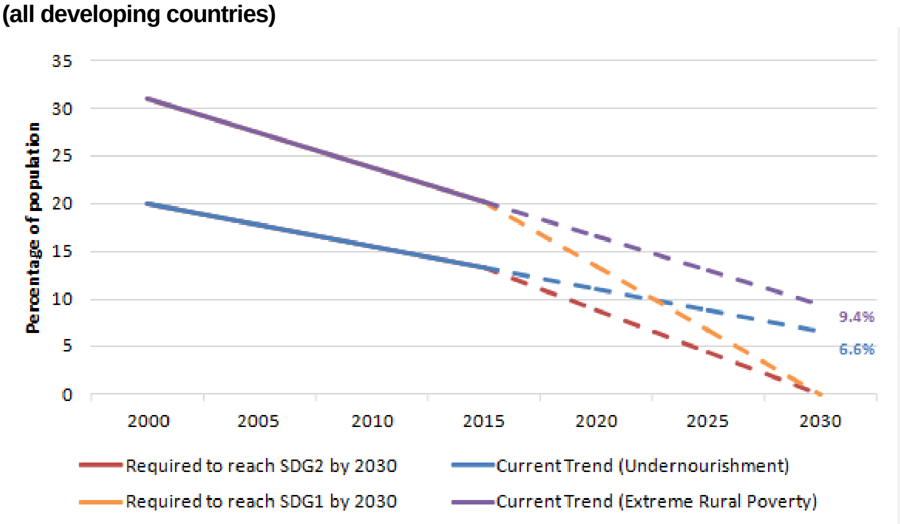
Source: Management calculations based on the IFAD *Rural Development Report 2016* (RDR) database and World Bank *World Development Indicators* (2017).

6. **To achieve SDG 1 and SDG 2, the task between now and 2030 is primarily about addressing *rural* poverty and food insecurity.** An estimated 836 million people still live in extreme poverty, and 815 million are chronically undernourished, a figure that, according to the 2017 *State of Food Security and Nutrition in the World*, actually increased in 2016 following several years of decline, largely as a result of conflict, changes in climatic conditions

and, in some cases, price rises.[5] The vast majority of these people, an estimated 75 per cent, live in rural areas, and most depend on agriculture for their livelihoods. While some of the rural poor will migrate to urban areas, most will not, and the rural population in less developed regions may even increase slightly. The income gains required to end extreme poverty by 2030 therefore need to be achieved in rural areas, mainly through agriculture and related non-farm activities, though these will be increasingly linked to urban economies.[6] As can be seen above (figure 1), there are significant numbers of poor and undernourished people in low-income countries (LICs), lower-middle-income countries (LMICs) and upper-middle-income countries (UMICs).[7]

7. **If current trends in extreme rural poverty and food insecurity continue, SDG 1 and SDG 2 will not be achieved** (see figure 2). A business-as-usual scenario will leave 240 million rural people still living in extreme poverty and 385 million people undernourished. This will have negative repercussions across a host of related SDGs and drive instability and migration. For LICs and LMICs, achieving SDG 1 and SDG 2 will be particularly difficult. Only in UMICs do trends in extreme rural poverty elimination come close to the target. However, these trends reflect current levels of growth and presume continued inclusive policies and investments, without recognizing the risk that UMICs may get stuck in the "middle-income trap", or suffer shocks relating to fragility or climate change. They also fail to recognize that improving the lives of the most marginalized groups and of those still experiencing chronic poverty and food insecurity in UMICs will be exceptionally difficult.[8]

Figure 2
Trends and projections in hunger and extreme rural poverty 2000-2030 (all developing countries)



Source: IFAD, *Rural Development Report 2016* database; and FAO, *State of Food Insecurity in the World* (2016).

[5] Extreme poverty is reported in: United Nations, *2030 Agenda for Sustainable Development Goals* (United Nations, 2015), www.un.org/sustainabledevelopment/poverty under SDG 1. Food insecurity is reported in: Food and Agriculture Organization of the United Nations (FAO), IFAD, United Nations Children's Fund (UNICEF), World Food Programme (WFP) and World Health Organization (WHO), *2017: The State of Food Security and Nutrition in the World – Building resilience for peace and food security* (Rome: FAO, 2017).

[6] World Bank Group, *Future of Food: Shaping the Food* System to Deliver Jobs (World Bank Group, 2017). This is also aligned with the Malabo Declaration on Accelerated Agricultural Growth and Transformation for Shared Prosperity and Improved Livelihoods, adopted at the African Union Summit in Malabo, Equatorial Guinea in June 2014, which includes a target for agricultural growth and transformation to contribute at least 50 per cent to the overall poverty reduction ambition for the plan and for at least a doubling of current agricultural productivity levels.

[7] See Looking ahead: IFAD in the context of the 2030 Agenda for Sustainable Development (IFAD11/2/R.2).

[8] These figures also focus on extreme poverty, while significantly more people will remain in poverty – calculated using national poverty lines that are also relevant – as SDG 1.2 aims to "reduce by at least half the proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions".

B. Inclusive and sustainable rural transformation at the heart of the 2030 Agenda

8. **Rural transformation happens as part of a broader process of economic growth and structural transformation.** It involves growth in agricultural productivity, increases in commercialization and marketable surpluses, and diversification of production patterns and livelihoods. It also involves expanded decent off-farm employment and entrepreneurial opportunities, better rural coverage and access to services and infrastructure, and greater access to, and capacity to influence, relevant policy processes. All of this can, and should, lead to broad-based rural (and wider) growth and to better managed, more sustainable rural landscapes.

9. **However, rural transformation that is inclusive and sustainable does not happen automatically; it must be made to happen.** Inclusive and sustainable rural transformation is essential to achieving the SDGs. For rural transformation to be **inclusive**, all rural people must be able to exercise their economic, social and political rights, develop their abilities and take advantage of the opportunities around them. Inclusive transformation leads to a marked improvement in the economic position and quality of life for smallholder farmers, land-poor and landless workers, women, youth, marginalized ethnic and racial groups, and victims of natural disasters and conflict. For rural transformation to be **sustainable,** it must integrate economic, social and environmental dimensions of sustainability and address climate change challenges.

10. **Promoting rural transformation and ensuring that it is inclusive and sustainable is at the heart of IFAD's mandate.** IFAD must simultaneously take advantage of the opportunities presented by rural transformation and contribute to this transformation. This requires enabling policy frameworks, policy coherence, institutional capacity, effective and inclusive partnerships, and new and sound knowledge (including data) in a range of areas. And, critically, it requires making the right strategic and nationally-owned decisions in different country contexts. Governments and their partners must jointly decide on the right combination of rural development policies and investments, including the best mix of: (i) targeted policies and investments for productive activities that seek a pathway towards inclusion by improving the livelihoods of the rural poor and food-insecure; and (ii) complementary social protection policies and investments that address income poverty, economic shocks and social vulnerability. As part of its comparative advantage and to promote inclusive and sustainable rural transformation, IFAD must work with governments to identify targeted policies and investments for productive activities and support these investments.

11. **In developing countries, smallholder agriculture and related off-farm activities present a great opportunity to promote inclusive rural transformation.** Agricultural productivity gains are key for rural transformation as smallholder farms are responsible for up to 80 per cent of food production in the developing world. Production must increase by 50 per cent to feed a global population now expected to reach almost 10 billion by 2050.[9] In just the next 15 years, demand for food in developing countries is expected to increase by 25 per cent, with growth of 55 per cent expected in sub-Saharan Africa. Smallholders[10] will play a major role in meeting this increased demand, particularly as demand for non-cereal food is projected to grow faster than

[9] See footnote 5, *State of Food Security and Nutrition in the World*.
[10] References to "smallholders" should be interpreted to include small-scale farmers and agricultural producers, regardless of their land tenure status. As defined in IFAD's Strategic Framework 2016-2025, IFAD's target group includes all poor rural people, including smallholder farmers, land-poor and landless workers, women and youth, marginalized ethnic groups, and victims of disaster and conflict.

demand for cereals, ensuring that growth is aligned with the comparative advantage of small-scale producers.[11] Food imports to Africa, which have grown dramatically in recent years, now stand at over US$35 billion per year and may reach US$110 billion by 2025 unless domestic production increases.[12] A growing and transforming agricultural sector generates multiplier effects in the rural economy, creating off-farm opportunities linked to agriculture that provide new opportunities for poor and food-insecure rural populations.

12. **Efforts to reduce extreme poverty and improve food security must therefore recognize that the role of agriculture in the rural economy is evolving.**[13] As structural and rural transformation advances, services and industry account for a relatively larger part of the economy, and food demand expands and changes. Agricultural processing, and industries and services linked to agriculture, gain importance and agriculture shifts from being primarily a direct employer to being a driver of non-farm growth and employment in rural areas. At the same time, rural investment opportunities broaden and non-farm incomes become increasingly important. While non-farm food-related jobs will increase faster than farm jobs, the overall food system is expected to remain the main employer in many developing countries.[14] With inclusive rural transformation, the rural population has the opportunity to stay in rural areas and is not forced into distress migration.

13. **Mobilizing more financial resources, improving targeting and leveraging of existing resources, and aligning public and private, international and domestic finance towards sustainable development are critical challenges.** Substantial investments in the agriculture sector are required to achieve the SDGs. FAO, IFAD and WFP estimate that an additional US$265 billion per year is needed to end hunger by 2030.[15] As highlighted in the AAAA, much of this investment should come from domestic public investment and the private sector, including farmers. Nevertheless, official development assistance (ODA) is crucial to ensure continued support for key factors needed for inclusive and sustainable rural transformation – targeting, capacity to bear risks, and co-investment in key public goods. ODA should facilitate and complement domestic public spending and private investment, reinforcing their link to the achievement of the SDGs.

C. Key challenges for ending extreme poverty and food insecurity

14. **Efforts to promote inclusive and sustainable rural transformation must tackle the cross-cutting challenges affecting rural areas.** Five particular challenges that cut across many of the SDGs are prioritized: nutrition (SDG 2); gender (SDG 5); youth, particularly youth employment (SDG 8); climate (SDG 13); and fragility, which affect all the SDGs. These need to be systematically addressed in an integrated manner during IFAD11 and beyond; failure to do so will undermine IFAD's development impact and the 2030 Agenda overall.

15. **First, greater efforts are needed to promote better nutrition**. SDG 2 seeks not only to end hunger (proxied by undernourishment), but also to avoid the

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[11] World Bank Group, *Future of Food: Shaping the Food System to Deliver Jobs* (World Bank Group, 2017). This report also refers to growing evidence that labour productivity in agriculture is similar to that of other sectors, countering long-standing policy biases against agriculture, and that differences result from seasonality and underemployment which can be addressed with investments to extend seasons, and improve and diversify production.
[12] African Development Bank (AfDB), the Organisation for Economic Co-operation and Development (OECD), and the United Nations Development Programme (UNDP), *African Economic Outlook 2017 Entrepreneurship and Industrialisation* (AfDB, OECD, UNDP 2017: 2017).
[13] *Rural Development Report 2016: Fostering inclusive rural transformation.*
[14] See footnote 6.
[15] FAO, IFAD and WFP, *Achieving Zero Hunger: The critical role of investments in social protection and agriculture* (Rome: FAO, 2015).

multiple burden of malnutrition: undernourishment, micronutrient deficiency and obesity. Today almost one in four children under 5 are affected by stunting due to undernourishment,[16] malnutrition during the initial years of children's development has severe negative and persisting impacts, and illness provoked by malnutrition can cause deep stress and hamper the resilience and livelihoods of poor communities. Diversifying production to meet nutritional goals is critical but not enough; likewise, income gains alone are insufficient to deliver positive nutritional impact: all stages of the food chain must change. This necessitates a shift beyond nutrition-sensitive agriculture to nutrition-sensitive food systems that provide safe, affordable and nutritious food while addressing the social and cultural norms that impede the meeting of nutritional goals for all.[17]

16. **Second, actions must be taken to promote gender equality and women's empowerment while increasingly transforming the conditions, relations and roles that create inequalities. All the SDGs will be stalled if gender concerns are not addressed.** Studies consistently find that women have significantly less access to agricultural inputs, including land. This creates a gender productivity gap that has consequences for overall productivity as well as gender inequality. It limits agricultural potential and stalls the transformation of the rural economy, particularly in the many contexts where women are the main actors in household food production, and where male migration is leading to further feminization of agriculture. These dynamics can also diminish women’s bargaining power in the household and divert spending away from investments in children’s schooling, health and nutrition. Policies should be built on three pillars: promoting economic empowerment; reducing women's burden of work inside their households and in the fields; and strengthening their voice and influence.

17. **Third, policymakers must ensure young rural people can find productive and sustainable employment.** There are 1.2 billion young people between the ages of 15 and 24 in the world today. South and East Asian countries have particularly large youth populations, but these regions will eventually be surpassed by Africa, where in the years leading to 2030, over 16 million young women and men will enter the labour force each year, the majority in rural areas.[18] While these rural young people have the potential to create a demographic dividend, their success in doing so relies on the availability of productive opportunities. Today, across developing countries, young people are two to three times more likely than adults to be unemployed, and are more vulnerable to exclusion from political life and opportunities to access land, finance and markets; young women typically face the greatest challenges.[19] Failing to engage youth, particularly in agriculture, will stifle the productivity increases needed to achieve the SDGs. Furthermore, if rural areas do not provide jobs, young people will be forced to move to already overcrowded cities, and some will resort to international migration (see box 3 below). In some circumstances unemployed youth are more liable to engage in violence and criminality, fuelling conflict, fragility and insecurity.[20]

18. **Fourth, investment in mitigating and adapting to climate change and in preventing and reversing environmental degradation must be accelerated.** Climate change is already altering the agricultural landscape. Left unaddressed, it will result in greater poverty and, in extreme cases, famine for those relying on agriculture. A recent World Bank study estimated that climate

[16] See footnote 5, *State of Food Security and Nutrition in the World*.
[17] CGIAR Independent Science and Partnership Council (ISPC), *Joint A4NH/ISPC Workshop on Nutrition – Insights and recommendations* (Rome: CGIAR, 2015).
[18] IFAD and the World Bank Group, *Rural Youth Employment* (IFAD and the World Bank Group: 2017).
[19] Ibid.
[20] The World Bank, *World Development Report 2011: Conflict, Security, and Development* (Washington, D.C.: World Bank, 2011).

change will push an additional 5 million people into poverty in the most optimistic scenario, and 125 million additional people in the least optimistic: 50 per cent of this poverty impact derives from the effects of climate change on agriculture, highlighting the particular sensitivity of the sector. In addition, given the role of agriculture in greenhouse gas emissions, and its potential contribution to mitigation, attention must be paid to win-win approaches to adaptation that also mitigate emissions, while improving the livelihoods of rural poor people. Clearly, transforming rural areas and making agriculture a driver of rural development can only happen if agriculture addresses climate change challenges, i.e. it must be practised in a way that sustainably increases agricultural productivity, enhances resilience to climate change (adaptation) and reduces and/or removes greenhouse gas emissions (mitigation) where possible. At the same time, growth must not lead to unsustainable increases in water use or to environmental degradation.

19. **Fifth, fragility – perhaps the greatest development challenge faced today – must be addressed effectively.** Countries affected by fragility lagged behind on all of the Millennium Development Goals and today addressing fragility is recognized as essential to delivering the SDGs.[21] In 2016, the OECD estimated that 1.6 billion people were living in fragile situations,[22] 480 million of them in extreme poverty. While globally, extreme poverty is expected to decline, in fragile contexts it is expected to increase. Fragility is also one of the key drivers of negative rural transformation outcomes. The chronic vulnerabilities and periodic shocks that characterize fragile situations trigger conflicts, disrupt livelihoods and drive people from their homes into situations of forced displacement or distress migration to seek safety, access to services and economic opportunities, often in urban areas. Leaving no one behind cannot not be achieved unless fragility is addressed firmly and in a comprehensive manner.

20. **Combinations of these five challenges – which apply across country income groups – can be seen in many places in the world today, and are creating an unprecedented movement of people within and across borders**. At this very moment, decades of development progress are being unravelled in countries affected by drought, famine, conflict and forced displacement. An unprecedented 81 million people are in need of emergency food assistance, largely due to conflicts and the overwhelming impact of droughts induced by El Niño/La Niña.[23] Compounding this hunger crisis are the 65.6 million people living in forced displacement, driven from their homes by conflict, violence, persecution, hunger and natural disasters. The vast majority of those living in forced displacement are in developing countries, creating additional challenges for governments and host communities. Addressing underlying challenges at the point of origin is the only way to ensure that rural people have the opportunity to stay and thrive in their own communities. Only by treating the drivers of hunger and conflict in rural areas can future crises be prevented and human security ensured. This will require strong partnerships, including between humanitarian and development actors, and investment in long-term solutions that address these challenges in an integrated manner, build resilience and permit rural economies to continue to move forward.

[21] United Nations General Assembly, *The Road to Dignity by 2030: Ending Poverty, Transforming all Lives and Protecting the Planet* (New York: United Nations, 2014), www.un.org/ga/search/view_doc.asp?symbol=A/69/700&Lang=E.
[22] The OECD is phasing out the practice of establishing ranked lists of fragile states and is replacing it with identification of a group of countries or contexts most affected by fragility over five different dimensions: economic, environmental, political, security and societal. The IFAD strategy for engagement in countries with fragile situations (EB 2016/119/R.4) defines an IFAD specific methodology for identification of the most fragile situations, which focuses on dimensions and indicators of fragility most relevant to IFAD's work.
[23] Famine Early Warning Systems Network (FEWS NET), *Global Alert: Already unprecedented food assistance needs grow further; risk of Famine persists* (FEWS NET, 2017).

21. **Achieving the 2030 Agenda in rural areas will require significantly stepping up efforts in LICs and LMICs, continuing action in UMICs, and improving IFAD's capacity to deliver in the most fragile situations (MFS).** Without a strong concerted effort to reduce extreme poverty and improve food security across countries at different levels of development, SDG 1 and SDG 2 cannot be achieved and people will continue to migrate due to distress rather than by choice.

II. Leaving no one behind – IFAD's role in the 2030 Agenda

A. IFAD's value proposition and comparative advantage

22. **Leaving no one behind – the ambition that cuts across the 2030 Agenda – is central to IFAD's mandate.** IFAD has been "putting the last first" for 40 years, accumulating decades of experience across the developing world, providing loans and grants to invest in rural people, contributing to shaping people-centred pro-poor policies and developing partnerships to achieve its goals. There is now considerable cross-country evidence that agricultural growth is more effective in reducing poverty than growth in other sectors,[24] and the AAAA recognized that investment in agriculture, rural development and food security "will lead to rich payoffs across the sustainable development goals".

23. **IFAD’s overarching development goal is to invest in rural people to enable them to overcome poverty and achieve food security through remunerative, sustainable and resilient livelihoods.**[25] The pathway through which IFAD’s investments will achieve this overall goal in IFAD11 and beyond is carefully articulated in the IFAD Strategic Framework 2016-2025, through three closely interlinked strategic objectives (SOs): SO1: Increase poor rural people’s productive capacities; SO2: Increase poor rural people’s benefits from market participation; and SO3: Strengthen the environmental sustainability and climate resilience of poor rural people’s economic activities. These strategic objectives are complemented by five principles of engagement: (i) targeting; (ii) empowerment; (iii) gender equality; (iv) innovation, learning and scaling up; and (v) partnerships.

24. **Underlying IFAD's value proposition is the conviction that poor rural people can be drivers and beneficiaries of inclusive and sustainable rural transformation**. IFAD places poor rural women and men at the centre of its investments. IFAD's investment portfolio is focused on empowering these women and men to strengthen their productivity, increase their incomes, improve their food security and nutrition, engage with markets and with other actors within agrifood supply chains on effective and competitive terms, manage their natural resources more effectively and sustainably, and increase their resilience. IFAD works with governments and other partners to invest in empowering poor rural people to play this role. This approach is critical to the achievement of IFAD's mandate and is unique among development finance institutions. This mandate allows IFAD to invest in opportunities that take advantage of rural transformation and to contribute to that transformation.

25. **IFAD's comparative advantage therefore lies in its strong targeting of the poorest and most food-insecure people in rural areas, and in its focus on empowering them to increase their productive capacities.** The Fund seeks to support the poorest, most marginalized population strata, living in the most remote and fragile areas. It works with smallholder farmers, pastoralists, artisanal fishers, indigenous peoples and other rural people and their organizations,

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[24] See footnote 6.
[25] IFAD Strategic Framework 2016-2025: Enabling inclusive and sustainable rural transformation.

providing both knowledge and investment to transform their livelihood strategies into competitive small-scale business activities, enhance their returns from market participation, and build their resilience to cope with climatic and other shocks. Effective partnerships to innovate, learn and scale up impact form a critical component of this comparative advantage. IFAD is also a recognized leader in the field of rural women's empowerment;[26] is considered a "global pioneer" among United Nations agencies for its work in securing indigenous peoples' rights;[27] and has a unique partnership with the world's farmers' organizations through the Farmers' Forum. Furthermore IFAD is a leading promoter of poor rural communities' resilience to climate change, and it is one of the largest lenders supporting inclusive rural finance.

26. **IFAD's status as a United Nations specialized agency with the business model and governance structure of an IFI is a further element of its comparative advantage.**[28] IFAD contributes to the AAAA by effectively mobilizing, allocating and utilizing finance for development and transforming those resources into results. It helps to mobilize and target domestic and international public development finance, aligning the two in the context of specific programmes to increase productive, human and social capital and to facilitate access to financial capital – including private capital. IFAD's inclusive governance mechanisms enable it to leverage contributions from a larger number of Member States than any other IFI. These contributions in turn provide the basis for leveraging further sources of finance and catalysing private investments towards sustainable development objectives. Loan reflows ensure IFAD's financial sustainability and over the longer term multiply the impact of Member States' replenishment contributions.

27. **While recognizing the need for improvements, IFAD has effectively leveraged its comparative advantages to deliver results, including in fragile situations**. From 2010 to 2015, IFAD-supported projects helped 43.2 million people to increase their agricultural revenue and moved 24 million people out of poverty – 17 million of whom were living in fragile states. With 836 million people still living in extreme poverty and hunger, mostly in rural areas and relying on agriculture for their livelihoods, the importance of leveraging IFAD's comparative advantages for achievement of the SDGs is clear. Through its comparative advantage, IFAD creates opportunities for the poorest and most food-insecure rural people to allow them to stay in their communities and avoid distress migration. With an ongoing portfolio of projects reaching almost 100 million poor rural people – a significant share of the world's poor rural population – IFAD is strongly positioned to make a major contribution to these goals.[29]

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[26] Midterm Review of IFAD's Policy on Gender Equality and Women's Empowerment (EB 2016/118/R.9).

[27] B. Feiring et al., *United Nations and Indigenous Peoples in Developing Countries: An Evolving Partnership* (Tebtebba Foundation and Asia Indigenous Peoples Pact, 2014).

[28] IFAD's unique business model and strong financial capacity is evidenced by that fact that IFAD is the only United Nations agency positively assessed across all seven pillars of the European Commission's Pillar Assessment, used to ensure that organizations have the capacity to manage European Union funds on their behalf. The seven pillars cover topics such as internal controls, accounting, external audits, grants, procurement, financial instruments and sub-delegation.

[29] According to IFAD's impact assessments, IFAD projects helped move 24 million people out of poverty during the six-year period 2010-2015, out of a total global poverty reduction of 400 million people during this period. Yet IFAD's average annual PoLG was less than 1 per cent of total annual ODA. This suggests, based on very conservative assumptions, that the average impact of a dollar spent by IFAD in terms of people moved out of poverty is 35 per cent higher than that of average ODA. If all ODA were as effective as IFAD's dollar-for-dollar ratio, an additional 140 million people would have been moved out of poverty during this period.

Box 1
More systematic collaboration among the Rome-based agencies

Rome-based agency (RBA) collaboration has received a major push in recent years. A joint vision and concrete commitments based on each agency's comparative advantage and distinct role will further strengthen RBA joint efforts to better support the SDGs.

At the country level, in 2015, the RBAs collaborated on 26 projects in 21 countries, a 20 per cent increase over the previous year. Joint country strategies and regional agreements are being established, and FAO is supporting design and implementation of IFAD projects in many countries. A joint mission of the RBA Executive Heads to Ethiopia took place in September 2017.

At the global level, the RBAs collaborate on the 2030 Agenda, advancing key issues such as resilience, food security and nutrition through joint preparation of knowledge products (for example, the State of Food Security in the World), through collaboration in the Committee on World Food Security (CFS), joint advocacy around World Food Week and World Food Day, and through initiatives such as the Accelerating Progress towards the Economic Empowerment of Rural Women programme which is supported by the Governments of Norway and Sweden.

Institutional collaboration is increasing efficiency and effectiveness: Ten IFAD Country Offices are hosted by FAO and seven by WFP, and there is extensive joint provision of corporate services through the RBA Common Procurement Team and collaboration on ICT, printing, security and travel services.

Under the leadership of the RBA Executive Heads and the Senior Consultative Group (SCG), the agencies are taking steps towards a more systematic approach to operational collaboration.

During IFAD11, the RBAs will:
- Prepare a tripartite memorandum of understanding (MoU), building on the current MoU between FAO and WFP;
- Increase joint regional processes, projects and programming exercises; elaborate a framework with FAO to benefit from its technical assistance and thematic expertise; and seek country-level synergies with WPF's Farm to Market Alliance;
- Undertake joint country-level mapping exercise to identify gaps, overlaps and opportunities for collaboration on country strategies – with a target of collaboration on three country strategies, subject to confirmation with the other RBAs;
- Identify fragile situations where WFP-IFAD collaboration could bring together humanitarian aid and development financing in line with the “New Way of Working” framework. IFAD's Facility for Refugees, Migration, Forced Displacement and Rural Stability (FARMS) provides entry points for such collaboration;
- Strengthen joint work, including through the CFS, on priorities such as climate, gender transformation, rural finance and financial inclusion, food security and nutrition, and monitoring and implementation of the SDGs through the United Nations High-level Political Forum;
- Further strengthen joint administrative and human resources-related services, technical integration of IT systems, joint audit and investigation activities and evaluation; and seek more joint country hosting arrangements.

Progress on RBA collaboration is reported regularly to the SCG, the RBA Executive Heads, and the executive bodies of the respective agencies.

28. **Ending extreme rural poverty and food insecurity through inclusive and sustainable rural transformation requires action from a range of development partners, a process in which IFAD will play a critical role**. IFAD is among the world's largest multilateral financiers of food security and nutrition,[30] but it uses its funding differently from other IFIs. The World Bank typically prioritizes sector-level investments,[31] while the African Development Bank (AfDB) focuses its efforts on infrastructure investment.[32] IFAD's targeted people-centred investments in the poorest rural communities, often in the most remote areas, complement these approaches and enhance their inclusivity, poverty impact and sustainability. Likewise, the distinct but complementary mandates of the RBAs strengthen their individual value propositions. FAO and WFP share IFAD's goal of addressing extreme poverty and food insecurity, and the strategic objectives of the three agencies are similar, but their mandates differ. FAO's core functions concern policy support, data collection and technical

[30] Based on estimations by the Brookings Institution of annual average financing going to food and nutrition security.
[31] A. Goyal and J. Nash, *Reaping Richer Returns: Public Spending Priorities for African Agriculture Productivity Growth* (Washington, D.C.: Agence Française de Développement and the World Bank, 2017).
[32] The AfDB strategy for 2013-2022 explicitly notes the need for AfDB to partner with IFAD (and FAO) who are "better positioned to intervene in other parts of the value chain." AfDB Group, *At the Center of Africa’s Transformation: Strategy for 2013–2022* (Abidjan: AfDB, 2013), p.20.

assistance.[33] WFP focuses on humanitarian crises and linked development-enabling work.[34] IFAD facilitates financing and investment, with a focus on investing with and for smallholder farmers, and poor rural women and men. These are highly complementary mandates where there is potential for significantly more collaboration. During IFAD11 more systematic collaboration will be pursued, both with the RBAs (see box 1 above) and with other IFIs.

B. Looking ahead to IFAD11 and beyond

29. **In order to achieve the goals of the 2030 Agenda, IFAD needs to work in a way that is bigger, better and smarter**. The IFAD11 Consultation has assessed the business model of the Fund, and considered how it can be enhanced to deliver impact on poverty and hunger at scale and meet the significant demands of the 2030 Agenda.

30. **Demand for IFAD's resources is strong: Governments recognize the need to invest in agriculture and to address climate change and inequality.** A recent survey of ODA recipients identified that the three areas where they anticipated the highest growth in ODA requirements over the next five to 10 years, after overall economic growth, are: (i) agriculture and natural resource management; (ii) adaptation to climate change; and (iii) meeting the needs of the poorest and reducing inequality[35] – concerns that are all at the centre of IFAD's mandate. IFAD is recognized by governments as a critical partner in delivering on these priorities and demand for IFAD's lending and non-lending support has never been higher. The evidence – both historical data and data from forward planning for scenarios of up to US$6 billion – indicates that countries want more IFAD support and financing, and have the capacity to absorb funding.

31. **IFAD aims to make a significant, effective and efficient contribution to SDG 1 and SDG 2 and the broader 2030 Agenda in rural areas**. It will do this through a concerted effort of: (i) increased resource mobilization by diversifying the resource base, while ensuring that Member States' core contributions remain the foundation of the Fund's financial strategy; (ii) effective allocation of resources to those that need them most and can use them effectively; (iii) fine-tuning processes for resource utilization, with more agile programme delivery and implementation; and (iv) embracing a culture of results and innovation across the organization, which will help transform resources into development results in a way that maximizes the impact of each dollar invested on the lives of rural poor people. To lay the groundwork for these changes, and ensure that IFAD is ready to deliver at a higher capacity for IFAD11, a series of actions are already being front loaded, including: (a) devolving responsibility to the frontlines; (b) re-engineering the country-based model; (c) recalibrating business processes; (d) fitting headquarters for purpose; and (e) creating a results-based architecture.

32. **The IFAD11 Consultation also focused on three areas in which specific attention is required during the coming years**: (i) enhancing the relevance of IFAD operations to country context; (ii) mainstreaming cross-cutting challenges relating to nutrition, gender transformation, youth[36] and climate, ensuring additional focus on climate change mitigation and environmental sustainability, and better addressing fragility; and (iii) forging partnerships to

[33] FAO, *Reviewed Strategic Framework* (Rome: FAO, 2013), p.18.
[34] WFP, *WFP Strategic Plan (2017-2021)* (Rome: WFP, 2017).
[35] See footnote 1.
[36] The G20 also welcomed and supported the high returns of IFAD's investments in critical areas of specific interest for the economic empowerment of rural youth, and recognized the synthesis study *Rural Youth Employment*, conducted jointly by IFAD and the World Bank for the G20, as an important input to the G20 Initiative for Rural Youth Employment – Supporting the "Next Generation" in Rural Development, Agriculture and Food Security in developing countries.

pool and leverage finance and knowledge, and influence the global agenda in order to scale up IFAD's innovative and catalytic role.

33. **A fundamental underpinning of the IFAD11 business model is an increased focus on development effectiveness**. Development effectiveness requires that: (i) IFAD's country strategies carefully assess the rural development situation and identify interventions that address key development problems and are likely to be successful in achieving their development objectives (doing the right things); (ii) individual projects are designed and implemented with a carefully articulated theory of change highlighting how inputs and activities are expected to achieve impact (doing things right); (iii) projects have sufficiently planned and implemented data collection systems that allow for assessment of that theory of change (facilitating learning and evidence-based decision-making). The Development Effectiveness Framework (DEF), approved by IFAD's Executive Board in December 2016, will support this agenda. Furthermore, as recognized in the Paris Declaration on Aid Effectiveness, the AAAA and the Global Partnership for Effective Development Co-operation, development effectiveness can be enhanced to the extent that development assistance is channelled through a country-based development model. Fully realizing the country-based model during 2018, including through accelerating IFAD's decentralization, will be essential to delivering on the commitments made as part of the Consultation.

34. **The next section focuses on the enhancements that will be made to IFAD's business model during IFAD11,** fully integrating the Fund's approach to enhancing relevance to country context; mainstreaming nutrition, gender, youth and climate; and leveraging partnerships. Key highlights of how these priorities will materialize in IFAD11 are summarized in the relevant boxes.

III. Enhancing IFAD's business model to achieve operational excellence

35. **In the past decade the Fund has successfully adjusted its business model to improve results and respond to pressing external factors**. Notable changes include embracing direct supervision and decentralization, differentiating approaches for specific country needs, sharpening the focus on non-lending engagement, successfully mainstreaming gender into IFAD-supported operations, and establishing a leadership role in smallholder adaptation to climate change through creation of the Adaptation for Smallholder Agriculture Programme (ASAP). Furthermore, IFAD has successfully diversified its funding sources through the introduction of sovereign borrowing. IFAD is now globally recognized for its contribution to rural poverty reduction, as identified in the AAAA. Improvements in IFAD's performance have also been highlighted in recent donor assessments, which have noted progress on strengthening financial management, transparency and results.[37]

36. **Nevertheless, to meet the demand created by the 2030 Agenda, the Fund must continue to enhance its business model for even greater impact.** During IFAD11, improvements will be made across the four key dimensions of IFAD's business model: (a) resource mobilization; (b) resource allocation; (c) resource utilization; and (d) transforming resources into development results. This will strengthen IFAD’s approach to managing for development results, and maximize the impact of each dollar it invests on the lives of poor rural people.

[37] United Kingdom’s Department for International Development (DFID), *Raising the standard: the Multilateral Development Review 2016* (DFID, 2016).

A. Resource mobilization – assembling development finance to maximize impact

37. **To meet the investment needs of the SDGs the global community is moving the discussion from "billions" to "trillions" in investments of all kinds: public and private, national and international.** Achieving the SDGs will require the best possible use of each ODA dollar, including those of the Fund and its development partners, as well as financing from philanthropy, South-South flows, diaspora investment and foreign direct investment. These external financial flows need to catalyse the mobilization and effective use of domestic public and private resources.

38. **In this context, IFAD's catalytic role as an assembler of development finance as well as a direct lender is paramount.** IFAD's role in mobilizing investment to enable rural people living in poverty to improve their food security and nutrition, raise their incomes and strengthen their resilience has already been recognized in the AAAA. During IFAD11, the Fund will further enhance its role as an assembler of development finance at the global and country levels. Prioritizing this role and strengthening the Fund's financing partnerships are critical for meeting the increasing demand for larger-scale financing and greater impact. This will be achieved through changes in the way that IFAD finances its PoLG, and through a more strategic and proactive approach to mobilizing domestic and international cofinancing and crowding in private investment, including by bolstering country engagement.

Programme of loans and grants

39. **In IFAD11, the PoLG rather than the level of replenishment contributions will drive the financial strategy.** Traditionally IFAD's PoLG has been determined by the level of the replenishment, often leaving a considerable gap between country demand and actual allocations, and failing to fully utilize or incentivize enhancement of IFAD's capacity to deliver. For IFAD11, the PoLG will be established at a level that balances country demand and absorptive capacity with financial prudence and IFAD's capacity to deliver, taking into account planned efforts to increase that delivery capacity.[38] This will be made possible by prudently leveraging IFAD's replenishment resources with borrowing. Doing so is critical to maximizing development results and improving IFAD's value for money.

40. **To strengthen IFAD's role as an assembler of development finance, a comprehensive leveraging strategy will be implemented.** While core replenishment contributions will remain the foundation of IFAD's capital and financial commitment capacity, borrowing will be integrated into the financial framework for the first time, utilizing the existing Sovereign Borrowing Framework (SBF), and adapting the concessional partner loan (CPL) frameworks successfully introduced by the International Development Association (IDA) and African Development Fund (AfDF) to IFAD's specific requirements. During IFAD11, IFAD will also make preparations for possible market borrowing in accordance with the agreed road map for IFAD's financial strategy (annex VII). Details on the IFAD11 financial framework and IFAD's financial strategy are provided in section IV.

[38] In developing this scenario an analysis of demand over the IFAD11 period was conducted based on a country-by-country assessment of country strategic opportunities programmes (COSOPs) that have been recently written or are under discussion with partner countries. Demand for IFAD resources is shaped by several factors, including: how partner countries view IFAD's value added as a source of both development finance and technical and policy expertise; the alternative resources available to them; their fiscal space; and the extent to which support to smallholder farmers and the rural poor represents a policy priority for them. A paper on this issue was presented to an intersessional meeting of the IFAD11 Consultation on 18 October.

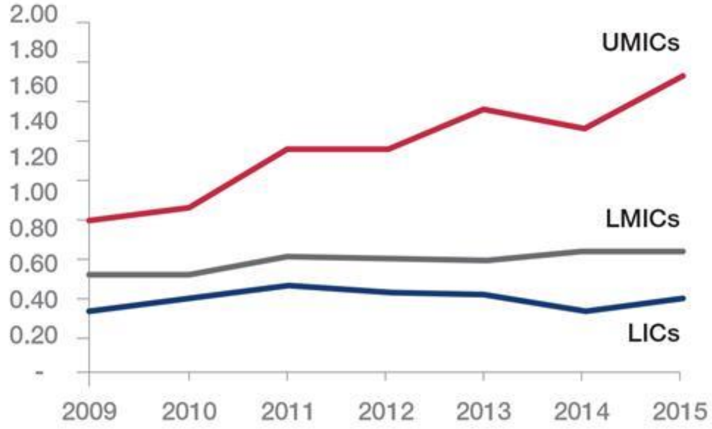
Programme of work

41. **Cofinancing with domestic and international partners has multiple benefits.** It enables expansion of the number of beneficiaries covered, encourages knowledge exchange among cofinanciers, improves aid coordination, facilitates policy engagement with governments and provides opportunities to scale up successful experiences for better impact. In IFAD11, the Fund will aim to mobilize US$1.40 for every US$1 of IFAD financing, a significant increase compared to IFAD10. This target is broken down into separate targets for domestic cofinancing (US$0.80 for every US$1 of IFAD financing) and international cofinancing (US$0.60 for every US$1 of IFAD financing), to be achieved across the overall PoLG on a 36-month rolling average basis. Assuming a PoLG of US$3.5 billion, this would result in a programme of work (PoW) of US$8.4 billion: an increase of about US$1.35 billion over IFAD10.[39] Cofinancing levels – and the cofinancing ratio – have decreased in recent years. IFAD11 cofinancing will be cascaded into regional targets, according to the regional context, and reflected in the COSOPs. The cofinancing pipeline will be more systematically monitored and a cofinancing strategy will be developed. This strategy will include clear definitions of different forms of cofinancing and methodologies for their calculation, including quantification of in-kind contributions. The re-engineered country-based model will also help strengthen partnerships to facilitate greater cofinancing. In the medium-to-long term, IFAD aims to double the PoW achieved in IFAD10, responding to the need for a significant acceleration – roughly a doubling – of today's rate of progress to achieve the SDGs, particularly SDG 1 and SDG 2.

42. **IFAD will explore new ways of securing domestic cofinancing that are congruent with each country's income status**. Almost all ongoing IFAD-supported projects already receive domestic cofinancing – mainly from the government (counterpart funding). Domestic cofinancing ratios in UMICs have increased considerably over recent years and are now double what is provided by LICs and LMICs, yet there is still scope for them to rise further. For IFAD11 specific counterpart funding targets will be agreed with governments during preparation of project concept notes, aiming towards the aggregate 1:0.8 domestic cofinancing target. Targets will be benchmarked by country income status, while taking the domestic fiscal situation and broader economic environment into account. Disaggregated data on public and private, domestic and international cofinancing will be reported through the annual Report on IFAD's Development Effectiveness (RIDE), including specific reporting of government counterpart cofinancing, with an indication of the share comprised of in-kind contributions, which have been translated into financial amounts. IFAD will also support Member States' own domestic resource mobilization efforts by boosting rural economic activities and incomes, and reducing informality in the rural and agricultural sectors. As recognized in the AAAA, the 2030 Agenda and the African Union's Agenda 2063, effective **domestic resource mobilization** from the public and private sectors is a necessary ingredient for sustainable poverty eradication.

[39] The IFAD10 cofinancing target is 1:1.2, implying mobilization of US$3.84 billion in cofinancing for an IFAD10 PoLG of US$3.2 billion, and a PoW of US$7.04 billion. The current 36-month cofinancing ratio of 1:1.27 exceeds the IFAD10 target.

Figure 3
Domestic cofinancing ratio trends by income status of countries (three-year rolling averages)



43. **In IFAD11 international cofinancing will increase and it will become more systematic and will be used to scale up IFAD's impact.** Three quarters of IFAD operations in LICs receive international cofinancing, and operations in MFS receive almost twice as much as those in non-fragile contexts. Widespread recognition that rural areas and the agriculture sector are key to the attainment of the SDGs has revived the interest of other IFIs in investing in this sphere, creating new opportunities for cofinancing. IFAD's comparative advantage and specific expertise in working with smallholders and marginalized groups in remote rural areas make it the partner of choice for such investments. Efforts are already under way to reinvigorate engagements with major international cofinancing partners such as the AfDB, Asian Development Bank (AsDB), West African Development Bank, Andean Development Corporation, European Union, Inter-American Development Bank, Islamic Development Bank and OPEC Fund for International Development. In IFAD's new country-based model, country directors will play a key role in facilitating international cofinancing to achieve the 1:0.6 target ratio.

44. **IFAD will develop a more strategic approach to mobilization of supplementary funds, which complements other components of IFAD's financing strategy.** Supplementary funds are a proven instrument to attract cofinancing for IFAD's lending programme and to deliver it to recipients through a single channel, simplifying administration and reducing the burden on recipients. They are a particularly important means of scaling up interventions in LICs and LMICs, supporting IFAD's engagement in fragile situations and enhancing engagement with civil society, for example farmers' organizations. They also finance innovation in areas such as agricultural risk management[40] and remittances[41] and have played an important role in supporting the nutrition, gender and climate agendas. Indeed IFAD has established an impressive track record in mobilizing supplementary funds from global environment and climate

[40] The Weather Risk Management Facility (WRMF) initiative, launched jointly by IFAD and WFP, promotes the access of vulnerable smallholders to risk management tools such as weather-based index insurance (WII). It conducts global research in best practices to support international agencies and donors' country programme staff in effectively implementing a WII programme. In addition, the Platform for Agricultural Risk Management (PARM) was launched in 2013 as an initiative developed under the G20. PARM is a multi-donor initiative worth US$7.7 million. It helps identify, assess and quantify agricultural risks in partner countries, and develop related strategies for informing public policies, agricultural investment programmes and private sector practices.

[41] The Financing Facility for Remittances (FFR) is a multi-donor initiative which has co-funded nearly 50 projects in 45 countries for a total of US$38 million. It maximizes the impact of remittances for rural poor people by expanding access to financial services and offering financial products to remittance recipients through innovative, cost-effective and accessible services. Remittances have huge potential as a future source of funding as they are estimated to grow from the present level of US$430 billion to US$2.5 trillion.

funds, including the Global Environment Facility (GEF), Least Developed Countries Fund (LDCF), Special Climate Change Fund (SCCF) and Adaptation Fund (AF). In 2016, IFAD was accredited as an implementing agency for the Green Climate Fund (GCF).[42] During IFAD11 mobilization of supplementary funds will focus on a number of specific priorities that add value to country programmes or enhance global engagement, including: (i) scaling up existing successful initiatives; (ii) tapping global funds and partners for cofinancing, particularly for the climate, youth and fragility agendas to complement performance-based allocation system (PBAS) resources; (iii) addressing the rural dimensions of the current refugee crisis through FARMS; (iv) financing technical assistance to climate change adaptation and mitigation through the second phase of ASAP (ASAP2); (v) promoting private sector development and youth entrepreneurship through the SIF; and (vi) supporting IFAD's South-South and Triangular Cooperation (SSTC) initiatives.

Crowding in private sector investment

45. **More private resources will have to be mobilized to finance the global ambitions of the SDGs.**[43] Clearly ODA and domestic resource mobilization will remain essential to accelerating economic growth and lifting people out of extreme poverty, particularly in many LICs where private investment is still limited. However a critical role of these resources will be to crowd in private investment,[44] benefiting from the growing body of examples of how private business can deliver profit and development impact simultaneously.

46. **Purposeful partnerships with the private sector will be an IFAD11 priority.** Some 70 per cent of all IFAD projects are now focused on developing value chains, and the local private sector[45] is identified as a partner in over 50 per cent of IFAD's loans and grants. Nevertheless, IFAD has faced challenges in increasing private sector collaboration, other than with the smallholder farmers themselves, and the private sector provides limited amounts of project cofinancing. The AAAA calls on the multilateral development banks (MDBs) to increase the multiplier effect of their investments. Using a re-engineered country-based model, IFAD will make this a priority of IFAD11 and will develop an updated private sector strategy. IFAD will also seek to increase and report more comprehensively on the direct and indirect private finance mobilized by the Fund's investments using mechanisms appropriate for the private sector and looking beyond traditional definitions of cofinancing.

47. **The public-private-producer partnership (4P) model has established a systematic approach to involving the local private sector, together with smallholder farmers and their organizations, as equal partners in IFAD-supported projects.** The 4P model supports the emergence of pro-poor and win-win business solutions that provide financial and non-financial incentives to private sector companies to partner with and invest in smallholder farmers, enabling the latter to improve their productivity and access to markets. Having developed a conceptual framework, case studies, methodologies, guidelines and assessed outcomes to garner lessons learned and inform future work, IFAD is now well positioned to make greater use of the 4P approach to crowd in domestic private sector investment in rural areas.

