Draft report of the Consultation on the Eleventh Replenishment of IFAD’s resources

Leaving no one behind: IFAD’s role in the 2030 Agenda

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Consultation on the Eleventh Replenishment of IFAD’s resources: third session
19-20 October 2017
Business as usual is not sufficient

SOFI 2017
Increase in global hunger in 2016

Prevalence of undernourishment (SDG indicator 2.1.1)
777 → 815 million people

Prevalence of severe food insecurity (SDG indicator 2.1.2)
645 → 689 million people

Current Trend (Undernourishment) → Required to reach SDG2 by 2030
Current Trend (Extreme Rural Poverty) → Required to reach SDG1 by 2030

Investing in rural people
IFAD plays a central role in leaving no one behind

General policies and investments

- Broad-based economic growth ➔ Structural transformation
- Agricultural growth ➔ Rural transformation

Targeted policies and investments for poor and food insecure rural people

- Social protection and humanitarian assistance
- Productive transformation
IFAD plays a central role in leaving no one behind

Productive transformation

- increase production
- increase market access
- greater resilience

- greater economic mobility
IFAD has the capacity to deliver bigger, better and smarter

Allocation versus approvals, IFAD6-IFAD10

Source: IFAD Grants and Investment Programme System (GRIPS) data
IFAD has the capacity to deliver bigger, better and smarter

Projected allocations versus potential approvals

Source: IFAD country assessment data
IFAD has the capacity to deliver bigger, better and smarter

### IFAD11 business model

<table>
<thead>
<tr>
<th>Resource mobilization</th>
<th>Current constraints</th>
<th>Immediate solutions</th>
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<td></td>
<td>Enhance policy dialogue and partnerships</td>
<td>Re-engineered country-based model</td>
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<tr>
<td>Resource allocation</td>
<td>Enhance country and project selectivity</td>
<td>Making HQ fit for purpose</td>
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<td>Resource utilization</td>
<td>Balance old and new projects</td>
<td>More delegation to frontlines</td>
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<td>Transforming resources</td>
<td>More evidence based and Value for Money</td>
<td>Recalibrating business processes</td>
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Creating a results-based architecture
IFAD will leverage development finance

**IFAD11 POLG**
- Core contributions
- Concessional Partner Loans and sovereign borrowing
- Preparation for market borrowing

**International co-financing**
- Focus on climate change and fragile states
- Level-up to best performing regions, such as ESA and APR

**Domestic co-financing**
- Facilitated by increased project size
- Boost in MICs, particularly NEN and LAC

**Private sector**
- Public-Private-Producers Partnerships (4Ps)
- Smallholder and SME Investment Finance (SIF)
- Improved measurement
IFAD’s investments will target the poorest people and the poorest countries.

Performance-based allocation system

- Needs
- Selectivity
- Strategic Focus
- Ownership
- Performance
- Absorptive Capacity

ODA Resources
- 90% LICs/LMICs
- 25-30% MFS
- 50% Africa
IFAD’s investments will target the poorest people and the poorest countries.

- Targeting extremely poor people
- Strong focus on women
- Emphasis on youth

- People centred
- Investing in productive rural sector (agriculture, value chain, infrastructure)
- Fostering growth of rural institutions

Mainstreaming gender, nutrition, climate
IFAD will streamline its processes to better respond to country needs.
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Delegate to frontlines
New country-based model
Leverage partnerships

Flexibility
Agility
Focus
IFAD will mainstream key issues to multiply the impacts

<table>
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<tr>
<th>Issue</th>
<th>Description</th>
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<tr>
<td>SDG2 and nutrition</td>
<td>Income and the triple burden of nutrition – undernourishment, micronutrient deficiency and obesity</td>
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<td>Youth bulge and migration</td>
<td>High proportion of youth in sub-Saharan Africa and elsewhere raises concerns about unemployment and distress migration</td>
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<td>Gender and agriculture</td>
<td>Feminization of agriculture combined with a gender productivity gap due to insufficient resource access limits potential gains in production and achievement of SDG5</td>
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<td>Climate change</td>
<td>Severely constrains efforts to achieve the SDGs and agriculture is particularly vulnerable</td>
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<td>Fragility</td>
<td>Limiting factor in achieving MDGs and now SDGs with particularly negative consequences for rural transformation</td>
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</table>
IFAD will tailor its operations to better support rural transformation processes

- Dynamic combination of interventions
- Specificities better reflected in COSOPs and CSNs and Project Designs
- Products and services increasingly prepared at country and sub-regional level
- Addressing specific needs of Most Fragile Situations (MFS) and Small Island Developing States (SIDS)
- Introducing a Transition Framework
IFAD will tailor its operations to better support rural transformation processes.

Transition Framework principles

- Aid predictability
- Sustainability of impacts
- Transparency of resources
IFAD will enhance its value for money across all four dimensions

**ECONOMY**

- Decreasing costs keeping level and quality of outputs

  - Time from concept note to approval
  - Time from project approval to first disbursement
  - Disbursement ratio

**EFFICIENCY**

- Expanding IFAD’s scale of operation

  - Resources leveraged through borrowing
  - Country selectively
  - Project-level efficiency
  - Institutional efficiency

**EFFECTIVENESS**

- Amplifying impact through partnerships

  - Country-level policy engagement
  - Partnership building
  - Co-financing ratio
  - Development Effectiveness Framework

**EQUITY**

- Prioritizing the poorest people and the poorest countries

  - Share of core resources allocated to LICs and LMICS
  - Appropriateness of targeting in IFAD projects
  - Men, women and youth reached
IFAD will achieve its full potential to contribute to the 2030 Agenda

**Strategic objective 1**
47 million people
increase production

**Strategic objective 2**
46 million people
increase market access

**Strategic objective 3**
24 million people
greater resilience

PoLG of 3.5bn

**Strategic goal**
44 million people
greater economic mobility
IFAD will achieve its full potential to contribute to the 2030 Agenda

**Strategic objective 1**
52 million people increase production

**Strategic objective 2**
50 million people increase market access

**Strategic objective 3**
26 million people greater resilience

PoLG of 3.8bn

**Strategic goal**
48 million people greater economic mobility

SDG 2.3
SDG 2.3
SDG 1.5
SDG 1.2 and 2.3
Business as usual is not sufficient to reach SDG1 and SDG2.

IFAD plays a central role in leaving no one behind.

IFAD has the capacity to deliver bigger, better and smarter.

IFAD will leverage development finance.

IFAD’s investments will target the poorest people and the poorest countries.

IFAD will streamline its processes to better respond to country needs.

IFAD will mainstream key issues to multiply the impacts.

IFAD will tailor its operations to better support rural transformation processes.

IFAD will enhance its Value for Money across all four dimensions.

Thus, IFAD will achieve its full potential to contribute to the 2030 Agenda.