



# 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

# IV. Operational effectiveness and efficiency



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

# Final sections of Consultation Report



## 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.”

# Annexes to the Consultation 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]