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[42] Including ASAP, GEF, LDCF, SCCF and AF, IFAD has mobilized some US$500 million of climate and environment finance for 62 countries, making IFAD the world's largest channel for smallholder agriculture adaptation resources.
[43] H. Kharas, A. Prizzon, and A. Rogerson, *Financing the post-2015 Sustainable Development Goals: A rough roadmap* (London: Overseas Development Institute, 2014).
See www.delog.org/cms/upload/pdf-post2015/ODI_Financing_the_post-2015_SDGs.pdf.
[44] G20 International Financial Architecture Working Group (G20 – IFA WG), *Principles of MDBs' Strategy for crowding-in Private Sector Finance for growth and sustainable development* (G20 – IFA WG, 2017).
[45] For example, commercial banks, microfinance institutions, input suppliers, equipment-leasing firms, private extension and advisers, aggregators, processors, wholesalers, retailers and exporters.

48. **Going forward, IFAD will continue its efforts to mobilize finance for the underserved market of smallholder farmers and domestic small and medium-sized enterprises (SMEs)**. This will be done through IFAD's lending and non-lending engagement at country level by directly addressing the root causes of the difficulties: lack of collateral and bankable investments, higher transaction costs and higher risk. To this end, IFAD will focus on investments in rural areas that reduce risk and improve the enabling environment, and will act as a broker to crowd in private investments in rural areas and help small-scale producers, "agripreneurs" and their organizations to become competitive business partners. By developing more innovative financial inclusion methods IFAD will enhance access to medium- and long-term finance for small-scale producers, particularly women and youth.

49. **IFAD will also establish the Smallholder and Small and Medium-Sized Enterprise Investment Finance Fund** to facilitate access to medium-to-long-term finance for SMEs and producers' organizations, through debt and equity investments.[46] The SIF will target the segment of rural SMEs that are currently underserved by existing banks and investment funds. It will capitalize on the potential of IFAD's existing portfolio to minimize risk and unlock private sector investments, focusing on creation of employment opportunities for rural youth. A technical assistance facility is also envisaged to provide advisory services, capacity-building, intermediation support and partnership brokerage to farmers' organizations and rural SMEs. This will facilitate access to the SIF and provide a means of linking smallholders to agrifood SMEs, generating further rural employment and entrepreneurship opportunities.

50. **Fostering relationships with potential partners and financiers will be key to attracting international private investment to smallholder agriculture.** IFAD will engage with partners and leverage networks such as the Consultative Group to Assist the Poor and the Smallholder Agriculture Finance and Investment Network (SAFIN). The establishment of SAFIN was announced in January 2017. Its aim is to unlock the immense investment potential of smallholders and SMEs involved in agrifood activities by bringing them to the table along with public and private financial institutions, both international and country-based; governments; businesses; and other partners. Impact investors, philanthropic foundations and institutional investment funds are increasingly interested in IFAD's work with rural producers and SMEs. Some potential also remains for leveraging more financing from multinational corporations for direct investment in supply chains and agribusiness activity within the more attractive, lower-risk environment resulting from IFAD's investments.

B. Resource allocation – focusing on the poorest rural people and the poorest countries.

51. **Ending rural poverty and food insecurity will not happen without prioritizing interventions in LICs and LMICs and reaching the chronically poor and food-insecure rural people in UMICs**. Building on this diagnostic, IFAD11 resources will be carefully targeted to reach the poorest at two levels. At the macro level, resources will flow to countries that have the greatest need and show a commitment to use those resources effectively, in amounts and on terms determined by IFAD's PBAS and the Policies and Criteria for IFAD Financing. At the micro level, within countries, IFAD's interventions will target the poorest and most vulnerable people. This targeting will continue to be accompanied by a strong focus on the agriculture sector and commitment to mainstreaming of nutrition, gender, youth and climate.

46 A paper on the design of the SIF was submitted to the 122nd session of IFAD's Executive Board (EB 2017/122/R.37).

Country selectivity

52. **For IFAD11 clear and transparent country selection criteria will be introduced.** One of IFAD's main characteristics is that of universality. IFAD capitalizes on this through its inclusive governance mechanisms, the broad participation in its replenishments, and the premise that each of its developing country Members is eligible for the Fund's services to eradicate poverty and eliminate hunger. Nevertheless for practical purposes, and for efficiency, the Fund needs to limit the number of Member States receiving a PBAS allocation in each cycle.

53. **Greater country selectivity will deliver a range of benefits and contribute to a more efficient and effective use of IFAD's resources.** The chosen criteria will ensure country readiness to prepare new projects and improve the efficiency and predictability of the system by limiting the need for within-cycle reallocations.[47] Second, managing the number of countries receiving allocations in a particular PBAS cycle allows for an increase in the average size of operations[48] – and larger operations tend to achieve better development outcomes,[49] benefit from economies of scale, reach proportionally more beneficiaries, facilitate cofinancing and increased investment in rural infrastructure, and provide a more substantial seat at the policy table to advance the cause of rural smallholders. Third, IFAD has learned through experience that greater country selectivity helps provide better services to all Member States: in each cycle selected countries receive larger allocations than would otherwise have been the case, and countries that do not access new funds in one cycle can do so in the next, while benefiting in the current cycle from increased implementation support for its ongoing operations. Indeed, reducing the number of countries receiving new financing does not in any way mean disengaging, because all active and eligible countries will continue to receive IFAD support in the form of sustained portfolio supervision, knowledge-sharing, policy engagement and non-lending services.

54. **For IFAD11 approximately 80 countries[50] will be selected to receive a PBAS allocation.** Starting from IFAD11, this selection will be made transparently. For IFAD11, the following criteria that respect IFAD's universality and the fairness of the system, and provide incentives for better use of IFAD resources, will apply:

    (a) **Strategic focus**: a valid country strategy (COSOP or country strategy note) is available early in the PBAS cycle. This will ensure that qualifying countries have a mature strategic vision of how to use IFAD resources and are ready to engage in concrete operational discussions. Ensuring country readiness to prepare new projects is essential to link PBAS allocations to the project pipeline and delivery;

    (b) **Absorptive capacity**: all operations in a country that have been effective for more than one year must have disbursed funds at least once in the previous 18 months. This will provide a practical check on absorptive capacity, and allow the Fund to sequence new designs more closely with implementation support and non-lending activities; and

    (c) **Ownership**: no approved loans are pending signature for more than 12

[47] Corporate-level evaluation of IFAD's performance-based allocation system (EB 2016/117/R.5). During recent PBAS cycles, close to 20 per cent of countries receiving an initial allocation have not made use of it, requiring mid-cycle reallocations, which reduce the predictability and transparency of the PBAS.
[48] The average size of IFAD's operations would remain commensurate with IFAD's operational approach.
[49] Independent Evaluation Group of the World Bank Group, *Behind the Mirror: A Report on the Self-Evaluation Systems of the World Bank Group* (Washington, D.C.: World Bank Group, 2016). G. Gohou, and I. Soumaré, *The Impact of Project Cost on Aid Disbursement Delay: The Case of the African Development Bank* (AfDB, 2010).
[50] While lower than the number of countries receiving allocations in recent cycles, it is approximately in line with the number of countries that have actually utilized those allocations.

months. This proxy ensures that adequate ownership and commitment are in place to facilitate the use of IFAD's resources.

55. **These criteria will be applied in a way that ensures that all LICs have the possibility of accessing fresh resources,** in line with the commitment to leave no one behind. The list of eligible countries will be compiled ahead of the IFAD11 period and reported to the Executive Board through the existing regular PBAS progress reports. Management can decide together with the qualifying developing Member States to postpone their inclusion until the following cycle. Importantly, none of the criteria penalize any group of countries upfront and all criteria are actionable: there are clear steps for each country to become eligible for fresh support.

Performance-based allocation

56. **Once countries are selected by Management, resources will be allocated through the revised PBAS.** For IFAD11, the PBAS has been updated.[51] The enhancements include a revised formula and an increase in minimum allocations from US$3 million to US$4.5 million per cycle. The changes improve the governance and transparency of the allocation process, and strengthen the rural poverty focus of the country needs component by including vulnerability and multidimensional poverty measures highly relevant to IFAD's specific mandate and priorities, through the introduction of the IFAD Vulnerability Index (IVI) variable. The overall result of these changes is an increased share of PBAS resources allocated to MFS, LICs and to other vulnerable country groups such as Least Developed Countries (LDCs),[52] landlocked developing countries (LLDCs) and small island developing states (SIDS).

57. **The inclusion of the IVI ensures that PBAS allocations support IFAD's mainstreaming agenda**. The topics of nutrition, gender, youth and climate, chosen as priority themes for IFAD11, apply in a ubiquitous way to most country programmes. Given IFAD's business model, the best way to achieve results in these areas is by influencing the "behaviour" of the whole portfolio through mainstreaming. This approach ultimately leads to greater and more lasting impact at lower overall cost. Inclusion of the IVI variable in the PBAS formula ensures that allocations are now more sensitive to country needs and vulnerabilities relating to nutrition, gender, youth and climate. This ensures that channelling replenishment resources through the PBAS is an appropriate way of financing these priority themes.

58. **The terms on which each country may access their allocated resources are determined by the Policies and Criteria for IFAD Financing.** A country's financing terms are determined on the basis of per capita income and, when relevant, debt sustainability, as assessed by the IMF-World Bank Debt Sustainability Framework. Transitions resulting from changes in financing terms need to be supported by IFAD in a dynamic manner, but without creating uncertainty or being overly reactive to short-term trends. The Consultation

[51] See EB 2017/121/R.3. The PBAS enhancements were approved recognizing that IFAD is at a crossroads and that IFAD11 will be a transition period. While the changes are consistent with the business model and financial strategy for IFAD11, a further review of the formula will be undertaken in light of the evolution of IFAD's borrowing strategy. Going forward it will be essential to ensure that IFAD's resource allocation mechanism is coherent with the type of funds that IFAD can access.

[52] IFAD does not have a specific target for allocation of resources to LDCs but has committed to increasing resources for this group of countries during each replenishment cycle. IFAD's Governing Council endorsed the Istanbul Programme of Action for the Least Developed Countries for the Decade 2011-2020 (GC 35/L.11) at its thirty-fifth session (Governing Council resolution 170/XXXV) and IFAD reports regularly on its work in LDCs through the RIDE. As a group, LDCs have the lowest development index and highest incidence of poverty – the proportion of the population living in extreme poverty is double that of developing countries taken as a whole (RIDE 2016). IFAD engages regularly with the United Nations Office of the High Representative for Least Developed Countries, Landlocked Developing Countries and Small Island Developing States and with the United Nations Inter-Agency Consultative Group.

highlighted the importance of establishing an appropriate transition framework to avoid abrupt changes in financing terms and to better accompany countries through their development journeys. Through a participatory mechanism with Member States, IFAD will develop such a transition framework based on the criteria of predictability of resources, transparency of applied criteria, differentiated treatment of countries on the basis of their per capita income and debt sustainability, and financial sustainability. The transition framework will progressively establish, in accordance with the terms of reference, and phases to be determined by the Executive Board Working Group on the Transition Framework, the full package of IFAD's support to a country – in full accordance with the provisions of the resolution for adoption by the Governing Council in February 2018 amending the Policies and Criteria for IFAD Financing – including lending and non-lending support, and will propose the introduction of innovative support mechanisms tailored to the specific country conditions. Subsequent to the adoption of the transition framework by the Executive Board, the resolution will become effective and be implemented starting from 2019, in the IFAD11 period. This process will form part of the road map for IFAD's financial strategy.

59. Further details on how the IFAD11 resource allocation framework takes differences in country context into account are provided below.

(a) **LICs, LMICs and UMICs**. Management will allocate 90 per cent of core resources[53] to the LICs and LMICs that are selected for allocations in IFAD11. The remaining 10 per cent of IFAD's core resources will go to the selected UMICs. Borrowed resources will be used to finance the remaining portion of the total PoLG. This prioritization of the poorest countries in the allocation of IFAD's core resources is coherent with the need to channel the most concessional resources to those with the greatest need and least ability to mobilize other resources, while still retaining a share of these resources to address the diverse and specific needs of UMICs[54] (other commitments are made concerning sub-Saharan Africa see box 2 below). Over time, as IFAD obtains increasingly reliable access to borrowed resources, and overall funding availability for all country groups increases, the share of core resources to LICs and LMICs is expected to grow.

(b) **Most fragile situations**. Cutting across all income levels, between 25 and 30 per cent of IFAD's core resources will be allocated to MFS, identified according to IFAD's definition. Furthermore, the revisions to the PBAS formula provide an estimated 17 per cent increase in the share of PBAS resources allocated to MFS which, when combined with an increase in the PoLG to US$3.5 billion, would lead to an overall increase in financing for MFS of over 25 per cent.[55] This increase is in line with the Fund's new strategy for MFS which highlights the need to increase resource allocation to countries with the most fragile situations. Furthermore, the introduction of the IVI variable to the PBAS formula ensures that resource allocations are sensitive to many drivers of fragility,

[53] Core resources is a definition adopted by IFAD to describe core replenishment contributions, unrestricted complementary contributions, repayments of principal and interest received from lending these resources, as well as the grant component of concessional partner loans.

[54] United Nations, *Addis Ababa Action Agenda of the Third International Conference on Financing for Development* (New York: United Nations, 2015).

[55] Using the list of countries produced by combining the MDBs' harmonized list of fragile situations and the OECD fragile states list, as per IFAD previous practice, the revised PBAS provides an increased share of PBAS resources to MFS (from 55 per cent to 61 per cent), which would lead to an increase in dollar terms of about 20 per cent, from US$1.7 billion in IFAD10 to US$2.0 billion in IFAD11 (assuming a PoLG of US$3.5 billion).

and are reactive to changes in fragility.[56] At the same time, Management recognizes the importance of systematically assessing absorptive capacity and, when needed, capping a country's PBAS allocation. At times smaller, simpler projects may be more appropriate for MFS.

(c) **Small island developing states**. IFAD recognizes the distinct challenges that SIDS face in accessing external private finance, and even concessional development finance, to ensure food security and employment for smallholder farmers and fishers. SIDS suffer acute vulnerability to climate change and persistent exposure to natural disasters and weather-related hazards. Challenges are further exacerbated by geographic remoteness and dispersion. IFAD's engagement in SIDS is guided by IFAD's Approach in Small Island Developing States: A global response to island voices for food security, and supports implementation of the SIDS Accelerated Modalities of Action (SAMOA) pathway,[57] particularly addressing environmental issues and building climate resilience, supporting sustainable agricultural and fishery production, and increasing market access. During IFAD11, SIDS will benefit from the increase in the minimum PBAS allocation from US$3 million to US$4.5 million and from the incorporation of the IVI. Overall, with a PoLG of US$3.5 billion, total PBAS financing for SIDS is expected to increase by 28 per cent. IFAD will also explore options for the financing of regional operations, which could be of particular benefit to SIDS. The work of IFAD's Financing Facility for Remittances (FFR) to reduce the cost of sending money home further benefits SIDS, which rely on remittances for 45 per cent of their external financing.[58]

Box 2
IFAD's focus on sub-Saharan Africa

While extreme poverty and hunger are global problems, the challenges in sub-Saharan Africa (SSA) require particular attention. Not only are SSA countries more likely to be classified at lower income levels (LICs and bottom range of LMICs), they are also among the most vulnerable (according to the IVI), and the shares of their populations living in extreme rural poverty and experiencing undernourishment are much higher. Concerted efforts are required for this region to achieve the SDGs.

During IFAD11 the Fund will continue providing approximately 45 per cent of its core resources to sub-Saharan Africa and 50 per cent to Africa as a whole. With these resources IFAD will support efforts to implement countries' national agriculture and food security investment plans, the Comprehensive Africa Agriculture Development Programme, and the Malabo Declaration on Accelerated Agricultural Growth and Transformation for Shared Prosperity and Improved Livelihoods, while strengthening partnerships with the African Union and the New Partnership for Africa's Development to achieve the goals of the African Union's Agenda 2063. IFAD's regional grant programme and the initiatives funded by supplementary funds also support regional-level engagement, for example through the Support to Farmers' Organizations in Africa Programme, and IFAD's support to the Alliance for a Green Revolution in Africa and the African Green Revolution Forum.

Sector focus and project target groups

60. **IFAD will maintain its sector focus and partner with others to drive broader rural transformation**. Focusing interventions in line with the Fund's comparative advantage ensures effective use of its scarce resources.[59] The

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[56] L. Ndikumana, *The Role of Foreign Aid in Post-Conflict Countries* (Massachusetts: University of Massachusetts, 2015) indicated that aid that is sensitive to the conditions of fragility is particularly effective. The IDA finds that effectiveness increased with enhanced support: *IDA17 Mid-Term Review: Strengthening Support to Fragile and Conflict-Affected States – Progress Report* (IDA, 2015).

[57] United Nations, *Samoa Pathway: UN System Implementation Matrix* (New York: United Nations, 2014). See www.sids2014.org/content/documents/612SAMOA%20Pathway%20implementation%20matrix_UN%20system.pdf; and the SIDS Action Platform www.sids2014.org/index.php?page=view&type=66&nr=273&menu=1602&template=937.

[58] OECD, SIDS Briefing Note (2014, OECD).

[59] *Rural Development Report 2016: Fostering inclusive rural transformation.*

Fund's overarching development goal as per the Strategic Framework[60] is pursued primarily through projects focused on agriculture, rural business development, rural infrastructure and rural financial services. Combined these four themes accounted for about 70 per cent of IFAD expenditures between 2010 and 2015. IFAD also recognizes the centrality of information and communications technology for promoting inclusive and sustainable rural transformation[61] and will develop a specific ICT for development (ICT4D) strategy during 2018. The Fund will seek to increase investment in **agricultural technologies and ICTs** to enhance yields, improve quality and reduce food loss and waste along the value chain. ICT can also serve to remedy asymmetries of information, improve access to finance and empower small-scale producers and young agripreneurs. Through partnerships, IFAD will crowd in public and private investment for actions that are critical for rural transformation but fall outside its mandate or comparative advantage.

61. **To promote *sustainable* rural transformation, IFAD aims to strengthen tracking of its climate investments during IFAD11.** Project budgets will be categorized to respond to the Rio markers[62] and, in addition to ensuring that 100 per cent of projects mainstream climate concerns, Management will ensure that at least 25 per cent of IFAD's PoLG is specifically climate-focused, including investments in climate change adaptation and mitigation, and in environmental sustainability through better soil, land and water management, improved seeds, biodiversity conservation, agroforestry and coastal zone management, among other actions. This will be measured using the MDBs' methodology and reported upfront in project design reports. Furthermore, IFAD will expand its work on renewable energies, given the importance of energy access for rural poverty reduction, and explore new areas of work such as climate micro-insurance and blue natural capital. Analysis of the mitigation co-benefits of IFAD's overall portfolio will also be expanded. Specifically IFAD will move towards more systematic use of the EX-Ante Carbon-balance Tool (EX-ACT), a system developed by FAO and piloted in a number of IFAD projects, which enables ex-ante estimation of the net impact of IFAD-financed projects on greenhouse gas emissions.

62. **To ensure that rural transformation is *inclusive*, IFAD will continue to focus on its target group of extremely poor people who have the potential to take advantage of improved access to assets and opportunities** for agricultural production and rural income-generating activities, paying special attention to smallholder and landless farmers, indigenous peoples and ethnic minorities, and other disadvantaged communities.[63] IFAD's Strategic Framework also includes victims of natural disasters and conflict as part of IFAD's target group, and recognizes that support to these people is an indispensable part of IFAD's role in fostering inclusive transformation and leaving no one behind. IFAD11 will place considerable emphasis on targeting **women,** emphasizing gender transformation in order to address the gender productivity gap and accelerate achievement of gender equality and the empowerment of women and girls; and on targeting **young people,** to address challenges posed by rural youth unemployment and provide alternatives to migration. IFAD11 will also explore the possibility of

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[60] "Poor rural people overcome poverty and achieve food security through remunerative, sustainable and resilient livelihoods".
[61] For further examples of how IFAD has been promoting use of ICTs in agriculture see G. F. Houngbo "Ending Hunger, Achieving Food Security, Improving Nutrition, and Promoting Sustainable Agriculture," in *#ICT4SDG – Fast-forward progress: Leveraging tech to achieve the global goals* (International Telecommunication Unit, 2017).
[62] The Rio markers system consists of policy markers to monitor and statistically report on the development finance flows targeting the themes of the Rio Conventions. There are four markers: biodiversity, desertification, climate change mitigation and climate change adaptation.
[63] Reaching the Rural Poor: IFAD Policy on Targeting (EB 2006/88/R.2/Rev.1).

addressing the inclusion of people with disabilities in IFAD's interventions drawing on the work of the United Nations' Washington Group on Disability Statistics.[64]

63. **Effective project-level targeting mechanisms will ensure that IFAD reaches the poorest and most food-insecure rural people.** In view of the recommendation on targeting contained in the 2016 Annual Report on Results and Impact of IFAD Operations (ARRI), projects will incorporate a sharper poverty focus and analysis at design. Projects will also be designed, implemented and monitored to ensure that they have flexible targeting strategies that are appropriate for different target groups and changing country contexts.[65] In UMICs with substantial pockets of poverty, or experiencing the "middle-income trap", this will ensure that IFAD effectively targets the rural poor in the poorest regions. Management will also revise its operational guidelines on targeting to strengthen the focus on young people, consider the inclusion of people with disabilities, and confront the issue of child labour in agriculture more explicitly.[66]

64. **IFAD will continue to emphasize empowerment of its target groups.** By strengthening the ability of the poorest and most marginalized groups to build sustainable livelihoods, IFAD's projects promote their right to food as a core element of inclusive rural transformation. This is the foundation of IFAD's people-centred approach.[67] Tangible means of empowerment will include: (i) strengthening support to land and natural resource tenure security by leveraging IFAD's close involvement in related global policy processes;[68] and (ii) leveraging the Fund's role as one of the world's largest supporters of rural and agricultural microfinance to promote **financial inclusion.** Scaling up efforts to leverage remittances and diaspora investment will create further opportunities for young people and break cycles of migration (see box 3).

[64] The Washington Group on Disability Statistics is a United Nations City Group established under the United Nations Statistical Commission to address the need for comparable population-based measures of disability. National Statistical Offices around the world, disabled people's organizations and international organizations participate in the City Group. See www.washingtongroup-disability.com.

[65] Key drivers of reduced child labour are increased household incomes and reduced vulnerability, together with increased access to education and social protection. See World Bank Group, *Future of Food: Shaping the Food System to Deliver Jobs* (World Bank Group, 2017).

[66] Approximately 60 per cent of child labourers – an estimated 98 million children – work in agriculture. See for example, FAO, *FAO Guidance Note: Child Labour in Agriculture in Protracted Crises, Fragile and Humanitarian Contexts – Pilot Version* (Rome: FAO, 2017). www.fao.org/3/a-i7403e.pdf.

[67] In line with the FAO, *Voluntary Guidelines to support the progressive realization of the right to adequate food in the context of national food security – The Right to Food* (Rome: FAO, 2005).

[68] During 2018 IFAD will Chair the Global Donor Working Group on Land. IFAD also included tenure security as the first of the new RIMS Core Indicators (Indicator 1.1.1) approved by the Executive Board in 2017 (EB 2017/120/R.8).

Box 3
Migration and remittances

Worldwide, there are 244 million international migrants and 763 million internal migrants. While outmigration can provide benefits such as remittance flows and transfer of skills, it often represents a loss of productive labour and of the youth needed to drive rural transformation.

In SSA, migration out of rural areas is predominantly driven by lack of opportunities locally rather than greater opportunities elsewhere. There is also significant **distress migration**, reflecting not just a lack of productive opportunity, but also situations of fragility, conflict and climatic changes.*

Peace and productive opportunities for young people are needed in both rural and urban areas. In particular food insecurity and lack of employment or entrepreneurial opportunities must be overcome in order to create the conditions for IFAD's vision for young rural people to become a reality, i.e. to give them the hope "to realize their aspiration for a better life in their own communities".**

Migration and remittances can make a significant contribution to the achievement of the SDGs. In 2016 global remittances to LICs and MICs totalled US$455 billion, three times more than ODA. Some 40 per cent of remittances are sent to rural areas, where they enable migrants' families to access food, education and healthcare, and to invest in productive activities. As a result, remittance-receiving households have lower infant mortality, higher school enrolment, and lower child labour participation.***

The development impact of migration and remittances can only be fully realized in partnership with coherent public policies and priorities, coupled with private sector initiatives. IFAD plays a significant role in global policy dialogue around the topics of migration, development and remittances. IFAD is a member of the Global Migration Group, and the Global Partnership for Financial Inclusion, contributing to discussions in the G7 and G20, and since 2006 IFAD has hosted the Financing Facility for Remittances, a multi-stakeholder initiative financed by IFAD, the European Union, the Governments of Luxembourg and Spain, in partnership with Consultative Group to Assist the Poor, the United Nations Capital Development Fund and the World Bank. IFAD is contributing to consultations on the Global Compact for Safe, Orderly and Regular Migration expected to be adopted by the United Nations General Assembly in 2018.

During IFAD11, the Fund will:

- Continue to strengthen its global engagement around issues of migration and development, and in particular remittances and facilitating diaspora investment;
- Scale up efforts to ensure migration contributes to development in the rural areas of countries of origin, while seeking to ensure migration is always a choice rather than a necessity;
- Increasingly integrate remittances, gender- and migration-sensitive approaches, and diaspora investment in agriculture into its operations to reduce remittance costs, boost financial inclusion and support youth employment.

* WFP, *At the root of exodus: Food security, conflict and international migration* (Rome, 2017) https://docs.wfp.org/api/documents/WFP-0000015358/download/?_ga=2.121244800.902883243.1502728542-576208434.1498133266.

** IFAD Strategic Framework 2016-2025.

*** IFAD. Remittances, Investments and the Sustainable Development Goals – Recommended Actions (Rome, 2017), www.ifad.org/en/web/knowledge/publication/asset/39320108.

C. Resource utilization: Doing development differently

65. **IFAD must utilize its resources in a more agile and context-responsive manner to produce the desired results for its target groups.** In this regard IFAD will make concrete changes to its way of "doing development" in line with current thinking on development effectiveness. This will include new paradigms to emphasize the importance of tackling locally defined problems in an agile manner, gathering information on performance and adapting projects accordingly.[69] These changes will enable IFAD, as both a United Nations specialized agency and an IFI, to become an even more relevant, agile, effective and efficient player within the United Nations system. Through reforms enacted during IFAD10, the Fund is already applying many of the attributes of this approach; further reforms are needed to embrace it wholeheartedly.

[69] M. Andrews, L. Pritchett, and M. Woolcock, *Escaping Capability Traps Through Problem-Driven Iterative Adaptation (PDIA) – Working Paper 299* (Washington, D.C.: Center for Global Development, 2012); K. A. Bain, D. Booth, and L. Wild, *Doing Development Differently at the World Bank: Updating the plumbing to fit the architecture* (London: Overseas Development Institute, 2016); D. Booth, D. Harris, and L. Wild, *From political economy analysis to doing development differently: A learning experience* (London: Overseas Development Institute, 2016).

66. **An increased PoLG and PoW will need to be supported by an efficient and effective organization that focuses on programme delivery, results and impact**. Excellence in operations, the focus of IFAD's Operational Excellence for Results (OpEx) exercise,[70] is a prerequisite for delivering bigger and better outputs and expanding and scaling up IFAD's impact. OpEx aims to establish IFAD as a recognized best-in-class performer throughout the project cycle, from project identification, to design, implementation and results reporting. It addresses all the critical functions of IFAD, both traditional ones such as project design, implementation support and monitoring and evaluation (M&E), and recently added and emerging functions such as policy engagement, knowledge management and impact assessment. OpEx will create the conditions for the renewal and innovation of both products and processes, internally and through partnerships.

67. **This section is organized around a set of priority themes for doing development differently and achieving excellence in operations**: (i) increased outward-facing capacity;[71] (ii) focused and flexible operations; (iii) agile implementation; (iv) mainstreaming nutrition, gender, youth and climate; (v) synergies between lending and non-lending, including leveraging partnerships and as a means of tailoring IFAD's operations to country context; and (vi) global engagement.

Increased outward-facing capacity

68. **To deliver the planned business model enhancements, IFAD will place renewed emphasis on strengthening the country-based model.** The country-based model requires flexibility, aid delivery mechanisms that facilitate country ownership and, above all, more effective forms of partnerships across a broad spectrum of stakeholders, with governments in the driver's seat. In the new IFAD country-based model, project management functions are only one part of a broader type of partnership with governments and other stakeholders. This will require that each IFAD Country Office (ICO) is led by a country director, which is an evolution of the country programme manager (CPM) function. While operations remain of utmost importance, the key role of the country director will be building synergies between lending and non-lending activities, particularly through policy engagement and partnership development, which will also be reflected in performance management and incentive frameworks. It also creates a need for more task-sharing and effective delegation of authority in design, implementation and supervision, without diluting individual responsibilities. Management is rethinking IFAD's organizational structure to devolve more responsibilities to the front-line. To continue ensuring effective implementation of the portfolio while stepping up the role in high-level policy engagement, the capacity of ICOs will be strengthened by relocating additional technical, fiduciary and administrative staff to regional hubs. This will strengthen the ability to deliver high-quality services that combine relevant local solutions with global knowledge. It is also carefully assessing possible ways to facilitate the evolution of the CPM role. The direction is clear, but the details still need to be worked out, the options piloted and the successes implemented.

69. **By the end of IFAD11, the Fund's centre of gravity will have shifted to its ICOs and regional hubs.** Most major products and services will be planned, prepared and delivered at the country and subregional levels. All active country programmes will be served by a regional hub, improving support also to those countries without an ICO.[72] This re-engineered country-based model, which is in line

[70] See EB 2017/121/R.38, Information Note on the Operational Excellence for Results (OpEx) Exercise.
[71] The term outward-facing capacity refers to the resources IFAD dedicates to frontline or client-facing work, rather than internal processes and procedures.
[72] IFAD Corporate Decentralization Plan (EB 2016/119/R.11).

with the ongoing United Nations reform, will require adjustments to internal business processes, including at headquarters, to ensure adequate internal oversight and risk management. For IFAD11, Management proposes to:

(a) **Strengthen decentralization** to achieve greater development impact through enhanced dialogue between IFAD and governments; greater ownership on the part of borrowing countries of their own development agendas; better alignment of IFAD's interventions with country priorities; and closer donor coordination and multi-stakeholder partnerships in line with international commitments and as part of a new generation of United Nations Country Teams. This will require full decentralization of IFAD's country directors by the end of 2018; recruitment of a limited number of locally based experts in key technical areas such as procurement and financial management, M&E and the mainstreaming priorities of nutrition, gender, youth and climate; and the redeployment of some headquarters-based positions to build expertise and capacity in regional hubs to support technical backstopping of country programmes.

(b) **Revise the delegation of authority** (DoA) framework to ensure faster administrative and operational processing, empower staff and promote accountability, building on some ongoing pilots. In line with other IFIs, a revised DoA could also transfer some basic operational decisions to ICOs, such as short project extensions and minimal reallocation of funds, subject to the appropriate safeguards. Revision of the DoA will include an assessment of the control environment and measures necessary to ensure adequate control of fiduciary risks; and

(c) **Enact revised supervision and implementation support procedures,** moving away from supervision and implementation support by mission to continuous supervision by ICOs. This synchronizes IFAD's role during project implementation with the current development paradigm, and focuses its attention on results, accountability, partnership and capacity-building.

(d) **Reassess the role of headquarters with a view to rendering it** a strong centre that sets clear strategic directions, avoids the risk of working in silos by ensuring constant communication and feeding back of local problems, brings innovative global solutions to local problems and provides a strong knowledge management function, oversees an effective internal control and risk management system, and maintains quality standards through robust performance monitoring and results reporting.

Focused and flexible operations through recalibrated business processes

70. **The diversity of requirements necessitates that IFAD respond flexibly to country-specific issues**. The need for IFAD to engage with developing countries across the different income categories, as well as the need to have a clear transition framework to accompany these countries along their development pathways have been established. However country contexts vary almost as much within these categories as between them, such that an all-encompassing "package" for each country grouping would be operationally irrelevant. IFAD's country strategies provide the basis to assess the instruments, approaches or thematic areas most appropriate or most demanded by each country and to ensure full alignment with national priorities and strategies.

71. **Focused design and implementation starts with a clear country strategy**. Each COSOP contains the business strategy for the delivery of IFAD investments over a specific period to support the achievement of concrete development results, including with regard to mainstreaming of nutrition, gender, youth and climate. Significant attention will be devoted to assisting Member States in complying with their national commitments under international agreements. In

terms of climate change and environmental sustainability, such commitments relate to: Rio+20, the Sendai Framework for Disaster Risk Reduction, the 2030 Agenda, the Paris Agreement and other multilateral environmental agreements. IFAD has undertaken a detailed analysis of recipient countries' agriculture-related adaptation commitments to achieve their nationally determined contributions (NDCs) under the Paris Agreement, and it is in the process of undertaking the same analysis for mitigation commitments. During IFAD11, all country strategies (COSOPs and CSNs) will include such analysis to better inform IFAD's interventions, and to facilitate the tracking of IFAD's support to the implementation of these commitments. Country strategies provide the framework to assess the rationale and adequacy of both project and non-project activities. IFAD's operational procedures on country strategies were strengthened during IFAD10 and each country benefiting from IFAD financing during IFAD11 will have a valid country strategy. Further efforts will be made to use country strategies as tools for strategic planning, management and monitoring of country-level partnerships. They will also serve to selectively identify the most strategic partners for leveraging finance and enhancing policy engagement, and the most effective modes of collaboration to achieve country goals. COSOPs will therefore become a fully-fledged transition strategy to accompany countries in their development journey.

72. **To reinforce quality at entry of individual projects financed during IFAD11, the operations review and clearance process will be revisited**. The IFAD Development Effectiveness Framework[73] highlighted that while IFAD projects have many of the elements for achieving development effectiveness, the projects themselves frequently lack focus. While maintaining the principles of quality enhancement and arm’s length quality assurance, a more agile process will be instituted with the flexibility to fast-track evidence-based design and low-risk projects. This streamlined process will balance the need for greater clarity at design, while stimulating innovation and allowing the flexibility to adapt that design during project implementation, recognizing that blueprint approaches to project design are not conducive to delivering results. The introduction of the development effectiveness checklists, as approved by the Board through the DEF, will be embedded in this process to ensure project evaluability.[74]

Agile implementation

73. **Improving agility and accelerating the current pace of implementation is crucial for maximizing IFAD's contributions to the SDGs**. Currently IFAD operations take an average of 18 months from concept note to loan signing, and more than eight years to be completed. While the operations approved in IFAD11 (2019-2021) are expected to be completed by 2030, under a business-as-usual scenario, only 45 per cent of the IFAD12 cohort (2022-2024) will be, and no project approved in IFAD13 (2025-2027) will reach completion before 2030. Longer design and implementation periods can facilitate IFAD's people-centred approach, but often long time frames are the result of delays, reducing project efficiency. Lengthy design and start-up also impede IFAD's engagement with the private sector and with Member States who are increasingly demanding of their development partners.

74. **For IFAD11, efforts will be ramped up to improve agility, and accelerate implementation and achievement of development results**. A comprehensive action plan to accelerate disbursements is already under implementation. A second set of measures to be implemented for IFAD11 will seek to increase the

[73] IFAD Development Effectiveness Framework (EB 2016/119/R.12).
[74] For an assessment of the effectiveness of checklists see L. R. Corral, and N. McCarthy, *Organizational Efficiency or Bureaucratic Quagmire: Do Quality at Entry Assessments Improve Project Performance?* (Washington, D.C.: Inter-American Development Bank, 2017).

incentives for the borrower and for country teams to either alter low-performing projects, terminate chronically non-performing projects or scale up successful ones through nimbler procedures. This will be achieved through project restructuring procedures; clarification of existing project cancellation procedures; and simplification of additional financing procedures.

Box 4
Linking mainstreaming to IFAD's work with indigenous peoples

Indigenous peoples' role in managing of ecosystems and protecting biodiversity will be a central pillar of IFAD's approach to mainstreaming the issues of nutrition, gender, youth and climate, particularly given the challenges faced by young indigenous women.

IFAD will support indigenous communities and organizations in improving nutrition and safeguarding biodiversity through traditional food systems. In particular, IFAD values and supports the vital role that indigenous women play as custodians of biological diversity, transmitters of knowledge and culture, and brokers of peace.

IFAD’s strong focus on indigenous peoples contributes to the implementation of the Cancun Declaration on Mainstreaming the Conservation and Sustainable Use of Biodiversity for Well-Being and to the United Nations Declaration on the Rights of Indigenous Peoples, and helps advance towards the transformational approaches needed to leave no one behind.

75. **Implementation readiness and absorptive capacity will be addressed as key enabling factors of a faster and more agile approach**. Project preparation and design in general, and implementation readiness in particular, remain government responsibilities. Early in IFAD11, Management will submit a proposal to the Executive Board for the creation of a **project preparation advances facility** to facilitate borrowers' leadership role in project preparation and expedite implementation readiness. This will include a mechanism to provide more substantial project preparation, start-up and implementation support to LICs and MFS, whether directly by IFAD or by partners. Such countries require IFAD’s proactive involvement to ensure solid project design that builds on previous interventions without adding complexity, together with efficient procurement, disbursement and implementation processes. For this facility, funds will be sought to support, in particular, activities that help build institutional and project management capacity in fragile situations. This will increase absorptive capacity and facilitate the investment critical for building resilience and addressing root causes of fragility. Stronger field-based partnerships with other technical agencies, most notably FAO, will also help by deploying high-quality technical skills to support implementation.

Mainstreaming nutrition, gender, youth and climate

76. **IFAD will consolidate its position as a leading agency across the four mainstreaming themes.**[75] Mainstreaming action plans were developed for climate, gender and nutrition during IFAD10. Their implementation will continue during IFAD11, with some enhancements. A new action plan will be put in place for youth, with a strong focus on youth employment; the gender action plan will be reviewed and strengthened; and the target for the share of projects that are nutrition-sensitive will be increased to 50 per cent (see table 1 below). A new climate and environment strategy and related action plan will underpin the strengthened approach to mainstreaming climate change and environmental sustainability, drawing on lessons learned from IFAD's operations and climate mainstreaming efforts, and taking into account the work of partners, including United Nations agencies, IFIs and others. Environmental sustainability, adaptation to climate change and Social, Environmental and Climate Assessment Procedures

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[75] At Rio+20: The United Nations Conference on Sustainable Development, the General Assembly called on United Nations entities to "further enhance the mainstreaming of sustainable development in their respective mandates, programmes, strategies and decision-making processes.” Mainstreaming for IFAD means blending the specific perspective of a cross-cutting theme into prevailing business concepts, strategies, project design options and processes, so that they become the norm and improve the effectiveness of investment operations. Key entry points for application of mainstreaming principles are during design, Social, Environmental and Climate Assessment Procedures (SECAP), targeting strategies, review processes, during implementation.

(SECAP) compliance will be actively monitored through the updated supervision guidelines and templates. In addition to addressing the mainstreaming themes directly, a horizontal integration agenda will build on linkages between them. Many of these linkages are well-established: women's empowerment, especially young women's, is essential for achieving adequate nutritional outcomes for children and better management of the environment and its resources, given the increasing feminization of agriculture. Good nutritional outcomes in turn provide a critical foundation for young people's health and physical and cognitive development, and thus for their education and future employment opportunities. Table 1 below summarizes the main changes foreseen under IFAD11 with regard to mainstreaming nutrition, gender, youth and climate.

77. **Management will pursue ambitious and transformational approaches.** Transformational approaches are needed to address the root causes that generate and reproduce problems across these four themes. Such approaches require a coordinated, multi-sectoral set of interventions in order to bring about powerful change, setting the bar higher for IFAD and its partners and generating innovations and lessons for the broader portfolio. For IFAD11, Management will develop a specific integrated mainstreaming framework and hands-on guidance on its implementation for project teams, focusing particularly on transformational approaches to address root causes and advance inclusive and sustainable rural transformation.

78. **Partnerships are critical for mainstreaming, and even more so for transformation**. IFAD will seek to build stronger knowledge and financing partnerships across the mainstreaming areas. As a result of its increased focus on nutrition, IFAD has taken a leadership role in global governance for nutrition, including as Chair of the United Nations Standing Committee on Nutrition, and as an active member of the CFS. IFAD supports key global initiatives such as the Initiative for Food and Nutrition Security in Africa, launched at the Tokyo International Conference of African Development (TICAD VI), and has already increased partnership with the United Nations in countries involved in the Scaling-up Nutrition Movement, and with the CGIAR's Agriculture for Nutrition and Health Research Program. IFAD works closely with UN Women and the RBAs as part of an inter-agency task force supporting the Commission on the Status of Women, particularly on topics such as the empowerment of rural women. IFAD works with the United Nations Framework Convention on Climate Change and is closely involved in processes of the United Nations Permanent Forum on Indigenous Issues (see box 4), the Inter-Agency Support Group on Indigenous Issues and Conferences of the Parties to the Convention on Biological Diversity, among other forums. With regard to youth, IFAD is already a member of the United Nations Inter-Agency Network on Youth Development and the International Partnership for Cooperation on Child Labour in Agriculture, and is involved in the G20 Initiative for Rural Youth Employment.

Table 1
Mainstreaming nutrition, gender, youth and climate

Mainstreaming themes and related SDG	*Current status and ongoing actions*	*Actions for IFAD11*
Nutrition (SDG 2)	• Action plan approved in 2015 • Mainstream in 100 per cent of COSOPs and CSNs and a third of projects by 2018 • Building organizational capacity in nutrition-sensitive agriculture • Policy engagement, advocacy, and knowledge for nutrition	• Midterm review of action plan in mid-2018 • Increase percentage of nutrition-sensitive projects from 33 to 50 per cent • Add nutrition impact indicator to Results Management Framework (number of people with improved nutrition) • Mobilize unrestricted complementary contributions (UCCs) for nutrition
Gender (SDG 5)	• Gender action plan approved in 2016 • 100 per cent mainstreamed, target 15 per cent of projects gender transformative • Leading development of innovative approaches such as Gender Action Learning Systems and household methodologies • Advocacy, partnership and knowledge management	• Increase target for transformational projects to 25 per cent • More transformative approaches address root causes of gender inequality, ensure supportive national policies • New human resource plan to reach gender and diversity targets
Youth and youth employment (SDG 8)	• Recognized as a priority in the IFAD Strategic Framework 2016-2025 • Supported though grants and some investment projects • Building network of partners for youth engagement - member of Inter-agency Network on Youth Development and International Partnership for Cooperation on Child Labour in Agriculture • Not a mainstreaming topic and no action plan in place	• Youth action plan by third quarter 2018, including consideration of migration issues • Mainstream in 100 per cent of COSOPs and CSNs and 50 per cent of projects • Update targeting guidelines with differentiated approaches for young women and young men • Promote youth entrepreneurship and employment, develop financing mechanisms for youth through the SIF, and leveraging remittances • Establish IFAD as an influential advocate for rural youth, using a participatory approach and establishing a youth advisory council • Focus in the Rural Development Report 2019 on youth and rural employment
Climate (SDG 13), with attention to environmental sustainability (SDG 15)	• Action plan approved in 2014 • 100 per cent mainstreaming by 2018 • SECAP implementation and analysis of climate risk • Mobilization of climate/ environment funds • Investment in risk management, insurance, disaster preparedness • Scaling up sustainable farming, land and water management • Capacity development, communications and knowledge	• New climate and environment strategy and action plan with focus on SDGs and Paris Agreement • Increase focus on environmental sustainability and win-win solutions for adaptation and mitigation*, with more systematic use of tools to estimate net greenhouse gas emissions of IFAD-financed projects • Increase resource mobilization through GCF, GEF, and UCC climate window • All COSOPs analyse NDC targets and commitments to inform IFAD interventions • Systematic tracking of climate finance using MDB methodology to ensure 25 per cent of IFAD11 PoLG is "climate-focused" and use of Rio markers (climate adaptation and mitigation, biodiversity, desertification) • Establish the ASAP2 technical assistance facility
Horizontal integration	• Ad hoc	• Develop an integrated mainstreaming framework and better hands-on guidance for project teams

* The results of a mitigation analysis of the IFAD portfolio are expected to be available in 2019, undertaken jointly by IFAD and CGIAR Research Program on Climate Change, Agriculture and Food Security, and will contribute to the mitigation aspect of the new climate strategy.

Synergies between lending and non-lending

79. **IFAD will seek to expand synergies between lending and non-lending activities.** Projects alone cannot generate inclusive and sustainable rural transformation: country-level policy engagement, supported by knowledge management and partnerships are also critical and play a central role in ensuring sustainability and scaling-up of IFAD-supported initiatives. Tailored and country-specific combinations of lending and non-lending engagement are at the heart of IFAD's approach to enhancing relevance to country context. Global engagement and SSTC are increasingly embedded in IFAD's work as a way of maximizing impact.

80. **Country-level policy engagement will bridge lending and non-lending engagement to expand development impact**. IFAD's increased outward-facing capacity will enable more significant country-level policy engagement and a stronger contribution to strengthening national strategy and policy frameworks. Policy objectives are also increasingly being mainstreamed into lending, supporting governments in directly addressing policy issues during the course of project implementation.[76] The findings of the Evaluation Synthesis Report on IFAD's Country-Level Policy Dialogue will be used to strengthen work in this area during IFAD11. Also during IFAD11, IFAD will seek to incorporate CFS policy recommendations and products into its country strategies and disseminate and apply CFS policy advice[77] as part of country-level policy engagement.

81. **IFAD's knowledge management strategy will be updated to strengthen IFAD's capacity to generate, manage, use and share knowledge at all levels**. This will require an integrated approach to knowledge management across the organization that combines the outputs of IFAD's self-assessment systems and impact assessments with research and investment in flagship knowledge products. Building on the existing suite of knowledge products such as "How To Do Notes" and "Toolkits", IFAD's knowledge will be brought to bear on country strategies, project design and implementation, and country-level and global policy engagement, contributing to evidence-based approaches.

