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Investing in rural people

Summary of the Chairperson: Second session of the Consultation on the Tenth Replenishment of IFAD's Resources

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Consultation on the Tenth Replenishment of IFAD's
Resources — Second Session

Rome, 9-10 June 2014

For: **Review**

Summary of the Chairperson: Second session of the Consultation on the Tenth Replenishment of IFAD's Resources

Introduction

1. Members of the Consultation on the Tenth Replenishment of IFAD's Resources (IFAD10), IFAD Management and staff, and observers met in Rome, Italy, on 9 and 10 June 2014 for the second session of the IFAD10 Consultation. The following papers, prepared by IFAD Management and the Independent Office of Evaluation of IFAD (IOE), were reviewed: (a) A Strategic Vision for IFAD 2016-2025: Enabling inclusive and sustainable rural transformation; (b) Corporate-level evaluation on the achievements of IFAD replenishments; (c) Enhancing IFAD's business model for inclusive and sustainable rural transformation; (d) Evaluation synthesis on IFAD's engagement in middle-income countries; (e) IFAD10 programme of work; (f) Financial framework for IFAD10; and (g) Draft resolution on the Tenth Replenishment of IFAD's Resources.

Opening remarks and adoption of the agenda

2. Following a welcome and introduction of the agenda by the Chair, the President of IFAD greeted participants, thanked the members for their long-standing support, and expressed his confidence in a fruitful consultation process. Representatives for Lists A and C presented opening statements. List B presented a statement on the second day and List C made a statement on the business model. (All List statements will be posted on the Member States Interactive Platform.)

Address by distinguished guest speaker

3. Following the adoption of the agenda, the Honourable Dr Ngozi Okonjo-Iweala, Minister for Finance of the Federal Republic of Nigeria and formerly Managing Director of the World Bank, discussed the changing context for IFAD's mission and its future, and IFAD's role as a trusted and valued partner of the Government of Nigeria, by supporting the Government's efforts to promote smallholder development and agricultural transformation in the country.

Members' overall reaction

4. Members commended Management on the quality, conciseness and timeliness of the papers presented to the Consultation. They expressed their support for IFAD's focus on smallholder development and rural poverty reduction, often in the most remote and hard-to-reach areas; and they emphasized the importance of IFAD consolidating its work and mainstreaming proven approaches to respond to pressing development challenges in the context of the emerging post-2015 development agenda. They indicated broad support for the key messages of the strategic vision, business model

and programme of work papers, and expressed their appreciation for the clarity provided on the parameters underlying IFAD's financial framework. Members exchanged views on key areas of concern and provided guidance to Management on various issues of special interest.

IFAD's Strategic Vision 2016-2025

5. Members strongly endorsed the main principles and thrusts of the strategic vision paper. They highlighted a number of specific issues of particular importance to them including, inter alia, smallholder adaptation to climate change, gender, nutrition, non-farm rural employment, South-South and triangular cooperation, differentiated approaches for middle-income countries and fragile states, policy dialogue, results focus, private-sector partnerships and human security. Questions were posed about the linkages between the Strategic Vision and the other, more operational documents; and about the relevance for IFAD of United Nations reform in the context of the post-2015 development agenda. Members stressed the need for the efficient use of IFAD's limited financial and staff resources. They expressed differing views regarding the issue of country selectivity on one hand and country inclusiveness on the other. There was agreement as to the value and importance of benchmarking IFAD's performance against that of other institutions, and the need for IFAD to better articulate and communicate its comparative and absolute advantage, as well as the development results and impact it achieves. Members also sought clarification as to the vision of IFAD's future scale of operations, as well as the theory of change underlying the relationship between IFAD's investments, the outputs achieved and its development impact.
6. In response, IFAD Management took note of the specific guidance received. Regarding its comparative advantage, Management described the organization's role as comparable to that of a transmission belt – filling the "missing middle" – in that it works with farming communities, member governments, development partners and the private sector to support innovative approaches often developed on a small scale by NGOs or bilateral partners, further developing and institutionalizing those approaches, and handing over successful experiences and lessons learned to governments, the private sector or other larger development partners for subsequent scaling up.

