
Summary of the Chairperson: Intersessional meeting on the IFAD13 additional climate contributions

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Summary of the Chairperson: Intersessional meeting on the IFAD13 additional climate contributions

1. Members of the Consultation on the Thirteenth Replenishment of IFAD's Resources (IFAD13), IFAD Management and staff, and observers met virtually in an intersessional meeting of the Consultation on 21 November to discuss proposed core additional climate contributions (ACCs) with the aim of reaching a consensus on the way forward on the creation of this instrument.
2. At the opening, the Chairperson reiterated Management's proposed objectives for the creation of additional climate contributions: to mobilize additional climate-focused resources for smallholder farmers and producers; and to increase financing for all recipient Member States through IFAD's existing funding instruments, the performance-based allocation system (PBAS) and the Borrowed Resource Access Mechanism (BRAM). The Chair also recalled the extensive discussion on ACCs that had taken place to date, including formal and informal sessions.
3. Management made a presentation on the ACCs, including two new proposals to manage any potential distortions in IFAD's governance: (i) capping voting rights at 50 per cent of the total votes created for regular contributions; and (ii) reviewing the implementation of ACCs and lessons learned as part of the IFAD13 midterm review (MTR).
4. Member States generally agreed on the importance of addressing climate change, particularly adaptation for smallholder farmers and in rural areas, but also generally agreed that IFAD must remain within its agricultural and rural development mandate. In this regard, many Member States noted that ACCs presented an important opportunity to respond to the impact of climate change on rural communities and to maximize the mobilization of resources for IFAD. A number of Member States also expressed the view that Management's new proposals responded directly to some issues raised at the third session concerning governance and oversight.
5. While most Member States supported the introduction of ACCs as core contributions, a number of Member States raised important issues regarding their introduction. Some Member States, across different Lists, asked questions about the legal basis of the instrument and requested clarification on whether funding dedicated to climate could be considered a core contribution and part of the regular budget. Other Member States commented that they had reviewed this matter and were comfortable that this was in line with their legal analysis. Management reiterated the clear legal basis for the establishment of the ACCs in line with the Agreement Establishing IFAD: ACC contributions are not unilaterally earmarked by individual Member States but rather would be created through the replenishment resolution for an agreed specific purpose. Moreover, this is consistent with past practices in replenishments since IFAD2. Management also confirmed that resources resulting from ACCs would be made available through the existing PBAS and BRAM mechanisms.
6. Regarding the creation of voting rights for contributions to ACCs, some Member States raised concerns based on governance principles about the possible impact on IFAD's governance, including in the long-term, of conferring 50 per cent voting rights for ACCs; and asked whether voting rights had been requested by potential contributing Member States. Some members proposed the establishment of ACCs without the creation of voting rights. Others noted the importance of voting rights for creating an attractive incentive structure that would support their case in proposing ACCs to their decision makers, given that there are alternative options. A number of members expressed the view that Management's current proposal to create 50 per cent of voting rights for ACCs, in an exceptional and limited manner,

was a good compromise. Some delegates expressed interest in contributing ACCs later during IFAD13 and possibly in future replenishments, but noted that these potential contributions could also be negatively affected in the absence of some associated voting rights. Management was encouraged to hear that some members were planning to contribute ACCs during IFAD13 and potentially also in the future.

7. Another member questioned how ACCs would contribute to the objectives of the Paris Agreement and to countries' ability to access resources for loss and damage. Management confirmed that the ACCs would be provided as 100 per cent climate finance and contribute directly to the objectives of the Paris Agreement. While ACCs are not directly linked to loss and damage, they would make a critical contribution to strengthening the climate resilience and adaptation to climate change of smallholder farmers and producers. One delegate shared the experience of the establishment of the Climate Finance Window during the African Development Fund's 16th replenishment, noting that such contributions attracted voting rights and that IFAD had applied lessons from that experience which had enhanced the ACC proposal.
8. Management confirmed that the estimated impact on the distribution of voting rights would be marginal in IFAD13, resulting in a change of less than 0.11 per cent across the Lists (which, for example, would correspond to US\$158 million in ACCs) and reiterated that the proposed cap would prevent any large distortion in the distribution of voting rights in future replenishments. Management noted that it shared the view based on its discussions that the absence of any voting rights would adversely affect pledges of ACCs and would limit the future sustainability of ACCs. Management noted that voting rights would help establish ACCs as a sustainable mechanism with appeal to Member States. Finally, Management noted that without ACCs, the programme of loans and grants (PoLG) under scenario B would be reduced by US\$195 million (US\$150 million from PBAS and US\$45 million from BRAM). The IFAD13 MTR would also review the success and effects of the ACCs in terms of both implementation and the impact on governance, which would then be discussed by the IFAD14 Consultation. The modalities for future replenishments can be reviewed at each Consultation.
9. The Chairperson summarized the outcomes of the discussion as follows:
 - (a) The majority of members were in favour of the creation of ACCs based on the revised Management proposal.
 - (b) A number of Member States, even some of those who favoured the proposal, raised legitimate concerns about the long-term impact on IFAD's governance stemming from the allocation of voting rights for ACCs. There was support for the measures proposed by Management to analyse and mitigate the impact by reviewing the ACCs at the midterm of IFAD13 in February 2026. This would be an opportunity to take stock and make adjustments, if necessary. The proposed cap would limit the overall changes to governance in future replenishments. These safeguards were well received by the delegates.
 - (c) The Chair noted that some Member States had indicated in their conversations with him that voting rights provided an important incentive for receiving relevant approvals for ACC contributions within their national system. This was similar to the case of the African Development Fund, where the allocation of partial voting rights was a critical precondition for contributions from some Member States and approval of the Climate Action Window.
 - (d) Given that the majority of countries were supportive of the proposal as presented by Management at the intersessional meeting, and in consideration of the concerns from both possible contributors and other Member States on the impact on IFAD's governance, there was a general consensus to take the

proposal forward, including the safeguards as outlined in the Management presentation.

- (e) Regarding next steps, Management will incorporate the latest proposal and a revised annex on ACCs into the draft IFAD13 Report and share with members for endorsement of submission to the Governing Council at the fourth session of the Consultation.
10. In closing, the Chairperson thanked Member States, IFAD Management and staff for their contributions to achieving a compromise on the ACC proposal, and added that he looked forward to welcoming delegates to the fourth Consultation session in Paris on 14 and 15 December.