82. **Partnerships will be crucial for IFAD to promote synergies among its own and other sources of finance, knowledge and expertise** (see box 5). Partnerships at the country level are of varying quantity and quality across countries. More can be done to ensure that IFAD is effectively partnering with others at the country level to scale up the innovative and catalytic role that IFAD plays. Success will require a strategic and selective approach to partnering, and strengthening of IFAD's role as a facilitator of multi-stakeholder partnerships. Knowledge partnerships at the country level support policy engagement, capacity-building, sharing of best practices, and improve quality and impact of operations. These partnerships also allow IFAD to develop and showcase innovations and successful project experiences, which can then be replicated (or cofinanced) by others. IFAD's engagement in sector working groups has accelerated and deepened with decentralization, and IFAD is providing leadership in discussions on national rural development policy in an increasing number of countries. This provides opportunities to ensure that the needs and interests of smallholders and rural poor people are included in the local and national policy agenda. IFAD will also seek to enhance the role of civil society organizations in monitoring and reporting on project results, and in strengthening government transparency and

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[76] AidData (2015) found that IFAD was ranked by governments as one of the more helpful partners in reform implementation.
[77] For example: FAO, *Voluntary guidelines on the responsible governance of tenure of land, fisheries and forests in the context of national food security* (Rome: FAO, 2012); Committee on World Food Security (CFS), *Principles for responsible investment in agriculture and food systems* (CFS: Rome, 2014); CFS, *Framework for Action for Food Security and Nutrition in Protracted Crises* (CFS: Rome, 2015); CFS, *Global strategic framework for food security and nutrition* (CFS: Rome, 2016).

domestic accountability. Management will view communication as an integral part of new partnerships and seek to systematically leverage the resources of its partners for joint communication initiatives, harmonizing activities with partners' visibility requirements. Increased investment in strategic communication will underpin all IFAD's lending and non-lending activities, and all new COSOPs and IFAD-funded projects will seek to incorporate a communications and visibility dimension.

83. **South-South and Triangular Cooperation will have a prominent role in facilitating more dynamic knowledge flows between developing Member States**. Since becoming a priority under IFAD10, SSTC has evolved from a series of ad hoc activities to having a clear corporate approach.[78] Management will begin promoting SSTC as an integral component of IFAD's business model. This will entail mainstreaming SSTC in all new COSOPs, creating a rural solutions web portal for SSTC activities, facilitating links (government-to-government, community-to-community and business-to-business) and exploring partnerships with Southern financial institutions, and brokering opportunities for middle-income countries (MICs) to finance development interventions in other countries, with a special focus on youth employment. To implement these activities, IFAD is in dialogue with the RBAs and other United Nations partners, and has engaged with Member States to mobilize resources for an SSTC funding facility. While SSTC will be an important element of IFAD's engagement in UMICs interested in the uptake of knowledge developed in the Global South, LICs and LMICs will be the main beneficiaries of this agenda.

Box 5
Leveraging partnerships for country impact and global influence

During IFAD11, the Fund will implement a comprehensive set of measures to support partnership-building. Strategic partnerships will feature as a cornerstone of IFAD's operations, and RBA collaboration for country programming and project implementation will be commonplace. To realize this IFAD will:

At the country level:

- Make better use of COSOPs as a tool for strategic planning, managing and monitoring of partnerships to support countries' own SDG strategies.
- Mobilize domestic and international cofinancing from public and private sources for priority countries (e.g. MFS) and themes (e.g. climate and youth employment).
- Expand 4P and value chain activities to improve engagement with the domestic private sector, including through new instruments such as the proposed SIF.
- Leverage partnerships for knowledge and policy engagement to improve synergies between IFAD's lending and non-lending work and develop tailored solutions for each country.
- Enhance the role of civil society in monitoring and reporting on project results, and strengthening government transparency and domestic accountability.
- Pursue SSTC activities by: (i) mainstreaming SSTC in COSOPs; (ii) creating a rural solutions portal; (iii) exploring additional fund-raising and a multi-donor trust fund; and (iv) facilitating operational investments.
- Systematically plan and monitor RBA collaboration.
- Increase outward-facing capacity and adapt the CPM role to prioritize partnerships.

At the global level:

- Define a three-year corporate plan for priority global policy engagement to increase IFAD's global influence, advocacy and visibility.
- Amplify the voice of civil society in the global arena and IFAD's engagement in private sector-led forums and networks.

At the institutional level:

- Develop and implement a framework to strategically plan and monitor IFAD's partnership activities, including multi-stakeholder partnerships.
- Explore synergies with RBAs and other development partners at the country level for office space, security and administration.
- Partner with other organizations with a good track record in market borrowing.

[78] See IFAD's Approach to South-South and Triangular Cooperation (EB 2016/119/R.6).

84. **Country-specific combinations of lending and non-lending engagement enhance IFAD's relevance to country context**. IFAD's Strategic Framework and operational policies apply to all developing countries irrespective of their income level, geography or degree of fragility. IFAD finances projects focused on agriculture and rural development in all country contexts, while applying targeting approaches that put poor rural women and men at the centre of its interventions. Yet there is a need to recognize the wide variety of needs and conditions across countries. LICs tend to be characterized by pervasive poverty, while UMICs have pockets of poverty; therefore, country conditions and needs vary considerably, as does the capacity of countries to finance their own development efforts. Amid this diversity, there are groups or subgroups of countries that share characteristics, whether they are defined by their income (LICs, LMICs and UMICs), their fragility (MFS) or their geography (SIDS). IFAD differentiates its work across these country groups through the dynamic combination of financing, knowledge and policy instruments that it provides. Differentiated approaches to partnerships also facilitate the tailoring of support to countries in diverse circumstances (see table 2 below).

85. **UMICs highly value IFAD's knowledge of rural poverty, its experience in project design, and supervision and implementation support, and the tools and policies it uses for agriculture and rural sector development**. IFAD is often seen by UMICs as a partner that brings innovative approaches and experiences from other countries that they can draw on in developing their own national policies and strategies and achieving their objectives. Therefore, in UMICs (and some LMICs) these services and IFAD's non-lending engagement may be the most important elements of IFAD's value added. This approach contributes to greater scaling up because it allows UMICs and LMICs to mainstream approaches that have been tested and proven in IFAD projects into their governments' own programmes and policies. While IFAD's financing and ability to assemble financing from other sources are appreciated by UMIC governments, the challenge is to move beyond project-driven country programmes and make greater use of instruments such as reimbursable technical assistance, while ensuring that IFAD's engagement primarily benefits the rural poor.

86. **In LICs and LMICs, IFAD's position as a reliable long-term partner that can assemble and deliver financial resources for rural and agricultural development is central to its engagement and value added**. LICs and LMICs face the greatest challenges in financing their own development. Nevertheless improved synergies between lending and non-lending activities will also benefit LICs and LMICs by enhancing the enabling environment for achieving project objectives.

87. **In fragile situations, IFAD's engagement is determined on a country-by-country basis following the guiding principles of the IFAD Strategy for Engagement in Countries with Fragile Situations approved in December 2016.**[79] In fragile situations, the combination of lending and non-lending activities will build absorptive capacity, carefully sequencing technical assistance with targeted investments, and ensuring coordination between short-term humanitarian aid and long-term development support. IFAD's comparative advantages – particularly in women's empowerment and engagement with vulnerable or marginalized groups, and in community-based approaches such as community-level governance of natural resources – are leveraged in appropriate country-specific ways. This can counteract marginalization, provide productive

[79] See EB 2016/119/R.4. The strategy is aligned with the principles of the International Dialogue on Peacebuilding and Statebuilding's *New Deal for Engagement in Fragile States*, the *Stockholm Declaration on Addressing Fragility and Building Peace in a Changing World* and the CFS's *Framework for Action for Food Security and Nutrition in Protracted Crises*.

opportunities, and contribute to peacebuilding and state-building. In MFS emphasis is placed on risk management and resilience, addressing root causes, and building institutions, trust and social cohesion. The right mix of strategic and complementary partnerships, crucial for delivering and remaining engaged in fragile situations, will be assessed on a country-by-country basis, particularly leveraging the RBAs Resilience Framework.[80] To support full implementation of IFAD's fragile situations strategy, a dedicated programme will be established to provide intellectual leadership, expertise, operational support and quality assurance for IFAD's engagement in countries with fragile situations. This programme will work with regional divisions to develop and support the implementation of operations aimed at addressing fragility.

88. **Decentralization and increased proximity will facilitate deeper understanding of the fragility context**. More robust analysis supports identification of the appropriate country programme responses, which are informed by international best practice and frameworks such as the CFS Framework for Action for Food Security and Nutrition in Protracted Crises. Following the approval of the IFAD Strategy for Engagement in Countries with Fragile Situations, the necessary guidelines and procedures to operationalize the strategy are being established and will be implemented during IFAD11. These guidelines and procedures can also be applied in countries outside the subset of MFS countries that are nonetheless affected by fragility either at national or subnational level, or in the marginalized rural areas where IFAD typically works.[81]

89. **The World Humanitarian Summit 2016 called for enhanced engagement between humanitarian and development actors**. Some of the ways in which IFAD is responding are through:

(a) Investments in building resilience and disaster risk reduction, particularly through sustainable natural resource management, climate mainstreaming and adaptation interventions (ASAP) and fostering of nutrition-sensitive approaches and improved risk management;

(b) Launch of the FARMS to address the rural dimensions of forced displacement and promote stability. Activities are being prepared in Iraq, Jordan, Lebanon, Niger, Somalia and Sudan in coordination with the United Nations Office for the Coordination of Humanitarian Affairs, Office of the United Nations High Commissioner for Refugees, WFP and local NGOs;

(c) Hosting of PARM, a G8/G20 initiative that assists governments in eight African countries in integrating agricultural risk management into national plans and policies, and support for the establishment of Africa Risk Capacity, a specialized agency of the African Union that helps its member states improve their capacity to plan, prepare and respond to extreme weather events and natural disasters through risk pooling and risk transfer;

(d) Introduction of the IVI, which increased the responsiveness of PBAS allocations to vulnerability and country-level shocks, enabling IFAD to respond more effectively in times of need;

(e) Exploring of opportunities to engage in the New Way of Working framework to better sequence, layer and integrate the Fund's development interventions with partners' humanitarian interventions, including the RBAs, based on the joint framework for Strengthening Resilience for Food Security and Nutrition (2015).

[80] FAO, IFAD, WFP, *Strengthening resilience for food security and nutrition: A Conceptual Framework for Collaboration and Partnership among the Rome-based Agencies* (Rome, April 2015).

[81] In line with international partners (see for example OECD, *States of Fragility 2016 – Understanding Violence* [OECD, 2016]), IFAD now recognizes fragility as multi-dimensional, with no clearly identifiable boundary between the fragile and the non-fragile, and acknowledges that fragile situations can be national, sub-national or regional.

90. **To further tailor operational approaches to country circumstances, Management will develop proposals for piloting new products**. These will include **results-based lending,** whereby disbursement is linked to delivery of pre-defined results, **risk management products,** which enable borrowers to hedge their exposure to market risks, and options such as **local currency lending** which significantly reduce risks for borrowers.

91. **Grants are an effective tool to deepen IFAD's non-lending collaboration.** Going forward, emphasis will continue to be placed on linkages between the grants programme and the Fund's lending operations, using grants to innovate in areas such as ICT, as well as to build partnerships for capacity-building and knowledge generation at the country level, as recommended by the Independent Office of Evaluation of IFAD (IOE). IFAD is broadening its portfolio of partnerships with centres of excellence around the world, while also supporting selected strategic grant partners.[82] As determined in IFAD's grant policy, 5 per cent of the overall PoLG will continue to be allocated to global and regional grants and 1.5 per cent to country grants.

Table 2
Enhancing IFAD's relevance to country context

Business model	*LICs and LMICs*	*UMICs*	*MFS*	*SIDS*
Resource mobilization	• Focus on international cofinancing	• Focus on increasing domestic cofinancing	• Focus on international cofinancing • Increase mobilization of supplementary funds	• Increase mobilization of supplementary funds to address specific challenges • Pool funding with partners for greater efficiency
Resource allocation	• 90 per cent of core resources • Mainly Debt Sustainability Framework (DSF) financing, or lending on highly concessional or blend terms • CPLs enable leveraging for highly concessional lending • Flexibility on country selection for LICs	• 10 per cent of core resources • Mainly ordinary terms • Main recipients of borrowed resources • Targeting pockets of poverty and the vulnerable	• 25-30 per cent of core resources • Introduction of IVI makes PBAS allocations more sensitive to drivers of fragility • Allocations capped where there are absorption issues	• Increased minimum PBAS allocations • Allocations further boosted by introduction of IVI • Explore options for financing of regional operations
Resource utilization	• Greater project preparation/start-up support • Beneficiaries of SSTC • Partnerships with IFIs/MDBs to leverage cofinancing and scale up impact	• Non-lending activities key to country programme • Focus on SSTC • Pilot products for results-based lending and risk management • Reimbursable technical assistance • Innovation and government-led scaling up • Partnerships to increase the quality of knowledge solutions and policy engagement	• Follow guiding principles of MFS strategy – resilience, root causes, institutions, gender mainstreaming and transformation, vulnerable/ marginalized groups, flexibility • Strategic and complementary partnerships with RBAs, United Nations Country Teams, civil society organizations to build resilience and increase capacity • Engage in New Way of Working framework • Greater project preparation/start-up support	• Support implementation of SAMOA pathway • Focus on climate resilience and market access

[82] Criteria for determining strategic grant partners are specified in IFAD's grant policy. For 2018 the International Land Coalition, the CFS, the United Nations System Standing Committee on Nutrition and the Global Donor Platform for Rural Development have been identified as strategic grant partners.

Global engagement

92. **IFAD increasingly works at the global level to promote policy outcomes that advance inclusive and sustainable rural transformation.** IFAD's effective engagement in global policy dialogue contributed to shaping the 2030 Agenda. IFAD also supports other major processes, including the G20 and G7, contributing to recent discussions on youth employment, migration, financial inclusion and agricultural risk management. IFAD's effectiveness and value added in global engagement derive from its operations and from its partnerships – particularly with the RBAs. Through its global engagement, IFAD brings the voices of smallholders, women, youth, farmers' organizations and indigenous peoples' organizations to the global agenda. IFAD also achieves policy impact and advocacy around key issues by hosting, leading, financing and participating in multi-stakeholder partnerships and platforms. These include forums such as the Indigenous Peoples' Forum and the Farmers’ Forum at IFAD, and platforms and facilities like the FFR, the WRMF and PARM. Global engagement, when coupled with dynamic strategic communications, provides potentially valuable opportunities to raise the profile of IFAD’s work and results, including its contribution to the achievement of the SDGs.

93. **IFAD will continue to define three-year corporate priorities for international policy engagement and strategies for priority engagements.** IFAD will increase its engagement around the IFAD11 mainstreaming priorities, and other topics where IFAD can add value, including land tenure, indigenous peoples, farmers’ organizations, migration, financial inclusion and youth employment. IFAD will undertake more joint work with the RBAs and the entire United Nations system to advocate on common issues, and enhance the contributions of the CFS. IFAD will also work with the CGIAR, while seeking engagement with other key actors and networks, including international NGOs/civil society organizations, private sector-led forums and high-level regional institutions.[83] IFAD will more thoroughly and systematically engage in and contribute to United Nations platforms. IFAD participates in the United Nations System Chief Executives Board for Coordination and High-level Committees on Programmes and Management, and is actively participating in regional forums to contribute to the dialogue on the implementation of the 2030 Agenda at country and regional levels, as well as in the annual United Nations Economic and Social Council High-level Political Forum.

D. Transforming resources into development results – embracing a culture of results and innovation

94. **Responding to the demands of the 2030 Agenda requires a culture of results that stimulates innovation, demonstrates IFAD’s value for money, and makes it more accountable to taxpayers.** During IFAD11, this culture will be fostered through full implementation of the Development Effectiveness Framework. The DEF was approved by the Board in 2016 to facilitate evidence-based decision-making and ensure that IFAD-funded activities are relevant, inclusive, successful and cost-effective. The DEF includes a suite of mutually reinforcing systems, tools and processes to strengthen IFAD's own capacity and that of its Member States to manage for results.

[83] Including South Asian Association for Regional Cooperation, Association of South East Asian Nations in Asia; New Partnership for Africa's Development and Alliance for a Green Revolution in Africa in Africa, Common Market of the South (MERCOSUR) and Economic Commission for Latin America and the Caribbean in Latin America and the Caribbean; and International Center for Agricultural Research in the Dry Areas in Near East, North Africa and Europe.

95. **A series of actions being taken under the DEF to shift IFAD from results measurement to results-based management are outlined below**.

(a) **Capacity and systems to manage for results.** Key milestones to be achieved in preparation for and during IFAD11 will include: (i) rolling out the **Operational Results Management System (ORMS)**, which encapsulates all key elements of IFAD's approach, procedures and ICT systems for results management; (ii) rolling out the **IFAD Client Portal**, positioning IFAD as one of the few IFIs that offer a truly integrated online financial portal; (iii) launching the first-ever global certification framework for **M&E** in the rural sector through the Centers for Learning on Evaluation and Results initiative;[84] and (iv) introducing mandatory accreditation for financial management and procurement consultants to strengthen **fiduciary skills** and the quality of support to country teams.

(b) **Evaluation.** Rigorous self-assessment is a cornerstone of a results-based culture. Within IFAD, the self-evaluation process is being strengthened to ensure that real-time, good quality data and lessons feed into country strategy development, project design and implementation, and decision-making and policy engagement at country, regional and global levels. Building knowledge around the mainstreaming themes of climate, gender, nutrition and youth – and their linkages with smallholder agriculture and rural development will be given special attention.

(c) **Impact assessment**. IFAD is the only IFI to systematically measure the attributable impact of its operations. Evidence shows that better impact assessments contribute to better development outcomes.[85] Building on the Impact Assessment Initiative undertaken during IFAD9 and IFAD10, IFAD's efforts to systematically measure the impact of its operations will be consolidated in IFAD11. In line with the DEF, rigorous impact assessments will be conducted on approximately 15 per cent of projects that are representative and can be used for extrapolation of results to the overall portfolio. These assessments will also be used for accountability, learning, assessment of value for money, and as part of IFAD's efforts to communicate its results. Combined with the overall strategic communications effort, the assessments will contribute to the organization's visibility.

(d) **Transparency.** Transparency provides the basis for accountability and creates incentives for better data, more efficient use of resources, more careful monitoring, better compliance, and better results and impact. During IFAD11, the Fund will embrace the principle of proactive transparency and implement an organization-wide Transparency Action Plan[86] some elements of which are reflected in the Results Management Framework (RMF). The action plan will: (i) make available online interactive maps of all IFAD operations, and real-time data on the performance and results of its operations; (ii) fully comply with the International Aid Transparency Initiative (of which IFAD is a member), by disclosing commitments and disbursements on a quarterly basis, and promote transparency at the country level by encouraging governments and implementing partners to

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[84] EB 2016/LOT/G.1 grant under the global/regional grants window to the Centro de Investigación y Docencia Económicas A.C. for the Training and Global Certification Framework for Monitoring and Evaluation and Impact Assessment in Rural Development.

[85] Ariana Legovini, Vincenzo Di Maro and Caio Piza, *Impact Evaluation Helps Deliver Development Projects*, Policy Research working paper no. WPS 7157, Impact Evaluation Series (Washington, D.C.: World Bank, 2015): http://documents.worldbank.org/curated/en/676351468320935363/Impact-evaluation-helps-deliver-development-projects.

[86] As reviewed by IFAD's Executive Board in September (EB 2017/121/R.22) and December 2017 (EB 2017/122/R.29).

publish financial and results data for the projects IFAD supports; (iii) publicly disclose all project completion reports and project audit reports; (iv) increase transparency around the PBAS, financing terms and IFAD's products and loan pricing; (v) provide Members with more systematic information on fraud and corruption; (vi) revamp IFAD's partner feedback framework and provide transparent disclosure of responses; and (vii) make information on IFAD's travel policy publicly available.

(e) **Service delivery platform**. For the Fund to deliver results and innovation; effectively mainstream nutrition, gender, youth and climate; and achieve value for money, all through a more decentralized structure, it needs an effective and efficient service delivery platform that also provides a strong safeguard and control framework. Enhancements to be undertaken during IFAD11 include:

- **ICT architecture.** Cutting-edge ICT systems will be rolled out to strengthen IFAD's own capacity and country capacity to better measure, monitor and manage for results. To facilitate decentralization, the accessibility of corporate ICT systems to staff in ICOs will be enhanced, including for finance and human resource applications and emphasis will be placed on ensuring a fully secure ICT environment;

- **Financial management.** IFAD will continue building capacity in project financial management and providing support for project design and implementation. It will engage with other IFIs and United Nations agencies as relevant to assess areas where best practices and modernized procedures can be introduced to improve efficiencies and effectiveness. As it moves into innovative financing arrangements, IFAD will build its capacity for risk analysis and the management of such resources. Internal control frameworks will be further strengthened to ensure a robust and efficient internal control system aligned with industry standards and evolving accounting and reporting requirements; this will include an update of the IFAD Country Office Handbook to include a strengthened internal control framework for ICOs;

- **Human resource management.** During IFAD11, the focus of human resource management will be on decentralization and support to ICOs, while ensuring IFAD has the capacity to deliver on its programmatic priorities. The transfer of further country programme and administrative functions to ICOs will be accompanied by hiring and deployment of more staff in the field. Of utmost importance will be Management’s efforts to attain IFAD's gender and diversity targets, particularly to increase the number of women at grades P-5 and above, towards full gender equality. This is critical to the achievement of IFAD's gender mainstreaming and transformation goals. IFAD's capacity to deliver across the mainstreaming areas will also be enhanced through adequate staffing and capacity-building. The establishment of partnerships as a cornerstone of IFAD operations will be supported through enhanced learning and skills, particularly for engagement with the private sector. Performance reviews will be augmented to include delivering results through partnerships. Training will also be provided to enable staff to contribute to the Fund's strategic communications and visibility, within the context of their roles and expertise. IFAD will take steps to address the Secretary-General's strategy to improve the United Nations response to sexual exploitation and abuse.

(f) **Partnerships for service delivery.** Partnerships are critical to strengthening IFAD's service delivery platform. IFAD will continue to strengthen collaboration with the RBAs in corporate procurement, headquarters security and other areas that can result in improved services or cost efficiencies. IFAD will harmonize approaches and share best practices in such areas as financial management, accounting, treasury management and ICT, and in audit and legal functions through its continued participation in related United Nations and IFI networks and working groups.[87] IFAD will further tap specialized expertise and assistance from the World Bank, FAO and other organizations with experience in market borrowing, and promote staff exchanges to build institutional understanding and collaboration. ICOs are currently hosted by partners including the RBAs, UNDP, the United Nations Office for Project Services and the AsDB. Going forward IFAD will explore further country-level synergies with RBAs and other development partners for office space, security and administration.

IV. IFAD's financial framework and strategy for IFAD11 and beyond

A. Financial framework for IFAD11

96. **The Consultation endorsed an IFAD11 PoLG target of US$3.5 billion, representing an increase of about 10 per cent compared to IFAD10**. This increase has been derived from assessments of Member States' demand and the Fund's capacity to deliver, and is considered by Management as both ambitious and realistic. The increase also demonstrates strong Member support for IFAD and the need for IFAD to respond to the growing demand for its assistance and to contribute meaningfully to the 2030 Agenda. Benefits from economies of scale and the business model enhancements outlined in section III will ensure that the increase in IFAD's impact exceeds the proposed increase in the PoLG (see section V, Results Management Framework). Furthermore, IFAD's mainstreaming approach will ensure these resources are programmed and delivered in ways that are nutrition-, gender-, youth- and climate-sensitive.

97. **The target PoLG will be financed by replenishment contributions, IFAD's internal resources, and borrowing (see table 3 below).** While replenishment contributions will remain the bedrock of IFAD's capital and financial commitment capacity, it is recognized that borrowing can provide an important way to further the Fund's objective of mobilizing "additional resources to be made available on concessional terms for agricultural development in developing Member States."[88] For IFAD11 a controlled level of borrowing – up to 50 per cent of Members' grant contributions to the replenishment (excluding the grant element of the CPLs) – will be introduced to structurally complement the replenishment target. This approach builds on what IFAD has already achieved through the SBF, and provides a rule-based methodology for embedding borrowed resources into IFAD's capital structure.

98. **During IFAD11 borrowing will be accomplished through sovereign loans and concessional partner loans.**[89] Sovereign borrowing will be undertaken in accordance with the SBF approved by the Executive Board in 2015. CPLs will be provided in accordance with the terms of the Concessional Partner Loan Framework for IFAD11 (see annex V), which has been developed based on similar

[87] IFAD is an active member of the MDB working groups on managing for results, development effectiveness, portfolio management, PBAS and debt issues.
[88] As specified in article 2 of the Agreement Establishing IFAD.
[89] A CPL is a loan provided by a Member State under terms and conditions that include a grant element for the benefit of the Fund.

frameworks introduced by the IDA and the AfDF. This framework was discussed at the third session of the Consultation and approved by IFAD's Executive Board at a special session in October 2017,[90] following review by the Audit Committee. Allocation of voting rights corresponding to the grant element of the CPLs is subject to approval of an amendment to the Agreement Establishing IFAD as included in the attached draft resolution on IFAD11. CPL resources will be allocated through the PBAS, however it is expected that priority will be given to loans provided on highly concessional and blend terms that match the terms of the CPLs, in accordance with the CPL Framework. IFAD will fully integrate capacity to enter into derivatives' transactions in order to manage the interest rate and currency risks arising from borrowing.

99. **The target for replenishment contributions for IFAD11 will be US$1.2 billion.**[91] This target includes core contributions, UCCs, and the grant element of eventual CPLs – it does not include DSF compensation (see below). The target has been established based on projections of the Fund's available resources at the end of IFAD10, together with resources derived from operations or otherwise accruing to the Fund, and an assumed leveraging effect of 36 per cent of Members' grant contributions. Should further borrowed funds be available through the SBF or as CPLs, Management may increase leverage up to the agreed maximum 50 per cent. To achieve the replenishment target, Member States across all lists are encouraged to increase their contributions, and Management will continue to encourage non-Member States to contribute to and/or join the Fund. Given a target cofinancing ratio 1:1.4, this would result in an overall PoW of US$8.4 billion, meaning each dollar contributed to IFAD11 would translate into at least US$7.00 in the PoW.

100. **During IFAD11, UCCs will be accepted to support mainstreaming of climate (adaptation and mitigation) and nutrition.** UCCs have been received for climate and nutrition during the IFAD10 period. For IFAD11 UCCs will again be accepted for these topics, and can be considered for other mainstreaming themes, depending on the availability of thematically focused complementary financing from Member States. The terms for acceptance of UCCs remain the same as for IFAD10: they must be allocated through the PBAS, be available to recipients as loans or grants without restrictions, be provided as contributions towards themes aligned with IFAD's Strategic Framework; and IFAD will report on progress with respect to these areas. Reporting on the UCC themes will be undertaken through the RIDE.

[90] See EB 2017/S10/R.2/Rev.1, Proposal for a Concessional Partner Loan Framework.
[91] The United States dollar value of Member States contributions will be calculated based on the IFAD11 exchange rates. As agreed in the Consultation, the methodology for establishing the replenishment exchange rate will be reviewed and the results presented no later than the first session of the IFAD12 Consultation.

Table 3
IFAD11 Financial Framework

	Resources	
IFAD11 Financial Framework	*Millions of US$*	*%*
Contributions	**1 200**	
Borrowing	**430**	
Borrowing/Contributions		**35.8**
PoLG	**3 500**	**100**
Grant	227	6.5
DSF	586	16.7
Highly concessional	1 342	38.3
Total Concessional	**2 155**	**61.6**
Ordinary	802	22.9
Blend	543	15.5

101. **The above financial framework ensures the financial sustainability of the Fund over the long run according to current IFAD policies**, particularly in terms of minimum liquidity requirements. IFAD's leverage ratios are projected – even over the long term – to remain at a very conservative level. In addition the current risk management system will be upgraded and capacity strengthened, and an external independent review will be commissioned in 2018 to assess IFAD's existing practices in terms of risk management.

102. **The framework also supports the Fund's efforts to meet demand for increased resources across all country groups, while channelling an increased share of core resources to the poorest and most vulnerable countries**. Mindful of competing demands for resources to address urgent humanitarian needs, the framework responds directly to the AAAA and the call from the G20 for MDBs to leverage their capital base more efficiently.[92] The efficiency and value-for-money benefits of IFAD's evolving financial structure are evidenced by the possibility of achieving a 10 per cent increase in financing in the PoLG, despite a small reduction in the replenishment contributions target compared to IFAD10.

B. IFAD's financial future: towards a comprehensive leveraging strategy

103. **The Consultation agreed that IFAD should continue to explore market borrowing**. The Consultation endorsed a road map for borrowing from the capital markets aimed at readying IFAD for possible market borrowing, and a resolution on market borrowing for consideration by the Governing Council. The agreed road map and its key steps are presented in annex VII, and the resolution on market borrowing is presented in annex X. The Executive Board will be consulted at every stage of the process, including for approval to initiate the formal credit-rating process, and a summary of progress made in implementing the road map will be presented to the IFAD12 Consultation in 2020. As part of this road map, an integrated borrowing framework will be prepared encompassing all sources of external financing. This framework will consolidate the Sovereign Borrowing Framework, the Concessional Partner Loan Framework, and the existing liquidity policy and resources available for commitment approach. The Fund will

[92] The G20 has encouraged MDBs to "optimize balance sheets, in order to increase lending without substantially increasing risks or damaging credit ratings" (See www.g20.utoronto.ca/2015/Multilateral-Development-Banks-Action-Plan-to-Optimize-Balance-Sheets.pdf). At its Antalya meeting in November 2015, the G20 developed the Antalya Action Plan to optimize MDB balance sheets (www.oecd.org/g20/summits/antalya/Antalya-Action-Plan.pdf). The Multilateral Development Banks Action Plan to Optimize Balance Sheets noted that "MDBs may be able to increase their development lending, while maintaining AAA ratings, if shareholders agreed for MDBs to operate with higher leverage and at a marginally increased level of risk".

also further align its financial practices with the standards followed by other MDBs, while preserving the Fund's unique business model. Additional steps will be to taken to ensure IFAD has the necessary level of risk management and asset liability management capacity. Options to further diversify single currency lending, which has been very successful in IFAD10, will be explored. This broadens the choice for borrowing countries, and allows the Fund to better match its commitments with its resources and gradually streamline its currency management.

C. Review of IFAD's Debt Sustainability Framework

104. **The Consultation reviewed IFAD's DSF and agreed to maintain it in its current format.** IFAD's Debt Sustainability Framework was adopted by the Governing Council in 2006 (GC 29/L.4) and has since enabled IFAD to provide about US$1.5 billion in grants to some of the poorest countries in the world. In 2007, the Executive Board, while approving the implementation of the DSF, recommended that a review of IFAD's experience with the DSF, and that of other IFIs with their debt sustainability frameworks, be undertaken in the context of the IFAD11 Consultation. This review was undertaken and Member States' feedback on the findings resulted in a decision to maintain IFAD's DSF in its current form. To ensure a harmonized approach, IFAD will continue to monitor the DSF approaches of other IFIs for any changes, and will closely monitor developments in the International Monetary Fund's debt sustainability criteria.

105. **The Consultation appealed to Member States to meet their commitments to provide full DSF capital compensation on the terms already agreed under the IFAD10 Consultation.**[93] In agreeing to maintain the current DSF, Members of the Consultation strongly urged all Member States to reinforce their commitment to full DSF principal compensation in line with the amounts specified in annex VI, for a total of US$39.5 million during IFAD11, in addition to the US$1.2 billion targeted as replenishment contributions. This compensation is critical to avoid erosion of IFAD's financial commitment capacity, which would in effect force developing countries to "finance their own debt relief" through reduced future allocations.[94] DSF compensation contributions may be made as separate pledges, or combined with core contribution pledges. In the latter case the assessed donor share of DSF compensation will be deducted from the combined pledge and the remaining amount considered as the core contribution amount. DSF compensation will continue to yield voting rights.

V. Results Management Framework for IFAD11

106. **The IFAD11 Results Management Framework (see annex II) follows five key design principles:**[95]

   (a) **It is designed as a management tool that is part of the larger results architecture**, with a stronger link to the institution's corporate medium-term plan and divisional planning exercises. This will allow the Fund to promote accountability and learning for better institutional performance and development effectiveness;

   (b) **It reflects IFAD11 priorities**, with increased alignment between the RMF and the commitments matrix;

[93] Report of the Consultation on the Tenth Replenishment of IFAD's Resources (GC 38/L.4/Rev.1) para 97(b) and its annex IX, para 41(b) and Governing Council Resolution 186/XXXVIII on the Tenth Replenishment of IFAD's Resources.
[94] As highlighted during discussions of IDA's Multilateral Debt Relief Initiative. See Note from the President of the World Bank to the Development Committee, 15 April 2007, at: http://siteresources.worldbank.org/DEVCOMMINT/Documentation/21295390/DC2007-0011(E)PresNote.pdf.
[95] These principles are informed by IOE's Corporate-level evaluation on IFAD replenishments (EB 2014/111/R.3/Rev.1) and a review undertaken by IFAD Management of the results frameworks of other members of the MDB Management for Development Results Working Group, and those of FAO and WFP.

(c) **It is consistent with IFAD’s Strategic Framework 2016-2025**, retaining the revisions to the IFAD10 RMF approved by the Executive Board in December 2016;

(d) **It has a simplified three-tier structure**, including: (i) Tier 1 – Sustainable Development Goals, focusing on SDG 1 and SDG 2; (ii) Tier 2 – IFAD's development results, including outputs, outcomes and impact that result from country-specific operations; and (iii) Tier 3 – IFAD's operational and organizational performance, organized around the four dimensions of the IFAD11 business model;

(e) **It is concise and of high quality**, limited to indicators fundamental for corporate monitoring and reporting, which are robust and accurately measurable.

107. **Agreed IFAD11 priorities, directions and commitments are fully integrated within the RMF**. Policy commitments made with regard to resource mobilization, allocation and utilization are monitored. Attention is dedicated to the four mainstreaming topics through inclusion of specific indicators relating to gender, climate change adaptation and mitigation, and nutrition, and by disaggregating output indicators by sex and by age when applicable. Moreover, an indicator relating to secure land tenure has been included. The RMF also includes indicators to measure a range of non-lending activities including partnership-building, policy engagement, knowledge management and SSTC. Additionally, two indicators on transparency have been added in order to reflect the organization's principle of proactive transparency and openness.

108. **Value for money is addressed through a separate value-for-money scorecard.** The scorecard contains a subset of RMF indicators that will reflect the impact of planned business model enhancements on economy, efficiency, effectiveness and equity (see box 6 and the value-for-money scorecard in annex III). The scorecard will facilitate the monitoring of IFAD's efficiency performance, and will support Management in identifying and balancing trade-offs inherent in pursuing value for money, including: (i) the short versus the long-term benefits of any course of action; (ii) maximizing the number of poor and food-insecure men and women who benefit versus supporting the poorest countries or those in the most fragile situations; and (iii) reducing overheads versus strengthening the quality of operations. In so doing, the scorecard will support IFAD's efforts to further its effectiveness, efficiency and sustainability.

109. **The IFAD11 business model enhancements and increased PoLG are expected to increase IFAD's results, impact and value for money.** The RMF establishes ambitious targets for improvements across the four dimensions of the IFAD11 business model. Some of the main changes compared to IFAD10 include: an ambitious target for cofinancing, differentiated by domestic and international sources; introduction of indicators on resource allocation by country group, reallocation of PBAS resources, and average project size, and indicators on the appropriateness of targeting approaches in IFAD investment projects. Targets for quality of project design have been strengthened and the targets for the time taken between concept note, project approval and first disbursement have been significantly reduced while the target for disbursement has been increased. Specific targets, rather than ranges, have been set for the project output indicators. Impact targets, which are based on IFAD's strategic objectives and represent key dimensions of inclusive and sustainable rural transformation, have also been increased for the number of people with increased agricultural productivity (47 million, SDG 2.3), with increased market access (46 million, SDG 2.3), and with greater resilience (24 million, SDG 1.5). An impact indicator for the number of people with improved nutrition (12 million, SDG 2.1) has been added for the first time. The overall target for number of beneficiaries has been set at 120 million people for a PoLG of US$3.5 billion, and the target for the

number of people experiencing economic mobility (i.e. the number of people better-off as a result of IFAD's interventions) has been increased by 4 million to 44 million (SDG 2.3). Achievement of these targets would represent a significant and sustainable contribution to the achievement of SDGs 1 and 2 by IFAD and its Member States and partners.

110. **Progress towards achievement of the IFAD11 RMF targets will be reported annually through the Report on IFAD's Development Effectiveness**. RIDE editions covering the IFAD11 period, starting in 2020, will include updates on nutrition and youth, in addition to the current updates covering gender and climate, thereby ensuring that Members receive specific annual updates on progress across the four mainstreaming areas. IOE's Annual Report on the Results and Impact of IFAD Operations also documents project-level outcomes and results from non-lending activities.

111. **RIDE reporting will be supplemented with additional narrative reporting**. The IFAD11 midterm review in 2020 will document progress during the first part of IFAD11, as well as the results achieved under IFAD10. The review will also reflect on IFAD's wider contribution to the 2030 Agenda, including other SDGs that IFAD contributes to that are not included explicitly in the RMF. These include SDG 5 (gender equality and empowerment), SDG 8 (decent work and economic growth), SDG 10 (reduced inequalities), SDG 13 (climate action), SDG 15 (life on land) and SDG 17 (partnerships for the goals), and are included in the Results and Impact Management System and captured and reported through the ORMS. IFAD will also improve measurement and reporting of partnership activity.

112. **A consolidated synthesis report on the outcomes of impact assessments will be presented to the Executive Board in early 2022**, once the IFAD11 impact assessments have been completed (the consolidated synthesis report for the completed IFAD10 impact assessments will be presented in 2019). This will include a global estimate of the percentage change in all the impact indicators, quantifying the improvements measured. Through this initiative IFAD continues to be the only IFI to systematically assess the development results and impact attributed to the operations it finances.

113. **Further enhancements to IFAD's results management and reporting will be explored for IFAD12.** Following the third session of the IFAD11 Consultation, Management committed to explore, where appropriate, reporting indicators or results in the following areas for potential inclusion in the IFAD12 RMF: job creation, private sector resource mobilization, and disaggregation of some indicators by disability, and impact indicators by gender and age.

Box 6
Delivering value for money in IFAD11

For IFAD, value for money is about ensuring the best use of resources and maximizing the impact of each dollar invested on the lives of rural poor people. This requires balancing the "4Es" of economy, efficiency, effectiveness and equity. During IFAD11, enhancements to IFAD's business model and financial strategy and its focus on transforming resources into results will yield tangible improvements in IFAD's delivery of value for money across each of the 4Es and these will be captured in the RMF.

Economy: The changes that aim to make IFAD more agile, for example by reducing processing and implementation times. This brings down costs while maintaining the quality of outputs.

Efficiency: The changes that aim to increase IFAD's scale of operation through a more stringent framework for country selection. It entails significantly raising average allocations for each income group and increasing the number of beneficiaries by up to 20 per cent. This will increase IFAD's output (while retaining quality) at a lower cost through a reallocation of resources.

Effectiveness. Taken together, the proposed changes to IFAD's business model that will make IFAD more effective. They maximize leveraging through partnerships, promoting domestic resource mobilization, cofinancing and private sector financing to amplify impact. The changes also facilitate the consistent adaptability of projects to ensure that results guide implementation instead of rigid blueprints. Finally, they enable the systematic collection of data and evidence on what works to maximize quality from project design through implementation.

Equity: The proposed changes that reaffirm the Fund's focus on the poorest people and the poorest countries. IFAD's business model prioritizes core funding for LICs and LMICs, along with beneficiary targeting.

IFAD will engage closely with other MDBs in the process of developing a common value-for-money framework and, going one step further, **IFAD will develop and adopt its own value-for-money scorecard** comprising a subset of RMF indicators that will support Management in identifying and balancing trade-offs inherent in pursuing value for money and that will be submitted annually to the Executive Board as part of the RIDE. The scorecard and further explanation are provided in annex III.

VI. Matrix of commitments and monitorable actions

114. **The IFAD11 matrix of commitments and monitorable actions (annex I) reflects the key commitments made by IFAD Management during the Consultation.** Each commitment is linked to a set of monitorable actions to be taken towards achievement of those commitments. The matrix also identifies the RMF indicators that will be influenced by the each commitment. This format provides a more integrated accountability framework than IFAD's previous commitment matrices, distinguishing higher-level commitments from monitorable actions, and clarifying the theory of change linking them to specific RMF indicators. Progress in implementing the commitments and monitorable actions will be reported annually to the Executive Board as part of the RIDE, ensuring clear linkages to the RMF reporting, and to the IFAD12 Consultation as part of the IFAD11 midterm review.

VII. Arrangements for the midterm review of IFAD11 and Consultation on IFAD12

115. **IFAD11 midterm review**. A midterm review of IFAD11 will be undertaken and its findings presented during the IFAD12 Consultation.

116. **Selection of the IFAD12 Chairperson**. The Chairperson for the IFAD12 Consultation will be selected through an open process to be completed prior to the first IFAD12 Consultation session, in consultation with the Executive Board.

VIII. Recommendation

117. The IFAD11 Consultation recommends to the Governing Council that it adopt the draft resolutions attached as annexes IX and X to this report.

