

List C joint statement

Item 9. Draft report of the consultation on the Tenth Replenishment of IFAD's resources.

List C would like to make the following comments.

1. We support IFAD10 to mainstream the theme of climate change, however, we reiterate such efforts should be mainly focus on adaption and serve IFAD's ultimately goal to reduce poverty in rural areas.
2. We support that IFAD10 should be able to deliver at least the same size of POLG of US\$ 3 billion as that of IFAD9, but with a core contribution of US\$ 1.44 billion. So we urge the developed Member States to fulfil their international development commitment and significantly increase their core contribution as well as unrestricted complementary contribution to IFAD10. We also call on other donors to contribute to help the poorest rural populations.
3. We are happy to see IFAD plans to expand the work in SSTC area, and proposes a minimum of 50 per cent of COSOPs will include an approach for SSTC. We commend the management for the efforts to promote SSTC and look forward to seeing more resources allocated to this area and more concrete results will be achieved. In para 52, to reflect the outcome of the informal seminar on SSTC, we suggest to the change the first sentence into " Under IFAD10, IFAD plans to strengthen its competitive advantage and expand the work in this area, both in term of knowledge based cooperation and investment promotion, seeing it as an integral part of its business model. More budget resources and grant will be used proactively to support SSTC."
4. We take the note of the paragraph of 59 of this report, with the understanding that **it has been a concern for some Members to see an increasing proportion of replenishment resources going to MICs and thus they urge to have a PBAS formula adjustment and MIC policy update. We cannot go along with this view because:** First, MICs are IFAD's legitimate clients and IFAD must respond to their needs. As a development agency, IFAD and its Members should be happy to see more and more developing Members are better off, gradually growing from the LIC into the MIC category. It is a proof of success of IFAD's intervention and IFAD should be ready to accommodate such change. Second, not matter the resource is from replenishment or from borrowing, MICs would repay IFAD on the same IBRD borrowing terms. So the true nature of this issue should be how to improve IFAD's financing model to mobilize more resources from the supply side, rather than from the demand side, say, how to push aside MIC's legitimate demand. Third, the proper solution to this issue is "enlarging the pie and benefiting all". This could be achieved by Members' support to the full borrowing framework and encouraging IFAD to access new resources by borrowing, then putting the borrowed funds together with the replenishment contribution and reflows into the PBAS pool, to ensure all the resources are distributed fairly, efficiently, multilaterally and transparently, taking into consideration that the country allocation limit in PBAS would need to be adjusted to properly reflect the new demand and supply created by the borrowing. As a

result of the “enlarging the pie and benefiting all” effect, when predictable additional amount of borrowed funds go to MICs and since money is fungible, more replenishment contribution will be left for LICs. We would also want to highlight that if IFAD 10 could not deliver a POLG more than 3 billion, there will be no enlarged pie and so no ground for any allocation adjustment and policy update.

Thank you for your attention.