Corporate-level evaluation of the achievements of IFAD replenishments

7. Members showed much appreciation for the corporate-level evaluation on the achievements of IFAD replenishments prepared by IOE, and expressed their openness to reviewing key aspects and elements of the replenishment process and related governance issues. There was broad support for the idea of setting up an inter-

Consultation working group of members to address these issues. IFAD Management would prepare the terms of reference for the working group, and these would be discussed at the third replenishment session in October.

IFAD's business model for IFAD10

8. The discussion on IFAD's business model was informed by presentations on both an IOE evaluation synthesis on IFAD's engagement in middle-income countries, and the IFAD business model paper. The Chair of the Evaluation Committee gave a summary account of the Committee's discussions on the synthesis paper. Broadly speaking the business model and its direction received wide support. There were requests for greater specificity in the areas of special interest to members – flagged in the discussion on the strategic vision paper (see paragraph 5 above). Management indicated that the draft Consultation report to be presented at the October session would provide information on the specific and monitorable actions it proposed to take to respond to members' concerns. While there was agreement on the need to develop country-tailored approaches, including and especially for fragile and conflict affected areas, members expressed differing views on issues around middle-income countries (MICs), the performance-based allocation system (PBAS) and voluntary graduation. Management responded that these issues were directly related to IFAD's efforts to broaden its resource mobilization efforts. The challenge now was for the membership to work together to reach a shared vision of how these issues could be addressed. Management would further consult with members in the coming months on how best to meet this challenge. In the Chair's view, this represented an important opportunity, if the membership can work patiently with each other over the forthcoming replenishment sessions to put IFAD on a sustainable and high-impact operational and financial footing.

IFAD10 programme of work

9. In the discussion on the paper on the IFAD10 programme of work, members encouraged IFAD to develop clear operational priorities for IFAD10 and expressed support for the approach based on consolidation and mainstreaming of key themes. They welcomed the continuation of IFAD's strong engagement in sub-Saharan Africa. Particular attention was drawn to the issue of resilience and the challenges relating to fisheries and marine resources. In terms of the replenishment scenarios, members strongly supported the medium- and high-case scenarios, which were agreed to be realistic in terms of developing countries' needs and IFAD's institutional capacity. More information was requested on the planned distribution of resources by country category. Members also requested more information to clarify a range of issues around cofinancing, including its definition and expected level. Members looked forward to further information to

substantiate the impact targets on numbers of rural people to be moved out of poverty under IFAD10. A presentation was requested in connection with the October session, on the constraints facing Management's agenda for South-South and triangular cooperation.

IFAD's financial framework for IFAD10

10. In the discussion of the financial framework paper, members recognized that while maintaining the current level of programme of loans and grants – reflected in the medium-case scenario presented by Management – was the minimum desirable outcome, that scenario would require a significant increase in the level of core contributions from Member States. Management noted that, while core contributions were the strongly preferred funding source under IFAD10, in the event that members were unable to contribute at a level commensurate with this scenario, Management would want to explore with the membership the scope for unrestricted complementary contributions, and ultimately, if unavoidable, borrowing. Actual borrowing during IFAD10 would be predicated upon the completion and approval of the general framework for borrowing currently in preparation. In this connection, members requested that they be kept informed on the evolving deliberations on the borrowing framework as well as on the financial implications of possible borrowing. Management agreed to organize a briefing on these issues during the October session. Management also agreed with a member's statement that IFAD faced a twin challenge: first, how to achieve a satisfactory replenishment for IFAD10 based on realistic financial assumptions; and second, whether and how to develop new financing instruments for IFAD's long-term financial structure.

Draft replenishment resolution for IFAD10

11. In the last substantive agenda item, Management presented the Draft resolution on the Tenth Replenishment of IFAD's Resources, explaining the structure of the resolution and the changes with respect to the IFAD9 resolution. Members agreed to review the document and discuss any questions with IFAD's General Counsel prior to further discussion at the October session.

Conclusion

12. In his closing remarks, the President thanked the delegates for their strong support, detailed feedback and helpful guidance. He noted that IFAD10 was taking place during a transition period of great importance for IFAD's long-term future, and he summarized Management's responses going ahead. He pledged that he and Management would make intensive efforts both to ensure that the views of the membership were fully reflected in the draft consultation document, and to assure a successful replenishment outcome.
13. The Chair thanked all participants for their constructive engagement and expressed his appreciation for the excellent preparation by IFAD

Management and staff of the second session of the IFAD10
Consultation.