IFAD11 matrix of commitments, monitorable actions and timeline

Table 1
IFAD11 matrix of commitments and monitorable actions

Commitments	*Monitorable actions*	*Time frame*	*Selected Results Management Framework (RMF) indicators (see annex II)*
1. Resource mobilization – assembling development finance to maximize impact			
1.1 Increase resources by integrating borrowing into IFAD's financial framework and achieving the target programme of loans and grants (PoLG) of US$3.5 billion	1. Secure **replenishment contributions and Debt Sustainability Framework (DSF) compensation** for IFAD11.	Ongoing	3.1.1 Achievement of IFAD11 PoLG target 3.1.2 Debt-to-equity ratio
	2. Present proposals for **concessional partner loans and sovereign borrowing** to the Executive Board.	Ongoing	
	3. Implement the agreed actions in the **road map for IFAD's financial strategy.**	According to timeline	
	4. Undertake analysis and develop an action plan to enhance IFAD's **resource mobilization**.	Q4 2019	
1.2 Strengthen IFAD's role as an assembler of development finance to expand the programme of work to US$8.4 billion	5. Undertake a cofinancing analysis and develop an action plan to reach a **cofinancing** ratio of 1:1.4 (international 1:0.6 and domestic 1:0.8), define different forms of cofinancing and methodologies for their calculation, including quantification of in-kind contributions, improve monitoring and reporting on cofinancing by source and country category, and better measure IFAD's crowding in of private investment.	Q4 2019	3.1.3 and 3.1.4 Cofinancing ratios 3.3.4 Partnership-building
	6. Update IFAD's **strategy for engagement with the private sector** and enhance instruments to collaborate with the **private sector and foundations,** including **development of the Smallholder and Small and Medium-Sized Enterprise Investment Finance Fund (SIF)**.	Q4 2019	
2. Resource allocation – focusing on the poorest people and the poorest countries			
2.1 Optimize allocation of resources at the macro level, ensuring that 90 per cent of core resources are allocated to low-income countries (LICs) and lower-middle-income countries (LMICs), 50 per cent to Africa, 45 per cent to sub-Saharan Africa, and 25-30 per cent to the most fragile situations	7. Select approximately 80 countries to receive performance-based allocation system (PBAS) allocations during IFAD11 on the basis of agreed **country selection** criteria and the **revised PBAS formula**.	Q3 2018	3.2.1 Share of core resources allocated through the PBAS to LICs and LMICs; and upper-middle-income countries (UMICs) 3.2.2 Percentage of PBAS reallocated in IFAD11 3.2.3 Number of countries included in the PBAS at the beginning of the cycle 3.2.4 Average size of IFAD's investment projects (IFAD financing)
	8. Present a **transition framework** to the Executive Board.	Q4 2018	

Commitments	*Monitorable actions*	*Time frame*	*Selected Results Management Framework (RMF) indicators (see annex II)*
2.2 Increase focus on the poorest and most vulnerable people within each country	9. Revise IFAD's **operational guidelines on targeting**, including with regard to youth, ensuring appropriate differentiated approaches for young women and young men, and consider how best to ensure the inclusion and address the needs of people with disabilities, in line with the Sustainable Development Goal agenda of "leaving no one behind".	Q2 2019	3.2.5 Appropriateness of targeting approaches in IFAD investment projects
	10. Provide a report that analyses the link between **people with disabilities** and IFAD interventions.	Q1 2019	
	11. Provide a proposal for **disaggregating data on people with disabilities** in IFAD projects which has been piloted in at least five projects following the methods used by the United Nations Washington Group on Disability Statistics, such as the Short Set of Disability Questions.	Q2 2020	
3. Resource utilization – doing development differently			
3.1 Increase outward-facing capacity and advance IFAD's decentralization	12. Present an update to the Executive Board on the front-loading of **IFAD's decentralization.**	Q2 2018	3.6.1 Ratio of budgeted staff positions in ICOs/regional hubs 3.6.2 Ratio of IFAD's investment projects (volume) managed by ICOs/regional hubs 3.6.3 Percentage of supervision/implementation support budget through ICOs/regional hubs
	13. Increase **accessibility of corporate ICT systems to IFAD Country Offices (ICOs),** including PeopleSoft human resources and finance functions.	Q4 2019	
	14. Revise the **delegation of authority** framework.	Q2 2019	
	15. Enact revised **supervision and implementation support procedures**.	Q4 2019	
3.2 Enhance focus, flexibility and agility in use of resources while considering appropriate risks	16. Reform the **operations review and clearance process to render it more agile,** with the flexibility to fast-track evidence-based designs and low-risk projects.	Q1 2019	3.3.1 Relevance of IFAD country strategies 3.4.1 Overall rating for quality of project design 3.5.1 Time from concept note to approval 3.5.2 Time from project approval to first disbursement 3.5.3/4 Disbursement ratios
	17. Introduce a **project restructuring policy** and corresponding procedures, in line with the concept introduced in the Development Effectiveness Framework (DEF) and the business model paper.	Q4 2018	
	18. Implement the **disbursement action plan.**	Ongoing	
	19. Prepare an **update on enterprise risk management**, with particular attention to country and operational risk, financial risk, preparedness for market borrowing, and decentralization.	Q4 2018	
3.3 Mainstream the key cross-cutting themes of nutrition, gender, youth and climate	20. Present an **action plan for youth mainstreaming** to the Executive Board**, including a focus on youth employment**.	Q3 2018	2.1.5 Number of people with improved nutrition 2.2.6 Gender equality 2.3.1 Number of persons receiving services (gender and age-disaggregated) 2.3.5 Number of persons/households
	21. Review and strengthen **IFAD's gender action plan**, to achieve a gender transformative approach (25 per cent of projects to be gender transformative) and gender parity at all levels of IFAD's staffing, in line with United Nations targets, and implement relevant provisions of the United Nations System-wide Action Plan on Gender Equality and the Empowerment	Q3 2018	

Commitments	*Monitorable actions*	*Time frame*	*Selected Results Management Framework (RMF) indicators (see annex II)*
	of Women (UN-SWAP) 2.0.		provided with targeted support to improve their nutrition 2.3.6 Percentage of women reporting improved quality of their diets 2.3.11 Number of groups supported to sustainably manage natural resources and climate-related risks 2.3.12 Number of persons accessing technologies that sequester carbon or reduce greenhouse gas emissions 2.3.15 Number of tons of greenhouse gas emissions (CO2) avoided and/or sequestered
	22. Provide a **report that analyses IFAD's gender transformative approach** using appropriate qualitative and quantitative approaches.	Q2 2020	
	23. Increase target in the **Nutrition Action Plan** for **share of projects that are nutrition-sensitive** to 50 per cent.	Q3 2018	
	24. Present a new **climate and environment strategy and action plan** to the Executive Board that will strengthen IFAD's approach to mainstreaming climate and environmental sustainability including expanding efforts on mitigation.	Q4 2018	
	25. All new COSOPs during IFAD11 analyse **nationally determined contribution (NDC) targets** and commitments to inform IFAD interventions.	Q1 2019	
	26. Undertake systematic use of Rio markers (climate adaptation and mitigation, biodiversity, desertification) and **tracking of climate finance** using MDB methodology, ensuring 25 per cent of the IFAD11 PoLG is "climate-focused".	Q1 2019	
	27. Develop a **framework for implementing transformational approaches to the mainstreaming themes**, including attention to horizontal integration and interlinkages.	Q3 2018	
	28. Report on **progress across the four mainstreaming themes** in the Report on IFAD's Development Effectiveness (RIDE).	Q3 2020	
3.4 Strengthen synergies between lending and non-lending engagement	29. Present a new **knowledge management strategy** to the Executive Board.	Q2 2019	3.3.3 Effectiveness of IFAD country strategies 3.3.4 Partnership-building 3.3.5 Country-level policy engagement 3.3.6 Knowledge management 3.3.7 SSTC in COSOPs
	30. Develop a **South-South and Triangular Cooperation (SSTC) funding facility.**	Q2 2018	
	31. Update IFAD's **procedures for country strategies** to reflect the IFAD11 commitments, ensuring that they become long-term transition strategies, and include provisions for joint country strategies with RBAs and other partners, and share with Members through the Executive Board or informal seminars.	Q4 2018	
3.5 Make strategic partnerships for financing, knowledge, advocacy and global influence a cornerstone of IFAD operations	32. Develop and implement a framework to **strategically plan and monitor IFAD's partnerships at country, regional, global and institutional levels**, including collaboration with the Rome-based agencies, international financial institutions, national and bilateral partners, and engagement in multi-stakeholder partnerships.	Q4 2019	3.1.3 and 3.1.4 Cofinancing ratios 3.3.4 Partnership-building
	33. Increase investment in **strategic communication** to raise awareness of IFAD's unique brand and improve the visibility of its work to support poor rural people and assess effectiveness of these investments through periodic measurement of IFAD's profile among target audiences.	Ongoing	

Commitments	*Monitorable actions*	*Time frame*	*Selected Results Management Framework (RMF) indicators (see annex II)*
3.6 Pilot diversified products tailored to different country circumstances	34. Present a proposal for a **project preparation advance facility** to the Executive Board, including a mechanism for building capacity and implementation readiness in fragile situations.	Q3 2018	3.3.1 Relevance of IFAD country strategies 3.5.4 Disbursement ratio – fragile situations only
	35. Launch a **special programme for countries with fragile situations.**	Q2 2019	
	36. Develop a proposal to pilot **results-based lending** for consideration by the Executive Board, and explore other lending and risk management products, including options for regional lending operations.	Q2 2020	
4. Transforming resources into development results – embracing a culture of results and innovation			
4.1 Strengthen capacity and systems to manage for results	37. Launch phase II of the Program in Rural M&E (PRiME) to build country-level **monitoring and evaluation (M&E)** capacity and pilot a global certification framework for M&E professionals.	Q3 2019	2.2.1 Overall project achievement 3.5.3 Disbursement ratio 3.7.5 Percentage of countries with disbursable projects using the IFAD Client Portal (ICP) 3.7.6 Percentage of IFAD operations using ORMS 3.7.7 Percentage of IFAD-supported projects trained through Centers for Learning on Evaluation and Results CLEAR/PRiME initiative
	38. Roll out the **Operational Results Management System (ORMS).**	Q1 2019	
	39. Mainstream use of the **IFAD Client Portal** among most borrowers.	Q4 2019	
	40. Present an **ICT for development (ICT4D) strategy** to the Executive Board.	Q2 2019	
	41. Continue **fine-tuning the Results Management Framework**, in cooperation with Member States, to enable optimal reporting of the outcomes/impact of their contributions to IFAD, and submit any proposed updates to the Executive Board.	Ongoing	
4.2 Increase transparency and openness	42. Fully operationalize the **Transparency Action Plan**, including publication of IFAD's travel policy and quarterly reporting to the **International Aid Transparency Initiative**.	Q4 2019	3.9 Transparency
	43. Fully implement International Financial Reporting Standard 9 (IFRS 9) (Impairment) to support compliance with **best practice financial reporting** and provide progress updates to the Audit Committee and Executive Board.	Q4 2018	
	44. Develop a framework for timely operational feedback from stakeholders, including a revamped **client survey and an approach to beneficiary feedback/engagement.**	Q1 2019	
4.3 Enhance IFAD's service delivery platform	45. Develop a tailored system to **quantify the full costs of key business processes**.	Q4 2019	3.7 Institutional efficiency 3.8 Workforce management
	46. Implement the **value-for-money scorecard** and report annually on its implementation through the RIDE.	Q3 2020	
	47. Fine-tune the **link between strategic planning and the yearly budget exercise**, based on the IFAD Strategic Framework 2016-2025 results pillars.	Yearly	
	48. Develop an action plan for IFAD's response to the Secretary-General's strategy to improve the United Nations response **to sexual exploitation and**	Q4 2018	

Commitments	*Monitorable actions*	*Time frame*	*Selected Results Management Framework (RMF) indicators (see annex II)*
	abuse.		
4.4 Midterm review of the IFAD Strategic Framework 2016-2025 and engagement with United Nations reform	49. **Present a midterm review** of the IFAD Strategic Framework 2016-2025 to the Executive Board.	Q2 2021	
	50. Engage with the **United Nations reform process** and develop a proposal to implement key recommendations of relevance to IFAD.	Ongoing	

Table 2
Timeline of monitorable actions

Timing	*Action*
2018	
Q2 2018	Present an update to the Executive Board on the front-loading of **IFAD's decentralization.**
Q2 2018	Develop a **South-South and Triangular Cooperation (SSTC) funding facility.**
Q3 2018	Select approximately 80 countries to receive performance-based allocation system (PBAS) allocations during IFAD11 on the basis of agreed **country selection** criteria and the **revised PBAS formula**.
Q3 2018	Present an **action plan for youth mainstreaming** to the Executive Board**, including a focus on youth employment**.
Q3 2018	Review and strengthen the five action areas in IFAD's **gender action plan**, to achieve a gender transformative approach (25 per cent of projects to be gender transformative) and gender parity at all levels of IFAD's staffing, in line with United Nations targets, and implement relevant provisions of the United Nations System-wide Action Plan on Gender Equality and the Empowerment of Women (UN-SWAP) 2.0.
Q3 2018	Increase target in the **Nutrition Action Plan** for **share of projects that are nutrition-sensitive** to 50 per cent.
Q3 2018	Develop a **framework for implementing transformational approaches to the mainstreaming themes**, including attention to horizontal integration and interlinkages.
Q3 2018	Present a proposal for a **project preparation advance facility** to the Executive Board, including a mechanism for building capacity and implementation readiness in fragile situations.
Q4 2018	Present a **transition framework** to the Executive Board.
Q4 2018	Introduce a **project restructuring policy** and corresponding procedures, in line with the concept introduced in the Development Effectiveness Framework (DEF) and the business model paper.
Q4 2018	Prepare an **update on enterprise risk management**, with particular attention to country and operational risk, financial risk, preparedness for market borrowing, and decentralization.
Q4 2018	Present a new **climate and environment strategy and action plan** to the Executive Board that will strengthen IFAD's approach to mainstreaming climate and environmental sustainability including expanding efforts on mitigation.
Q4 2018	Fully implement International Financial Reporting Standard 9 (IFRS 9) (Impairment) to support compliance with **best practice financial reporting** and provide progress updates to the Audit Committee and Executive Board.
Q4 2018	Develop an action plan for IFAD's response to the Secretary-General's strategy to improve the United Nations response to **sexual exploitation and abuse.**
Q4 2018	Update IFAD's **procedures for country strategies** to reflect the IFAD11 commitments, ensuring that they become long-term transition strategies, and include provisions for joint country strategies with RBAs and other partners, and share with Members through the Executive Board or informal seminars.
2019	
Q1 2019	Reform the **operations review and clearance process to render it more agile,** with the flexibility to fast-track evidence-based designs and low-risk projects.
Q1 2019	Roll out the **Operational Results Management System (ORMS).**
Q1 2019	Develop a framework for timely operational feedback from stakeholders, including a revamped **client survey and an approach to beneficiary feedback/engagement.**
Q1 2019	All new COSOPs during IFAD11 analyse **nationally determined contribution (NDC) targets** and commitments to inform IFAD interventions.
Q1 2019	Undertake systematic use of Rio markers (climate adaptation and mitigation, biodiversity, desertification) and **tracking of climate finance** using MDB methodology, ensuring 25 per cent of the IFAD11 PoLG is "climate-focused".
Q1 2019	Provide a report that analyses the link between **people with disabilities** and IFAD interventions.
Q2 2019	Revise IFAD's **operational guidelines on targeting,** including with regard to youth, ensuring appropriate differentiated approaches for young women and young men, and

Timing	*Action*
	consider how best to ensure the inclusion and address the needs of people with disabilities, in line with the Sustainable Development Goal agenda of "leaving no one behind".
Q2 2019	Revise the **delegation of authority** framework.
Q2 2019	Present a new **knowledge management strategy** to the Executive Board.
Q2 2019	Launch a **special programme for countries with fragile situations.**
Q2 2019	Present an **ICT for development (ICT4D) strategy** to the Executive Board.
Q3 2019	Launch phase II of the Program in Rural M&E (PRiME) to build country-level **monitoring and evaluation (M&E)** capacity and pilot a global certification framework for M&E professionals.
Q4 2019	Undertake a cofinancing analysis and develop an action plan to target a **cofinancing** ratio of 1:1.4 (international 1:0.6 and domestic 1:0.8), define different forms of cofinancing and methodologies for their calculation, including quantification of in-kind contributions, improve monitoring and reporting of cofinancing by source and country category, and better measure IFAD's crowding in of private investment.
Q4 2019	Undertake analysis and develop an action plan to enhance IFAD's **resource mobilization**.
Q4 2019	Increase **accessibility of corporate ICT systems to IFAD Country Offices (ICOs),** including PeopleSoft human resources and finance functions.
Q4 2019	Enact revised **supervision and implementation support procedures**.
Q4 2019	Develop and implement a framework to **strategically plan and monitor IFAD's partnerships at country, regional, global and institutional levels**, including collaboration with the Rome-based agencies, international financial institutions, national and bilateral partners, and engagement in multi-stakeholder partnerships.
Q4 2019	Mainstream use of the **IFAD Client Portal** among most borrowers.
Q4 2019	Fully operationalize the **Transparency Action Plan**, including publication of IFAD's travel policy and quarterly reporting to the **International Aid Transparency Initiative**.
Q4 2019	Develop a tailored system to **quantify the full costs of key business processes**.
Q4 2019	Update IFAD's **strategy for engagement with the private sector** and enhance instruments to collaborate with the **private sector and foundations,** including **development of the Smallholder and Small and Medium-Sized Enterprise Investment Finance Fund (SIF)**.
2020	
Q2 2020	Develop a proposal to pilot **results-based lending** for consideration by the Executive Board, and explore other lending and risk management products, including options for regional lending operations.
Q2 2020	Provide a proposal for **disaggregating data on people with disabilities** in IFAD projects which has been piloted in at least five projects following the methods used by the United Nations Washington Group on Disability Statistics, such as the Short Set of Disability Questions.
Q2 2020	Provide a **report that analyses IFAD’s gender transformative approach** using appropriate qualitative and quantitative approaches.
Q3 2020	Report on **progress across the four mainstreaming themes** in the Report on IFAD’s Development Effectiveness (RIDE).
Q3 2020	Implement the **value-for-money scorecard** and report annually on its implementation through the RIDE.
2021	
Q2 2021	**Present a midterm review** of the IFAD Strategic Framework 2016-2025 to the Executive Board.
Ongoing	
According to timeline	Implement the agreed actions in the **road map for IFAD's financial strategy.**
Ongoing	Secure **replenishment contributions and Debt Sustainability Framework (DSF) compensation** for IFAD11.

Timing	*Action*
Ongoing	Present proposals for **concessional partner loans and sovereign borrowing** to the Executive Board.
Ongoing	Implement the **disbursement action plan.**
Ongoing	Engage with the **United Nations reform process** and develop a proposal to implement key recommendations of relevance to IFAD.
Ongoing	Increase investment in **strategic communication** to raise awareness of IFAD's unique brand and improve the visibility of its work to support poor rural people and assess effectiveness of these investments through periodic measurement of IFAD's profile among target audiences.
Ongoing	Continue **fine-tuning the Results Management Framework**, in cooperation with Member States, to enable optimal reporting of the outcomes/impact of their contributions to IFAD, and submit any proposed updates to the Executive Board.
Yearly	Fine-tune the **link between strategic planning and the yearly budget exercise**, based on the IFAD Strategic Framework 2016-2025 results pillars.

IFAD11 Results Management Framework 2019-2021

I. Overview

1. The Eleventh Replenishment of IFAD's Resources (IFAD11) Results Management Framework (RMF) provides a basis for assessing how well IFAD is performing at key points along its theory of change and will therefore serve as a tool to manage for development results within IFAD's broader results architecture. This marks a key difference between the IFAD11 RMF and previous IFAD results measurement frameworks, which were primarily used for results reporting rather than as a management tool. The IFAD11 RMF is designed with this in mind and is an integral part of IFAD's Development Effectiveness Framework (DEF), allowing the Fund to promote accountability and learning for better institutional performance and development effectiveness. It is an important part of IFAD's ongoing push towards results-based management.

2. The IFAD11 RMF has been developed based on a thorough review of IFAD's experiences with its previous results frameworks, best practices in the use of corporate results frameworks in other multilateral development organizations, and relevant findings in the 2014 corporate-level evaluation on IFAD replenishments.

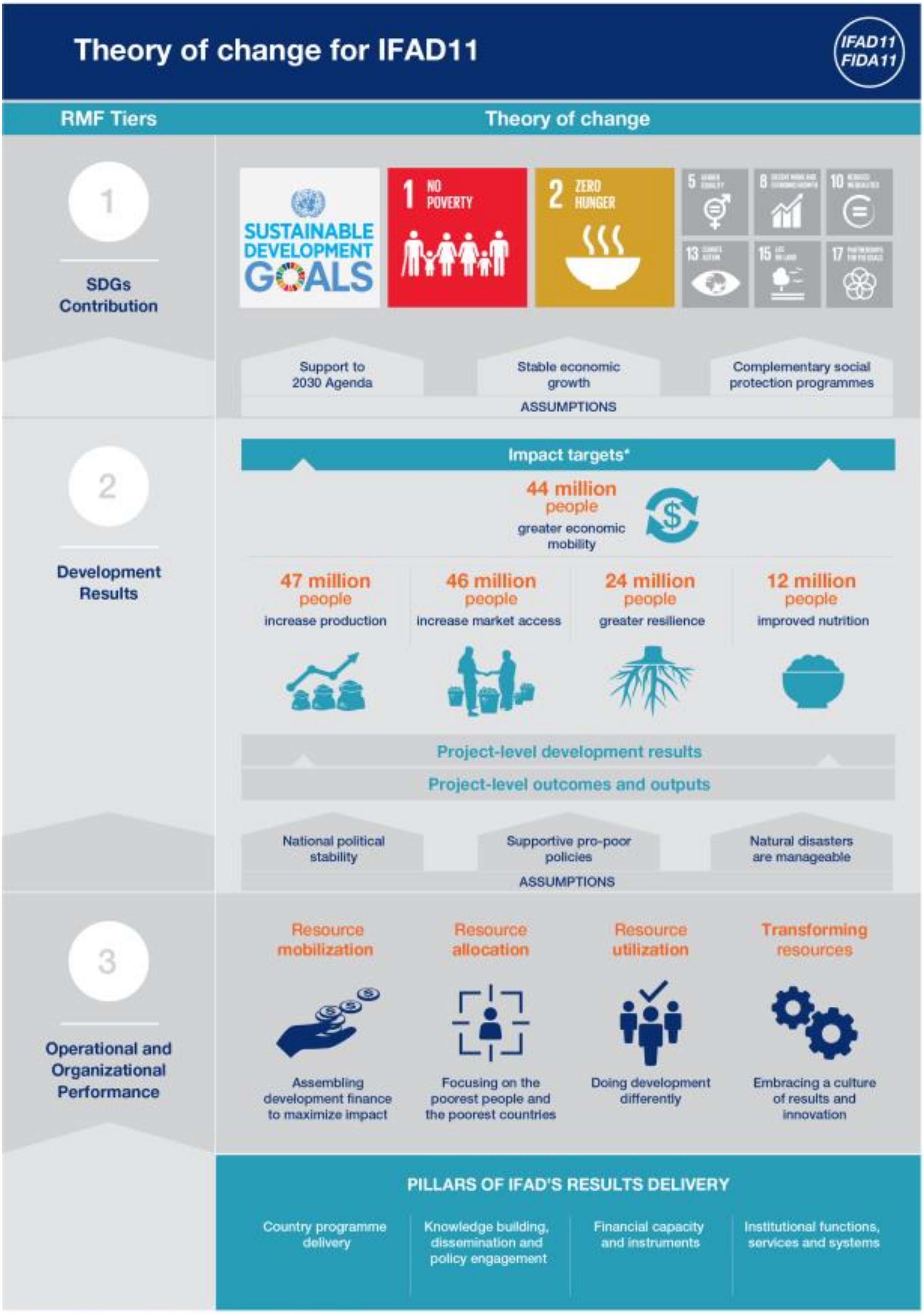
3. **Theory of change.** The theory of change for IFAD11 is founded on IFAD's commitment to making significant, effective and efficient contributions to Sustainable Development Goals (SDGs) 1 and 2, and to the broader 2030 Agenda for Sustainable Development in rural areas. The graphic representation of the theory of change and its implicit results hierarchy is shown in figure 1 below.

4. The theory of change begins with IFAD, an organization with a specific mandate, comparative advantage and proven track record of delivery through its results pillars (shown in the lower part of figure 1). IFAD aims to enhance its **operational and organizational performance (tier III)** through special emphasis on the four dimensions of the IFAD11 business model. This strengthened business model enhances the IFAD Strategic Framework 2016-2025 through: (i) improvements in resource mobilization; (ii) a sharpened focus on allocation of resources; (iii) means of utilizing resources; and (iv) transparent, efficient ways of transforming resources into development results.

5. **Development results (tier II)** will be achieved through the measurable outputs and outcomes of country-specific operations, including: people trained in production practices and technologies; people accessing financial services; people provided with targeted support to improve their nutrition; and people accessing technologies that sequester carbon or reduce greenhouse gas emissions. These will contribute directly to project-level development results and to the strategic objectives of Strategic Framework, such as increased number of people with greater resilience; improved market access; and improved production. These will in turn lead to the impacts linked to IFAD's goal: economic mobility defined as increases in income, food security; or resilience (depending on the project objective). Collectively, IFAD-supported development results are those that would not have been achieved at all, or to the same extent, without IFAD support.

6. The development results that IFAD achieves in rural areas will contribute significantly to meeting two of the **SDGs (tier I)**: SDG 1 – no poverty; and SDG 2 – zero hunger. While IFAD also contributes to other SDGs, it is considered important to maintain the Fund's focus on the first two goals, which are at the heart of IFAD's mandate. However, the results achieved in areas such as gender equality (SDG 5), climate action (SDG 13) and partnerships (SDG 17) will be monitored and reported through indicators in tiers II and III of the RMF.

Figure 1
Theory of change for IFAD11



* Based on a proposed PoLG of US$3.5 billion for IFAD11.

7. **Assumptions.** The validity of this simplified theory of change depends on a number of internal and external assumptions. The internal assumptions are those largely within IFAD's control and at the heart of IFAD's business model. For example, there is an assumption that better-designed projects or more decentralized staffing (tier III) lead to better results (tier II). While evidence suggests that these are both reasonable assumptions, it is important that the evidence supporting them is regularly challenged as part of the annual RMF review in the Report on IFAD's Development Effectiveness (RIDE) and other reports. Another internal assumption is that IFAD is able to mobilize sufficient resources to generate development results that will significantly contribute to SDG 1 and SDG 2. The financial strategy outlined in IFAD's revised business model is key to this assumption.

8. Some important and, ultimately, mission-critical assumptions are external to IFAD. They are progressively more important moving up the impact pathway (i.e. from tier II to tier I). Key assumptions linking organizational performance to development results (tier III to tier II) include – at the national level – supportive governments and institutions, supportive agricultural and economic policies, and political stability and security. IFAD's new country-based model, with a focus on synergies between lending and non-lending engagement, can contribute to establishing an enabling institutional and policy environment. Linking tier II to tier I are assumptions that: agricultural development results in rural areas contribute significantly to the elimination of poverty and hunger; the international economic and policy context is supportive; and complementary social protection policies and investments exist.

9. **Innovations in IFAD11 RMF.** New features of the IFAD11 RMF include its alignment with the IFAD11 business model and Strategic Framework, the streamlined three-tier structure (compared to the IFAD10 Results Measurement Framework's five levels), and its integration of IFAD's value-for-money proposition. In addition, the IFAD11 RMF goes beyond the self-assessment data of the IFAD10 Results Measurement Framework by incorporating ratings from the Independent Office of Evaluation of IFAD (IOE), and disaggregated reporting. It will also monitor all non-lending activities and mainstreamed themes. The IFAD11 RMF also raises the performance bar by disaggregating performance at "satisfactory or better" levels for a number of key indicators, rather than only reporting "moderately satisfactory or better" performance. These innovations strengthen the Fund's push towards results-based management and increase its ability to assess IFAD's performance along its theory of change.

10. **Monitoring thematic areas.** The IFAD11 RMF addresses the thematic areas that will be mainstreamed into IFAD's projects in IFAD11: youth, gender, climate and nutrition. All people-centred output indicators in tier II will be disaggregated to show the number of young people reached by IFAD projects. Gender will be measured by disaggregating the aforementioned tier II output indicators to show the number of women reached. There are also indicators to monitor project completion report (PCR) ratings on gender equality. Progress on the target of having 35 per cent of P-5 and above posts filled by women will be tracked. Tier II also contains six indicators focused on climate change, including: (i) a PCR rating for adaptation to climate change within project-level outcomes; (ii) a project-level output related to the number of people provided with climate information services; and (iii) an indicator on persons accessing technologies that sequester carbon or reduce greenhouse gas emissions. Finally, nutrition will be measured at both the tier I and the tier II levels, including: three SDG nutrition and food security indicators and two project-level output indicators related to the number of persons or households provided with targeted support to improve their nutrition; and the percentage of women reporting improved quality of their diets for projects with a

nutrition-specific focus. This latter indicator is an example of how the IFAD11 RMF addresses the interlinkages between the mainstreaming themes.

11. **Value for money.** Last, the concept of value for money, which relates to achieving the best balance between the "four Es" (economy, efficiency, effectiveness and equity), provides a foundation for thinking about how to use resources in an optimal manner. IFAD aims to do better at incorporating the concept of value for money in IFAD11 through a number of tier II and III indicators (see also annex III – IFAD's value-for-money proposition and scorecard). This addresses the priority given to value for money during the IFAD11 Consultation, and IOE’s findings and recommendations detailed in the 2017 Annual Report on Results and Impact of IFAD Operations.

12. **Looking ahead.** Following the third session of the IFAD11 Consultation, Management committed to exploring reporting indicators or results in the following areas for potential inclusion in the IFAD12 RMF: job creation, private sector resource mobilization, and disaggregation of some indicators by disability.

IFAD11 Results Management Framework indicators

The below tables present the IFAD11 Results Management Framework. The framework has a simplified three-tier structure: Tier 1 – Sustainable Development Goals – focuses on SDG 1 and SDG 2; Tier 2 – IFAD's development results – includes the outputs, outcomes and impact that result from country-specific operations; and Tier 3 – IFAD's operational and organizational performance – is organized around the four dimensions of the IFAD11 business model.

Tier I – goals and context

		Source	*Baseline (year)*	*Results (year)*
1.1	**Sustainable Development Goal 1: No poverty**			
1.1.1	Proportion of population below the international poverty line of US$1.90 a day (SDG 1.1.1)	United Nations Statistics Division (UNSD)	N/A	-
1.2	**Sustainable Development Goal 2: Zero hunger**			
1.2.1	Prevalence of food insecurity (SDG 2.1.2)	UNSD	N/A	-
1.2.2	Prevalence of stunting among children under 5 years of age (SDG 2.2.1)	UNSD	N/A	-
1.2.3	Prevalence of malnutrition (SDG 2.2.2)	UNSD	N/A	-
1.2.4	Average income of small-scale food producers (SDG 2.3.2)	UNSD	N/A	-
1.2.5	Total official flows to the agriculture sector (billions of United States dollars) (SDG 2.A.2)	UNSD	N/A	-
1.2.6	Government expenditure on agriculture (index) (SDG 2.A.1)	UNSD	N/A	-

Tier II – Development results

Impact		*Source*	*Baseline*	*IFAD11 target (end-2021)*	*IFAD10 target (end-2018)*
2.1	**Impact indicator[a]**				
2.1.1	Number of people experiencing economic mobility (millions) (SDGs 2.3 and 1.2)	Impact Assessment Initiative (IAI)	N/A	44[b]	40
2.1.2	Number of people with improved production (millions) (SDG 2.3)	IAI	N/A	47[b]	43
2.1.3	Number of people with improved market access (millions) (SDG 2.3)	IAI	N/A	46[b]	42
2.1.4	Number of people with greater resilience (millions) (SDG 1.5)	IAI	N/A	24[b]	22
2.1.5	Number of people with improved nutrition (millions) (SDG 2.1)	IAI	N/A	12[b]	N/A
2.2	**Project-level development results[c,d,e]**		**2014-2016**		
2.2.1	Overall project achievement (ratings 4 and above) (percentage)	Project completion report (PCR) ratings	88	90	N/A
2.2.2	Overall project achievement (ratings 4 and above) (percentage)	IOE ratings	81	-	N/A
2.2.3	Overall project achievement (ratings 5 and above) (percentage)	IOE ratings	26	-	N/A
2.2.4	Effectiveness (ratings 4 and above) (percentage)	PCR ratings	84	90	90
2.2.5	Efficiency (ratings 4 and above) (percentage)	PCR ratings	77	80	80
2.2.6	Gender equality (ratings 4 and above) (percentage)	PCR ratings	87	90	90
2.2.7	Gender equality (ratings 5 and above) (percentage)	PCR ratings	54	60	N/A
2.2.8	Sustainability of benefits (ratings 4 and above) (percentage)	PCR ratings	78	85	85
2.2.9	Scaling up (ratings 4 and above) (percentage)	PCR ratings	92	95	90
2.2.10	Environment and natural resource management (ratings 4 and above) (percentage)	PCR ratings	88	90	90
2.2.11	Adaptation to climate change(ratings 4 and above) (percentage)	PCR ratings	84	85	50
2.3	**Project-level outcomes and outputs[f]**		**2016**		**IFAD10 range**
2.3.1	Number of persons receiving services (millions)[g] (SDG 1.4)	Core indicators (Results and Impact Management System [RIMS])	97.04 million	120 million	110 million –130 million
2.3.2	Number of hectares (ha) of farmland with water-related infrastructure constructed/rehabilitated (SDG 2.4)	Core indicators (RIMS)	57,000	70,000	Land under irrigation schemes (ha): 240,000-350,000
2.3.3	Number of persons trained in production practices and/or technologies (millions)[g] (SDG 4.3)	Core indicators (RIMS)	2.51 million	3.5 million	5.5 million-7.7 million
2.3.4	Number of persons in rural areas accessing financial services (millions)[g] (SDG 8.10)	Core indicators (RIMS)	17.4 million	23 million	N/A

Impact		*Source*	*Baseline*	*IFAD11 target (end-2021)*	*IFAD10 target (end-2018)*
2.3.5	Number of persons/households provided with targeted support to improve their nutrition (millions)[g] (SDG 2.2)	Core indicators (RIMS)	New indicator. Baseline will be provided in 2020	To be produced in 2020	N/A
2.3.6	Percentage of women reporting improved quality of their diets[h] (SDG 2.2)	Core indicators (RIMS)	New indicator. Baseline will be provided in 2020	To be produced in 2020	N/A
2.3.7	Number of rural enterprises accessing business development services (SDG 9.3)	Core indicators (RIMS)	91,240	100,000	80,000-120,000
2.3.8	Number of persons trained in income-generating activities or business management (millions)[g] (SDG 4.3)	Core indicators (RIMS)	2.4 million	3.2 million	80,000-120,000
2.3.9	Number of supported rural producers that are members of rural producers' organizations (millions)[g]	Core indicators (RIMS)	800,000	1.2 million	N/A
2.3.10	Number of kilometres of roads constructed, rehabilitated or upgraded (SDG 9.1)	Core indicators (RIMS)	13,690	20,000	18,000-24,000
2.3.11	Number of groups supported to sustainably manage natural resources and climate-related risks (SDG 13.1)	Core indicators (RIMS)	New indicator. Baseline will be provided in 2020	To be produced in 2020	N/A
2.3.12	Number of persons accessing technologies that sequester carbon or reduce greenhouse gas emissions[g] (SDG 13.2)	Core indicators (RIMS)	New indicator. Baseline will be provided in 2020	To be produced in 2020	N/A
2.3.13	Number of persons/households reporting adoption of environmentally sustainable and climate-resilient technologies and practices	Core indicators – outcome level (RIMS)	New indicator. Baseline will be provided in 2020	To be produced in 2020	N/A
2.3.14	Number of hectares of land brought under climate-resilient management (SDG 13.1)	Core indicators (RIMS)	New indicator. Baseline will be provided in 2020	To be produced in 2020	N/A
2.3.15	Number of tons of greenhouse gas emissions (CO2) avoided and/or sequestered	Core indicators – outcome level (RIMS)	New indicator. Baseline will be provided in 2020	To be produced in 2020	N/A
2.3.16	Number of persons whose ownership or user rights over natural resources have been registered in national cadasters and/or geographic information management systems[g] (SDG 1.4)	Core indicators (RIMS)	New indicator. Baseline will be provided in 2020	To be produced in 2020	N/A

[a] Results will be presented in a synthesis of lessons learned from the IFAD11 IAI in early 2022.
[b] Targets are based on a proposed programme of loans and grants (PoLG) of US$3.5 billion in IFAD11.
[c] Project-level outcomes are presented on a three-year rolling basis.
[d] Results disaggregated for projects in countries with most fragile situations will also be presented in RIDE.
[e] In yearly reporting through the RIDE, Management will calculate the divergence between its self-assessment with regard to project-level outcomes (based on PCRs) and corresponding ratings by IOE (based on PCR validations).
[f] Results will be presented only for the year under review.
[g] Results will be disaggregated by gender and age.
[h] Results will be presented only for projects with a specific nutrition focus.

Tier III – Operational and organizational performance

		Source	*Baseline*	*IFAD11 target (end-2021)*	*IFAD10 target (end-2018)*
Mobilizing resources – Assembling development finance to maximize impact					
3.1	**Resource mobilization and leveraging cofinancing**		**2016**		
3.1.1	Percentage achievement of IFAD11 PoLG target	Corporate databases	N/A	Tracked	N/A
3.1.2	Debt-to-equity ratio (percentage)	Corporate databases	3.3	Tracked	N/A
3.1.3	Cofinancing ratio (international)[a]	Grant and Investment Projects System (GRIPS)	1:0.53	1:0.6	N/A
3.1.4	Cofinancing ratio (domestic)[a]	GRIPS	1:0.74	1:0.8	N/A
Resource allocation – Focusing on the poorest people and the poorest countries					
3.2	**Allocations of resources**		**2013-2015**		
3.2.1	Share of core resources* allocated through the performance-based allocation system (PBAS) to low-income countries (LICs) and lower-middle-income countries (LMICs); and to upper-middle-income countries (UMICs) (percentage)[b]	Programme Management Department (PMD)	N/A	LICs and LMICs: 90 UMICs: 10	N/A
3.2.2	Percentage of PBAS resources reallocated in IFAD11	PMD	10	<10	N/A
3.2.3	Number of countries included in the PBAS at the beginning of the cycle	PMD	102	80	N/A
3.2.4	Average size of IFAD's investment projects (IFAD financing) (millions of US$)	GRIPS	28.6 (2014-2016)	Tracked	N/A
3.2.5	Appropriateness of targeting approaches in IFAD investment projects (percentage)	Quality assurance ratings	N/A	90	N/A
Resource utilization – Doing development differently					
3.3	**Performance of country programmes**		**2016**		
3.3.1	Relevance of IFAD country strategies (ratings of 4 and above) (percentage)	Client surveys and country strategic opportunities programme (COSOP) completion reviews (CCRs)	N/A	TBD[c]	N/A
3.3.2	Percentage of active COSOPs that undertook at least one COSOP results review during the cycle[h]	GRIPS	N/A	80	-
3.3.3	Effectiveness of IFAD country strategies (ratings of 4 and above) (percentage)	Client surveys and CCRs	N/A	TBD[c]	N/A
3.3.4	Partnership-building (ratings of 4 and above) (percentage)	Client surveys and CCRs	100	TBD[c]	90
3.3.5	Country-level policy engagement (ratings of 4 and above) (percentage)	Client surveys and CCRs	100	TBD[c]	85
3.3.6	Knowledge management (ratings of 4 and above) (percentage)	Client surveys and CCRs	N/A	TBD[c]	N/A
3.3.7	South-South and Triangular Cooperation (SSTC) (percentage of COSOPs with comprehensive approach at design)	COSOPs	50	66	50

		Source	*Baseline*	*IFAD11 target (end-2021)*	*IFAD10 target (end-2018)*
3.3.8	Percentage of new country strategies in countries with the most fragile situations that undertake fragility assessments[h]	IFAD records	N/A	60	N/A
3.4	**Quality at entry**		**2016**		
3.4.1	Overall rating for quality of project design (ratings 4 and above) (percentage) [d]	Quality assurance ratings	93	95	90
3.4.2	Overall rating for quality of project design (fragile situations only) (ratings 4 and above) (percentage) [d]	Quality assurance ratings	96	90	85
3.4.3	Percentage of ongoing projects with a baseline by the end of the first year of implementation	ORMS	N/A	70	N/A
3.5	**Portfolio management**		**2016**		
3.5.1	Time from concept note to approval (months)	Corporate databases	17	8	N/A
3.5.2	Time from project approval to first disbursement (months)	GRIPS	17	12	14
3.5.3	Disbursement ratio (percentage) [e]	Oracle FLEXCUBE	16.7	17	15**
3.5.4	Disbursement ratio – fragile situations only (percentage)	Oracle FLEXCUBE	12.8	16	14

Transforming resources into development results – Embracing a culture of results and innovation					
3.6	**Decentralization**		**2016**		
3.6.1	Ratio of budgeted staff positions in IFAD Country Offices (ICOs)/regional hubs (percentage)	Corporate databases	TBD	TBD[f]	45
3.6.2	Percentage of IFAD's investment projects (by financing volume) managed by ICOs/regional hubs	Corporate databases	74	100	N/A
3.6.3	Percentage of supervision/implementation support budget used through ICOs/regional hubs	Corporate databases	60	TBD[f]	N/A
3.7	**Institutional efficiency**		**2016**		
3.7.1	Ratio of IFAD's administrative expenditure to the PoLG	Corporate databases	13.1%	TBD[f]	8.2 (12.2% with proposed new formula)
3.7.2	Ratio of actual administrative expenditures (including expenditures financed by management fees) to IFAD's programme of work (PoW) (PoLG and cofinancing)	Corporate databases	6.5%	TBD[f]	15.2 (6.6% with proposed new formula)
3.7.3	Ratio of actual administrative expenditures (including expenditure financed by management fees) to annual disbursements	Corporate databases	18.1%	TBD[f]	5.5 (18.2% with proposed new formula)
3.7.4	Ratio of the administrative budget to the ongoing portfolio of loans and grants	Corporate databases	1.8%	TBD[f]	N/A
3.7.5	Percentage of countries with disbursable projects using the IFAD Client Portal (ICP)	Information and Communications	0	75	N/A

		Source	*Baseline*	*IFAD11 target (end-2021)*	*IFAD10 target (end-2018)*
		Technology Division			
3.7.6	Percentage of IFAD operations using the Operational Results Management System (ORMS)	PMD	0	100	N/A
3.7.7	Percentage of IFAD-supported projects trained through the Centers for Learning on Evaluation and Results (CLEAR) initiative	PMD	0	85	N/A
3.8	**Workforce management**		**2016**		
3.8.1	Percentage of women in P-5 posts and above	Corporate databases	29	35	35
3.8.2	Percentage of Professional staff from Lists B and C	Corporate databases	38	Tracked	Tracked
3.8.3	Time to fill Professional vacancies (days)	Corporate databases	91	100	100
3.9	**Transparency**		**2016**		
3.9.1	Percentage of project completion reports submitted within six months of completion, of which the percentage publicly disclosed	PMD	41/0	85/90	N/A
3.9.2	Comprehensiveness of IFAD's publishing to International Aid Transparency Initiative (IATI) standards (percentage)	IATI	63	75	N/A
3.9.3	Percentage of operations with activities or components that advance transparency in borrowing countries[g]	Corporate databases	N/A	30	N/A

[a] Results are presented for projects approved in the last 36 months. RIDE will disaggregate by country income groups, and will disaggregate the reporting of domestic cofinancing with regards to government and beneficiary contributions.

[b] RIDE will also provide information on allocations to projects with most fragile situations and small island developing states.

[c] Targets for indicators related to IFAD's country programme performance will be developed building on the planned update of IFAD's client survey.

[d] Quality-at-entry ratings are aggregated over 24 months.

[e] Results will be presented by country income classification group.

[f] Targets for these indicators on decentralization and institutional efficiency will be informed by the Operational Excellence for Results (OpEx) exercise.

[g] This indicator is a placeholder. The methodology will be defined before the beginning of IFAD11.

[H] Corporate databases are being enhanced to enable capturing this information.

* Core resources is a definition adopted by IFAD to describe core replenishment contributions, unrestricted complementary contributions, principal and interest repayments of loans financed by these resources, as well as the grant component of concessional partner loans.

** In 2017 IFAD reviewed its disbursement ratio definition in order to align it with the methodology used by other multilateral development organizations. The IFAD10 target therefore precedes this review and was calculated using the previous definition. The 2016 baseline and IFAD11 target instead reflect the definition adopted in 2017.

Definitions and data sources for the IFAD11 RMF indicators

Tier I – Goals and global context

Code	*Indicator name*	*Data source*	*Definition*
1.1 – Sustainable Development Goal 1: No poverty			
1.1.1	Proportion of population below the international poverty line of US$1.90 a day (SDG 1.1.1)	UNSD	SDG indicator 1.1.1 – The indicator is defined as the percentage of the population living on less than US$1.90 a day at 2011 international prices. The international poverty line is currently set at US$1.90 a day at 2011 international prices.
1.2 – Sustainable Development Goal 2: Zero hunger			
1.2.1	Prevalence of food insecurity (SDG 2.1.2)	UNSD	SDG indicator 2.1.2 – Prevalence of moderate or severe food insecurity in the population, based on the Food Insecurity Experience Scale.
1.2.2	Prevalence of stunting among children under 5 years of age (SDG 2.2.1)	UNSD	SDG indicator 2.2.1 – Prevalence of stunting (height for age <-2 standard deviation from the median of the World Health Organization [WHO] Child Growth Standards) among children under 5 years of age.
1.2.3	Prevalence of malnutrition (SDG 2.2.2)	UNSD	SDG indicator 2.2.2 – Prevalence of malnutrition (weight for height >+2 or <-2 standard deviation from the median of the WHO Child Growth Standards) among children under 5 years of age, by type (wasting and overweight).
1.2.4	Average income of small-scale food producers (SDG 2.3.2)	UNSD	SDG indicator 2.3.2 – Average income of small-scale food producers, by sex and indigenous status.
1.2.5	Total official flows to the agriculture sector (billions of United States dollars) (SDG 2.A.2)	UNSD	SDG indicator 2.A.2 – Total official to the agriculture sector, defined as gross disbursements of total official development assistance (ODA) and other official flows from all donors to the agriculture sector.
1.2.6	Government expenditure on agriculture (index) (SDG 2.A.1)	UNSD	SDG indicator 2.A.1 – The indicator is defined as the agriculture share of government expenditures, divided by the agriculture share of GDP, where agriculture refers to the agriculture, forestry, fishing and hunting sector. The measure in a currency-free index, calculated as the ratio of these two shares.

Tier II – Development results

Code	*Indicator name*	*Data source*	*Definition*
2.1	**Impact indicator**		
2.1.1	Number of people experiencing economic mobility (SDGs 2.3 and 1.2)	IAI	Projection from IFAD impact assessments of the number of rural people with changes in economic status (10 per cent or more) including income, consumption and wealth. The indicator will be reported in 2022.
2.1.2	Number of people with improved production (SDG 2.3)	IAI	Projection from IFAD impact assessments of the number of people with substantial gains (20 per cent or more) in production of agricultural products. The indicator will be reported in 2022.
2.1.3	Number of people with improved market access (SDG 2.3)	IAI	Projection from IFAD impact assessments of the number of people with greater value of product sold (20 per cent or more) in agricultural markets. The indicator will be reported in 2022.
2.1.4	Number of people with greater resilience (SDG 1.5)	IAI	Projection from IFAD impact assessments of the number of people with improved resilience (20 per cent or more). The indicator will be reported in 2022.
2.1.5	Number of people with improved nutrition (SDG 2.1)	IAI	Projection from IFAD impact assessments of the number of people with improved nutrition (increase in dietary diversity of 10 per cent or more). The indicator will be reported in 2022.
2.2	**Project-level development results**		
2.2.1	Overall project achievement[b]	PCRs	Percentage of projects rated moderately satisfactory (4) or better for overall project achievement. The measurement of this indicator is the overarching assessment of the intervention.
2.2.2	Overall project achievement (ratings 4 and above)	IOE ratings	Percentage of projects rated moderately satisfactory (4) or better for overall project achievement by IOE in their project completion report validations (PCRVs) and project performance evaluations (PPEs). The overarching assessment of the intervention draws upon the analysis of and ratings for rural poverty impact, relevance, effectiveness, efficiency, sustainability of benefits, gender equality and women's empowerment, innovation and scaling up, environment and natural resources management, and adaptation to climate change.
2.2.3	Overall project achievement (ratings 5 and above)	IOE ratings	Percentage of projects rated satisfactory (5) or better for overall project achievement by IOE in their PCRVs and PPEs. The overarching assessment of the intervention draws upon the analysis of and ratings for rural poverty impact, relevance, effectiveness, efficiency, sustainability of benefits, gender equality and women's empowerment, innovation and scaling up, environment and natural resource management, and adaptation to climate change.
2.2.4	Effectiveness[b]	PCRs	Percentage of projects rated moderately satisfactory (4) or better for effectiveness. The definition for this indicator is the extent to which the development intervention's objectives were achieved, or are expected to be achieved, taking into account their relative importance.
2.2.5	Efficiency[b]	PCRs	Percentage of projects rated moderately satisfactory (4) or better for efficiency. The definition for this indicator is the measure of how economically resources/inputs (funds, expertise, time, etc.) are converted into results.
2.2.6	Gender equality[b] (ratings 4 and above)	PCRs	Percentage of projects rated moderately satisfactory (4) or better for gender equality. The definition for this indicator is the extent to which IFAD interventions have contributed to gender equality and women's empowerment, for example, in terms of women's access to and ownership of assets, resources and services; participation in decision-making; workload balance; and impact on women's incomes, nutrition and livelihoods.

