Draft Report of the Consultation on the Tenth Replenishment of IFAD’s Resources

October 2014
What is the Consultation Report?

- The Consultation Report:
  - Lays out a shared agenda for the Fund for IFAD10 period

- This draft version of the Report:
  - Builds on the presentations and documents of the first two sessions of the Consultations
  - Seeks to respond to concerns and issues raised by members
  - Remains “work in progress”

- The Report should be ready for endorsement by all parties by the end of the final session

- Final approval by the Governing Council in February 2015
Structure of the Report

I. Introduction
II. The context for IFAD10
III. What IFAD brings
IV. Operational effectiveness and efficiency
V. Institutional effectiveness and efficiency
VI. Building on IFAD’s results management system
VII. Financing framework
VIII. Midterm review of IFAD10
IX. Selection of the IFAD11 Chairperson
X. Recommendation

Plus 9 annexes
I. Introduction – IFAD in transition

- **IFAD has a well established role, and proven performance in rural poverty reduction.**
  Its agenda today is to consolidate, and mainstream key thematic issues.

- **However, it is at a crossroads in terms of its financial model.**
  It needs to find additional ways of mobilizing resources to respond to diverse requirements of members and expand impact.
II. The context for IFAD10

A. Post-2015 development agenda and an expanded role for IFAD

B. Evolving issues in smallholder agriculture and rural development:
   - **Challenges**: food security and nutrition, employment, rural poverty eradication, environmental sustainability, resilience to climate change
   - **Opportunities**: growing food markets, new sources of rural non-farm incomes – including environmental services
   - **Role of ODA**: can add value to public investment and policies needed to leverage private investment for rural transformation

C. The Fund comes into IFAD10 with strong and proven performance under IFAD9, and commitment to further improvement
III. What IFAD brings

IFAD’s strategic vision and role:

- Sustainable *rural transformation*, with evolving role for smallholder agriculture
- Ensuring that transformation is *inclusive* – supporting livelihood options in smallholder agriculture and non-farm economy
- A *theory of change* to shape how IFAD’s performance at different levels contributes to development impact
III. What IFAD brings (cont’d.)

IFAD’s comparative and absolute advantage:

- Unique focus on *rural people* and their livelihoods, and on empowering poor rural people

- *Understanding of what works* for smallholder agricultural development/rural poverty reduction, and sharing of the lessons

- Promotes and finances *innovative approaches and technologies*

- With knowledge and resources, but no pre-conceived solutions, IFAD seen as a *trusted partner* by many governments, and a bridge-builder

- IFAD’s advantage is rooted in *its mandate*. It works only in the areas it knows, it builds partnerships and avoids mission creep
To achieve its strategic vision, IFAD will:

**A.** Consistently focus in all its operations on **innovation, learning and scaling up**, and all priorities will support this agenda

**B.** **Mainstream** three critical cross-cutting themes:
- adaptation to climate change
- improved nutritional impact
- gender equality and women's empowerment

**C.** **Consolidate** strategic approaches already developed around:
- public-private-producer partnerships
- country-level policy engagement
- global policy engagement
- South-South and triangular cooperation
IV. Operational effectiveness and efficiency (cont’d.)

D. Develop increasingly **differentiated approaches**.

- **Countries in fragile situations:**
  - Pursue its partnership with FAO to support projects in fragile states
  - Include fragility as criterion for prioritising IFAD country offices
  - Prepare strategy for work in countries in fragile situations

- **Middle-income countries:**
  - Expand use of Reimbursable Technical Assistance
  - Once general Borrowing Framework approved, IFAD will:
    - Support Working Group of Executive Board to re-examine PBAS formula
    - Update its MICs strategy
V. Institutional effectiveness and efficiency

IFAD will build on gains made and respond to emerging opportunities and challenges, by:

A. **Further enhancing the operations delivery model and tools**: partnerships, KM, country presence, new grant policy

B. **Strengthening the service delivery platform**: financial management, HR management, ICT architecture, other support services

C. **Facilitating members’ review of the governance arrangements**: [inter-consultation working group to make proposals for GC]

D. **Further improving the efficiency of the business model**
VI. Building on IFAD’s results management system

Results management under IFAD10:

• Builds on IFAD9 experience and progress
  - RMF positively reviewed by external and independent parties
  - IE capacity built; partnerships with expert institutions; and robust methodology developed and being implemented

• Results measurement framework
  - Streamlined and aligned to IFAD’s theory of change
  - Strategic focus and management value strengthened
  - Serves for management accountability to governing bodies

• M&E and impact evaluation
  - Capacity-building for M&E at the project/country level
  - Improvement of RIMS
  - Mainstreaming of IE
VII. Financing Framework

• IFAD8 and IFAD9
  - Under IFAD9, contributions expected to allow IFAD to maintain US$3 billion PoLG. However in 2014 management recognized that +US$400 million needed to reach target PoLG.
  - Loan from KfW Development Bank to enable IFAD to fully deliver its PoLG. Loan negotiated and approved by Executive Board in September 2014.

• IFAD10
  - The Consultation endorsed a PoLG for IFAD10 of [at least US$3.0 billion – as for IFAD9]
  - [In order to realize this, the total requirement for core contributions from Member States amounts to US$1.44 billion]
VII. Financial Framework (cont’d.)

• Debt Sustainability Framework
  - In Dec. 2013 the Executive Board endorsed a “Review of the status of the DSF” [The Consultation approved its submission to the GC for adoption]
  - In line with other IFIs, it recommends that Member States make a contribution commitment for forgone principal repayments of DSF grants on a pay-as-you-go basis

• Financing options for IFAD’s future
  - Like other major IFIs, IFAD needs to explore options for broadening its strategy for resource mobilization
  - Options to be considered: core and complementary contributions; sovereign and market borrowing; supplementary contributions; and cofinancing
  - No market borrowing under IFAD10
VIII. Midterm review of IFAD10
   Members of IFAD11 Consultation to consider MTR at a session in early 2017

IX. Selection of the IFAD11 Chairperson
   Chairperson for IFAD11 Consultation to be selected through an open process prior to first session, in consultation with Executive Board

X. Recommendation
   "The IFAD10 Consultation recommends to the Governing Council that it adopt the draft resolution attached as annex V to this report."
I. IFAD10 Commitment Matrix
II. [Results Measurement Framework 2016-2018]
III. Implementation status of IFAD9 commitments
IV. Draft terms of reference for working group on IFAD’s governance
V. IFAD’s agenda for improved nutrition
VI. List of documents provided to the Consultation and other reference documents
VII. [Draft resolution on the Tenth Replenishment of IFAD’s Resources]
VIII. [Members’ contribution pledges to IFAD10]
IX. [Debt Sustainability Framework compensation arrangements]