Code	Indicator name	Data source	Definition
2.2.7	Gender equality[b] (ratings 5 and above)	PCRs	Percentage of projects rated satisfactory (5) or better for gender equality. The definition for this indicator is the extent to which IFAD interventions have contributed to gender equality and women's empowerment, for example, in terms of women's access to and ownership of assets, resources and services; participation in decision-making; workload balance; and impact on women's incomes, nutrition and livelihoods.
2.2.8	Sustainability of benefits[b]	PCRs	Percentage of projects rated moderately satisfactory (4) or better for sustainability of benefits. The definition for this indicator is the likely continuation of net benefits from a development intervention beyond the phase of external funding support. It also includes an assessment of the likelihood that actual and anticipated results will be resilient to risks beyond the project's life.
2.2.9	Scaling up[b]	PCRs	Percentage of projects rated moderately satisfactory (4) or better for scaling up. The definition for this indicator is the extent to which IFAD development interventions have been (or are likely to be) scaled up by government authorities, donor organizations, the private sector and other agencies.
2.2.10	Environment and natural resource management[b]	PCRs	Percentage of projects rated moderately satisfactory (4) or better for environment and natural resource management. The definition for this indicator is the extent to which IFAD development interventions contribute to resilient livelihoods and ecosystems. The focus is on the use and management of the natural environment, specifically natural resources – defined as raw materials used for socioeconomic and cultural purposes – and ecosystems and biodiversity used for the goods and services they provide.
2.2.11	Adaptation to climate change[b]	PCRs	Percentage of projects rated moderately satisfactory (4) or better for adaptation to climate change. The definition for this indicator is the project's contribution to reducing the impact of climate change through adaptation or risk reduction measures.
2.3	**Project-level outcome and outputs[a]**		
2.3.1	Number of persons receiving services (SDG1.4) [c]	Core indicators (RIMS)	Number of individuals who have directly received or used services promoted or supported by the project.
2.3.2	Number of hectares of farmland with water-related infrastructure constructed/rehabilitated (SDG2.4) [c]	Core indicators (RIMS)	Water-related infrastructure includes dams and ditches, irrigation and drainage infrastructure; infrastructure for rainwater harvesting; and wells and other water points that have been constructed or rehabilitated with project support.
2.3.3	Number of persons trained in production practices and/or technologies (SDG 4.3)[c]	Core indicators (RIMS)	Number of persons who have been trained at least once in improved or innovative production practices and technologies.
2.3.4	Number of persons in rural areas accessing financial services (millions) (SDG 8.10)[c]	Core indicators (RIMS)	Refers to the number of individuals who have accessed a financial product or service specifically supported by the project and its partner financial service provider. Such services include loans and micro-loans, savings funds, micro-insurance/insurance, remittances, and membership of a community-based financial organization (e.g. a savings and loan group).
2.3.5	Number of persons/households provided with targeted support to improve their nutrition (SDG 2.2)[c]	Core indicators (RIMS)	Applies to projects classified as "nutrition-sensitive", or projects with specific activities to improve or diversify the diet and nutrition of targeted households, particularly women-headed households. The indicator refers to the number of households that have actively participated in activities specifically designed to improve their nutrition. These projects typically use agriculture- and food-based approaches that improve the quality, diversity and quantity of household food intake. Activities to obtain general and untargeted information on nutrition should not be reported under this indicator.

Code	*Indicator name*	*Data source*	*Definition*
2.3.6	Percentage of women reporting improved quality of their diets (SDG 2.2)[c]	Core indicators (RIMS)	Refers to the percentage of women surveyed claiming that the quality and diversity of their diet have improved (i.e. they are consuming more varied and more nutritious food) as compared to the previous year.
2.3.7	Number of rural enterprises accessing business development services (SDG 9.3)[c]	Core indicators (RIMS)	Refers to the number of rural enterprises that have accessed business development services promoted by the project. Rural enterprises are structured businesses that have a well-defined physical location, normally with legal status, a bank account and some employees. They also include pre-entrepreneurial activities such as self-employment initiatives, and microenterprises with semi-structured activities. Both formal and informal enterprises can be considered, but only non-farm upstream and downstream activities (processing and marketing) are to be included. Production activities are excluded.
2.3.8	Number of persons trained in income-generating activities or business management (SDG 4.3)[c]	Core indicators (RIMS)	Refers to the number of persons who have received training in topics related to income-generating activities, including post-production handling, processing and marketing. Such activities include cheese-making; small-scale processing of fruit, and meat and milk products; handicrafts such as weaving, embroidery, knitting, tailoring and wool-spinning; conservation of agricultural products and agro-processing techniques, product handling in compliance with safety standards (use of chemicals, pesticides) and other quality requirements, packaging, and market information and procedures. Vocational training is also included (blacksmithing, carpentry, dressmaking, tailoring, hairstyling, masonry and welding). Business management training includes organizational management, accounting and bookkeeping, cash flow management and marketing.
2.3.9	Number of supported rural producers that are members of rural producers' organizations[c]	Core indicators (RIMS)	The number of rural producers that belong to a rural producers' organization, whether or not formally registered.
2.3.10	Number of kilometres of roads constructed, rehabilitated or upgraded (SDG 9.1) [c]	Core indicators (RIMS)	The total length, in kilometres, of roads that have been fully constructed, rehabilitated or upgraded (e.g. from feeder road to asphalt road) by the project. All types of roads should be included, such as feeder, paved, primary, secondary or tertiary roads.
2.3.11	Number of groups supported to sustainably manage natural resources and climate-related risks (SDG 13.1)[c]	Core indicators (RIMS)	Refers to the number of groups (whether or not formally registered and including indigenous peoples' communities) involved in the management of natural resources (rangelands, common property resources, water resources, forests, pastures, fishing grounds and other natural resources) for agricultural production that have received project support, either during the past 12 months (annual reporting) or since project start-up (cumulative reporting), to improve the sustainability of services provided to the resource base and to manage climate-related risks. Natural resource management groups involved in promoting technologies and practices for environmental protection, combating deforestation and desertification, or promoting soil/water conservation initiatives to prevent or increase resilience to climate-related risks should also be considered. Climate-related risks are those resulting from climate changes that affect natural and human systems and regions. Direct climate change risks are expected especially for productive sectors that rely heavily on natural resources, such as agriculture, fishing and forestry. The aim of such engagement is ultimately to enable these individuals/groups to take better and more resilient decisions that can avoid losses and damage to their livelihoods resulting from climate-related events.
2.3.12	Number of persons accessing technologies that sequester carbon or reduce greenhouse gas emissions (SDG 13.2)[c]	Core indicators (RIMS)	Refers to the number of individuals who were provided with renewable energy sources and/or more energy-efficient technologies to help reduce carbon emissions and secure carbon sequestration through the enhancement and protection of carbon stocks in the biomass, both above ground (e.g. conservation/restoration of degraded ecosystems) and below ground (in soil organic matter). Individuals who received advice or training during the preceding 12 months with a view to changing their land-use practices in the forestry and agricultural sectors (e.g. improved livestock and manure management, improved rice cultivation) should also be included.

Code	Indicator name	Data source	Definition
2.3.13	Number of persons/households reporting adoption of environmentally sustainable and climate-resilient technologies and practices	Core indicators – outcome level (RIMS)	Refers to the percentage of surveyed project beneficiaries who were trained in environmentally sustainable practices and/or the management of climate-related risks, and who claim that: (a) they have fully mastered these practices; and (b) they are now routinely using these technologies and practices.
2.3.14	Number of hectares of land brought under climate-resilient management (SDG 13.1)[c]	Core indicators (RIMS)	Refers to the number of hectares of land in which activities were started, either during the past 12 months (annual reporting) or since project start-up (cumulative reporting), to restore the productive and protective functions of the land, water and natural ecosystems and/or reverse degradation processes.
2.3.15	Number of tons of greenhouse gas emissions (CO_2) avoided and/or sequestered	Core indicators – outcome level (RIMS)	Refers to the extent to which projects succeeded in avoiding or reducing greenhouse gas emissions (CO_2e) as a result of the introduction and uptake of technologies and practices promoted by the project. The indicator is measured in tons of emissions avoided and/or sequestered, either during the past 12 months (annual reporting) or since project start-up (for cumulative reporting).
2.3.16	Number of persons whose ownership or user rights over natural resources have been registered in national cadasters and/or geographic information management systems (SDG 1.4)[c]	Core indicators (RIMS)	Refers to the number of beneficiaries who have been supported, either during the past 12 months (annual reporting) or since project start-up (cumulative reporting), in gaining formal ownership or use rights over land (forests, farmland, pasture), water (for livestock, crop, domestic and drinking use) or over water bodies (for capture fisheries or fish farming), as recognized or incorporated in cadastral maps, land databases or other land information systems accessible to the public.

[a] The definitions for project-level outcomes and outputs measured through the RIMS core indicators reflect those provided in the document Taking IFAD's Results and Impact Management System (RIMS) to the Next Level, which was reviewed by the IFAD Executive Board in April 2017.

[b] All PCR-related indicators are in line with the definitions of evaluation criteria agreed in the harmonization agreement with IOE. Reporting for these indicators will include PCRs submitted during the 3-year rolling period.

[c] Core indicator reporting includes the cumulative achievements over the project lifetime, for all projects that are ongoing in the reporting year and that have been ongoing for at least 12 months. The indicator will be reported every year. As all outcome indicators are effectively new, in the initial years of their roll-out they will be considered as pilots to be refined over time.

Tier III – Operational and organizational performance

Code	*Indicator name*	*Data source*	*Definition*
3.1	**Mobilizing resources and leveraging cofinancing**		
3.1.1	Percentage achievement of IFAD11 PoLG target	Corporate databases	The value of the IFAD PoLG approvals divided by the related target level for IFAD11 at time of reporting. The indicator will be reported every year.
3.1.2	Debt-to-equity ratio	Corporate databases	In line with the Sovereign Borrowing Framework (see EB 2015/114/R.17/Rev.1), the ratio is defined as the principal portion of total outstanding debt divided by total contributions plus General Reserve (expressed in percentage terms). The ratio will be calculated as: total outstanding debt principal/contributions + General Reserve. The ratio will be calculated as of 31 December of each year.
3.1.3	Cofinancing ratio (international)	GRIPS	The amount of cofinancing from international sources divided by the amount of IFAD financing for projects approved in a given three-year period (current United States dollar amounts used). The ratio indicates the US$ amount of cofinancing per US$ of IFAD financing (36-month rolling average).
3.1.4	Cofinancing ratio (domestic)	GRIPS	The amount of cofinancing from domestic sources (Government and beneficiary contributions) divided by the amount of IFAD financing for projects approved in a given three-year period (current US$ amounts used). The ratio indicates the US$ amount of cofinancing per US$ of IFAD financing (36-month rolling average).
3.2	**Allocations of resources**		
3.2.1	Share of core resources allocated through the PBAS to low-income countries (LICs) and lower-middle-income countries (LMICS); and to upper-middle-income countries (UMICs) (percentage)	PMD	The share of PBAS allocations to: (i) LICs and LMICs; and (ii) UMICs financed by IFAD core resources in IFAD11, out of the total allocation amount financed through core resources. The identification of LICs, LMICs and UMICs reflects the World Bank's country income classification. Core resources is a definition adopted by IFAD to describe core replenishment contributions, unrestricted complementary contributions, principal and interest repayments of loans financed by these resources, as well as the grant component of concessional partner loans. The indicator will be reported for the whole IFAD11 period (2019-2021).
3.2.2	Percentage of PBAS resources reallocated in IFAD11	PMD	The amount of reallocations over the total amount allocated through the PBAS in the first year of the cycle.
3.2.3	Number of countries included in the PBAS at the beginning of the cycle	PMD	The number of countries included in the PBAS at the beginning of the cycle.
3.2.4	Average size of IFAD's investment projects (IFAD financing)	GRIPS	The average size of IFAD investment projects approved by the Executive Board (36-month rolling average). This includes new projects approved and any associated additional financing approved in the same cycle.
3.2.5	Appropriateness of targeting approaches in IFAD investment projects	Quality assurance ratings	A rating provided during the quality assurance process based on the following dimensions: (i) alignment of the project's target population with IFAD's target group as described in the targeting policy and corresponding operational guidelines; and (ii) the adequacy of the proposed targeting approach in reaching the identified target group in a given project context. The ratings are reported on a 24-month average basis.
3.3	**Performance of country programme**		
3.3.1	Relevance of IFAD country strategies*	Client surveys and CCRs	Assessment of the alignment and coherence of the: (i) strategic objectives; (ii) geographic priority; (iii) subsector focus; (iv) main partner institutions; (v) targeting approach used, including emphasis on selected social groups; (vi) mix of instruments in the country programme (loans, grants and non-lending activities); and (vii) the provisions of the country programme and COSOP management. The emphasis is on the strategy pursued by the country programme, whether or not it is clearly outlined in the COSOP.

Code	*Indicator name*	*Data source*	*Definition*
3.3.2	Percentage of active COSOPs that undertook at least one COSOP results review during the cycle	GRIPS	Share of ongoing COSOPs that undertook a COSOP results review during the IFAD11 cycle, out of all COSOPs due to do so.
3.3.3	Effectiveness of IFAD country strategies*	Client surveys and CCRs	Determines the extent to which the overall strategic objectives (as per the COSOP) were achieved, whether other significant – but originally unforeseen – results were attained at the programme level, and whether a credible logical nexus can be established between the partners, the IFAD-supported initiatives (lending, non-lending, programme management) and the observed results. Particular attention will be paid to the role played by the government and IFAD in managing the overall country programme to achieve results.
3.3.4	Partnership-building*	Client surveys and CCRs	Refers to the ongoing process of strategically exploring, developing, maintaining and strengthening partnerships (as defined in the IFAD Partnership Strategy), and involves a wide range of tangible and less tangible activities. The indicator shows the extent to which partnership-building efficiently and effectively contributed to the achievement of IFAD's goals and objectives.
3.3.5	Country-level policy engagement*	Client survey and CCRs	The extent of IFAD collaboration with partner governments and other country-level stakeholders to influence policy priorities or the design, implementation and assessment of policies that shape the opportunities for inclusive and sustainable rural transformation.
3.3.6	Knowledge management*	Client survey and CCRs	The definition for knowledge management will be provided once part II of the harmonization agreement with IOE is finalized.
3.3.7	South-South and Triangular Cooperation (SSTC) (percentage of COSOPs with comprehensive approach at design)	COSOPs	Number of newly approved COSOPs with a comprehensive approach to SSTC, divided by the total number of COSOPs (36-month rolling average).
3.3.8	Percentage of new strategies in countries with most fragile situations that undertake fragility assessments	IFAD records	Share of new COSOPs/country strategy notes in countries with most fragile situations that include a fragility assessment.
3.4	**Quality at entry**		
3.4.1	Overall rating for quality of project design	Quality assurance ratings	A summary rating provided during the quality assurance process across several dimensions including: (i) alignment with country context; (ii) assessment of national/local institutional capacities; (iii) consistency of the proposed objectives, activities and expected outputs and outcomes; (iv) implementation readiness; (v) likelihood of achieving development objectives; and (vi) extent to which quality enhancement recommendations have been addressed. The ratings are reported on a 24-month average basis.
3.4.2	Overall rating for quality of project design (fragile situations only)	Quality assurance ratings	Same as 3.4.1, but exclusively for projects designed for fragile situations according to IFAD's list of most fragile situations, presented in an annex to the RIDE.
3.4.3	Percentage of ongoing projects with a baseline by the end of the first year of implementation	ORMS	Share of ongoing projects that have a baseline for all logical framework indicators by the end of the first year of implementation (by one year after entry into force date).
3.5	**Portfolio management**		
3.5.1	Time from concept note to approval (months)	Corporate databases	The average time elapsing between presentation of a concept note at the Operational Strategy and Policy Guidance Committee (OSC) and project approval by the Executive Board. Includes only projects approved by the Executive Board in the 36 months previous to the reporting date that had a stand-alone concept note.
3.5.2	Time from project approval to first	GRIPS	The average time (months) elapsed between first disbursement date of loans (excluding supplementary financing) or Debt Sustainability Framework (DSF) grants (excluding supplementary financing) and the date of Executive

Code	Indicator name	Data source	Definition
	disbursement (months)		Board approval for projects that had such first disbursement in the last 36 months.
3.5.3	Disbursement ratio (percentage) by country group	Oracle FLEXCUBE	The total amount disbursed over the review period from the PoLG, divided by the undisbursed balance of loans and grants that have been approved and signed, and their entry into force or disbursable status at the beginning of the review period.
3.5.4	Disbursement ratio – fragile situations only (percentage)	Oracle FLEXCUBE	Same as 3.5.3, but only for programmes in countries with fragile situations as presented in the annex to the RIDE.
3.6	**Decentralization**		
3.6.1	Ratio of budgeted staff positions in ICOs)/regional hubs (percentage)	Corporate databases	Ratio of total positions in ICOs and regional hubs divided by total number of positions (administrative budget only).
3.6.2	Ratio of IFAD's investment projects (volume) managed by ICOs/regional hubs	GRIPS	The United States dollar value of IFAD's current portfolio of investment projects inclusive of loans, DSF grants, loan component grants, Adaptation for Smallholder Agriculture Programme (ASAP) grants and other funds which are managed and supervised from an ICO, divided by the total value of the current portfolio.
3.6.3	Percentage of supervision/implementation support budget used through ICOs and regional hubs	Corporate databases	Share of supervision/implementation support budget used for portfolios managed by ICOs and regional hubs.
3.7	**Institutional Efficiency**		
3.7.1	Ratio of IFAD's administrative expenditure to the PoLG	Corporate databases	Actual expenses incurred under the administrative budget and other resources under IFAD's management (excluding IOE) divided by PoLG funds committed by IFAD inclusive of loans, DSF and other grants, and ASAP and other (supplementary) funds managed by IFAD in the reporting period (36-month rolling average).
3.7.2	Ratio of actual administrative expenditures (including expenditures financed by management fees) to IFAD's PoW (PoLG and cofinancing)	Corporate databases	Actual expenses incurred under the administrative budget and other resources under IFAD's management (excluding IOE), divided by programme funds committed by IFAD inclusive of loans, DSF and other grants, ASAP and other (supplementary) funds managed by IFAD and the corresponding international and domestic cofinancing, in the reporting period (36-month rolling average).
3.7.3	Ratio of actual administrative expenditures (including expenditure financed by management fees) to annual disbursements	Corporate databases	Actual expenses incurred under the administrative budget and other resources under IFAD's management (excluding IOE), divided by programme funds disbursed by IFAD inclusive of loans, DSF and other grants, and ASAP and other (supplementary) funds managed by IFAD (36-month rolling average).
3.7.4	Ratio of the administrative budget to the ongoing portfolio of loans and grants	Corporate databases	Actual expenses incurred under the administrative budget and other resources under IFAD's management (excluding IOE), divided by the current programme of loans and grants (from approval to closing) inclusive of loans, DSF and other grants, and ASAP and other (supplementary) funds managed by IFAD (36-month rolling average).
3.7.5	Percentage of countries with disbursable projects using the ICP	Corporate databases	Number of countries with disbursable projects that use the ICP, divided by the total number of countries where IFAD has disbursable projects.
3.7.6	Percentage of IFAD operations using ORMS	Corporate databases	Number of IFAD-funded projects that use ORMS, divided by the total number of active IFAD-funded projects.
3.7.7	Percentage of IFAD-supported projects trained through CLEAR	Corporate databases	Number of IFAD-funded projects that have received training through the CLEAR initiative, divided by the total number of active IFAD-supported projects.
3.8	**Workforce Management**		
3.8.1	Percentage of women in P-5 posts and above	Corporate databases	Number of women in the national and international Professional category holding fixed-term or indefinite appointments from National Professional Officer (NPO) D-level (NOD)/P-5 to Vice-President, out of total number of

Code	*Indicator name*	*Data source*	*Definition*
			national and international Professional staff holding fixed-term or indefinite appointments in the same grade range. Staff included in the calculation must hold positions under the IFAD administrative budget, IOE budget or Credit Union budget. **Exclusions:** the President, Director of IOE; short-term staff; locally recruited staff (General Service [GS] staff in headquarters and liaison offices, national GS staff), junior professional officers (JPOs), special programme officers (SPOs), partnership agreements, staff on loan to IFAD, staff on supplementary-funded positions, staff on coterminous positions, individuals hired under a non-staff contract (consultants, fellows, special service agreements [SSAs], interns, etc.) and staff from hosted entities.
3.8.2	Percentage of Professional staff from List B and C	Corporate databases	Number of staff in the international Professional category from grade P-1 to Vice-President holding fixed-term or indefinite appointments who are nationals of a List B or List C Member State, out of the total number of international Professional staff holding fixed-term or indefinite appointments in the same grade range. Staff included in the calculation must hold positions under the IFAD administrative budget, IOE budget or Credit Union budget. **Exclusions:** the President, Director of IOE, short-term staff, locally recruited staff (GS staff in headquarters and liaison offices, and national staff – both NPOs and national GS staff), JPOs, SPOs, partnership agreements, staff on loan to IFAD, staff on supplementary-funded positions, staff on coterminous positions, individuals hired under a non-staff contract (consultants, fellows, SSAs, interns, etc.), staff from hosted entities.
3.8.3	Time to fill Professional vacancies (days)	Corporate databases	Average number of days from the closing date of a vacancy announcement to the date on which the selection decision is made (i.e. by the Appointments and Promotions Board) for all finalized recruitment processes for international Professional positions in a given one-year period (12-month rolling average).
3.9	**Transparency**		
3.9.1	Percentage of PCRs submitted within 6 months of completion, of which, publicly disclosed	PMD	Share of PCRs that were submitted within six months of project completion. Of these, share of PCRs published on IFAD's website.
3.9.2	Comprehensiveness of IFAD's publishing to IATI standards	IATI	Score assigned by IATI to its publishers on the IATI "Comprehensiveness" tab. Weighted average of "Core", "Financial" and "Value Added" scores (http://dashboard.iatistandard.org/comprehensiveness.html).
3.9.3	Percentage of operations with activities or components that advance transparency in partner countries	Corporate databases	Share of new investment projects approved during IFAD11 that include activities or components that advance transparency in the countries in which activities are implemented.

[*] All indicators related to country programmes/strategies are aligned with the evaluation criteria definitions agreed in the harmonization agreement with IOE. The definitions as per IFAD's client survey will be updated by the end of 2018 once the survey review is finalized.

IFAD's value-for-money proposition and scorecard

I. Overview

1. IFAD's comparative advantage lies in its targeting of extremely poor and food-insecure people in rural areas, and its focus on empowering them to increase their productive capacities in order to overcome poverty and achieve food security. In its corporate impact assessment covering 2010-2015, allocated funds were found to: significantly increase the agricultural revenue of 7million farmers per year; increase the livestock and poultry assets of 5 million rural people per year; and decrease rural poverty among 4 million people per year. While these impacts are substantial and provide important contributions to the Sustainable Development Goals, IFAD could have a greater impact on rural people's lives for the same amount of money by improving the way it mobilizes, allocates, utilizes and transforms its resources. This is what is referred to as "value for money" (VfM), which in IFAD's context means that IFAD maximizes the impact of each dollar invested to improve the lives of poor and food-insecure rural men and women.[96]

2. VfM is not simply about reducing costs or cutting budgets, but using evaluative reasoning to think carefully about maximizing impact for the lowest cost possible. IFAD aims to incorporate the concept of VfM as it moves into the Eleventh Replenishment of IFAD's Resources (IFAD11) period, as is evident in a number of the tier II and III indicators in the Results Management Framework (RMF) – some of which are new for IFAD11. IFAD recognizes that moving towards a culture of VfM goes beyond operations. This annex presents the actions being undertaken, as part of the changes to IFAD's business model, to enhance IFAD's VfM proposition and its link to the RMF. First, some background on IFAD's recent efforts to improve VfM is provided. This is followed by an explanation of the concept of VfM. Finally, an accountability framework in the form of a VfM scorecard is proposed.

II. Background

Progression towards enhancing IFAD's value for money

3. Article 7 of the Agreement Establishing IFAD[97] requires that IFAD make arrangements to ensure that the proceeds of any financing are used only for the purposes for which the financing was intended, with due attention to considerations of economy, efficiency, effectiveness and social equity. This is reflected in IFAD's corporate policies and project procurement guidelines, both of which are predicated on the principles of VfM.

4. Much has been done to improve VfM at IFAD and within its operations. This has been especially the case since 2013 through the consolidated action plan to enhance efficiency, developed in response to the Independent Office of Evaluation of IFAD (IOE) 2013 Corporate-level evaluation of IFAD's institutional efficiency and the efficiency of IFAD-funded operations (CLEE).[98] Since that time IFAD has:

   - Established the Office of Budget and Organizational Development, introducing results-based budgeting and strategic workforce planning systems that directly link expenditures to results in order to ensure optimal use of resources and contain costs;
   - Achieved significant savings in procurement, travel costs, medical services and utilities, often in collaboration with the other Rome-based agencies;

[96] This definition follows standard definitions used elsewhere, including for example, the United Kingdom's Department for International Development (DFID) "Approach to Value for Money" (2011) and its Independent Commission for Aid Impact (2011); Penny Jackson, "*Value for money and international development: Deconstructing myths to promote a more constructive discussion",* OECD Development Co-operation Directorate, May 2012; and publications of the Independent Development Evaluation unit of African Development Bank (2016).
[97] See: www.ifad.org/documents/10180/3162024b-49d9-4961-a5de-8e2bbfabef9d.
[98] See: EB 2013/108/R.3/Rev.1, https://webapps.ifad.org/members/eb/108/docs/EB-2013-108-R-3-Rev-1.pdf.

- Cut governing body costs, including by reducing the number and length of documents, leading to a significant decrease in the Office of the Secretary's administrative budget;
- Rolled out a series of reforms related to human resources management and worked closely with the International Civil Service Commission on a review of the General Service staff salary scale at headquarters;
- Upgraded its information and communications technology systems to streamline business processes, especially those related to projects; and
- Expanded its results reporting by improving the Results and Impact Management System (RIMS), reforming the self-evaluation system and initiating the impact assessment initiative.

5. As a result of these actions, improvements have been made in many – but not all – RMF indicators. For example, corporate efficiency ratios dealing with disbursements are in line with IFAD10 targets, but those related to new loans and grants commitments are not. While withdrawal application processing times have been reduced, the time from project approval to first disbursement remains high. Project efficiency shows a consistently positive trend.

6. Notwithstanding the important strides made, there is still ample room for improvement, as highlighted by independent reviews – including IOE's CLEE, the Multilateral Organization Performance Assessment Network (MOPAN) review and DFID's Multilateral Development Review 2016 – which call for a greater focus on increasing IFAD's VfM. Undertaken at approximately the same time (2012-2013) the IOE and MOPAN reviews found similar areas requiring attention. Both noted room for improvement in IFAD's corporate procurement processes and found project efficiency to be an important area for greater attention. MOPAN underlined the need to: improve efficiency throughout the project cycle (from project design and planning to project implementation, management and evaluation); address the length of bureaucratic processes; and increase the efficiency of project management, including project preparation and staff recruitment. Since these reviews, a series of remedial actions have been undertaken (or are in progress) to address the weaknesses. While noting the positive developments, DFID's Multilateral Aid Review (2015-2016) urged IFAD to set more ambitious efficiency targets, report on cost savings more systematically and instil a stronger culture of VfM across the organization.

7. IFAD recognizes the importance of moving further and faster to enhance its VfM, and is fully committed to embarking on this agenda. Doing so requires changing IFAD's approach from individual actions for improving effectiveness or efficiency, to thinking more systematically about how sets of actions fit together to enhance VfM. It is clear that enhancing VfM involves significant changes to IFAD's business model, which will take time and resources to achieve. Many of the ongoing changes envisioned within IFAD's Development Effectiveness Framework and future changes foreseen as part of IFAD11 are aimed at enhancing the Fund's VfM.

III. The concept of value for money

Value for money as evaluative reasoning

8. Maximizing the impact of each dollar invested to improve the lives of poor and food-insecure rural men and women requires balancing the "four Es" (4Es): economy, efficiency, effectiveness and equity. Economy is reducing the amount of individual resources used for an activity while maintaining quality outputs. Efficiency is increasing outputs (without compromising quality) but at a lower cost, or minimizing the costs of a high-quality output, usually by reallocating resources. Economy and efficiency are closely linked in that they focus on achieving more at the same cost. Effectiveness is the achievement of the intended impact of an activity. Equity is ensuring that the impacts are felt by poor or marginalized

beneficiaries. While none of the 4Es are new, VfM integrates a number of concepts included in the results agenda to enable development practitioners to simultaneously consider these concepts while focusing on both resource use and impact.[99]

9. VfM can be considered at the project level, country level or corporate/portfolio level.[100] At the project level, it ensures that investments in project activities make the best use of resources to achieve the goals of the project. This means that project resources could not be used in a better way to achieve the same impact or have a greater impact with an alternative approach. At the country level, the focus is on the overall country strategy and therefore on the aggregation of individual projects combined with complementary activities, such as policy engagement and partnership-building. At the corporate level, VfM focuses on whether IFAD's business model is the best approach to transform core resources into impacts.

10. While these three levels are closely linked, the primary concern for IFAD11 is corporate-level VfM. At this level, the RMF includes tier III indicators linked to operational and institutional efficiency, and seeks to monitor and improve corporate-level resource use. Tier II indicators seek to measure the results of IFAD operations by building corporate results from project-level core indicators and ongoing impact assessments.

11. Corporate-level VfM is therefore a product of project-level VfM and corporate operational and institutional efficiency. Since IFAD's business model largely determines the Fund's approach to mobilizing, allocating, utilizing and transforming resources, VfM can only be improved through the design and implementation of its business model. This requires considering the business model in light of the 4Es.

12. The literature on VfM emphasizes the need to systematically and simultaneously consider the use of resources at the project, country and corporate levels in order to be sure that the best inputs are used to achieve the greatest outputs and impact. This requires regular analysis of resource use and its links to project and corporate results chains. As stated in one analysis, "evaluative reasoning needs to preside over measurement".[101] Evaluative reasoning is needed to drive VfM.

Strengthening IFAD's business model through a value-for-money lens

13. As explained in the document Enhancing IFAD11 business model to deliver impact at scale, presented in the second session of the IFAD11 Consultation (IFAD11/2/R.3), the proposed enhancements to IFAD's business model are in line with the 4Es:

- **Economy.** The changes that aim to make IFAD more agile, for example by reducing processing and implementation times. This brings down costs while maintaining the quality of outputs.
- **Efficiency.** The changes that aim to increase IFAD's scale of operation through a more stringent framework for country selectivity. It entails significantly raising average allocations for each income group and increasing the number of beneficiaries by up to 20 per cent. This will increase IFAD's output (while retaining quality) at a lower cost through a reallocation of resources.

[99] R. Schiere, *What is new in Value for Money?,* eVALUation Matters: A Quarterly Knowledge Publication on Development Evaluation, (Abidjan: Independent Development Evaluation, African Development Bank, Third Quarter 2016)
[100] See P. Jackson, *Value for money and international development: Deconstructing myths to promote a more constructive discussion*, eVALUation Matters (AfDB, 2016).
[101] L. Guimaraes and J. King, *Evaluating value for money in international development: the Ligada female economic empowerment program in Mozambique*, eVALUation Matters (AfDB, 2016).

- **Effectiveness.** Taken together, the proposed changes to IFAD's business model will make IFAD more effective. They maximize leveraging through partnerships, promoting domestic resource mobilization, cofinancing and private sector financing to amplify impact. These changes also facilitate the consistent adaptability of projects to ensure that results guide implementation instead of rigid blueprints. Finally, they enable the systematic collection of data and evidence on what works to maximize quality from project design to implementation.
- **Equity.** The changes that reaffirm the Fund's focus on the poorest people and the poorest countries. IFAD's business model prioritizes core funding for low-income countries and lower-middle-income countries, along with beneficiary targeting.

14. The IFAD11 RMF incorporates indicators to track the implementation and results of most initiatives proposed in line with the business model for IFAD11, with quantitative measures of success and corresponding baselines and targets.

15. Going one step further, Management has committed to develop and adopt a value-for-money scorecard. Through evaluative reasoning, the proposed scorecard will support Management in identifying and balancing the trade-offs inherent in pursuing VfM, including: (i) the short-term versus long-term benefits of any course of action; (ii) maximizing the number of poor and food-insecure men and women who benefit versus supporting the poorest countries or those in the most fragile situations; and (iii) reducing overheads versus strengthening the quality of operations.

16. The proposed VfM scorecard shown below comprises a subset of RMF indicators related to the revised business model. These indicators were chosen based on their potential to: overcome long-standing barriers to greater operational efficiency and effectiveness; achieve greater economy and equity; and enhance IFAD's VfM. Some examples are as follows:

- Improving the disbursement ratio avoids stagnant disbursements and project time overruns. It requires designing more focused projects that are proactively restructured when facing delays. Faster disbursement helps to contain project costs and maintain staff morale. Although quick disbursements do not guarantee good results, the latter are not possible without the former.
- Increasing the ratio of IFAD Country Office (ICO) to headquarters staff will turn ICOs – especially subregional hubs – into true service centres for borrowers, contributing to better knowledge of project design, continuous implementation support and sustained policy engagement. It also makes investments in decentralization less onerous by facilitating economies of scale. Several IOE reports show the correlation between effective decentralization and better development results (see the 2016 Corporate-level evaluation of IFAD's decentralization experience).
- Reducing the time between the concept note and the first disbursement requires altering the long-standing practices of both IFAD and borrowers. Actions to achieve this: shortening the operations review and compliance process; designing projects that are more readily implementable; demanding greater ownership from borrowers to ratify and establish project structures before approval; and being vigilant regarding start-up delays. Setting the clock from the start sets the tone for timely implementation, which is correlated with better outcomes at completion.[102]

[102] World Bank, *Report on self-evaluation systems (ROSES 2016),* (Washington, D.C.: World Bank Group, 2015).

- Increasing the percentage of operations rated 5 and above at completion would allow IFAD to move above the moderately satisfactory bar to the satisfactory level and beyond. The 2016 and 2017 Annual Report on Results and Impact of IFAD Operations found that on average, IFAD's operations were moderately satisfactory and that systematic improvements are needed to move project performance to the next level. Through the proposed improvements in the business model – including more nimble project design and continuous supervision by enhanced ICOs – Management expects this trend to progressively improve.

Value-for-money scorecard

Dimensions of business model	*Key problems*	*Actions taken to enhance VfM*	*Link to VfM 4E dimensions*	*Measurement of success through RMF indicators**
Resource mobilization	Core resources not being leveraged to the greatest possible degree	Leverage resources through borrowing	**Economy and efficiency**. Allows each dollar of official development assistance to have a multiplier effect on the total amount of loans, thereby increasing the efficiency and economy of these resources	• Debt-to-equity ratio (3.1.2) • Cofinancing ratio (3.1.3 and 3.1.4) • Number of persons receiving services (millions) (2.3.1)
		Cofinancing with domestic and international partners	**Effectiveness**. Enhances effectiveness by improving impact with funds and knowledge that complement IFAD's approaches and reinforce domestic ownership.	
		Mobilization of supplementary funds linked to climate, youth, fragility (refugees) and private sector	**Effectiveness and equity.** Enhances equity by facilitating targeting of funds and enhances effectiveness by addressing particular concerns of disadvantaged groups.	
Resource allocation	Targeting of countries and within countries needs to be strengthened	Country selectivity and resource allocation through performance-based allocation system (PBAS)	**Efficiency and equity**. Enhances equity through a focus on countries with strong needs and effectiveness through an emphasis on performance. It also improves efficiency by sequencing services to borrowers.	• Share of core resources allocated to LICs and LMICs; and UMICs (3.2.1) • Percentage of PBAS resources reallocated in IFAD11 (3.2.2) • Number of countries included in the PBAS at the beginning of the cycle (3.2.3) • Number of persons receiving services (millions) (2.3.1)
		Tailoring country-level approaches	**Effectiveness and equity.** Enhances equity by ensuring that targeting is appropriate for the context and leads to effective projects	
		Enhanced targeting of youth	**Equity**. Enhances equity by ensuring reach to key populations.	
Resource utilization	Resource use within countries not reaching full potential	Decentralization and enhanced country-based model	**4Es.** Enhances the 4Es through expanded country presence, which allows for better information flow and engagement, and more effective use of resources.	• Time from concept note to approval (3.5.1) • Time from project approval to first disbursement (3.5.2) • Disbursement ratio (3.5.3) • Ratio of budgeted staff positions in ICOs/regional hubs (3.6.1) • Average size of IFAD's investments projects (IFAD financing) (3.2.4) • Percentage of operations rated 5 and above at completion for overall project achievement (IOE) (2.2.3)
		Enhanced synergies between lending and non-lending activities	**Economy and effectiveness**. Enhances economy and efficiency through better solutions and enhances effectiveness through improved impact.	
		Increased loan size	**Economy and efficiency**. Enhances economy and efficiency through economies of scale in project design and implementation.	
		Mainstreaming climate, gender, nutrition and youth	**Equity**. Enhances equity through improved targeting and effectiveness by focusing on key issues (e.g. climate and nutrition).	
Resource transformation	Insufficient focus on measuring and managing for results	DEF and framework to manage for results	**Four "E"s.** Ensures adequate information to drive increases in the four "E"s through evidence-based decisions.	• Number of persons receiving services (millions) (2.3.1) • Number of people with: greater economic mobility, greater production, greater market access and increased resilience (2.1.1, 2.1.2, 2.1.3, 2.1.4) • Percentage of countries with disbursable projects using the IFAD Client Portal (3.7.5) • Percentage of IFAD operations using Operational Results Management System (3.7.6) • Percentage of IFAD-supported projects trained through Centers for Learning on Evaluation and Results initiative (3.7.7)
		Impact assessment initiative	**Effectiveness**. Ensures attributable impact to determine effectiveness.	
		Enhanced transparency through systematic action plan	**Effectiveness**. Creates an openness to data in order to provide incentives for improving the 4Es and reinforces domestic accountability mechanisms to increase aid effectiveness.	
		Service delivery platform improvements	**Economy and efficiency**. Enhances corporate-level economy and efficiency by shortening processing times and facilitating nimbler business processes.	

* RMF indicators noted in parentheses.

Implementation status of IFAD10 commitments (30 September 2017)

1. This annex provides an account of progress in implementing the Tenth Replenishment of IFAD's Resources (IFAD10) commitments. Progress towards these commitments is monitored quarterly by Management to identify and mitigate implementation issues. As of 30 September 2017, 49 of the 55 commitments (89 per cent) were on track and six (11 per cent) were facing minor issues that were being addressed by the responsible departments. Details are provided in the following tables.

Table 1
Summary implementation status of IFAD10 commitments

		On track (Green)		Minor issues (Yellow)		Major issue (Red)	
Areas	*Total commitments*	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*
IFAD's strategic vision and role	1	1	100	-	-	-	-
Operational effectiveness and efficiency	24	23	96	1	4	-	-
Institutional effectiveness and efficiency	21	17	81	4	19	-	-
Results Measurement System for IFAD10	4	4	100	-	-	-	-
Financial framework	5	4	80	1	20	-	-
Total (percentage of total)	**55**	**49**	**89**	**6**	**11**	**-**	**-**

Table 2
IFAD10 Consultation: selected key milestones for IFAD's engagement with the Executive Board

		On track (Green)		Minor issues (Yellow)		Major issue (Red)	
Workstream	*Total milestones*	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*
IFAD Strategic Framework 2016-2025	3	3	100	-	-	-	-
Performance-based allocation system (PBAS)	5	5	100	-	-	-	-
Sovereign Borrowing Framework (SBF)	3	3	100	-	-	-	-
Updated information in middle-income country strategy	2	1	50	1	50	-	-
Total (percentage of total)	**13**	**12**	**92**	**1**	**8**	**-**	**-**

Implementation status of IFAD10 commitments

Self-rating by relevant division: **Green = on track** / **Yellow = more or less on track** / **Red = not on track**

Table 3

Area of reform	*Key commitments*	*Time frame and reporting*	*Status*	*Remarks*
1. IFAD's strategic vision and role				
	Present to the Executive Board the Strategic Framework for 2016 onwards, reflecting the post-2015 agenda and including a systematic focus on innovation, knowledge management and scaling up – particularly by national governments and other IFIs – to improve the sustainability of results	• December 2015	Green	The IFAD Strategic Framework 2016-2025 was approved by the Executive Board in February 2016, following two informal Board seminars in 2015. The Strategic Framework incorporates comments made by representatives at the informal seminars, as well as from internal and external stakeholders (farmers' organizations, indigenous peoples, etc.).
2. Operational effectiveness and efficiency				
Innovation, learning and scaling up	Implement a scaling-up process, based on a series of tools, partnerships (including with IFIs), guidance notes and training events, plus a new operational framework, to be developed and distributed to the Executive Board for information	• December 2015	Green	A new operational framework on scaling up results, along with notes to guide scaling up in key thematic areas and different country contexts, were presented to the Executive Board in December 2015. Training has been provided at regional workshops and the Programme Management Department (PMD) learning days and will continue throughout the IFAD10 period. IFAD is leading scaling up efforts in the agricultural and rural development community of practice, consisting of donors, foundations, think tanks and independent scaling-up experts who exchange views on innovation and the scaling up of development impact.
	100 per cent of project design reports to define an approach for innovation and scaling up	• Ongoing • Annually through RIDE	Green	100 per cent of project designs now define an approach for innovation and scaling up. Scaling up is included as a review criterion for loans and grants by the Operational Strategy and Policy Guidance Committee (OSC) and during quality assurance.
Climate adaptation	100 per cent of project design reports to mainstream climate adaptation	• Ongoing • Annually through RIDE	Green	Since the start of IFAD10, 100 per cent of COSOPs and country strategy notes have been mainstreaming climate adaptation. Through systematic application of IFAD's updated Social, Environmental and Climate Assessment Procedures (SECAP), every new investment project receives a climate risk rating and commensurate technical support. Climate integration at the design stage is consistently tracked through climate markers by IFAD's Quality Assurance Group (QAG).
	Implement a 10-point plan for climate mainstreaming	• Ongoing • Annually through RIDE	Green	Workstreams for each of the ten points have been initiated and are being monitored.
	Continue to expand the resource base for climate finance, leveraging additional resources from traditional and new stakeholders. ECD	• Ongoing • Annually through RIDE	Green	IFAD continues to seek climate and environment finance from the Global Environment Facility (GEF), Least Developed Countries Fund (LDCF), Special Climate Change Fund (SCCF) and Adaptation Fund (AF) and finalization of the Green Climate Fund (GCF) Master agreement is ongoing. One GEF project is under scoping and two GEF projects are under design (total US$24.4 million). IFAD was designated as the lead agency for the GEF-6 Integrated Approach Pilot: Fostering Sustainability and Resilience for Food

Area of reform	*Key commitments*	*Time frame and reporting*	*Status*	*Remarks*
				Security in Sub-Saharan Africa (US$115.9 million), which enables IFAD to programme multilateral environment and climate finance in eight African countries and substantively expand the GEF portfolio.
	Conduct a review of IFAD's work on climate change, including the ASAP ECD	• 2015	Green	An external review of ASAP was completed by the Overseas Development Institute in 2015. As part of the follow-up, a document on climate mainstreaming in IFAD-funded programmes was presented to the IFAD Executive Board and amendments to the ASAP Trust Fund were approved by the Board in December 2016. A draft concept note for a second phase of ASAP (ASAP2) has been developed and will be presented for information to the Executive Board in December 2017.
Improved nutritional impact	100 per cent of COSOPs to include a nutrition situation assessment and specify how and whether the COSOP's strategic objectives relate to improving nutrition	• Ongoing • Annually through RIDE	Green	100 per cent of new COSOPs approved to date in IFAD10 are nutrition-sensitive.
	33 per cent of project design reports are nutrition-sensitive (with explicit nutrition objectives, actions and indicators) PTA	• Ongoing • Annually through RIDE	Green	The target was exceeded in 2016 (46 per cent of new projects were nutrition-sensitive) and is on track for 2017 (seven of the nine new projects approved by the Executive Board to September 2017 were nutrition-sensitive).
	Develop an action plan on nutrition, offering a road map with targets and timelines of how IFAD will work to mainstream nutrition, including the piloting of a dietary diversity indicator as part of RIMS, and the use of project midterm reviews	• Mid-2015	Green	The action plan was approved in 2015 and is now under implementation. Nutrition indicators have been incorporated into the new the Results and Impact Management System (RIMS) framework at the output and outcome level. The 2017 corporate portfolio stocktake included an analysis of the progress on nutrition mainstreaming at both global and regional levels. Nutrition has been included in the guidance note on performance ratings that is under review. A grant concept note by Bioversity International to pilot the dietary diversity indicator has been submitted to IFAD.
Public-private-producer partnerships (4Ps)	Establish best practices to guide future collaboration with the private sector; develop new financial instruments and business practices to leverage and sustain increased cofinancing through private investments	• Ongoing • Annually through RIDE	Green	A *How to Do Note* on designing 4Ps in agricultural value chain projects and a toolkit on value chain development have been developed and are being disseminated. IFAD and the Netherlands Development Organization (SNV) are preparing guidelines to train individuals on brokering a 4P.
	Expand private sector participation in projects through the 4P mechanism and value chain financing and assess its viability and effectiveness	• Ongoing • Annually through RIDE	Green	In 2014, the Executive Board approved a grant of US$2.3 million to SNV to support 4P brokering in five countries in different regions of the IFAD portfolio. Policy and Technical Advisory Division (PTA) organized an event to present some preliminary results of the grant in December 2016. A stocktaking of IFAD-funded projects revealed that out of 139 projects approved between 2012 and April 2017, 101 (73 per cent) have elements of a market access approach, and 81 engaged directly with the private sector. Of these projects, 40 have either a full-fledged 4P approach or incorporate features of the 4P approach in their design.
Gender equality and women's empowerment	Commit to meeting or exceeding all 15 United Nations-SWAP* indicators	• 2018	Yellow	By December 2016, IFAD had met or exceeded 11 of the 15 target indicators. IFAD aims to meet the remaining indicators by the end of 2018.
	At least 15 per cent of project designs are gender transformative (score of 6) and at least 50 per cent achieve	• Ongoing • Annually through RIDE	Green	IFAD exceeds the set targets: 25.6 per cent of the value of loans for investment projects were rated as gender transformative (score of 6) and 52 per cent achieved full gender

Area of reform	*Key commitments*	*Time frame and reporting*	*Status*	*Remarks*
	full gender mainstreaming (score = 5)			mainstreaming (score of 5).
	Conduct review of implementation of the IFAD Policy on Gender Equality and Women's Empowerment	• 2015	**Green**	The midterm review of IFAD's gender policy was submitted to the Executive Board in September 2016.
	Track share of staff costs/time dedicated to gender issues	• Ongoing • Annually through RIDE	**Green**	A methodology was developed with the Office of Budget and Organizational Development (BOD) during preparation of the regular budget to identify staff commitments related to gender-related activities and a section outlining the methodology and findings is included in the annual budget document presented to IFAD's governing bodies. Currently 9 per cent of staff costs calculated from a methodology using staff time and full-time equivalent are allocated to gender work.
Country-level policy engagement	100 per cent of COSOPs to define a specific approach for country-level policy engagement appropriate to IFAD's programme in each country	• Ongoing • Annually through RIDE	**Green**	New operational procedures on country strategies, requiring all COSOPs to include a section detailing the country strategy for policy engagement, were approved by the President in August 2016. Since then 100 per cent of COSOPs presented to the Executive Board define their specific approach to country-level policy engagement. The procedures also include an assessment of policy dialogue performance in the ex post COSOP results review.
Global policy engagement	Define three-year corporate-level priorities for international policy engagement and strategies for priority engagements	• Ongoing • Annually through RIDE	**Green**	IFAD's corporate-level priorities for global policy engagement were reflected in the Report of the Consultation on the Tenth Replenishment of IFAD's Resources. In 2015, a Global Engagement and Research Division was set up under the Strategy and Knowledge Department (SKD), followed by a Global Engagement, Knowledge and Strategy Division (GKS) in early 2016. Corporate priorities for global engagement during IFAD10 were formulated, based on the IFAD Strategic Framework 2016-2025 and lessons learned from recent engagements, and were endorsed by the Operations Management Committee (OMC) in February 2016. In December 2016, the Executive Management Committee (EMC) endorsed a corporate approach paper aimed at further strengthening and rationalizing IFAD's efforts in this area by identifying key platforms for IFAD's engagement during IFAD10, and key alliances and partnerships in taking forward IFAD's global policy agenda.
	Implement publications strategy aimed at more systematically managing and sharing IFAD's knowledge and experience	• Ongoing • Annually through RIDE	**Green**	SKD, in cooperation with the Communications Division (COM), is implementing a strategic corporate publishing programme that includes the *Rural Development Report*, a new research series, and publications based on analysis of IFAD experience. There is a strong focus on strategic, targeted distribution. SKD and COM are developing guidance tools for staff – building on COM's existing publishing guidelines – in line with the delegation of authority framework, which empowers directors to approve published content. In addition to the launch of specific strategic publications, all staff are being assisted in making their publishing activities more strategic, and in ensuring that they reach target audiences. IFAD will also monitor the level of use of its publications.
South-South and Triangular Cooperation	50 per cent of all COSOPs to include an approach for SSTC	• Ongoing • Annually through RIDE	**Green**	New operational procedures on country strategies – which require all COSOPs to include a section on their South-South and Triangular Cooperation (SSTC) approach – were approved by the President in August 2016. Since then 100 per cent of COSOPs presented to the Executive Board define an approach for SSTC. Moreover, in the period 2016-2018, GKS is providing technical assistance to selected countries for which new

Area of reform	*Key commitments*	*Time frame and reporting*	*Status*	*Remarks*
				COSOPs are planned in the IFAD10 period, to embed SSTC in those country programmes in a more strategic and coherent manner. The 2017 RIDE includes a dedicated section on SSTC activities for the first time.
More differentiated country approaches	Submit for the approval of the Executive Board, a strategy for IFAD's work in countries in fragile situations, setting out IFAD's comparative advantage and ensuring linkages with other agencies and international initiatives (such as the Committee on World Food Security Agenda for Action), and incorporating the recommendations of the IOE evaluation	• December 2016	**Green**	The strategy was presented to the Evaluation Committee in October 2016 and to the Board in December 2016. It builds on an approach paper presented to the Executive Board in April 2016. The strategy is aligned with international thinking and initiatives (including of the World Bank, African Development Bank [AfDB], CFS and the New Deal for Engagement in Fragile States), and has been developed through extensive internal consultations. It incorporates recommendations from IOE's corporate-level evaluation and feedback received on the approach paper from the Executive Board and Evaluation Committee.
	Develop procedures for reimbursable technical assistance (RTA) and expand the RTA tool to respond to Member State demand	• Completed • Annually through RIDE	**Green**	New operational procedures were developed and approved by EMC in September 2016. A stock take of Member State demand will be prepared in Q2 2018.
	Implement differentiated approaches to working in different country contexts, strengthening and monitoring performance on South-South Cooperation	• Ongoing • Annually through RIDE	**Green**	A strategy for working in states with fragile situations has been developed, in addition to an update to the strategy for middle-income countries (MICs). A paper on IFAD's holistic approach to tailoring operations to country context was presented to the Executive Board in April 2017. IFAD has also revamped its procedures on country strategies to include better measurement of results and key institutional commitments, including SSTC.
	Submit to the Executive Board updated information on IFAD's strategy on engagement with MICs	• April 2016	**Green**	At the April 2016 session of the Executive Board, it was agreed that a holistic approach would be adopted to topics related to fragile situations, the PBAS, MICs and decentralization. An overview of the holistic approach was presented to the Board in September 2016 for information. The final document, Tailoring operations to country context – a holistic approach, was presented to the Executive Board in April 2017.
	Support the Executive Board in identifying and implementing ways to improve the PBAS	• 2016	**Green**	Management met four times with the Executive Board Working Group on the PBAS in 2017, organized an informal seminar with the Executive Board in April, presented an enhancement proposal at the April Board session and, after further changes, the Board approved the PBAS enhancement proposal at its September 2017 session.
3. Institutional effectiveness and efficiency				
Further enhancing the operations delivery model and tools	Target a mean 1:1.2 cofinancing ratio and monitor and report on its cofinancing performance by source of cofinancing (domestic and international, public and private) and country type (MIC and low-income country)	• Ongoing • Annually through RIDE	**Green**	As at 30 September 2017, the mean ratio stands at 1:1.06. By the end of Q4 2017 with the significantly number of new project approvals planned in December 2017, it is expected that the target will be on track.
	Develop an operational approach for mobilizing cofinancing	• Ongoing • Annually through RIDE	**Green**	During 2016 and 2017 all regional divisions have engaged with regional multilateral development bank (MDBs) on a more systematic approach to cofinancing. Memorandums of understanding between IFAD and some of the MDBs are being revised (i.e. AfDB, the Islamic Development Bank [IsDB]).
	Monitor and report on performance on knowledge	• Ongoing • Annually	**Green**	Several mechanisms are in place to monitor knowledge management in projects, including supervision, project and grant status reports, and project completion reports. The IFAD

Area of reform	Key commitments	Time frame and reporting	Status	Remarks
	management	through RIDE		Policy for Grant Financing places strong emphasis on ensuring that knowledge generated through grant-funded activities is systematically capitalized on and disseminated. GKS has developed an action plan for knowledge management implementation during the IFAD10 period, which includes a methodology for assessing and reporting on knowledge management. This will be finalized following review and discussion in-house.
	Review/evaluate country presence, following implementation of the updated country presence policy and strategy for 2014-15	• 2017	**Green**	This commitment is being revisited under the Operational Excellence for Results (OpEx) exercise, with expected completion by Q4 2017.
	Establish 10 new country offices to bring the total number to 50, and as required, strategically strengthen staffing, including outposting country programme managers, through a budget-neutral approach, in order to support better project design and implementation, policy engagement and impact	• End-2018 • Annually through RIDE	**Yellow**	The current number of operational IFAD Country Offices (ICOs) is 40. The IFAD Corporate Decentralization Plan presented to the Executive Board at its December 2016 session focuses on consolidating and strengthening existing offices, opening a small number of new offices and closing some unused ICOs. With an increasingly global workforce, capacity-building and career development for ICO staff (international and national) are essential. Provisions are being made as described in the IFAD Corporate Decentralization Plan to ensure staff have the technical and managerial capacities and the motivation to deliver. The accelerated decentralization plan under consideration by Management focuses on consolidating and strengthening 40 ICOs. This consolidation includes an increased focus on non-lending activities as well as decentralized technical and support services. Once this is completed, further expansion will be considered.
	Make further improvements to the QA system, to enhance project quality at entry	• Ongoing • Annually through RIDE	**Green**	QAG is continuing to fine-tune the review processes for COSOPs, concept notes and project designs. The continuity of the review process and links between OSC, quality enhancement (QE) and quality assurance (QA) have been strengthened thanks to a joint effort with PTA. The Quality Assurance Archiving System (QUASAR) has been further developed to include the full workflows for loan-funded projects, grants, COSOPs and concept notes, with the full review processes now being done using QUASAR. This has strengthened the linkages between the three stages of project design: concept notes at OSC, full design at QE and final review at QA. Regarding grants, the Policy for Grant Financing (2015) and its procedures have been fully implemented; and drawing from the implementation experiences, the QAG is in the process of reviewing procedures, with a view to further improving them. QAG is moving forward on its knowledge management agenda, based on learning from the quality review process. The agenda will promote learning and knowledge-sharing within IFAD and in partnership with other international development agencies. The first products finalized were the strategic reviews of partnerships between IFAD and three of the most frequent grant recipients. It is envisaged that at least another two strategic reviews will be undertaken. In addition, the QAG will also be undertaking an analysis of the additional financing instrument based on the QA review experiences, and will share the outcome with stakeholders with a view to contributing to the further enhancement of the additional financing policy and procedures.
	Submit a new grants policy for the approval of the Executive	• April 2015	**Green**	The new Policy for Grant Financing was approved by the Executive Board in April 2015.

Area of reform	*Key commitments*	*Time frame and reporting*	*Status*	*Remarks*
	Board, to be implemented under IFAD10			As of January 2016 the policy and procedures are under full implementation.
	Review and extend the IFAD Partnership Strategy into IFAD10; provide training on partnership-building, operationalize the tools developed under the strategy and internalize partnership-building into core business processes	• End-2018 • Annually through RIDE	**Green**	The mandate of the interdepartmental technical working group on the partnership strategy has been extended for the IFAD10 period, under the guidance of the OMC. A review of the strategy during IFAD9 and workplan for IFAD10 were reviewed by the OMC in July 2016 and annual work planning and progress reporting is now in place (July 2016-June 2017 progress report was reviewed by OMC in July 2017). Four training sessions were held in 2016 reaching over 100 IFAD staff. In 2017 partnership-building will be integrated into the Operations Academy curriculum. The IOE Synthesis Evaluation on Partnerships, to be completed by November 2017, will provide recommendations. An initial review of the stages of the project cycle was undertaken to assess how to improve monitoring and reporting on partnerships. The revised supervision guidelines will include the partnership dimension to improve monitoring of the achievements of country-level partnerships. In addition work is ongoing to ensure better reporting on partnerships through COSOPs and the RIDE.
Enhancing financial management and risk assessment capacity	Use a tailored system to measure the full costs of key business processes through a more accurate allocation of staff costs to underlying activities	• Ongoing • Annually through RIDE	**Green**	An interdepartmental working group has completed its work on the move from clusters to strategic results pillars and the outcome has been presented to the Audit Committee. The agreed approach was used by Management in the preparation of the 2018 final budget proposal where initial costings by pillar as well as by the more granular institutional output groups were provided. The approach will be further refined for future budget preparation cycles based on the institutional outputs defined by the interdepartmental working group.
	Strengthen IFAD's financial management capacity and oversight processes, taking into account the Sovereign Borrowing Framework. In particular, shape enhanced risk management, cash flow forecasting and supplementary funds administration to meet the increased challenges of scaling up the multi-mode resource mobilization model to which IFAD is committed	• End-2015 • Annually through RIDE	**Green**	The position of cash flow liquidity officer has been filled and Financial Operations Department (FOD) is in the process of hiring a risk management and compliance officer. Following approval by the Investment and Finance Advisory Committee, an agreement between IFAD and the World Bank was signed to access its Reserves Advisory and Management Program in order to manage part of the supplementary funds resources. A re-engineering of IFAD's financial model was completed with the help of external consultants to integrate borrowing into long-term financial projections. To further strengthen FOD, the Controller's and Financial Services Division has been split into two new divisions: (i) the Accounting and Controller's Division; and (ii) the Financial Management Services Division (FMD). The new FOD structure will enable the department to meet future challenges and capitalize on opportunities presented by the evolving financial model of IFAD. The new structure will also position FOD to become a stronger and more strategic financial business partner to IFAD departments and divisions and, in particular, PMD. The introduction of Oracle FLEXCUBE and the data warehouse further enhances system and reporting capabilities and effective oversight for both loan and grant data and contributions (replenishment and supplementary funds reporting). IFAD is the first United Nations organization to be positively assessed on all seven pillars required under the European Commission's Pillar Assessment procedures. This allows for a higher degree of reliance by the European Union on IFAD's procedures, project audits and external audits. IFAD also welcomes the possibility of new forms of financing, including blend products, given the assessment on financial instruments.

Area of reform	*Key commitments*	*Time frame and reporting*	*Status*	*Remarks*
	Monitor IFAD's financial management, including the decentralization of finance functions to country offices and project financial management oversight, and ensuring adequate resources for robust financial oversight allocated through budgeting process	• Ongoing • Annually through RIDE	**Yellow**	The new IFAD Corporate Decentralization Plan was presented to the Executive Board in December 2016. Since then, the original timing of this plan over five years has been revisited by Management and a quicker roll-out timeline has been proposed. IFAD's IT system will be developed to support this process. The Field Support Unit will work with BOD and FOD to further decentralize budgeting functions to ICOs in line with the decentralization plan. A pilot in the Asia and the Pacific (APR) region is progressing and options for a second region are being discussed. In addition, a workload analysis was completed jointly by BOD and PMD to assess the readiness of country offices for further decentralization and ascertain what would be the appropriate balance of functions between headquarters and country offices. The findings will inform the decentralization work stream and theme within IFAD's OpEx exercise. A review of FMD's contribution to the decentralization agenda is being carried out in the context of OpEX based on metrics, to ensure appropriate resources for the operational cycle at subregional hub level and a strengthened headquarters base equipped to support corporate and divisional objectives. The FOD realignment, the creation of FMD, the transfer of project financial management oversight from PMD to FOD and the accreditation of consultants have all made good progress and are being rolled out with the support of BOD and the Human Resources Division (HRD). The EMC has recently endorsed the budget transfer of related resources from PMD to FMD to be operationalized by the end of 2018.
Proactive human resource (HR) management	Improve gender balance, especially at grades P-5 and above, and ensure continued focus on equitable geographical distribution in recruitment	• Ongoing • Annually through RIDE	**Yellow**	Within the United Nations, IFAD compares well for gender balance at grades P-1 to P-4, but falls below the United Nations average for women at P-5 to D-2 levels. A gender action plan for the IFAD workplace will support IFAD’s commitments under the UN-SWAP for Gender Equality and the Empowerment of Women. The proposed plan focuses on actions to increase the number of qualified women applying to IFAD’s positions, especially P-5 and above grades, and on training and educational initiatives to increase the level of awareness in-house regarding gender issues and reinforce the programmes already in place for Management and staff. Gender and diversity matters have been mainstreamed into human resource policies and into the corporate competencies framework. Gender and diversity requirements have been introduced into competitive recruitment processes at the shortlist stage. The Appointment and Promotions Board reviews every interview panel recommendation to ensure that corporate gender balance and geographical diversity policies are being observed. Gender sensitization courses and management development programmes are held for staff and managers. Dedicated training and certification for interview panel members on competency-based interviewing skills include elements on gender-sensitive interviewing techniques. Specific questions on gender issues have been introduced in the interview questionnaires. In 2016, IFAD launched its first career development framework and guide, with a specific reference to women's career development. HRD is currently designing an “emerging leaders programme” to support the establishment of a talent pipeline and succession planning for P-5 and above positions.

Area of reform	*Key commitments*	*Time frame and reporting*	*Status*	*Remarks*
	Ongoing HR policy review and HR systems streamlining to ensure optimum effectiveness and efficiency	• Ongoing • Annually through RIDE	**Green**	The HR policy review related to the changes to the conditions of service for Professional and higher category staff as per the United Nations General Assembly resolution was completed. In adherence to the schedule recommended by the General Assembly, a first phase relating to repatriation, relocation and field allowances was introduced with effect from 1 July 2016; a second tranche involving the adoption of a unified salary scale and related allowances was implemented on 1 January 2017; the remaining changes, relating to education grants, have been implemented (applicable to the requests for advances for the school year in progress on 1 January 2018) through an information circular. The related changes in chapter III of the HR implementing procedures will be introduced with effect from 1 January 2018. Extensive communication campaigns ensured that the new provisions were communicated to all relevant staff both at IFAD headquarters and in ICOs. Work was also completed on the improvement of the layout and accessibility of the HR implementing procedures. The implementation of the General Assembly resolution decisions entailed a substantive change in HR IT systems and presented a good opportunity for HRD to carry out a comprehensive review of HR practices to automate and integrate the various online modules. The functionalities developed comprise an online application portal, an integrated recruitment system, self-service modules available to Professional staff to apply for education grants and home leave, automated payroll workflows to calculate and disburse relocation payments, field allowances and separation benefits. Work is also complete on the first phase of system enhancement for the administration of consultants. The new system performs the automated eligibility checks that had been the subject of audit concerns in the past, such as nationality, breaks in service and number of allowable working days. The new system reflects current HR policy on hiring of consultants and has an automated workflow to approve exceptions to the policy, in alignment with the current delegation of authority framework. HRD also implemented a new system that provides an interface with the United Nations Joint Staff Pension Fund for the automated and real-time exchange of data and information. Corporate Services Department (CSD).
	Enhance HR policies and support for increased country presence	• Ongoing • Annually through RIDE	**Green**	Ongoing policy and system revisions are carried out with an ICO focus in mind. Mobility: the guiding principles of a new mobility strategy have been developed based on an independent assessment of the mobility pilot completed in PMD. The purpose continues to be that of shaping an effectively managed functional mobility process, in line with IFAD's accelerated decentralization plans and as part of the evolving needs of the Fund, as it moves towards increasing country presence with more country programme managers and more technical and operational staff in the field. Work continues on a comprehensive review and proposal for decentralization of HR-related issues in ICOs. As part of efforts to advance the career development of national staff, IFAD has introduced the development assignment programme for national Professional staff. Since the start of the programme, five national Professional officers have availed themselves of this opportunity; HRD has also fully launched the career development framework to guide staff in their career development.

Area of reform	*Key commitments*	*Time frame and reporting*	*Status*	*Remarks*
				Training for ICO staff continues to be a priority. Face-to-face courses continue to be delivered in ICO locations on a variety of aspects, such as: stress and conflict management, team-building, managing small and remote teams, interview and presentation skills, and impromptu speaking. The review of language training at IFAD headquarters focused on increasing the opportunities for ICO staff and will allow them to benefit from the e-learning and virtual language classes offered by a leading professional language course firm. The result will be reviewed and adjusted to continually enhance the aspect of the training in an increasingly decentralized environment. International Coach Federation Coaching Certification courses were rolled out with great success and were taken by a high number of staff and managers interested in deepening their knowledge and skills. HRD corporate training is supporting IFAD's Operations Academy by providing a “training the trainer” course to enable IFAD colleagues to deliver courses in the areas of their expertise related to programmes and operations.
	Strengthen the strategic workforce planning process, including further substitution of technical staff for consultants	• Ongoing • Annually through RIDE	**Green**	A functional review of the strategic workforce planning (SWP) processes and of IFAD’s organizational development capacity was undertaken. The review identified areas to be strengthened. In addition, the action plan responding to the Global Staff Survey recommended a working group which has now completed its work. The findings and recommendations on how the SWP can be improved will be presented to IFAD Management. BOD and HRD, with input from various external organizational development and change Management expertise, have commenced initiatives including training to build organizational SWP capacity and knowledge.
Upgrading communication and ICT systems	Enhance ICT systems to support streamlined business processes	• Ongoing • Annually through RIDE	**Green**	While the Information and Communications Technology Division continues to guide initiatives aimed at streamlining the Fund's processes, a vital strategic shift in focus towards operations and external impact is unfolding. ICT is already supporting the front-loading of decentralization through initiatives in both infrastructure and platform development, towards a decentralized IT architecture model which will provide IFAD offices a secure, scalable infrastructure allowing full access to information assets from any location. The renewed focus on operations delivery has driven the development of systems which directly support operational transactions across the entire project lifecycle. The Operational Results Management System (ORMS), integrated with Operations Document Centre is foreseen as the IFAD operations project portal, and will be used as the entry point to seamlessly access all project relevant information. The first phase of the programme was launched in Q4 2017 and will enable IFAD to manage logical frameworks and project implementation/supervision information in a single system. In 2018, the design and completion phases will be rolled out along with comprehensive reports and dashboards. The focus on external impact has been supported by the development of the new IFAD website, the main digital window for the organization. The website, to be jointly delivered with COM, is used not only as the vehicle to promote IFAD's mission, including important information on IFAD's operations, but also to disclose project data through the International Aid Transparency Initiative) allowing IFAD to comply with the requests of Member States and partners for more transparency.

Area of reform	*Key commitments*	*Time frame and reporting*	*Status*	*Remarks*
				The IFAD Client Portal (ICP), our flagship externally-facing secure stakeholder platform to enable operations is continuing according to plan and on budget, and is expected that 40 per cent of IFAD client countries will on the platform by Q3 2018 based on a revised, accelerated timeline. The platform has already demonstrated significant performance improvements in disbursement processing times compared to the current manual process.
Enhancing systems for procurement, facilities management and travel	Operationalize revised guidelines for corporate procurement and institutional contracts	• Ongoing • Annually through RIDE	**Green**	Revised institutional contract guidelines were issued in 2013, and revised corporate procurement guidelines were issued in 2015. ICs are monitored regularly to ensure compliance with the institutional contract guidelines. Low-value procurement (<EUR 10,000) delegation of authority has been rolled out to division directors and usage is being monitored closely. The Administrative Services Division (ADM) has also tested the re-delegation of low-value procurement authority in the APR Division (regional hub in Viet Nam) in the framework of the pilot project on decentralized budget management. The results of the pilot were analysed by ADM, and other involved divisions in order to extend re-delegation to other selected ICOs. The activity is now a corporate initiative and it is in progress.
	Renew the LEED green building certificate at the gold level or higher	• Ongoing • Annually through RIDE	**Green**	IFAD was certified at Leadership in Energy and Environmental Design (LEED) Platinum level in 2015, the highest level of certification for existing buildings. IFAD is the first United Nations facility to receive this level of certification. ADM continues to monitor compliance with the certification, including aligning and further incorporating LEED/greening requirements in contracts with vendors, in preparation for re-certification in 2020. ADM is on track in gathering data from suppliers. Monthly LEED/greening meetings are being held to support this process as necessary. In addition, IFAD hosted the annual meeting of the United Nations Issue Management Group on Environment Sustainability Management in 2016 and hosted the Inter-Agency Network of Facility Managers in May 2017. IFAD has offset its unavoidable emissions since 2014 and attained the status of climate neutrality at the twenty-first session of the Conference of the Parties (COP21) of the United Nations Framework Convention on Climate Change. In addition, greenhouse gas and waste inventories were submitted in August, 2017, as per usual practice and ADM continues efforts in raising awareness on a number of matters such as waste management, commuting to work, measures to reduce plastic usage etc.
	Enhance travel system by streamlining processes	• Ongoing • Annually through RIDE	**Green**	The travel system was enhanced and new efficiencies (e.g. automated link between travel and payroll modules) were introduced. The enhanced system was successfully rolled out over 2016 using the capital budget. In support of the decentralization agenda, between 2013 and 2017, ADM implemented decentralized ticketing in 26 countries. In 2018 the decentralized ticketing option will be rolled out further with priority to subregional hubs.
Governance	Support an inter-Consultation working group of members from all Lists established to consider governance and report on the results of its deliberations and any recommendations thereon to the fortieth session of the Governing Council in 2017	• 2017 • Regular reporting to Executive Board	**Green**	The Ad Hoc Working Group on Governance (WGG) was established in February 2015. It held nine meetings and several informal meetings and consultations with the Lists and with IFAD Management. The WGG discussed several proposals regarding the List system and matters related to IFAD's replenishments. Consensus was reached on some Replenishment issues, and some guidelines for List definitions were agreed. The WGG finalized its report and presented it to the Executive Board in December 2016. At its

Area of reform	*Key commitments*	*Time frame and reporting*	*Status*	*Remarks*
				fortieth session in February 2017, the Governing Council considered the final report and adopted the resolution contained therein. The final report and adopted resolution have been used as a point of reference in establishing the membership of the IFAD11. The agreed practices are also now applied for List transfers.
Administrative efficiency	Improve the ratio of the PoLG to actual administrative expenditures to 8.2 by 2018 and continue efforts to improve the efficiency of the business model	• Ongoing • Annually through RIDE	Yellow	As agreed with the Executive Board, IFAD will monitor multiple efficiency ratios, such as administrative expenditure to programme of loans and grants (PoLG) and programme of work (PoW), and portfolio managed per dollar of expenditure to obtain a holistic view. Efficiency ratios that capture the overall cost of managing the portfolio are of particular importance in light of the significant resources devoted to supervising projects – a finding that is emerging from the ongoing work on moving to results pillars. Following a review of the IFAD10 Results Measurement Framework, Level 5 efficiency indicators will continue to be tracked, while additional measures will be sought for the future in the context of the Strategic Framework pillars. An overall target of a US$3.2 billion PoLG was set for IFAD10 and US$1.5 billion for 2017, in the context of a minimal increase in the 2017 proposed budget. In the context of the 2018 high-level 2018 budget preview, there has been discussion about additional budget implications for funding IFAD's Operational Excellence for Results (OpEx) exercise; "front-loading" decentralization costs and costs relating to increased PoLG in IFAD11. This could slightly adversely impact efficiency ratios in the short term, but will bring significant improvement in the medium term.
4. Results Measurement System for IFAD10				
	Report to the Executive Board on performance against IFAD10 RMF indicators and targets, including monitoring progress on scaling up	• Ongoing • Annually through RIDE	Green	Performance against RMF indicators and replenishment commitments is reported annually to the Executive Board through the RIDE and is also captured in quarterly corporate performance reports presented to the OMC and EMC.
	Agree with the Executive Board on any updates to RMF, based on emerging results from IFAD9, the gender midterm review, other evaluation findings, and the approved SDG framework	• End-2015	Green	A revised IFAD10 RMF was developed and approved by the Board in December 2016, improving alignment with the Sustainable Development Goals (SDG) framework.
	Implement a multi-pronged strategy for impact assessment comprising rigorous ex post impact evaluations (minimum 9), randomized controlled trials and systematic reviews and meta-studies	• Ongoing • Annually through RIDE	Green	A strategy based on lessons learned from the IFAD9 Impact Assessment Initiative (IAI) is contained in the IFAD Development Effectiveness Framework (DEF). An update on the implementation of the DEF was provided in October 2017 to the IFAD11 Consultation.
	Update the Executive Board both on the specifics of the methodology to estimate the number of people moved out of poverty and on the precise number of impact evaluations to be conducted under IFAD10	• Fall 2015	Green	The synthesis report on lessons from the IFAD9 IAI was presented to the Executive Board in April 2016 and included general recommendations for IFAD10. Specific recommendations have been included in the IFAD DEF. In addition, the IAI approach to measuring impact has been incorporated into the revised RMF and targets have been established for new impact indicators, which were shared with the Board through an oral presentation in December 2016.

Area of reform	*Key commitments*	*Time frame and reporting*	*Status*	*Remarks*
5. Financial framework				
Financing options for IFAD's future	Present the Sovereign Borrowing Framework for the review of the Audit Committee and then submit it for the approval of the Executive Board	• April 2015	**Green**	The Sovereign Borrowing Framework (SBF) was reviewed by the Audit Committee and approved by the Executive Board in April 2015.
	Raise unrestricted complementary contributions, receive supplementary funds, develop a more strategic and targeted approach towards cofinancing, and following approval of the Sovereign Borrowing Framework, seek borrowing from sovereign states and state-supported institutions, and explore the scope for borrowing from the market	• Ongoing • Annually through RIDE	**Yellow**	A document to amend the ASAP Trust Fund was submitted to the Board in September 2016 and resubmitted in December 2016 with an adjusted results framework. In 2016 US$95.3 million in new supplementary funds were mobilized, and US$101.1 million was received under ongoing agreements. For 2017 it is expected that US$70 million will be mobilized and a similar amount received under ongoing agreements. The first review of the SBF was presented to the Audit Committee and Executive Board in September 2016. The third individual loan agreement with KfW Development Bank was signed in December 2016 and a borrowing agreement with Agence Française de Développement was signed in March 2017. Management also provided an oral update on the milestone reached towards market borrowing. Regional divisions have elaborated a more strategic approach to cofinancing with MDBs such as the AfDB, Asian Development Bank (AsDB), Andean Development Corporation, Inter-American Development Bank, and IsDB. Initial results with AsDB and AfDB indicate an increase in programmes jointly cofinanced.
	Ensure that any unrestricted complementary funding is strictly aligned with IFAD's priority areas of strategic focus	• End-2015	**Green**	Agreed thematic areas for unrestricted complementary contributions in IFAD10 (and amounts pledged) are: mainstreaming climate (US$65 million), 4Ps (no contributions), and nutrition (US$3 million).
	Ensure that sovereign borrowing is in line with IFAD priorities and the Sovereign Borrowing Framework	• End-2015	**Green**	The High-Level Task Force (HLTF) on Sovereign Borrowing was established to manage discussions with potential lenders and subsequent borrowing negotiations, and is meeting regularly. The HLTF's terms of reference provide clear guidance on how to engage on sovereign borrowing under the SBF, and the need to keep the EMC, the Audit Committee and the Executive Board up to date on of their activities and to seek authorization to negotiate a sovereign loan.
	Provide an update to the Executive Board on the identification of sources for sovereign borrowing and negotiations with potential lenders	• December 2015	**Green**	The first review of the SBF was presented to the Board in September 2016. The HLTF on Sovereign Borrowing has overseen borrowing discussions with potential lenders and subsequent borrowing negotiations. It also provides regular updates to the EMC on potential lenders and seeks EMC approval before pursuing negotiations. In September 2016, the Executive Board approved access to the remaining balance of EUR 100 million under the KfW facility. At the third and final individual loan agreement was signed on 9 December 2016 for EUR 100 million. In December 2016 the Executive Board authorized Management to negotiate the terms and conditions of a loan of EUR 200 million to be provided by Agence Française de Développement (AFD) in support of the IFAD10 PoLG. The agreement was signed on 13 March 2017 with AFD and was shared with the Board for information.

IFAD10 Consultation: selected key milestones for the IFAD's engagement with the Executive Board

Green = on track / Yellow = more or less on track / Red = not on track

Table 4

Work stream	*Milestone*	*Time frame and reporting*	*Status*	*Remarks*
IFAD Strategic Framework 2016-2025	• Informal seminar with the Executive Board	• Spring 2015	**Green**	Two Executive Board informal seminars on the Strategic Framework were held in 2015 (30 June and 7 October).
	• Seminar for the Executive Board with United Nations agencies/MDBs on thematic and country focus	• Autumn 2015	**Green**	Informal seminar scheduled.
	• Submission of Strategic Framework to the Executive Board	• December 2015	**Green**	The new IFAD Strategic Framework 2016-2025 was approved by the Executive Board in February 2016.
Performance-based allocation system (PBAS)	• PBAS Working Group meeting on 2015 programme	• Early 2015	**Green**	Meeting conducted on 16 July 2015.
	• IOE presents approach paper for corporate-level evaluation (CLE) on PBAS to Evaluation Committee	• March 2015	**Green**	The CLE on the PBAS approach paper was discussed in the Evaluation Committee in March and the approach paper has since been finalized and posted on the IOE section of the IFAD website.
	• PBAS Working Group presents annual progress report to the Executive Board	• December 2015	**Green**	Included in the annual PBAS progress report to Executive Board.
	• IOE CLE on PBAS presented to Executive Board	• April 2016	**Green**	Final report was presented to the Evaluation Committee in March 2016 and the Executive Board in April 2016, together with Management's response.
	• Building on IOE findings, review of PBAS, and submission of eventual recommendations to the Executive Board	• December 2016	**Green**	The PBAS formula enhancements were approved by IFAD's Executive Board at its 121st session. See EB 2017/121/R.3.
SBF	• Decision by Executive Board	• April 2015	**Green**	The Executive Board approved the SBF on 23 April 2015. A review was presented to the Audit Committee and Executive Board in September 2016.
	• Update to Executive Board on identification and negotiation for sovereign borrowing	• December 2015	**Green**	Executive Board approved the utilization of EUR 100 million in KfW Development Bank funding to be used under IFAD10. The Board was informed in December 2016 and authorized the negotiation of an agreement with the Agence Française de Développement for a sovereign loan in the amount of EUR 200 million to support the IFAD10 PoLG.
	• Approval of any new sovereign borrowing	• IFAD10	**Green**	High-Level Task Force on Sovereign Borrowing was established to guide Management in responding to approaches from potential lenders. The task force will take responsibility for managing borrowing negotiations. A loan from AFD was negotiated and signed on 13 March 2017 for an amount of EUR 200 million to support the IFAD10 PoLG. IFAD is in a preliminary stage to explore a

Work stream	*Milestone*	*Time frame and reporting*	*Status*	*Remarks*
				possible sovereign loan (focus on climate change) for IFAD11 with the Government of Canada.
Updated information in MIC Strategy	• Informal Executive Board seminar on annotated outline	• June 2015	Yellow	The decision was made to keep this seminar on hold.
	• Submission of updated information to the Executive Board	• December 2015	Green	A document on engagement with MICs was presented to the Executive Board in April 2016. A document overviewing the holistic approach to fragile situations, the PBAS, MICs and decentralization was presented to the Executive Board in September 2016 for information. A document consolidating future directions and plans in the four areas (including SSTC) was shared with Consultation Members in May 2017 to inform the substantive deliberations of IFAD11.

Concessional Partner Loan Framework for IFAD11

(As approved by IFAD's Executive Board on 30 October 2017)

I. Introduction

1. Concessional partner loans (CPLs) have recently been introduced in the development finance domain as one of a number of innovative financing initiatives being used by international financial institutions (IFIs) such as the International Development Association (IDA) and the African Development Fund (AfDF).[103] The purpose of CPLs is to supplement traditional grant contributions and capital resources provided by Member States or by agencies owned or controlled by the Member States. Members providing CPLs receive voting rights on the basis of the "grant element" embedded in such loans due to their concessional terms.

2. Borrowed funds are now part of IFAD's financial strategy. For The Eleventh Replenishment of IFAD’s Resources (IFAD11), it is envisaged that the programme of loans and grants (PoLG) will continue to be financed in part through borrowing. CPLs – alongside sovereign loans – are one possible modality to obtain these borrowed funds. This paper provides an overview of the key features of a CPL, as implemented by the IDA and the AfDF, and proposes a CPL Framework for discussion with Members.

II. Key features of a CPL and experiences of IFIs

3. Concessional debt has traditionally been used for bilateral assistance, with donor contributions to IFIs being limited to grants and capital subscriptions. However, as a result of a combination of factors, including some donors’ financial constraints and the willingness of other donors to increase their development assistance, CPLs are gradually being considered as a key instrument in the financial framework of IFIs as a means of expanding the funding base beyond standard core contributions.

4. CPL terms include an interest rate significantly lower than market rates, long maturities and long grace periods. CPLs are not earmarked and are used as part of the overall pool of funding that includes grant contributions and internal resources (mainly loan reflows and investment income). In addition, when presenting a CPL, countries endorse the principle of additionality (i.e. no substitution of core contributions), therefore committing to the institution’s long-term financial sustainability.

III. Principles of existing CPL programmes

5. The use of CPLs by the IDA and AfDF has been guided by a number of core principles.[104] These are listed below:

    (a) **Additionality.** CPLs should be made in addition to core contributions, and should not substitute them. Mechanisms to avoid substitution risk are typically embedded in a CPL Framework. In the case of both IDA and AfDF, Members wishing to provide a CPL were required to establish a **minimum standard contribution benchmark.** This is usually based on their standard core contributions to the preceding replenishment. In the case of IDA and AfDF, this has been set at 80 per cent of the previous replenishment. The total grant equivalent contribution to the replenishment is composed of this standard core contribution and the grant element of the CPL.

[103] Referred to as Concessional Donor Loans at the AfDF.
[104] See the “Concessional Donor Loans – Discussion paper" submitted to the fourth AfDF Working Group Meeting, 29-30 May 2015, Abidjan, Côte d'Ivoire.

(b) **Preservation of long-term financial viability.** The amount of debt contracted should be limited to ensure that the risk associated with introducing debt into the IFI's financing framework remains manageable.

(c) **Donor recognition.** CPLs may be provided only by members or by agencies owned or controlled by members. Members providing CPLs directly or indirectly should be recognized and compensated for such loan provision. Recognition and compensation have thus far taken the form of **the allocation of voting rights** to the member in respect of the grant element embedded in the CPL. The grant element is calculated according to a discount rate adopted in consultation with the members. The discount rate should be high enough to provide an incentive to members willing to provide concessional loans to the IFI, but low enough to generate a grant element that is considered equitable by members making all their contributions in the form of grants.

(d) **No earmarking.** The proceeds of the CPLs should go into the general pool of replenishment resources and should not be earmarked for financing any specific activities, or allocated to any specific members or category of members of the IFI.

(e) **Management of proceeds.** Pending disbursement, the proceeds of the CPLs should be invested according to the IFI's policies and guidelines governing the replenishment resources.

(f) **Equal treatment and transparency.** The terms and conditions of the CPLs, as established under a framework adopted and published by the IFI, should be applied equally to all CPL providers, with no exceptions.

(g) **Sustainability.** A CPL Framework is designed to be self-contained and will not impact resources from the IFI's conventional funding sources.

IV. Implementation of CPLs in IDA and AfDF

A. IDA17 and IDA18

6. Concessional partner loans were introduced for the first time as an innovative financing mechanism for IDA's seventeenth replenishment (IDA17). The CPLs were granted to IDA from five member countries for a total amount of 2.3 billion special drawing rights (SDR) (US$3.4 billion), representing 6 per cent of the total IDA17 financing framework. The CPLs were repeated in IDA18, where five countries committed to lend a total of SDR 3.7 billion (US$5.2 billion), representing 5 per cent of the total IDA18 financing framework. For IDA17 and IDA18, the following countries provided a CPL: France, Japan, Saudi Arabia, United Kingdom, China (only IDA17) and Belgium (only IDA18).

7. IDA agreed that members receive voting rights proportional to the grant element of the CPL. It undertook several discussions to establish an equitable discount rate for calculating the loans' grant element as this affected the incentive for members to provide CPLs. In deciding to treat the grant element of the CPLs as "additional subscriptions" for which members would receive voting rights and burden share recognition, IDA's board of governors relied on provisions in its charter which provided IDA latitude in determining the amounts, terms and conditions of such subscriptions and the voting rights attached thereto.

8. The discount rate was set at 2.65 per cent during IDA17. For IDA18, two different discount rates, depending on the loan term, were agreed: 2.35 per cent for loans with a maturity of 25 years, and 2.70 per cent for loans with a 40-year maturity.

9. A prudential debt limit was introduced in IDA17. This was based on: (i) the overall concessional nature of IDA lending; and (ii) the terms on which IDA would borrow. Furthermore, for the introduction of CPLs in IDA17, IDA's management was asked

to confirm that the existing framework that IDA used to hedge currency risk of contributions and its single currency credits could be used to manage the currency risk of the CPLs.

10. The IDA concessional partner loans have an all-in SDR equivalent coupon of up to 1 per cent. Members have the option to provide additional grant resources to bridge the difference between the coupon rate on the CPL and their targeted coupon rate, if higher.

B. AfDF experience (AfDF-14)

11. Concessional donor loans (CDLs) were introduced by the African Development Fund in the context of its fourteenth replenishment (AfDF-14), following the same strategy, principles and financial computation described for IDA. CDLs were used to fund AfDF loans to gap, blend and graduating countries within their performance-based allocation system.

12. The discount rate to calculate the grant element, burden share and voting rights was computed based on the same "net income earned approach" used in IDA, and set at a level of 2.65 per cent. As was the case in IDA17 and IDA18, under AfDF-14 a specific authorization for the grant element of CDLs to be counted as a contribution for the purposes of computing burden shares and voting rights was made on the basis of provisions in the AfDF charter allowing the fund broad flexibility in the determination of the terms and conditions relating to "additional subscriptions".

13. Upon the introduction of CDLs, the AfDF reviewed its asset liability management guidelines to accommodate the use of the CDLs in the financial framework. Specifically, the review addressed: (i) the need to increase the debt limit to accommodate CDLs; and (ii) the need to increase the prudential minimum level of liquidity to take into account the debt service requirements to CDLs. To date, only France has agreed to provide a CDL to AfDF-14.

V. The proposed IFAD approach

14. In the paper "Financial strategy for IFAD11 and beyond", it is proposed that IFAD borrow up to 50 per cent of the amount of the replenishment core contributions. CPLs would be the lowest-cost option of obtaining these borrowed funds. This section presents guiding rules for implementing a CPL Framework based on the experiences to date of IDA, AfDF and IFAD's borrowing under the Sovereign Borrowing Framework (SBF). It provides a proposal for the CPL Framework based on IFAD's requirements.

15. Given the accelerated timeline for the implementation of a CPL programme at IFAD, it was decided that the IFAD CPL Framework would, to the extent possible, be modelled on the IDA18 CPL framework, with appropriate modifications being made to accommodate IFAD's specific circumstances.

16. **It was deemed appropriate to create a CPL Framework distinct from the Sovereign Borrowing Framework.** IFAD's SBF was approved in April 2015 as a framework setting out the parameters within which IFAD may borrow from Member States and/or their state-supported institutions. While CPLs, to the extent that they are obtained from Member States (or their state-supported institutions), constitute sovereign borrowing, a specific and independent framework for CPLs is required due to their inherently unique nature (in particular the fact that the grant element of CPLs will entitle the Member State to voting rights). CPLs are therefore not intended to be subject to the SBF, although some of their features will be inspired by it.

17. **Guiding rules for adopting a CPL Framework**. Based on exchanges with IDA and AfDF about the key aspects of their CPL/CDL frameworks and the approach

taken in the negotiation and implementation, IFAD developed the following elements as guiding rules for its approach to negotiating its CPL Framework:

(i) **Ensuring early consultation with potential providers of CPLs.** The experience of IDA and AfDF has shown the importance of early consultation with potential providers of CPLs and an early indication of amounts, financial conditions and currency of the CPLs that might be provided. This allows for the right computation of the appropriate discount rate. It is also important to note that not all Member States have the instruments that would allow them to provide CPLs. This needs to be taken into consideration when setting the CPL incentive structure in order to avoid a situation in which countries that do have these instruments obtain any "unfair advantage" over those that do not.

(ii) **Agreeing to and strictly following a rule for additionality.** It has proved critical to establish a clear rule for ensuring additionality so as to provide an appropriate balance between preserving the special status of standard core contributions, and allowing flexibility for donors. For IDA17, IDA18 and AfDF-14, the 80:20 rule was applied, whereby at least 80 per cent of the minimum grant contribution is to be provided as a standard core contribution (as distinct from a CPL contribution). As this has proved the most workable model to date, IFAD proposes the 80:20 rule with respect to CPLs.

(iii) **Allowing CPLs to be provided by agencies owned or controlled by Member States.** It is also important to note that, as is the case for IDA and AfDF, some Member States may wish to provide CPLs through agencies they own and control. This is also provided for in the SBF, which allows such agencies – referred to as "state-supported institutions" – to provide sovereign loans to IFAD. The additional feature in the case of CPLs is that a CPL from a state-supported institution will entitle the Member State that owns or controls such agency to receive voting rights for the grant element of the CPL.

(iv) **Calculation of the grant element.** Management will calculate the grant embedded in a CPL and voting rights will be attributed to the Member State based on the saving achieved due to the concessionality of the loan.

(v) **Managing term structure and interest rate risk**. For the purposes of the CPL Framework, IFAD proposes to apply the same principles and financial conditions implemented by IDA and AfDF for their respective CPL/CDL frameworks. This applies in particular to the proposed maturity and interest rate charged for the loans, as shown in tables 2(a) and 2(b) included in this document.

(vi) **Avoiding fragmentation of borrowing arrangements by establishing minimum loan sizes**. Negotiation of sovereign loans has proved to be time-consuming. While the CPL Framework will dramatically reduce transaction costs, excessive fragmentation of borrowing arrangements is still to be discouraged. This could be achieved by agreeing on a minimum loan size for an individual CPL.

(vii) **Ensuring measures are in place to manage substitution risk**. It is important to set out clear requirements that provide adequate incentives to Member States to use this specific financing option, but at the same time guard against substitution risk. This has been done already by IFAD for the SBF,[105] and as has been done by IDA and the AfDF with regard to CPLs/CDLs.

(viii) **Ensuring sustainability of the CPL Framework.** The CPL Framework must be self-sustaining, with the CPLs being serviced via reflows from the IFAD highly concessional and blend loans for which the CPL proceeds have been used.

VI. Proposed IFAD Concessional Partner Loan Framework

A. Terms and conditions

18. The following terms and conditions are proposed:

(i) **Maturity**. 25 or 40 years to match IFAD's blend and highly concessional terms.

(ii) **Grace period**. 5 years for a 25-year loan or 10 years for a 40-year loan.

(iii) **Principal repayment.** Principal repayment will begin after the grace period, applying a straight-line amortizing repayment schedule to minimize debt servicing costs to IFAD and closely match the repayment terms of IFAD blend and highly concessional loans: 25-year loan principal will amortize at a rate of 5 per cent per annum; 40-year loan principal will amortize at a rate of 3.3 per cent per annum.

(iv) **Coupon/interest.** IFAD's CPLs will be modelled along similar lines to those of IDA. The IFAD CPLs would have an all-in SDR equivalent coupon of up to 1 per cent. The difference between the coupon rate on the CPL and the country's target coupon rate (if higher) may be covered by an additional grant payment, as Member States would have the option of providing such an additional grant payment to bridge the difference between the target coupon provided by the framework and the desired coupon on the loan. CPLs with variable interest rates will not be accepted at this time, as most of IFAD's loans are in fixed rate terms.

(v) **Interest rate floor.** If required, an interest rate floor will be applied for cases where the currency in which the CPL is provided determines a negative rate.

(vi) **Prepayments**. In order to ensure IFAD's financial sustainability, IFAD may prepay the outstanding balance of the CPL, in whole or in part, without penalty.

(vii) **Currencies.** IFAD will accept CPLs in SDR or any SDR basket currency (United States dollar, euro, Japanese yen, British pound sterling and Chinese

[105] As discussed in EB 2016/118/R.30, para. 22. This was also addressed in para. 8 of the SBF (EB 2015/114/R.17/Rev.1) by the introduction of a specific clause: "IFAD will only enter into borrowing discussions with a Member State, or a state-supported institution supported by that Member State, if the Member State's core contribution to the latest replenishment (Core Replenishment Contribution R0) is at least 100 per cent of the amount contributed in the previous replenishment cycle (Core Replenishment Contribution R-1). An exception to this will be where a Member State's core replenishment contribution R-1 was higher, by 10 per cent or more, than its core contribution to the immediately preceding replenishment (core replenishment contribution R-2). In such a case, the Member State's Core Replenishment Contribution R0 should be at least 100 per cent of its Core Replenishment Contribution R-2, in order for IFAD to determine whether to enter into a borrowing arrangement with the Member State concerned."

renminbi[106]). Subject to the foregoing, IFAD will accept CPLs in a currency other than the currency in which the core contribution of the Member State has been made.

(viii) **Prioritization criteria.** To effectively manage the number and size of the potential CPL offers should they exceed IFAD's funding needs, offers will be evaluated according to the following criteria (in order of importance):

(a) Currency: preference will first be given to CPLs denominated in currencies about which IFAD has reasonable assurance that it can either hedge the loan or onlend the funds in the same currency.

(b) Financial conditions: preference will be given to CPLs that carry the most attractive financial terms for IFAD to assure maximum sustainability.

(c) Size: as IFAD seeks to minimize costs, preference will be given to the largest-sized CPLs.

(ix) **Drawdown.** CPLs will be drawn down in three equal instalments over a maximum period of three years to allow IFAD to manage liquidity. At its discretion and with the agreement of the loan provider, Management may agree on single-tranche drawdowns if the lending partner so requests.

(x) **Minimum amount.** Only CPLs of US$20 million or greater will be considered.

(xi) **Additionality.** Member States providing CPLs (directly or through a state-supported institution) will be expected to provide core contributions equal to at least 80 per cent of a minimum grant contribution benchmark and target a total grant equivalent contribution (which includes core contribution and the grant element of the CPL) to at least their minimum grant contribution benchmark. The minimum grant contribution benchmark will be equal to 100 per cent of the average core contribution in local currency of the preceding two replenishment periods (for IFAD11, it would be the average of IFAD9 and IFAD10 contributions).[107]

(xii) **Effectiveness.** A CPL agreement between IFAD and the CPL provider (i.e. a Member State or one of its state-supported institutions) will be entered into preferably no later than the last day of the six-month period following the adoption of the IFAD11 Resolution, but at any rate not until the relevant Member State has deposited an instrument of contribution (IOC) for the amount of its core contribution required under the provisions of paragraph 18(xi) above. In cases where a Member State plans to provide an additional grant to lower the coupon rate on the CPL, IFAD will require the payment of the additional grant as a prerequisite to accepting the loan disbursements from the CPL provider. This is to protect IFAD from paying a high borrowing cost on the CPL without receiving the related grant payment that ensures the required concessionality.

(xiii) **Earmarking or restrictions on use of funds.** Since the primary purpose of CPLs is to finance IFAD's PoLG, earmarking or restrictions on use of funds cannot be accepted by IFAD. CPL resources will be allocated through the performance-based allocation system to Member States borrowing on terms comparable to or higher than those applicable to the CPL, as appropriate, therefore covering the whole set of lending products offered by IFAD.

[106] For the Chinese renminbi the benchmark used to convert the short term interest rate to a fixed interest rate will be the CNY (onshore rate).

[107] This can be reconciled with the additionality rule of the SBF which required the most recent replenishment contribution to be 100 per cent of the preceding replenishment contribution as it still requires the core grant plus the grant element of the CPL to be 100 per cent of the minimum grant contribution benchmark.

Notwithstanding the foregoing, it is expected that priority would be given to loans provided on highly concessional and blend terms.

(xiv) **Grant element.** The grant element represents the present value of the financial benefit to IFAD of obtaining a CPL as opposed to a loan contracted on market terms. It is consequently the portion of the loan that is considered a grant for voting rights purposes to incentivize Members to provide such loans to IFAD. In the event of an additional grant payment, such payment will be incorporated into the loan amount and the grant element of the CPL will be calculated on the overall loan amount.

(xv) **Voting rights**. The grant element of the CPL will entitle the Member State to voting rights under the same formula as applicable to replenishment contributions as stipulated in article 6, section 3(a)(ii) of the Agreement Establishing IFAD.

(xvi) **Governance**. Before completion of negotiations, the detailed proposal of each CPL will be submitted to the Audit Committee for review and to the Executive Board for approval. CPLs would be subject to the same authorization process as followed for other borrowing arrangements under the SBF at IFAD.

19. **Risk management.** In terms of risk management, the proceeds of CPLs provided to IFAD will be subject to similar risks and mitigation measures to those identified in the SBF. To this effect, the approach outlined in section VIII – risk management – of the SBF will be followed, where applicable, for CPLs. In particular, concerning credit risk, the Fund will:

- Apply the current policy for loans in arrears to loans funded by CPLs. Under this policy, if there is evidence of a strong deterioration of creditworthiness of IFAD's borrowers, an allowance is set up so that an identified loan or receivable asset is impaired, and a specific provision for impairment is recognized;
- Seek to ensure that it continues to enjoy from the international financial community the same preferred creditor treatment as other IFIs. Because of the nature of its borrowers, the Fund expects that each of its sovereign loans will ultimately be repaid;
- Apply to CPL-funded loans the policy on suspension of new disbursements for loans that fall into arrears by 75 days or more;
- Continue to operate under the leverage ratios prescribed by the Sovereign Borrowing Framework[108], noting however that these will need to be revised following the approval by the membership of the Financial Strategy for IFAD11;
- From 2018, apply the impairment requirements prescribed by accounting standard IFRS (International Financial Reporting Standard) 9. Under IFRS 9, the impairment will be based on expected credit losses (ECL) of financial instruments throughout their life cycle. This requires an entity to assess the probability of default at origination/purchase and until the end of the maturity period of the underlying financial assets and to set aside an impairment allowance reflecting the underlying credit risk, which is expressed in terms of ECL. The ECL valuation will be updated and monitored continuously to reflect changes in the evolution of the credit risk of the underlying financial instruments;

[108] EB 2015/114/R.17/Rev.1 – Sovereign Borrowing Framework: Borrowing from Sovereign States and State-Supported Institutions.

- In consideration of the adoption of the CPL Framework, and continued use of the Sovereign Borrowing Framework, arrange for an external independent review to assess IFAD's existing practices in terms of risk management. This review will take place in 2018 and will be separate from the comprehensive peer review as provided for in the road map for borrowing in the capital markets.

B. Determination of the grant element

20. While the full nominal amount of the CPL represents the financial resource for IFAD's PoLG, IFAD would attribute voting rights to Member States providing CPLs in an amount proportionate to the grant element embedded in the loans. The grant element of the CPL is the ratio of the present value of the debt service to the present value of the loan disbursements. The calculation formula is the same as that applied for the IDA18 CPL framework, which is defined in the IDA18 Deputies' Report, as follows:

$$\mathbf{1} - \frac{\sum_{i=1}^{n}(DF_i \times CFS_i)}{\sum_{j=1}^{n}(DF_j \times CFD_j)}$$

Where:

DF_i = Discount factor at period i, calculated using the discount rate of the CPL framework;

CFS_i = Cash flow from debt service at period i;

DF_j = Discount factor at period j, calculated using the discount rate of the CPL framework; and

CFD_j = Cash flow from loan disbursement at period j.

VII. Additional considerations

21. **Discount rate to calculate the grant element.** The discount rate calculation is important in that it determines the grant element, and therefore the allocation of votes for members providing CPLs. The two methods of calculating the discount rate used in determining the grant element are described below.

- **Option 1: Net income earned.** This option was used in both IDA17 and AfDF-14. The interest earned from IFAD's lending programme would be used to determine the discount rate. The advantage of this approach is that if the borrowing rate is lower than the interest earned from the lending programme, a positive spread is achieved and income is generated for IFAD. However, this approach does not represent the actual borrowing costs IFAD would have otherwise incurred and could lead to a grant element either overstating or understating the savings achieved.

- **Option 2: Net Cost Savings.** This method was used in IDA18. As IDA prepared to access the capital markets, it was felt that a more equitable method of calculating the grant element would be to base the discount rate on the savings achieved through the CPL versus the cost of borrowing in the market. This provides a better reflection of the actual market borrowing costs, and a fairer way to determine the grant element. It is proposed that IFAD adopt this method.

22. Management considered the two options in calculating the grant element. For IFAD, it proposes the adoption of a methodology that takes into account the possible savings over those borrowing transactions that have so far been concluded by IFAD, adjusted by a correcting factor to take into account the fact that IFAD may have borrowed so far at softer terms through the SBF than those possible on the capital markets.

23. To determine the appropriate discount rate to use, the assumed borrowing cost for IFAD was based on the KfW Development Bank and Agence Française de Développement financing facilities negotiated by IFAD, with the appropriate adjustments to take into account the longer maturity of the CPL. Because both facilities were negotiated in the euro currency, IFAD's approach will move from the determination of a discount rate in euro as the starting point.

24. To convert the borrowing cost to a fixed interest rate, the net present value (NPV) of the cash flows for both periods were calculated based on the market's forecast for future six-month EURIBOR rates. A two-pronged adjustment was then made:

- A spread was added to reflect the extra length of the CPLs relative to the borrowings entered into by IFAD (a so-called "curve adjustment");
- Then, a further spread was added to reflect the fact the SBF funds may have been lent to IFAD on softer terms than IFAD would have otherwise obtained in the market.

25. The fixed interest rates that produce the same NPVs were then calculated. As this was done in euros, a similar calculation was performed for the other four currencies against their appropriate short-term interest rate benchmarks. The weighted averages of the five currencies were then calculated to determine the discount rates in SDR terms.

26. The resulting discount rates produced by the described methodology are contained in the table shown below. The rates are calculated with values as of the 30 June 2017.

Table 1
IFAD11 discount rates
(Percentage)

	Project funding cost/discount rate	
Currency	*25-year CPL*	*40-year CPL*
Special drawing right (SDR)	**2.46**	**2.77**
United States dollar (US$)	2.89	3.23
Japanese yen (JPY)	1.09	1.58
British pound sterling (GBP)	1.98	2.23
Euro (EUR)	1.87	2.24
Chinese renminbi (RMB)	3.82	3.77

27. The currency-specific discount rates will allow the grant element to be calculated in each individual currency. These are shown in the table below.

Table 2a
Corresponding coupon rates between SDR and the currencies of the SDR basket
(Percentage)

25-year CPL with three-year disbursement schedule					
Currency	*Coupon rates*				
SDR	**0.00**	**0.50**	**1.00**	**1.50**	**2.00**
US$	0.35	0.86	1.38	1.90	2.41
JPY	(1.10)	(0.66)	(0.21)	0.24	0.69
GBP	(0.38)	0.10	0.58	1.06	1.55
EUR	(0.47)	0.01	0.48	0.96	1.44
RMB	1.08	1.64	2.19	2.74	3.30
Grant element	**28.56**	**22.72**	**16.87**	**11.02**	**5.18**

Table 2b
Corresponding coupon rates between SDR and the currencies of the SDR basket
(Percentage)

40-year CPL with three-year disbursement schedule					
Currency	Coupon rates				
SDR	**0.00**	**0.50**	**1.00**	**1.50**	**2.00**
US$	0.31	0.83	1.36	1.89	2.41
JPY	(0.81)	(0.38)	0.06	0.49	0.93
GBP	(0.37)	0.10	0.57	1.04	1.51
EUR	(0.36)	0.11	0.59	1.06	1.53
RMB	0.66	1.22	1.78	2.33	2.90
Grant element	**46.99**	**38.45**	**29.91**	**21.36**	**12.82**

Table 3a
Illustrative grant elements from CPLs at different coupon rates
(Percentage)

25-year CPL with three-year disbursement schedule			
Currency	Coupon rates		
SDR	**0.00**	**0.50**	**1.00**
US$	0.35	0.86	1.38
JPY	(1.10)	(0.66)	(0.21)
GBP	(0.38)	0.10	0.58
EUR	(0.47)	0.01	0.48
RMB	1.08	1.64	2.19
Grant element	**28.56**	**22.72**	**16.87**

Table 3b
Illustrative grant elements from CPLs at different coupon rates
(Percentage)

40-year CPL with three-year disbursement schedule			
Currency	*Coupon Rates*		
SDR	**0.00**	**0.50**	**1.00**
US$	0.31	0.83	1.36
JPY	(0.81)	(0.38)	0.06
GBP	(0.37)	0.10	0.57
EUR	(0.36)	0.11	0.59
RMB	0.66	1.22	1.78
Grant element	**46.99**	**38.45**	**29.91**

28. **Option of an interest rate floor.** An interest rate floor will be required for Member States who contribute in currencies for which the equivalent of 1 per cent of SDR (maximum interest rate of the CPL Framework) is a negative rate. In this case, Member States would provide a loan at 0 per cent in a CPL currency (this 0 per cent coupon ratio could also be achieved through a combination of a higher coupon rate loan with a supplemental grant). The 0 per cent floor means that the loan coupon rate will be higher than the maximum 1 per cent SDR rate. Fair treatment across Member States will be ensured by using the 0 per cent coupon rate of the CPL to calculate the loan's grant element to determine voting rights and compliance with the minimum grant contribution. Using the 0 per cent CPL currency rate will result in a lower grant element which implies that the Member State provider needs a larger loan to meet the minimum grant contribution requirement.

29. **Possibility of additional grant payments**. If a Member State elects to make an additional grant payment (as described in paragraph 18(iv)) upfront, the required payment amount will be calculated based on the present value of the difference in future cash flows between the original coupon payments and the targeted coupon payments. The same discount rate in the CPL Framework will be used in the present value calculation. The Member State can make the additional grant payment over several instalments only if the CPL has the same disbursement schedule and if the present value of the additional grant payment is maintained. Table 4 illustrates the additional grant payments required at different original and targeted coupon rates:

Table 4
Illustration of additional grant payments required to bridge the original and target coupon rates
(Percentage)

1 billion 25-year CPL in denomination currency, with three-year disbursement schedule					
Currency	*Desired coupon*	*Targeted coupon*	*Difference (original vs. target coupon)*	*Discount rate*	*Additional grant (up front) in currency*
SDR	**2.00**	**1.00**	**1.00**	**2.46**	**114 million**
US$	2.38	1.38	1.00	2.89	110 million
JPY	0.79	(0.21)	1.00	1.09	129 million
GBP	1.58	0.58	1.00	1.98	119 million
EUR	1.48	0.48	1.00	1.87	120 million
RMB	3.19	2.19	1.00	3.82	102 million

30. **Demand considerations**. From the borrowing Member States' perspective, CPLs would contribute to the financing of the overall PoLG, which has been determined taking into consideration the estimated demand for IFAD resources and IFAD's ability to deliver. Indeed as has been recognized, "the main constraint in stepping up IFAD's development capacity lies more on the supply than on the demand side."[109]

31. **Legal considerations with respect to introducing a CPL Framework.** With the exception of the condition set forth in article 4, section 5(c) of the Agreement Establishing IFAD (the Agreement) which requires an amendment (see below), the conditions governing contributions under the Agreement do not appear to present any particular legal challenges to the establishment of a CPL programme of the nature described.

32. Under article 4 section 5(c) of the Agreement, contributions to the Fund are required to be made in the form of cash, promissory notes or obligations payable upon demand. The draft resolution on the Eleventh Replenishment of IFAD's

[109] See IFAD10/3/R.5, para.4, "Financing options for IFAD beyond 2015".

Resources (IFAD11 Resolution) will propose to amend this provision in order to recognize the grant element of CPLs as additional contributions for all intents and purposes, including voting rights. The CPL Framework for IFAD11 will become effective once the amendments to the Agreement Establishing IFAD, relative to CPLs, have entered into force. The majority required for the Governing Council to make such a decision would be four fifths of the total number of votes.

33. The grant element of the CPL will entitle lending Member States to vote under the same formula as applicable to replenishment contributions as stipulated in article 6, section 3(a)(ii) of the Agreement, which provides as follows: "the votes for each replenishment shall be established in the ratio of one hundred (100) votes for the equivalent of each one hundred and fifty eight million United States dollars (USD 158 000 000) contributed to the total amount of that replenishment, or a fraction thereof".

34. Management assures Members that all of the grant contributions received from partners will go directly to IFAD recipients. The concessional loans will be self-contained and will in effect be serviced via reflows from IFAD highly concessional and blend terms loans approved in IFAD11. IFAD CPL grant providers will not bear costs or risk associated with concessional loans.

35. **Road map and timeline.** The table below provides the road map and timeline for the review and approval by IFAD's governing bodies of the proposed CPL Framework for IFAD11.

Table 5
Timeline for the review and approval of the CPL Framework for IFAD11

Meeting/session	*Action*
Audit Committee 145th meeting 6 September 2017	Review of the CPL Framework
Executive Board 121st session 13-14 September	Review of the CPL Framework
Informal seminar 6 October	Presentation of final amendments to the CPL Framework
IFAD11 Consultation (third session) 19-20 October	Recommendations on the CPL Framework and the IFAD11 Resolution
Special meeting of the Audit Committee and special session of the Executive Board* 30 October	Review and approval of the CPL Framework (to be effective only when Governing Council adopts the IFAD11 Resolution with appropriate amendments to the Agreement Establishing IFAD)
Audit Committee 146th meeting 23 November	Review of the proposed amendments to the Agreement Establishing IFAD
Executive Board 122nd session 12-13 December	Review of the proposed amendments to the Agreement Establishing IFAD (including those amendments relating to CPLs) and approval of recommendation from the Executive Board to the Governing Council regarding such amendments
IFAD11 Consultation (fourth session) 14-15 December	Adoption of the Report of the Consultation on the Eleventh Replenishment of IFAD's Resources, including draft IFAD11 Resolution
Governing Council forty-first session February 2018	Adoption of the IFAD11 Resolution, including amendments to the Agreement Establishing IFAD vis-à-vis the CPL Framework

* As per rule 2 of the Rules of Procedure of the Executive Board, sessions of the Board shall be called by the President as often as the business of the Fund may require.

Countries providing loans to IDA17 and IDA18 and AfDF-14

Table 1
Countries providing loans to IDA17 and IDA18

	Loan amount				Loan terms		
Contributing member	*SDR (millions)*	*Currency*	*Foreign exchange rate*	*National currency (millions)*	*Maturity*	*All-in-cost coupon rate in SDR terms (percentage)*	*Coupon rate in national currency terms (percentage)*
IDA17							
China	663	US$	1.507	1 000	5-25	1.00	TBD
France	373	EUR	1.151	430	5-25	0.00	0.00
Japan	1 288	JPY	147.833	190 386	10-40	1.00	0.55
Saudi Arabia	78	US$	1.507	118	5-25	0.00	0.61
United Kingdom	494	GBP	0.985	486	5-25	0.00	0.14
Total IDA17	**2 896**						
IDA18							
Belgium	193	EUR	1.251	241	10-40		0.00
France	640	EUR	1.251	800	10-40		0.00
Japan	1 949	JPY	150.039	292 388	10-40		0.35
Saudi Arabia	88	US$	1.402	124	5-25		0.47
United Kingdom	813	GBP	1.009	820	10-40		0.00
Total IDA18	**3 682**						

Table 2
Countries providing loans to AfDF-14

Country	*Instrument*	*Unit of account (millions)*
France	CDL	180
Japan	Bridge loan	500
India	Bridge loan	11
Total		**691**

Glossary of terms

- **Coupon rate**. A coupon is the fixed interest payment paid to bond holders or lenders. A coupon rate can be calculated by dividing the sum of the annual coupon payments and dividing them by the bond or loan par value.
- **Discount rate**. A percentage rate used in discounting calculations to mathematically reduce a known future value to its present value – it represents the time value of money, interest rate, or some measure of opportunity cost. Discounting is the opposite of compounding whereby a percentage rate is applied to a known present value to calculate a future value.
- **Grant element**: A measure of the concessionality of a loan, expressed as the percentage by which the present value of the expected stream of repayments falls short of the repayments that would have been generated at a given reference rate of interest.*
- **Grace period**. An interval between the commitment date and the date of the first payment of principal.*
- **Maturity**. The date at which the final repayment of a loan is due; by extension, a measure of the scheduled life of the loan.*
- **Present value**: The current worth of a future sum of money or stream of cash flows. Calculated using a discount rate – the higher the discount rate the lower the present value of the future cash flows.
- **Spread**. The difference between two interest rates.
- **State-supported institutions**: This expression refers to state-owned or state-controlled enterprises and development finance institutions of IFAD Member States with the exception of multilateral institutions.

* As defined by the Development Co-operation Directorate of the Organisation for Economic Co-operation and Development.

Debt Sustainability Framework compensation methodology and amounts by List and country for IFAD10, IFAD11 and IFAD12

1. The Debt Sustainability Framework (DSF) was adopted by IFAD in 2006 (GC29/L.4) to support debt relief and management in poor countries is order to assist them in achieving their development goals.

2. In 2007, the Executive Board (EB/2007/90/R.2), while approving arrangements for implementation of the DSF, also approved the recommendation that, in the context of the Consultation on the Eleventh Replenishment of IFAD's Resources (IFAD11), IFAD would present a paper on the Fund’s experience so far – and the experience of other multilateral financial institutions – with regard to compensation.

3. As part of the review, IFAD compared its experience on DSF compensation practices to those of the International Development Association (IDA), the African Development Fund (AfDF) and the Asian Development Fund (AsDF) for both the interest and principal DSF components. Until mid-2017, there was a harmonized approach among these three international financial institutions (IFIs); however, for IDA's eighteenth replenishment (IDA18), that organization adopted a different practice from AfDF and AsDF.

4. For **interest component compensation**, all three benchmarked IFIs had a harmonized practice in which a portion of the proposed DSF financing – synchronized at 20 per cent up to mid-2017 – was held back and redistributed as loans through the IFIs’ respective performance-based allocation systems. During this time, IFAD was an outlier and fixed its interest compensation component at 5 per cent, which continues to the present day. In 2017, IDA eliminated the interest compensation component altogether. Feedback provided by Member States during the second session of the IFAD11 Consultation was helpful. Considering that the DSF interest component is not relative to the overall DSF compensation due to IFAD, Management agrees to maintain the DSF interest compensation component at 5 per cent, which further demonstrates IFAD’s continued support to poor and vulnerable countries. This measure puts IFAD’s mechanism in the middle of the three benchmarked IFIs. In summary, IFAD is proposing no change to the interest component compensation compared to its previous practice.

5. For **principal component compensation**, while the three benchmarked IFIs apply the pay-as-you go principle, there is no harmonized approach among them on applying the principle. Both AfDF and AsDF have an explicit “burden-sharing” of amounts due for DSF in addition to regular core contributions. DSF principal compensation in these two IFIs is clearly identified as additional to regular core contributions. With the adoption of IDA18 in 2017, IDA changed its DSF principal compensation process from an explicitly separate collection of DSF and regular core contributions, to a singular collection of both core and DSF contributions. IDA was clear on the requirement to ensure that grant financing is compensated in addition to core contributions. In addition, there was a joint commitment to address substitution risks in order to ensure long-term sustainability, with this understanding embedded in IDA18 financial scenarios.

6. **At IFAD**, Member States expressed their commitment to compensate for the DSF principal component in Governing Council resolution on the Tenth Replenishment of IFAD’s Resources (186/XXXVIII). IFAD has allowed for DSF compensation to constitute a separate pledge or be part of the process of receiving regular core contributions; however, it requires that donor contributions are earmarked towards DSF compensation first, with any residual balance considered regular core replenishment contributions. In summary, IFAD is proposing no change to the principal component compensation compared to its previous practice. In order to

support IFAD's long-term sustainability, it is critical to strengthen IFAD Member States' commitment to DSF principal repayment, as reflected in the proposed IFAD11 Resolution (see annex IX).

7. IFAD will continue to monitor any changes towards a harmonized approach among IFIs for both principal and interest DSF components throughout IFAD11. IFAD is also monitoring developments in the criteria for debt sustainability to support the poorest and most vulnerable countries.

8. In line with the methodology described in box 1 below, table 1 shows the amount of DSF principal repayments that are due during IFAD11.

Box 1
DSF compensation recommendations from the Report of the Consultation on the Tenth Replenishment of IFAD's Resources

(a) Member States reaffirm their commitment to compensate the Fund for principal forgone as a result of DSF implementation. In line with the practice at other IFIs, this would mean applying the pay-as-you-go principle approved by the Executive Board in April 2007. Adopting this approach would also ensure alignment of IFAD's practice with those of other IFIs;

(b) IFAD should adopt the methodology used by AfDF to calculate the share of each Member State in order to compensate IFAD for DSF implementation since this is considered the most viable and relevant option for IFAD;

(c) DSF beneficiary countries should be excluded from the requirement to contribute to compensation for forgone principal repayments in addition to regular contributions on a pay-as-you-go basis;

(d) A threshold should be set below which compensation shares are not required if the amounts payable are deemed too low; Management proposes a minimum threshold of US$10,000 to be applied to List C Member States;

(e) Adjustments made as a result of items (c) and (d) should be redistributed to other contributors to finance the gap;

(f) New members or countries that did not pledge in the relevant replenishment period be encouraged to voluntarily contribute even when not legally bound to the above; such contributions should nonetheless not be taken into account in determining compensation shares;

(g) Voting rights should be considered for DSF compensation share contributions;

(h) Donor contributions made in future replenishments be used to cover DSF obligations first, with any residual balance considered as regular replenishment contributions; and

(i) The decision of the Executive Board in April 2007 – that forgone interest and service charges not be compensated – be maintained.

* See GC 38/L.4/Rev.1 and annex II of Financial Framework and Financial Scenarios for IFAD11 (IFAD/11/3/R.3)

9. The DSF principal compensation shares to be paid by Member States have been calculated based on the percentage of Member States' contributions to IFAD8. A minimum threshold of US$10,000 has been applied, below which a DSF compensation contribution from Member States is not required and that amount is redistributed as per the previously approved methodology. Yemen and the Syrian Arab Republic have calculated compensation shares greater than the US$10,000 but are not required to compensate for DSF given that they are DSF-recipient countries.

Table 1
DSF proportionate contribution shares by List and country for IFAD10, IFAD11 and IFAD12
(With the threshold of US$10,000)
(United States dollars)

List	*Country*	*IFAD10 (Based on percentage of IFAD7 pledges)*	*IFAD11 (Based on percentage of IFAD8 pledges)*	*Forecast* *IFAD12 (Based on percentage of IFAD9 pledges)*
List A				
	Austria	60 706	661 450	1 991 348
	Belgium	90 266	1 258 849	2 987 022
	Canada	172 001	2 871 353	6 688 648
	Denmark	55 556	602 633	1 419 610
	Estonia	-	-	-
	Finland	44 968	719 342	1 493 511
	France	165 626	2 098 081	4 356 074
	Germany	224 838	2 756 040	6 520 296
	Greece	-	-	-
	Hungary	-	-	-
	Iceland	-	-	-
	Ireland	47 557	359 671	746 756
	Italy	286 699	3 149 760	7 220 752
	Japan	185 491	2 362 320	6 524 776
	Luxembourg	-	94 493	208 793
	Netherlands	220 835	2 952 900	6 524 776
	New Zealand	-	-	321 999
	Norway	182 175	1 791 426	4 317 549
	Portugal	-	70 870	-
	Russian Federation	-	-	521 982
	Spain	165 626	2 277 917	-
	Sweden	186 445	2 282 729	6 315 983
	Switzerland	94 997	792 126	2 936 652
	United Kingdom	281 047	2 559 180	7 212 053
	United States	303 531	3 543 480	7 829 731
	Total List A	**2 768 365**	**33 204 617**	**76 138 311**
List B				
	Algeria	-	393 720	869 970
	Gabon	-	13 708	28 461
	Indonesia	28 105	196 860	869 970
	Iran (Islamic Republic of)	-	-	-
	Iraq	11 242	59 058	-
	Kuwait	44 968	472 464	1 304 955
	Libya	-	-	-
	Nigeria	28 105	590 580	1 304 955
	Qatar	56 209	-	-
	Saudi Arabia	56 209	787 440	2 000 931
	United Arab Emirates	-	39 372	86 997
	Venezuela (Bolivarian Republic of)	84 314	258 630	-
	Total List B	**309 152**	**2 811 832**	**6 466 240**
List C				
	Afghanistan	-	-	-
	Albania	-	-	-
	Angola	-	74 807	165 294
	Antigua and Barbuda	-	-	
	Argentina	11 242	98 430	652 478
	Armenia	-	-	-
	Azerbaijan	-	-	-

List	Country	IFAD10 (Based on percentage of IFAD7 pledges)	IFAD11 (Based on percentage of IFAD8 pledges)	Forecast IFAD12 (Based on percentage of IFAD9 pledges)
	Bangladesh	-	23 623	56 548
	Barbados	-	-	-
	Belize	-	-	-
	Benin	-	-	-
	Bhutan	-	-	-
	Bolivia (Plurinational State of)	-	-	-
	Bosnia and Herzegovina	-	-	-
	Botswana	-	-	15 659
	Brazil	44 497	526 010	1 452 850
	Burkina Faso	-	-	-
	Burundi	-	-	-
	Cambodia	-	-	18 269
	Cameroon	-	39 372	104 396
	Cabo Verde	-	-	-
	Central African Republic	-	-	-
	Chad	-	-	-
	Chile	-	-	-
	China	89 935	866 184	2 348 919
	Colombia	-	-	17 399
	Comoros	-	-	-
	Congo	-	11 812	-
	Democratic Republic of the Congo	-	-	25 222
	Cook Islands	-	-	-
	Costa Rica	-	-	-
	Côte d'Ivoire	-	-	-
	Croatia	-	-	-
	Cuba	-	-	
	Cyprus	-	-	-
	Djibouti	-	-	-
	Dominica	-	-	-
	Dominican Republic	-	-	-
	Ecuador	-	-	34 799
	Egypt	16 863	118 116	260 991
	El Salvador	-	-	-
	Equator Guinea	-	-	-
	Eritrea	-	-	-
	Ethiopia	-	-	-
	Fiji	-	-	-
	Gambia (The)	-	-	-
	Georgia	-	-	
	Ghana	-	15 749	34 799
	Grenada	-	-	-
	Guatemala	-	-	-
	Guinea	-	-	-
	Guinea-Bissau	-	-	-
	Guyana	-	19 002	62 446
	Haiti	-	-	-
	Honduras	-	-	-
	India	95 556	984 300	2 609 910
	Israel	-	-	14 003
	Jamaica	-	-	-
	Jordan	-	-	-
	Kazakhstan	-	-	-
	Kenya	-	-	43 499
	Kiribati	-	-	-
	Democratic People’s	-	-	-

List	Country	IFAD10 (Based on percentage of IFAD7 pledges)	IFAD11 (Based on percentage of IFAD8 pledges)	Forecast IFAD12 (Based on percentage of IFAD9 pledges)
	Republic of Korea			
	Republic of Korea	16 863	236 232	600 279
	Kyrgyzstan	-	-	-
	Lao People's Democratic Republic	-	-	-
	Lebanon	-	11 812	-
	Lesotho	-	-	-
	Liberia	-	-	-
	The former Yugoslav Republic of Macedonia	-	-	-
	Madagascar	-	-	-
	Malawi	-	-	-
	Malaysia	-	-	-
	Maldives	-	-	-
	Mali	-	-	-
	Malta	-	-	-
	Marshall Islands	-	-	-
	Mauritania	-	-	-
	Mauritius	-	-	-
	Mexico	16 863	-	434 985
	Micronesia (Federated States of)	-	-	-
	Republic of Moldova	-	-	-
	Mongolia	-	-	-
	Morocco	-	27 560	60 898
	Mozambique	-	-	-
	Myanmar	-	-	-
	Namibia	-	-	-
	Nauru	-	-	-
	Nepal	-	-	-
	Nicaragua	-	-	17 399
	Niger	-	-	-
	Niue	-	-	-
	Oman	-	-	-
	Pakistan	22 484	314 976	695 976
	Panama	-	-	-
	Papua New Guinea	-	-	-
	Paraguay	-	19 721	13 050
	Peru	-	11 812	32 624
	Philippines	-	-	17 399
	South Sudan	-	-	-
	Romania	-	-	-
	Rwanda	-	-	-
	Saint Kitts and Nevis	-	-	-
	Saint Lucia	-	-	-
	Samoa	-	-	-
	Sao Tome and Principe	-	-	-
	Senegal	-	-	17 399
	Seychelles	-	-	-
	Sierra Leone	-	-	-
	Solomon Islands	-	-	-
	Somalia	-	-	-
	South Africa	-	35 931	43 499
	Sri Lanka	-	39 411	87 084
	St Vincent and the Grenadines	-	-	-
	Sudan	-	-	-
	Suriname	-	-	-

List	Country	IFAD10 (Based on percentage of IFAD7 pledges)	IFAD11 (Based on percentage of IFAD8 pledges)	Forecast IFAD12 (Based on percentage of IFAD9 pledges)
	Swaziland	-	-	-
	Syrian Arab Republic	-	-	-
	Tajikistan	-	-	-
	Tanzania (United Republic of)	-	-	10 442
	Thailand	-	11 812	26 099
	Bahamas (The)	-	-	-
	Timor-Leste	-	-	-
	Togo	-	-	-
	Tonga	-	-	-
	Trinidad and Tobago	-	-	-
	Tunisia	-	23 623	65 248
	Turkey	-	47 246	104 396
	Tuvalu	-	-	-
	Uganda	-	-	-
	Uruguay	-	-	17 399
	Uzbekistan	-	-	-
	Vanuatu	-	-	
	Viet Nam	-	19 686	52 198
	Yemen	-	-	-
	Zambia	-	-	-
	Zimbabwe	-	-	-
	Total List C	**314 302**	**3 577 226**	**10 213 859**
	Grand total	**3 391 819**	**39 593 675**	**92 818 410**

Notes:

(i) As at 31 December 2016 (as per EB 2017/120/R.24), DSF principal repayments due relating to IFAD10 and IFAD11 amounted to SDR 30.8 million of which SDR 2.2 million (equivalent to US$3.4 million) was due for IFAD10. Calculation of DSF compensation includes implementation of the improvements in methodology resulting from moving from forecasted to actual figures.

(ii) US$-SDR as at IFAD11 exchange rate as per the draft IFAD11 Resolution (annex X).

Updated road map for IFAD's financial strategy

I. Background

1. At the second session of the Consultation on the Eleventh Replenishment of IFAD's Resources (IFAD11), Management proposed a timeline for preparing IFAD’s borrowing in capital markets. Members welcomed this proposed strategy and asked that the timeline be integrated with those of other IFAD initiatives and fully incorporated into the Fund’s financial strategy and business model. The road map was finalized and endorsed at the fourth session of the Consultation in December 2017, together with a separate resolution on market borrowing (annex X).

II. Key steps

2. The key steps in the road map, through to 2022, are listed here and presented in figure 1 below.

   (a) IFAD signed its first International Swaps and Derivatives Association agreement on 24 July 2017 with the Bank of Nova Scotia, Canada. This will enable IFAD to enter into cross-currency swaps to hedge sovereign loans.

   (b) A review of the performance-based allocation system was presented for approval at the 121st session of the Executive Board in September 2017.

   (c) An approach paper will be prepared towards the adoption of a Transition Framework. This process will take into account the outcomes of the current reform of IFAD’s financial architecture, including potential access to market borrowing and loan pricing. This approach paper will be presented for approval at the Executive Board’s 122nd session in December 2017. Management expects to present the Transition Framework paper at the Executive Board’s 125th session in December 2018.

   (d) Towards the adoption of a Concessional Partner Loan (CPL) Framework at IFAD, a paper was submitted for review at the September 2017 session of the Executive Board. The IFAD11 Consultation reviewed and endorsed the Framework at its third session, and it was approved by IFAD's Executive Board at a special session in October 2017, following review by the Audit Committee.

   (e) The Treasury Services Division (TRE) is preparing a feasibility study on market borrowing. The study will contain an updated road map for the implementation of borrowing from the capital markets. The results of the study will be presented at the 124th session of the Board in September 2018.

   (f) During 2018, the TRE will start preparing an integrated borrowing framework encompassing all sources of external financing. This framework will consolidate the Sovereign Borrowing Framework, the CPL Framework, and the existing liquidity policy and resources available for commitment approach. The integrated borrowing framework will be presented at the 126th session of the Board in April 2019.

   (g) An independent peer review will be conducted in the second half of 2018 and the first half of 2019. This will entail working with external partners and informally engaging with rating agencies to gauge IFAD’s potential rating and the steps that can be taken to improve it, if needed.

   (h) In September 2018, the Independent Office of Evaluation of IFAD’s corporate-level evaluation of IFAD’s financial architecture will be delivered.

   (i) The formal ratings process, whereby IFAD will engage directly with one or more bond rating agencies, will be proposed at the 126th session of the Board and will commence in early 2019. It is expected that the process will be completed in the third quarter of 2020 and summarized for the Board at its 130th session.

(j) Between 2019 and 2020, Management will prepare an analysis to share with the Executive Board on the risks to IFAD's balance sheet from borrowing, especially with regard to the evolution of the debt-to-equity ratio. This will take the form of a simulated balance sheet for the next three replenishment cycles. A preliminary version of this analysis was presented in the third session of the IFAD11 Consultation in section III and table 4 of the Financial Framework paper.

(k) From mid-2019 to mid-2020, IFAD will define its approach to loan pricing. This will be dependent on the anticipated ratings obtained and will be based on the level of interest rates IFAD will be expected to pay for its market borrowing.

(l) Between mid-2020 and mid-2021, IFAD will be assigned ratings by one or more of the rating agencies.

(m) Towards the end of the IFAD12 Consultation, the Executive Board will determine whether to recommend to the Governing Council the adoption of amendments to the Agreement Establishing IFAD in relation to market borrowing.

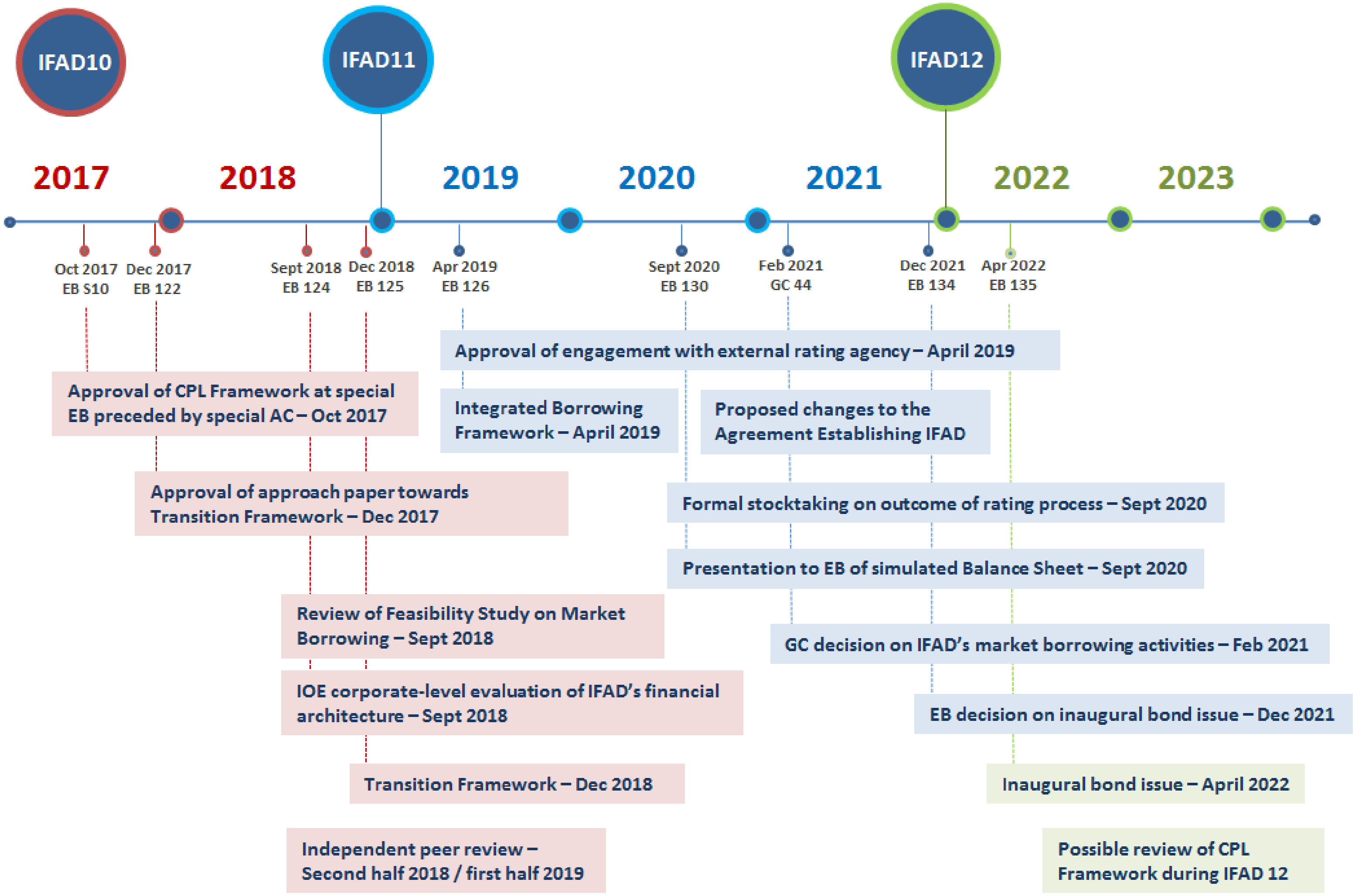
(n) In February 2021, at its 44th session, the Governing Council will decide whether to proceed with market borrowing and if so, will approve any required amendments to the Agreement Establishing IFAD in relation to such activities.

(o) At one of its sessions in 2021, the Executive Board may authorize IFAD's first market borrowing.

(p) During the IFAD12 consultations, the Executive Board may review the CPL Framework.

3. Figure 1 summarizes the steps described above, focusing on the main governance and institutional milestones.

Figure 1
Main governance and institutional milestones for IFAD's financial strategy



List of key documents provided to the IFAD11 Consultation and other reference documents made available

First session (16-17 February 2017)

IFAD11/1/R.2	IFAD at the Midterm of the Tenth Replenishment
EB 2016/118/R.7	Annual Report on Results and Impact of IFAD Operations Evaluated in 2015
IFAD11/1/R.3	Report on the status of donor contributions to the Tenth Replenishment of IFAD's Resources
IFAD11/1/R.4	Sessions, workplan and themes of the Consultation on the Eleventh Replenishment of IFAD's Resources
IFAD11/1/INF.2/Rev.1	Summary of the Chairperson: First session of the Consultation on the Eleventh Replenishment of IFAD's Resources

Intersessional meeting on mainstreaming nutrition, gender and climate (28 June 2017)

PPT	Gender, Nutrition and Climate Mainstreaming

Second session (29-30 June 2017)

IFAD11/2/R.2	Looking Ahead: IFAD in the context of the 2030 Agenda for Sustainable Development
IFAD11/2/R.3	Enhancing IFAD11 business model to deliver impact at scale
EB 2016/117/R.5 + Add.1	Corporate-level evaluation of IFAD's performance-based allocation system + Management response
EB 2016/119/R.10	Corporate-level evaluation on IFAD's decentralization experience
EB 2016/119/R.10/Add.1	Response of IFAD Management to the corporate-level evaluation on IFAD's decentralization experience
IFAD11/2/PPT	Findings of the Office of Audit and Oversight on the recent audit work on IFAD Country Offices
IFAD11/2/R.4/Rev.1	Enhancing the relevance of IFAD's operations to country context
IFAD11/2/R.6	Review of IFAD's Debt Sustainability Framework (DSF) and proposal on future approach
IFAD11/2/R.7/Rev.3	Draft resolution on the Eleventh Replenishment of IFAD's Resources

IFAD11/2/INF.2/Rev.1	Summary of the Chairperson: Second session of the Consultation on the Eleventh Replenishment of IFAD's Resources

Intersessional meeting on country demand and IFAD delivery capacity, including in fragile situations (18 October 2017)

Discussion paper	Country Demand and IFAD's Capacity to Deliver, including in Fragile Situations

Third session (19-20 October 2017)

EB 2017/121/R.9+ Add.1	2017 Annual Report on Results and Impact of IFAD Operations + Management response
EB 2017/121/R.10 + Add.1	Report on IFAD's Development Effectiveness + IOE comments
IFAD11/3/R.2	Report on the IFAD11 Results Management Framework
IFAD11/3/R.3	Financial Framework and Scenarios for IFAD11
IFAD11/3/R.4	Mainstreaming of climate, gender, nutrition and youth
IFAD11/3/R.5	IFAD11 – Leveraging partnerships for country-level impact and global engagement
IFAD11/3/R.6	Draft Report on the Eleventh Replenishment of IFAD’s Resources
IFAD11/3/R.7	Draft resolution on the Eleventh Replenishment of IFAD's Resources

Fourth session (14-15 December 2017)

IFAD11/4/R.2	Draft Report on the Eleventh Replenishment of IFAD’s Resources
IFAD11/4/R.3	Draft resolution on the Eleventh Replenishment of IFAD's Resources and Draft resolution on Market Borrowing

Fifth session (12 February 2018)

IFAD11/5/R.2	Report on the Eleventh Replenishment of IFAD’s Resources, including the draft resolution on the Eleventh Replenishment of IFAD's Resources and the draft resolution on Market Borrowing

Draft resolution on the Eleventh Replenishment of IFAD's Resources

Resolution ___/XLI
Eleventh Replenishment of IFAD's Resources

The Governing Council of IFAD,

Recalling the relevant provisions of the Agreement Establishing the International Fund for Agricultural Development (the Agreement), in particular articles 2 (Objective and Functions), 4.1 (Resources of the Fund), 4.3 (Additional Contributions), 4.4 (Increases in Contributions), 4.5 (Conditions Governing Contributions), 4.6 (Special Contributions) and 7 (Operations), as well as Governing Council Resolution 77/2 (1977), as amended by Resolution 86/XVIII (1995) (Delegation of Powers to the Executive Board);

Further recalling Governing Council Resolution 195/XL (2017) on the establishment of the Consultation on the Eleventh Replenishment of IFAD's Resources, whereby the fortieth session of the Governing Council**,** in accordance with article 4.3 of the Agreement, set the Consultation the task of reviewing the adequacy of the Fund's resources and reporting to the Governing Council, and, recalling in particular, the requirement for the Consultation to submit a report on the results of its deliberations and any recommendations thereon to the forty-first session and, if required, subsequent sessions of the Governing Council, with a view to adopting such Resolutions as may be appropriate;

Having considered that for the purpose of reviewing the adequacy of the Fund's resources, account has been taken of the urgent need to increase the flow of external resources to implement IFAD's mandate of addressing rural poverty eradication, food security, and sustainable agriculture, particularly on concessional terms, as well as the Fund's special mandate and operational capacity to effectively channel additional resources to eligible Members;

Having further considered the announcements of Members' intentions to make additional contributions to the resources of the Fund, including increased contributions to compensate the Fund for its debt forgiveness commitments under the Debt Sustainability Framework (DSF);

Having noted the request of the Governing Council "to continue to explore the scope for increasing financing from non-donor resources, including market-based mechanisms, and to submit any proposals that may result from such exploration to the Executive Board for approval" (Governing Council Resolution 122/XXIV);

Having taken into account and agreed on the conclusions and recommendations of the Report of the Consultation on the Eleventh Replenishment of IFAD's Resources (GC 41/L.3) (the Eleventh Replenishment Report) regarding the need and desirability of additional resources for the operations of the Fund; and

Acting in accordance with article 4.3 of the Agreement;

Hereby decides:

I. The level of replenishment and call for additional contributions

1. **Available resources.** The Fund's available resources at the end of the Tenth Replenishment period, together with the funds to be derived from operations or otherwise accruing to the Fund, other than borrowed funds, during the three-year period commencing 1 January 2019 (the replenishment period), are estimated at US$ 2.43 billion.

2. **Call for additional contributions.** Taking into account the conclusions and recommendations of the Eleventh Replenishment Report regarding the need and desirability of additional resources for the operations of the Fund, Members are hereby invited to make additional contributions to the resources of the Fund as defined in article 4.3 of the Agreement (additional contributions) in accordance with the terms set forth below. Additional contributions shall consist of:

   (a) Core contributions,

   (b) DSF compensation contributions,

   (c) Unrestricted complementary contributions, and

   (d) The grant element of any concessional partner loan,

   each of which is further defined in paragraph 5 of this Resolution.

   As used in this Resolution, the term "concessional partner loan" shall mean a loan provided by a Member State or one of its state-supported institutions, which includes a grant element for the benefit of the Fund and is otherwise consistent with the Concessional Partner Loan Framework approved by the Executive Board; and the term "state-supported institution" shall include any state-owned or state-controlled enterprise and development finance institution of a Member State, with the exception of multilateral institutions.

3. **Target for additional contributions**. The target for additional contributions, including core contributions, unrestricted complementary contributions and the grant element of any concessional partner loan, during the Eleventh Replenishment (the Replenishment) is set at the amount of US$1.2 billion in order to support a target programme of loans and grants of US$3.5 billion (in all cases, the allocation being determined through the performance-based allocation system).

4. **Pledges.** The Fund acknowledges the announcements of the Members' intentions to make additional contributions as set out in annex XI to the Eleventh Replenishment Report. Members who have not yet formally announced their contributions are invited to do so, preferably no later than the last day of the six-month period following the adoption of this Resolution. The President shall communicate a revised annex XI to the Eleventh Replenishment Report to all Members of the Fund no later than 15 days after the above-mentioned date.

II. Contributions

5. **Additional contributions.** During the replenishment period, the Fund shall accept additional contributions from any Member State as follows:

   (a) Such Member State's **core contribution** to the resources of the Fund;

   (b) Such Member State's **DSF compensation contribution** made in accordance with the recommendations set forth in paragraph 6 of this Resolution and the details provided in annex VI entitled "DSF compensation methodology and amounts by List and country for IFAD10, IFAD11 and IFAD12" of the "Report of the Consultation on the Eleventh Replenishment of IFAD's Resources";

   (c) Any **unrestricted complementary contribution** from such Member State; and

(d) The **grant element of any concessional partner loan**.

6. **DSF compensation contributions**. In relation to paragraph 5(b) of this Resolution, the Member States' commitment to compensate the Fund for principal foregone as a result of DSF implementation is reaffirmed. Such compensation shall be made in the amount of US$39.5 million in respect of this replenishment period and shall be paid in accordance with the list of DSF compensation shares for Member States set forth in the annex referred to in paragraph 5(b) above. In addition, it is affirmed that the Fund be further compensated for net losses in interest and service charges incurred as a result of the provision of DSF financing. In particular:

(a) Consistent with practice at other international financial institutions (IFIs), the pay-as-you-go principle approved by the Executive Board in April 2007 shall be applied in respect of DSF compensation contributions;

(b) DSF beneficiary countries are excluded from the requirement to make a DSF compensation contribution in addition to other forms of additional contributions made on a pay-as-you-go basis;

(c) A minimum threshold is established below which a DSF compensation contribution from a Member State is not required if the amounts payable by such Member State are deemed too low. A minimum threshold of US$10,000 is to be applied to List C Member States;

(d) Adjustments made as a result of subparagraphs (b) and (c) shall be redistributed to other Member States making a DSF compensation contribution in order to finance the gap;

(e) New Member States, having no requirement to make a DSF compensation contribution in respect of replenishment periods during which such Member States made no pledges of additional contribution, are encouraged to make a DSF compensation contribution despite the absence of such a requirement; notwithstanding the foregoing, such contributions shall not be taken into account in determining Member State DSF compensation shares;

(f) With the exception of additional contributions received by the Fund in the form of the grant element of a concessional partner loan or an unrestricted complementary contribution, any additional contribution made by a Member State shall, in the first instance, be applied by the Fund in full or partial satisfaction of such Member State's DSF compensation share. Following satisfaction in full of such Member State's DSF compensation share, any remaining amounts of the additional contribution received shall be allocated by the Fund as such Member State's core contribution. The Fund shall apply the foregoing principal notwithstanding any allocations to the contrary that such Member State may have made in connection with the payment of its additional contribution; and

(g) Income foregone (in the form of interest and service charges) as a result of the Fund's extension of DSF grants shall be offset by an upfront volume reduction on DSF grants. Such volume reduction shall be implemented by means of a modified volume approach mechanism established at a 5 per cent discount rate and re-distributed as determined by IFAD Management, taking into consideration the practices of other IFIs and the long-term financial viability of the Fund.

7. **Conditions governing additional contributions**

(a) Each Member State shall receive commensurate contribution votes with respect to its core contribution, DSF compensation contribution and the grant element of any concessional partner loan, in accordance with article 6.3 of the Agreement, but shall not receive any votes with respect to its unrestricted complementary contribution;

(b) Core contributions, DSF compensation contributions and the grant element of any concessional partner loan shall be made without restriction as to their use;

(c) During the replenishment period, the Fund shall accept unrestricted complementary contributions, which shall be made with no restrictions as to the form of financing (loans and grants) but may be made in order to support thematic operations, including mainstreaming climate and nutrition. The Executive Board shall have the authority to approve the use of unrestricted complementary contributions for thematic operations not identified in the Resolution, when the Governing Council is not in session; and

(d) In conformity with article 4.5(a) of the Agreement, additional contributions shall be refunded to contributing Members only in accordance with article 9.4 of the Agreement.

8. **Special contributions**

(a) During the replenishment period, the Executive Board may accept, on behalf of the Fund, unrestricted contributions to the resources of the Fund from non-Member States or other sources (special contributions).

(b) The Executive Board may consider adopting measures to enable the participation of the contributors of special contributions in its meetings on an ad hoc basis, provided that these measures have no consequences for the governance of the Fund.

9. **Denomination of contributions.** Members shall denominate their contributions in:

(a) Special drawing rights (SDR);

(b) A currency used for the valuation of the SDR; or

(c) The currency of the contributing Member if such currency is freely convertible and the Member did not experience, in the period from 1 January 2015 to 31 December 2016, a rate of inflation in excess of 10 per cent per annum on average, as determined by the Fund.

10. **Exchange rates.** For the purposes of paragraph 4 of this Resolution, commitments and pledges made under this Resolution shall be valued on the basis of the average month-end exchange rate of the International Monetary Fund over the six-month period preceding the adoption of this Resolution between the currencies to be converted into United States dollars (1 April-30 September 2017), rounded to the fourth decimal point.

11. **Unpaid contributions.** Those Members who have not yet completed payment of their previous contributions to the resources of the Fund and who have not yet deposited an instrument of contribution or paid their contribution for the Tenth Replenishment are urged to make the necessary arrangements. Upon proposals by the President, the Executive Board shall adopt measures aimed at achieving the settlement of unpaid contributions.

12. **Increase of contribution.** A Member may increase the amount of any of its contributions at any time.

III. Instruments of contribution

13. **General clause.** A Member making contributions under this Resolution (other than in respect of the grant element of a concessional partner loan) shall deposit with the Fund, preferably no later than the last day of the six-month period following

the adoption of this Resolution, an instrument of contribution, formally committing to make additional contributions to the Fund in accordance with the terms of this Resolution and specifying the amount of its contribution in the applicable currency of denomination. Any Member State or one of its state-supported institutions providing a concessional partner loan under this Resolution shall enter into a concessional partner loan agreement with the Fund, preferably no later than the last day of the six-month period following the adoption of this Resolution, but in any event not until the relevant Member State has deposited an instrument of contribution or made payment for the amount of its core contribution required under the terms of the framework for concessional partner loans approved by the Executive Board.

14. **Unqualified contributions.** Except as specified in paragraph 15 of this Resolution, any instrument of contribution deposited in accordance with paragraph 13 shall constitute an unqualified commitment by the concerned Member to pay its contribution in the manner and on the terms set forth in this Resolution, or as otherwise approved by the Executive Board. For the purpose of this Resolution, such contribution shall be referred to as an "unqualified contribution".

15. **Qualified contributions.** As an exceptional case, where an unqualified commitment cannot be given by a Member due to its legislative practice, the Fund may accept from that Member an instrument of contribution that expressly contains the qualification that payment of all instalments of its payable contribution, except for the first one, is subject to subsequent budgetary appropriation. Such an instrument of contribution shall, however, include an undertaking by the Member to exercise its best efforts to: (i) arrange such appropriation for the full amount specified by the payment dates indicated in paragraph 20(b) of this Resolution, and (ii) notify the Fund as soon as the appropriation relative to each instalment is obtained. For the purpose of this Resolution, a contribution in this form shall be referred to as a "qualified contribution", but shall be deemed to be unqualified to the extent that appropriation has been obtained and notified to the Fund.

IV. Effectiveness

16. **Effectiveness of the Replenishment.** The Replenishment shall come into effect on the date upon which instruments of contribution or payments made without an instrument of contribution relating to the additional contributions from Members referred to in section II (Contributions) of this Resolution have been deposited with or received by the Fund in an aggregate amount equivalent to at least 50 per cent of the pledges as communicated by the President to Members pursuant to paragraph 4 of this Resolution.

17. **Effectiveness of individual contributions.** Instruments of contribution deposited and acknowledged by IFAD as a validly executed instrument, on or before the effective date of the Replenishment shall take effect on that date. Instruments of contribution deposited and/or acknowledged by IFAD as a validly executed instrument subsequent to the effective date of the Replenishment shall become effective as of the date of such acknowledgement.

18. **Availability for commitment.** As of the effective date of the Replenishment, all additional contributions paid to the resources of the Fund shall be considered available for operational commitment under article 7.2(b) of the Agreement and other relevant policies of the Fund.

V. Advance contribution

19. Notwithstanding the provisions of section IV (Effectiveness) of this Resolution, all contributions or parts thereof paid prior to the effective date of the Replenishment may be used by the Fund for its operations, in accordance with the requirements of the Agreement and relevant policies of the Fund, unless a Member specifies

otherwise in writing. Any loan and grant commitments made by the Fund on the basis of such advance contributions shall for all purposes be treated as part of the Fund's operational programme before the effective date of the Replenishment.

VI. Payment of contributions

20. **Unqualified contributions**

(a) **Payment of instalments.** Each contributing Member shall, at its option, pay its unqualified contribution in a single sum or in two or a maximum of three instalments within the replenishment period. Instalment payments in respect of each unqualified contribution may, at the option of the Member, be made either in equal amounts or in progressively graduated amounts, with the first instalment amounting to at least 30 per cent of the contribution, the second instalment amounting to at least 35 per cent and the third instalment, if any, covering the remaining balance.

(b) **Payment dates**

(i) **Single-sum payment**. Payment in a single sum shall be due on the sixtieth day after the Member's instrument of contribution enters into effect.

(ii) **Instalment payments**. Payments in instalments shall be made according to the following schedule: the first instalment shall be due on the first anniversary of the adoption of this Resolution; the second instalment shall be due on the second anniversary of the adoption of this Resolution and any further instalment shall be due no later than the third anniversary of the adoption of this Resolution. However, if the date of effectiveness has not occurred by the first anniversary of the adoption of this Resolution, the first payment shall be due on the sixtieth day after the Member's instrument of contribution enters into effect; the second instalment shall be due on the first anniversary of the effective date of the Replenishment and any further instalment shall be due on the earlier of the third anniversary of the effective date of the Replenishment or the last day of the replenishment period..

(c) **Early payment.** Any Member may pay its contribution on dates earlier than those specified in paragraph 20(b) above.

(d) **Alternative arrangements.** The President may, upon the request of a Member, agree to a variation in the prescribed payment dates, percentages, or number of instalments of the contribution, provided that such a variation shall not adversely affect the operational needs of the Fund.

21. **Qualified contributions.** Qualified contributions shall be paid within 90 days after the Member's instrument of contribution enters into effect, as and to the extent that the relative contribution becomes unqualified and, where possible, in accordance with the payment dates specified in paragraph 20(b) of this Resolution. A Member who has deposited an instrument of contribution for a qualified contribution shall inform the Fund of the status of the qualified instalment of its contribution no later than 30 days after the annual payment dates specified in paragraph 20(b) of this Resolution.

22. **Currency of payment**

(a) Contributions shall be made in freely convertible currencies, subject to paragraph 9 of this Resolution.

(b) In accordance with article 5.2(b) of the Agreement, the value of the currency of payment in terms of SDR shall be determined on the basis of the rate of exchange used by the Fund for translation purposes in its books of account at the time of payment.

23. **Mode of payment.** In conformity with article 4.5(c) of the Agreement, payments in respect of contributions shall be made in cash or in the form of the grant element of a concessional partner loan or, at the option of the Member, by the deposit of non-negotiable, irrevocable and non-interest bearing promissory notes or similar obligations of the Member, payable on demand by the Fund at their par value in accordance with the terms of paragraph 24 of this Resolution. To the extent possible, Members may favourably consider payment of their core contributions, DSF compensation contributions and unrestricted complementary contributions in cash.

24. **Encashment of promissory notes or similar obligations.** In conformity with the provisions of article 4.5(c)(i) of the Agreement and regulation V of the Financial Regulations of IFAD, promissory notes or similar obligations of Members shall be encashed in accordance with the drawdown policy to be approved by the Executive Board or as agreed between the President and a contributing Member.

25. **Payment modalities.** At the time of depositing its instrument of contribution, each Member shall indicate to the Fund its proposed schedule and mode of payment on the basis of the arrangements set forth in paragraphs 20 to 23 of this Resolution.

VII. Allocation of Replenishment Votes

26. **Creation of Replenishment Votes.** New Replenishment Votes shall be created in respect of core contributions, DSF compensation contributions and the grant element of any concessional partner loan provided under the Eleventh Replenishment (Eleventh Replenishment Votes). The total amount of Eleventh Replenishment Votes shall be calculated by dividing by US$1,580,000 the total amount of pledges of core contributions, DSF compensation contributions and the grant element of any concessional partner loan, in each case received as of six months after the date of adoption of this Resolution.

27. **Distribution of Replenishment Votes.** The Eleventh Replenishment Votes thus created shall be distributed in accordance with article 6.3(a)(ii) and (iii) of the Agreement as follows:

   (a) **Membership votes.** Membership votes shall be distributed equally among all Members in conformity with article 6.3(a)(ii)(A) of the Agreement.

   (b) **Contribution votes.** In conformity with article 6.3(a)(ii)(B) of the Agreement, contribution votes shall be distributed among all Members in the proportion that each Member’s paid up core contribution, DSF compensation contribution and the grant element of any concessional partner loans made by such Member or its state-supported institution bear to the aggregate of the paid core contributions, DSF compensation contributions and the grant element of all concessional partner loans, as specified in section II (Contributions) of this Resolution.

   (c) The allocation and distribution of the original, Fourth Replenishment, Fifth Replenishment, Sixth Replenishment, Seventh Replenishment, Eighth Replenishment, Ninth Replenishment and Tenth Replenishment Votes shall continue irrespective of the entry into force of this Resolution.

28. **Effectiveness of Replenishment Votes.** The distribution of the Eleventh Replenishment Votes, as specified above, shall enter into effect six months after the adoption of this Resolution. The President shall communicate the fact of the distribution of the Eleventh Replenishment membership and contribution votes to all Members of the Fund no later than 15 days after such date, and shall report such information to the Governing Council at its forty-second session.

VIII. Additional resource mobilization

29. **Borrowing by the Fund**

(a) **Purpose of borrowing.** While recognizing that replenishment contributions are, and should remain, the basic source of the Fund's financing, the Governing Council welcomes and supports the Fund’s intention to leverage a more diversified set of resources including loans from Member States and related State-Supported Institutions under the Sovereign Borrowing Framework and the Concessional Partner Loan Framework during the replenishment period and potentially, at a later stage, market borrowing.

(b) **Borrowing framework**. The Executive Board has established a Sovereign Borrowing Framework for Borrowing from Sovereign States and State-Supported Institutions (EB 2015/114/R.17/Rev.1) and shall revise it as appropriate to ensure consistency with this Resolution. In line with such framework, Management shall continue to inform the Executive Board of all formal negotiations undertaken with potential lenders, including the relevant due diligence undertaken and financial information obtained, in order to fulfil the target of the programme of loans and grants set forth in paragraph 3 of this Resolution.

(c) **Concessional partner loans**. Concessional partner loans shall be provided in accordance with the terms of the Concessional Partner Loan Framework approved by the Executive Board.

(d) **Market borrowing**. With respect to borrowing from capital markets, the Governing Council supports the Fund as it undertakes the preparatory work required to assess the feasibility, financial sustainability and consequences of the potential implementation of a market borrowing programme, including as regards the credit ratings process. Such support is expressed in a separate draft resolution (the Resolution on Market Borrowing) transmitted, upon recommendation of the Consultation, to the Governing Council for adoption at its forty-first session.

(e) **Limitation of liability**. In relation to subparagraphs (a) to (d), it is recalled, for the avoidance of doubt, that article 3.3 of the Agreement provides that: "No Member shall be liable, by reason of its membership, for acts or obligations of the Fund."

30. **Cofinancing and miscellaneous operations**

During the replenishment period, the Executive Board and the President are encouraged to take necessary measures to strengthen the Fund’s catalytic role in raising the proportion of national and international funding directed at improving the well-being and self-reliance of rural poor people, and to supplement the resources of the Fund by using the Fund’s power to perform financial and technical services, including the administration of resources and acting as trustee, that are consistent with the objective and functions of the Fund. Operations involved in the performance of such financial services shall not be funded by resources of the Fund.

IX. Reporting to the Governing Council

31. The President shall submit to the forty-second session of the Governing Council and to subsequent sessions, reports on the status of commitments, payments, and other relevant matters concerning the Replenishment. The reports shall be submitted to the Governing Council together with the Executive Board’s comments, if any, and its recommendations thereon.

X. Review by the Executive Board

32. The Executive Board shall periodically review the status of contributions under the Replenishment and shall take such actions, as may be appropriate, for the implementation of the provisions of this Resolution.

33. If, during the replenishment period, delays in the making of any contributions cause, or threaten to cause, a suspension in the Fund's lending operations or otherwise prevent the substantial attainment of the goals of the Replenishment, upon the request of the Executive Board the Chairperson of the Governing Council may convene a meeting of the Consultation established by Resolution 195/XL (2017) to review the situation and consider ways of fulfilling the conditions necessary for the continuation of the Fund's lending operations or for the substantial attainment of those goals.

XI. Midterm review

34. A midterm review of the implementation of the measures and actions referred to in the Eleventh Replenishment Report will be undertaken and its findings presented at a meeting of the Consultation on the Twelfth Replenishment of IFAD's Resources.

XII. Amendment to the Agreement Establishing IFAD

35. The Governing Council notes that in order to give effect to the determination that the Fund may accept contributions in the form of the grant element of concessional partner loans, an amendment to article 4, section 5 of the Agreement Establishing IFAD (the Agreement) is required. Such amendment has been incorporated in a separate draft resolution (the Resolution on the Amendment to the Agreement Establishing IFAD) approved by the Executive Board at its 122nd session, and transmitted to the Governing Council for adoption at its forty-first session, in accordance with article 12 of the Agreement Establishing IFAD. The effectiveness of the Resolution on the Eleventh Replenishment of IFAD's Resources shall be conditional on the adoption of the Resolution on the Amendment to the Agreement Establishing IFAD.

Draft resolution on Market Borrowing

Resolution ___/XLI
Market Borrowing

The Governing Council of IFAD,

Reaffirming the support for the Fund that the Member States have manifested on the occasion of the Eleventh Replenishment of IFAD's Resources by undertaking to provide the Fund with the core resources that it requires in the pursuit of its mandate;

Recalling the request of the Governing Council "to continue to explore the scope for increasing financing from non-donor resources, including market-based mechanisms, and to submit any proposals that may result from such exploration to the Executive Board for approval" (Governing Council Resolution 122/XXIV);

Confirming the Fund's intention and ability, as an international financial institution, to leverage a more diversified set of resources by borrowing from Member States and other sources;

Acknowledging that, in the process leading to a decision of whether to proceed with market borrowing by the Fund, a review of some of the Fund's basic documents, including the Agreement Establishing IFAD, and fundamental policies, and the taking of other steps, including an assessment of the Fund's creditworthiness by international rating agencies, will be required;

Endorsing the Fund's plan to carry out such review and other steps during the IFAD11 replenishment period;

Acting upon the conclusions and recommendations of the Report of the Consultation on the Eleventh Replenishment of IFAD's Resources (GC 41/L.3) and having adopted the resolution on the Eleventh Replenishment of IFAD's Resources annexed to such Report (Governing Council Resolution __/XLI);

Hereby decides to:

1. Request that the President take all steps necessary to initiate the process leading to a decision on whether to proceed with market borrowing, with the Executive Board being consulted at every stage of the process during the IFAD11 replenishment period. Following a review of the results of a feasibility study to be conducted by the Fund, the Executive Board shall successively consider the results of an internal rating assessment which will include an independent external review, as well as the initiation and the outcome of the formal rating process by rating agencies. The Executive Board shall also consider new or revised policies as may be needed to adapt or strengthen IFAD's financial framework, with appropriate transmittals to the Governing Council where required.

2. Agree that the Consultation on the Twelfth Replenishment of IFAD's Resources in 2020 consider progress made by IFAD in preparing for the possibility of market borrowing and decide upon the Fund's readiness to proceed with, and the appropriateness of undertaking, market borrowing, with its conclusions being included in the final replenishment report that will be submitted to the Governing Council in February 2021 for endorsement.

3. Agree that, in the event that the Consultation on the Twelfth Replenishment of IFAD's Resources deems the Fund to be ready to proceed with market borrowing, the Consultation also consider, and if appropriate, endorse a proposal to amend the Agreement Establishing IFAD in order to confirm and otherwise render effective, for the information of potential lenders and bond investors, the Fund's power to engage in market activities, and address any necessary changes in governance to

conform to similar international financial institutions. Such proposal shall be considered by the Executive Board at its session in December 2020 and transmitted, with the Executive Board's recommendation, to the Governing Council for adoption at the February 2021 session.

Pledging guidelines and Members' contribution pledges to IFAD11

I. Overview

1. This annex provides guidance on the pledging process and records Members' contribution pledges. Pledges received are recorded in appendix III of this annex.

2. The deliberations of the Consultation on the Eleventh Replenishment of IFAD's Resources (IFAD11) were carried out throughout 2017. At the fourth and last session, on 14-15 December 2017, Member States are invited to agree on the targets for IFAD11 replenishment contributions, and the IFAD11 programme of loans and grants, and to announce their pledges.

II. Making a pledge

3. **A pledge is the communication of a Member's intention to contribute to IFAD's replenishment**. Pledges may be verbally announced at the Fund's Governing Council, Executive Board or Replenishment Consultation sessions, or communicated in writing by an authorized representative of a Member State. **Members are invited to formally announce their contributions, preferably no later than the last day of the six-month period following the adoption of the IFAD11 Resolution**.

4. For IFAD11, Member States may pledge to the following categories of additional contributions to the Fund:

   (a) **Core contributions**.
   These yield contribution voting rights and constitute the majority of the Fund's resources. Core contributions are allocated to IFAD's programme of loans and grants through the performance-based allocation system (PBAS). Core contributions remain IFAD's preferred option for replenishment, as they ensure long-term sustainability and form the core of IFAD's governance.

   (b) **Debt Sustainability Framework (DSF) compensation contributions.**
   These compensate IFAD for forgone principal reflows under the Debt Sustainability Framework. DSF contributions yield contribution voting rights and are made in addition to core and unrestricted complementary contributions (see below). DSF contributions are not included in the replenishment target. If a specific DSF pledge is not made, Members' core contributions will be used to cover DSF obligations first, with any residual balance being considered as core replenishment contribution. Information on the total amount of DSF principal repayments due and calculation of DSF shares are shown in annex VI.

   (c) **Unrestricted complementary contributions (UCCs).**
   UCCs do not yield voting rights and do not trigger separate financial reporting. They are called "unrestricted" because contributing Members may not impose restrictions as to: (a) their use by IFAD as loans or as grants; or (b) their use for any category of developing Member States. The earmarking of UCCs for thematic activities is allowed if such activities are identified in the IFAD11 Resolution or later approved by the Governing Council or the Executive Board (when the Governing Council is not in session). Under the IFAD11 Resolution, UCCs may be contributed to support climate and nutrition mainstreaming and will be allocated through the PBAS formula.

   (d) **Grant element of a concessional partner loan.**
   A concessional partner loan is a loan provided by a Member State or a state-supported institution, which includes a grant element for the benefit of the Fund and is otherwise consistent with the Concessional Partner Loan

Framework approved by the Executive Board. The term "state-supported institution" includes any state-owned or state-controlled enterprise or development finance institution of a Member State with the exception of multilateral institutions. Concessional partner loans will be provided in accordance with the terms of the CPL Framework approved by the Executive Board (EB 2017/S10/R.2) and incorporated in this report as annex V. Member States providing CPLs (directly or through a state-supported institution) will be expected to provide core contributions equal to at least 80 per cent of a minimum grant contribution benchmark and target a total grant equivalent contribution (which includes core contribution and the grant element of the CPL) to at least their minimum grant contribution benchmark. The minimum grant contribution benchmark will be equal to 100 per cent of the average core contribution in local currency of the preceding two replenishment periods (for IFAD11, it would be the average of IFAD9 and IFAD10 contributions). It is worth noting that a Member providing a CPL is required to deposit its instrument of contribution (IOC) for the amount of its core contribution before entering into a CPL agreement with IFAD. **All donors considering concessional partner loans are kindly requested to discuss details of such loans with Management in advance of the pledging session to ensure that the loans meet the agreed-upon criteria. Additional information on pledging for CPLs is provided in appendix I of this annex.**

5. **New votes**. **Pledges are important for the creation of new replenishment votes in respect of core contributions, DSF compensation contributions and the grant element of any CPL**. The total amount of new votes shall be calculated by dividing by US$1,580,000 the total amount of pledges of core contributions, DSF compensation contributions and the grant element of any concessional partner loan, in each case received as of six months after the date of adoption of the IFAD11 Resolution.

6. **Pledges are non-binding and should therefore be supported by either an instrument of contribution (IOC) or a direct payment in full from a Member State.** An IOC specifies the amount of a Member State's contribution under the terms and conditions of the replenishment resolution and it is legally binding. The IOC also specifies the terms of contribution (category of contribution, form of payment, contingency of contributions, if applicable, number of instalments and timetable).

7. **The deposit of Member States' instruments of contribution is important for triggering the effectiveness of the replenishment.** Replenishment effectiveness is only reached when the aggregate United States dollar equivalent amount of IOCs deposited with, or payments received by, the Fund represents at least 50 per cent of the pledges received as of six months after the adoption of the IFAD11 Resolution. The resources under any given replenishment become available for commitment only when the replenishment becomes effective.

8. For further information on contributing to the Eleventh Replenishment of IFAD's Resources, contact Luis Jiménez-McInnis, Director, Partnership and Resource Mobilization Office (l.jimenez-mcinnis@ifad.org; tel.: +39 06 5459 2705).

Pledging of concessional partner loans

1. **Pledging for concessional partner loans**. While pledging of core contributions, DSF contributions and UCCs is relatively straightforward, pledging of a concessional partner loan is more complex. In order to facilitate the swift and accurate recording of CPLs, donors intending to make verbal pledges of CPLs during the fourth session of the IFAD11 Consultation are asked to also complete the pledging form for CPLs (see below).

2. Donors are encouraged to provide Management with a copy of the completed pledging form **before** the session, especially if a custom encashment schedule is required. The draft pledging form will remain strictly confidential until announced by the donor. Donors may also present a copy of the completed pledging form at the session. Donors and IFAD Management will need to verify all CPL pledges before the session ends and confirm whether they are aligned with the CPL Framework.

3. Donors are asked to announce their CPL pledges following the guidelines below:

   (a) **CPL currency:** Please indicate the currency of the CPL. This is the currency in which the CPL will be paid. Donors can choose one of the five SDR basket currencies: euro (EUR), British pound sterling (GBP), Japanese yen (JPY), Chinese yuan (CNY) or United States dollar (US$). The SDR equivalent will be based on the reference exchange rate for IFAD11.

   (b) **CPL amount:** Please indicate the total amount of the CPL in the chosen currency.

   (c) **CPL grace period and maturity:** There are two possible options for donors. Donors can select a CPL with: (i) a 5-year grace period and 25-year maturity (5-25); or (ii) a 10-year grace period and 40-year maturity (10-40).

   (d) **CPL coupon/interest rate** (in loan currency): Please indicate the CPL interest rate in loan currency.[110]

   (e) **CPL drawdown period**: Please indicate the number of years over which the CPL will be drawn down (one, two or three years).

4. If further assistance is needed in calculating CPL pledges, including, for example, using a burden-sharing approach, please contact IFAD's Treasury team at ppl@ifad.org. A sample form for a CPL pledge is provided in appendix I below as a guide.

[110] If the CPL coupon rate is higher than the maximum coupon rate specified in the CPL Framework, the donor's grant contributions will need to include sufficient additional resources beyond the 80 per cent minimum defined by the Framework to: lower the coupon rate on the CPL; or provide a larger loan size if the maximum CPL rate under the Framework is negative in the currency of the CPL.

International Fund for Agricultural Development

IFAD11 pledging form for a concessional partner loan (CPL)

only to be completed if applicable

1. **CPL currency**

Enter US$, GBP, JPY, RMB, or EUR

2. **CPL amount**

Enter amount (in millions)

3. **CPL grace period and maturity**

Enter either 5-25 or 10-40

4. **CPL coupon/interest rate in CPL currency***

Enter rate

5. **CPL drawdown period in years**

Enter 1, 2 or 3 years

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* If the CPL coupon rate is higher than the maximum coupon rate specified in the CPL Framework, please indicate the arrangements made to meet the Framework (e.g. additional grant resources to lower the coupon rate or a larger loan size if the maximum CPL rate under the Framework is negative in the currency of the CPL). Management will confirm whether the arrangements are aligned with the CPL Framework.

Draft pledge letter

Mr President,

I am pleased to inform you that the Government of [name of country] intends to make a contribution to the Eleventh Replenishment of IFAD's Resources (IFAD11):

Contribution

The contribution will be (delete if not applicable):

- A core contribution of:

  [*amount in US$ or other currency*]

- Debt Sustainability Framework (DSF) compensation of:

  [*amount in US$ or other currency]*

- An unrestricted complementary contribution (UCC) of:

  [*amount in US$ or other currency*]

  For: climate/gender/youth/nutrition (delete as applicable)

Payment

It is our intention to (tick as appropriate):

(a)	Make a single upfront payment	☐
(b)	Submit an instrument of contribution confirming the amount of the contribution, the form of payment, and the number of instalments and timetable.	☐

Concessional partner loan (delete if not applicable)

The Government of [*name of country*] also intends to provide a concessional partner loan in the amount of [*US$ or other currency*]. Details are provided in the attached CPL pledging form.

Yours sincerely,

Members' IFAD11 contribution pledges as at 15 February 2018

Member State	*Core contributions in US$* [a]	*DSF contributions in US$* [a]	*Unrestricted complementary contributions in US$* [a]	*Grant element of CPL in US$* [a]	*Total amount in US$* [a]	*Currency of contribution* [b]	*Total contribution in currency of contribution*	*Equivalent in SDR* [c]
Afghanistan						US$		
Albania						US$		
Algeria						US$		
Angola	1 925 193	74 807			2 000 000	US$	2 000 000	1 432 000
Antigua and Barbuda						US$		
Argentina						US$		
Armenia						US$		
Austria [d]	17 701 916	661 450			18 363 365	EUR	16 000 000	13 148 169
Azerbaijan						US$		
Bahamas (The)						US$		
Bangladesh	1 476 377	23 623			1 500 000	US$	1 500 000	1 074 000
Barbados						US$		
Belgium						EUR		
Belize						US$		
Benin						US$		
Bhutan	30 000				30 000	US$	30 000	21 480
Bolivia (Plurinational State of)						US$		
Bosnia and Herzegovina						US$		
Botswana	135 000				135 000	US$	135 000	96 660
Brazil						US$		
Burkina Faso	125 000				125 000	US$	125 000	89 500
Burundi						US$		
Cambodia	450 000				450 000	US$	450 000	322 200
Cameroon	1 160 628	39 372			1 200 000	US$	1 200 000	859 200
Canada	55 088 461	2 871 353			57 959 815	CAD	75 000 000	41 499 227
Cabo Verde	20 000				20 000	US$	20 000	14 320
Central African Republic						US$		
Chad	300 000				300 000	US$	300 000	214 800
Chile						US$		
China [i]	80 133 816	866 184			81 000 000	CNY	546 466 500	57 996 000
Colombia						US$		

Member State	*Core contributions in US$* [a]	*DSF contributions in US$* [a]	*Unrestricted complementary contributions in US$* [a]	*Grant element of CPL in US$* [a]	*Total amount in US$* [a]	*Currency of contribution* [b]	*Total contribution in currency of contribution*	*Equivalent in SDR* [c]
Comoros						US$		
Congo						US$		
Cook Islands						US$		
Costa Rica						US$		
Côte d'Ivoire	100 000				100 000	US$	100 000	71 600
Croatia						US$		
Cuba	59 254				59 254	US$	59 254	42 426
Cyprus	60 000				60 000	US$	60 000	42 960
Democratic People's Republic of Korea						US$		
Democratic Republic of the Congo						US$		
Denmark						DKK		
Djibouti						US$		
Dominica						US$		
Dominican Republic						US$		
Ecuador	150 000				150 000	US$	150 000	107 400
Egypt	2 881 884	118 116			3 000 000	US$	3 000 000	2 148 000
El Salvador	100 000				100 000	US$	100 000	71 600
Equatorial Guinea						US$		
Eritrea	40 000				40 000	US$	40 000	28 640
Estonia						US$		
Ethiopia	50 000				50 000	US$	50 000	35 800
Fiji						US$		
Finland [d]	6 166 920	719 342			6 886 262	EUR	6 000 000	4 930 564
France [d, l]	44 501 919	2 098 081		22 754 827	69 354 827	US$	69 354 827	49 658 056
Gabon	511 194	13 708			524 902	XAF	300 000 000	375 830
Gambia (The)						US$		
Georgia						US$		
Germany [d, h]			22 954 206		22 954 206	EUR	20 000 000	16 435 212
Ghana	584 251	15 749			600 000	US$	600 000	429 600
Greece						EUR		
Grenada						US$		
Guatemala						US$		
Guinea						US$		
Guinea-Bissau						US$		

Member State	*Core contributions in US$* [a]	*DSF contributions in US$* [a]	*Unrestricted complementary contributions in US$* [a]	*Grant element of CPL in US$* [a]	*Total amount in US$* [a]	*Currency of contribution* [b]	*Total contribution in currency of contribution*	*Equivalent in SDR* [c]
Guyana						US$		
Haiti						US$		
Honduras						US$		
Hungary						US$		
Iceland						US$		
India	39 015 700	984 300		4 115 227	44 115 227	US$	44 115 227	31 586 503
Indonesia	9 803 140	196 860			10 000 000	US$	10 000 000	7 160 000
Iran (Islamic Republic of)						US$		
Iraq						US$		
Ireland	8 248 156	359 671			8 607 827	EUR	7 500 000	6 163 204
Israel						US$		
Italy	63 417 439	3 149 760			66 567 198	EUR	58 000 000	47 662 114
Jamaica						US$		
Japan [d]	54 937 680	2 362 320			57 300 000	JPY	6 377 965 590	41 026 800
Jordan						US$		
Kazakhstan						US$		
Kenya [e]	1 000 000				1 000 000	US$	1 000 000	716 000
Kiribati						US$		
Kuwait [d, g]	12 527 536	472 464			13 000 000	US$	13 000 000	9 308 000
Kyrgyzstan						US$		
Lao People's Democratic Republic						US$		
Lebanon						US$		
Lesotho						US$		
Liberia						US$		
Libya						US$		
Luxembourg [e]	2 660 012	94 493	344 313		3 098 818	EUR	2 700 000	2 218 754
Madagascar	100 000				100 000	US$	100 000	71 600
Malawi						US$		
Malaysia						US$		
Maldives						US$		
Mali						EUR		
Malta						US$		
Marshall Islands						US$		
Mauritania	50 000				50 000	US$	50 000	35 800
Mauritius						US$		

Member State	*Core contributions in US$* [a]	*DSF contributions in US$* [a]	*Unrestricted complementary contributions in US$* [a]	*Grant element of CPL in US$* [a]	*Total amount in US$* [a]	*Currency of contribution* [b]	*Total contribution in currency of contribution*	*Equivalent in SDR* [c]
Mexico [d]	5 000 000				5 000 000	US$	5 000 000	3 580 000
Micronesia (Federated States of)						US$		
Mongolia	100 000				100 000	US$	100 000	71 600
Montenegro						US$		
Morocco						US$		
Mozambique	85 000				85 000	US$	85 000	60 860
Myanmar						US$		
Namibia						US$		
Nauru						US$		
Nepal	75 000				75 000	US$	75 000	53 700
Netherlands [f]	83 047 100	2 952 900			86 000 000	US$	86 000 000	61 576 000
New Zealand						NZD		
Nicaragua	150 000				150 000	US$	150 000	107 400
Niger	174 967				174 967	XAF	100 000 000	125 277
Nigeria	4 409 420	590 580			5 000 000	US$	5 000 000	3 580 000
Niue						US$		
Norway [d]	42 215 126	1 791 426			44 006 552	NOK	360 000 000	31 508 691
Oman						US$		
Pakistan	8 685 024	314 976			9 000 000	US$	9 000 000	6 444 000
Palau						US$		
Panama	200 000				200 000	US$	200 000	143 200
Papua New Guinea						US$		
Paraguay						US$		
Peru [d]	363 188	11 812			375 000	US$	375 000	268 500
Philippines						US$		
Portugal [d]						EUR		
Qatar						US$		
Republic of Korea	9 763 768	236 232			10 000 000	US$	10 000 000	7 160 000
Republic of Moldova						US$		
Romania [d]	100 000				100 000	US$	100 000	71 600
Russian Federation [d]	9 000 000				9 000 000	US$	9 000 000	6 444 000
Rwanda	100 000				100 000	US$	100 000	71 600
Saint Kitts and Nevis						US$		
Saint Lucia						US$		
Saint Vincent and the Grenadines						US$		

Member State	Core contributions in US$[a]	DSF contributions in US$[a]	Unrestricted complementary contributions in US$[a]	Grant element of CPL in US$[a]	Total amount in US$[a]	Currency of contribution[b]	Total contribution in currency of contribution	Equivalent in SDR[c]
Samoa						US$		
Sao Tome and Principe						US$		
Saudi Arabia	24 512 560	787 440			25 300 000	US$	25 300 000	18 114 800
Senegal						US$		
Seychelles						US$		
Sierra Leone						US$		
Solomon Islands						US$		
Somalia						US$		
South Africa						US$		
South Sudan						US$		
Spain						EUR		
Sri Lanka	961 589	39 411			1 001 000	US$	1 001 000	716 716
Sudan	232 518				232 518	EUR	202 593	166 483
Suriname						US$		
Swaziland						US$		
Sweden [d]	57 433 024	2 282 729			59 715 753	SEK	500 000 000	42 756 479
Switzerland [d]	41 432 385	792 126	12 358 393		54 582 904	CHF	53 000 000	39 081 359
Syrian Arab Republic						US$		
Tajikistan						US$		
Thailand	288 188	11 812			300 000	US$	300 000	214 800
The former Yugoslav Republic of Macedonia						US$		
Timor-Leste						US$		
Togo	100 000				100 000	US$	100 000	71 600
Tonga						US$		
Trinidad and Tobago						US$		
Tunisia						US$		
Turkey						US$		
Tuvalu						US$		
Uganda	150 000				150 000	US$	150 000	107 400
United Arab Emirates						US$		
United Kingdom [k, d]	71 759 831	2 559 180			74 319 010	GBP	57 077 000	53 212 411
United Republic of Tanzania						US$		
United States						US$		
Uruguay						US$		

Member State	*Core contributions in US$* [a]	*DSF contributions in US$* [a]	*Unrestricted complementary contributions in US$* [a]	*Grant element of CPL in US$* [a]	*Total amount in US$* [a]	*Currency of contribution* [b]	*Total contribution in currency of contribution*	*Equivalent in SDR* [c]
Uzbekistan						US$		
Vanuatu						US$		
Venezuela (Bolivarian Republic of)						US$		
Viet Nam						US$		
Yemen						US$		
Zambia						US$		
Zimbabwe	100 000				100 000	US$	100 000	71 600
Total replenishment	**765 950 166**	**27 492 274**	**35 656 913**	**26 870 054**	**855 969 407**			**612 874 095**

[a] Converted to US$ amount by applying the average exchange rate per the methodology in annex II of IFAD11/3/R.3/Add.1.

[b] The following abbreviations are used for currencies:

CAD: Canadian dollar	GBP: pound sterling	SDR: special drawing right
CHF: Swiss franc	JPY: Japanese yen	SEK: Swedish krona
DKK: Danish krone	NOK: Norwegian krone	US$: United States dollar
EUR: euro	NZD: New Zealand dollar	XAF: Central African CFA franc
CNY: Chinese renminbi		

[c] Converted from US$ amount by applying the average International Monetary Fund (IMF) US$/SDR exchange rate for the period 1 April to 30 September 2017.

[d] Subject to government/parliamentary approval and subject to the fulfilment of internal legal procedures.

[e] Includes an unrestricted complementary contribution of EUR 300,000 for mainstreaming nutrition.

[f] Maximum amount, subject to confirmation of the central scenario comprised of a replenishment target of US$1.2 billion and a PoLG target of US$3.5 billion.

[g] Figure presented is the maximum amount based on confirmation of high replenishment scenario.

[h] Represents an unrestricted complementary contribution for mainstreaming climate.

[i] An amount of US$10 million equivalent in CNY was announced as supplementary funds for South-South and Triangular Cooperation.

[j] Includes an unrestricted complementary contribution of CHF 12,000,000 mainstreaming climate.

[k] This amount is the same as the IFAD10 pledge, equivalent in GBP. The IFAD11 pledge is to be confirmed.

[l] The core contribution is denominated in US$. The grant element of the concessional partner loan (CPL) is reported in US$. The loan is denominated in EUR.