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Investing in rural people

## Draft Report of the Consultation on the Eleventh Replenishment of IFAD's Resources

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### 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

Rome, 19-20 October 2017

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For: Review

## Contents

Abbreviations and acronyms	iii
A note on the draft report	v
Executive summary	vi
Introduction	1
I. Transforming rural areas – Ending extreme rural poverty and food insecurity	2
A. Achieving the 2030 Agenda in rural areas	2
B. Inclusive and sustainable rural transformation at the heart of the 2030 Agenda	4
C. Key challenges for ending extreme poverty and food insecurity	5
II. Leaving no one behind – IFAD’s role in the 2030 Agenda	8
A. IFAD’s value proposition and comparative advantage	8
B. Looking ahead to IFAD11 and beyond	11
III. Enhancing IFAD’s business model to achieve operational excellence	12
A. Resource mobilization – assembling development finance to maximize impact	12
B. Resource allocation – focusing on the poorest rural people and the poorest countries.	17
C. Resource utilization: Doing development differently	23
D. Transforming resources into development results – embracing a culture of results and innovation	34
IV. IFAD’s financial framework and strategy for IFAD11 and beyond	36
A. Financial framework for IFAD11	36
B. IFAD’s financial future: towards a comprehensive leveraging strategy	38
C. Review of IFAD’s Debt Sustainability Framework.	39
V. Results Management Framework for IFAD11	39
VI. Matrix of commitments and monitorable actions	41
VII. Arrangements for the midterm review of IFAD11 and Consultation on IFAD12	41
VIII. Recommendation	42
Annexes	
I. IFAD11 matrix of commitments and monitorable actions	43
II. [IFAD11 Results Management Framework 2019-2021]	46
III. [IFAD’s Value-for-Money Scorecard]	47
IV. Implementation status of IFAD10 commitments (30 June 2017)	48
V. [Country demand and IFAD capacity to deliver, including in fragile situations]	63
VI. [Concessional Partner Loan Framework for IFAD11]	64
VII. [DSF compensation methodology and amounts by List and country for IFAD10, IFAD11, and IFAD12]	65
VIII. [Road map for IFAD’s financial strategy]	66
IX. List of documents provided to the Consultation and other reference documents made available	67

X.	[Draft resolution on the Eleventh Replenishment of IFAD's Resources]	69
XI.	[Members' contribution pledges to IFAD11]	70

## Boxes, figures and tables

### Boxes

Box 1: More systematic collaboration among the Rome-based agencies

Box 2: IFAD's focus on sub-Saharan Africa

Box 3: Migration and remittances

Box 4: Linking mainstreaming to IFAD's work with indigenous peoples

Box 5: Leveraging partnerships for country impact and global influence

Box 6: Delivering value for money in IFAD11

### Figures

Fig. 1: Number of extreme poor in rural areas

Fig. 2: Trends and projections in hunger and extreme rural poverty 2000-2030

Fig. 3: Domestic cofinancing ratio trends by income status of countries

### Tables

Table 1: Mainstreaming nutrition, gender, youth and climate change

Table 2: Enhancing IFAD's relevance to country context

Table 3: IFAD11 Financial Framework

## Abbreviations and acronyms

4P	Public-Private-Producer Partnership
AAAA	Addis Ababa Action Agenda
AF	Adaptation Fund
AfDB	African Development Bank
ASAP	Adaptation for Smallholder Agriculture Programme
CAF	Andean Development Corporation
CFS	Committee on World Food Security
CLE	corporate-level evaluation
COSOP	country strategic opportunities programme
CPL	concessional partner loan
CPM	country programme manager
CSN	country strategy note
DEF	Development Effectiveness Framework
DSF	Debt Sustainability Framework
FAO	Food and Agriculture Organization of the United Nations
FARMS	Facility for Refugees, Migration, Forced Displacement and Rural Stability
FFR	Financing Facility for Remittances
GCF	Green Climate Fund
GEF	Global Environment Facility
ICO	IFAD Country Office
IDA	International Development Association
IFAD11	Eleventh Replenishment of IFAD's Resources
IFI	international financial institution
IOE	Independent Office of Evaluation of IFAD
IVI	IFAD Vulnerability Index
LDC	Least Developed Country
LDCF	Least Developed Countries Fund
LIC	low-income country
LMIC	lower-middle-income country
M&E	monitoring and evaluation
MDB	multilateral development bank
MERCOSUR	Common Market of the South
MFS	most fragile situation
MIC	middle-income country
ODA	official development assistance
OECD	Organization for Economic Cooperation and Development
OpEx	Operational Excellence for Results Exercise
ORMS	Operational Results Management System
PARM	Platform for Agricultural Risk Management
PBAS	performance-based allocation system
PoLG	programme of loans and grants
PoW	programme of work
PTA	Policy and Technical Advisory Division
RBA	Rome-based agency
RIDE	Report on IFAD's Development Effectiveness
RMF	Results Management Framework
SBF	Sovereign Borrowing Framework
SCCF	Special Climate Change Fund
SDG	Sustainable Development Goal
SIDS	small island developing states
SIF	Smallholder and Small and Medium-Sized Enterprise Investment Finance Fund
SME	small and medium-sized enterprise

SO	strategic objective
SSA	sub-Saharan Africa
SSTC	South-South and Triangular Cooperation
UCC	unrestricted complementary contribution
UMIC	upper-middle-income country
WFP	World Food Programme

# Draft Report of the Consultation on the Eleventh Replenishment of IFAD's Resources

## A note on the draft report

This Draft Report of the Consultation on the Eleventh Replenishment of IFAD's Resources (IFAD11) presented to the third session of the Consultation provides an initial summary of the papers, presentations and discussions of the Consultation. The report includes a draft matrix of commitments and monitorable actions for the IFAD11 period, and an update on the status of implementation of the IFAD10 commitments.

The final version of the report, to be presented to the fourth session of the Consultation, will include updates resulting from the third session and from further discussions with Member States. It is expected that this will contain the following information:

- An annex containing further details on country demand and IFAD's capacity to deliver, including in fragile situations, based on the paper being prepared for the IFAD 11 intersessional meeting on 18 October;
- Finalized financial framework and targets for the programme of loans and grants, programme of work and replenishment contributions;
- Updated Results Management Framework, Value-for-Money Scorecard and matrix of commitments and monitorable actions, taking into consideration comments received during the third session;
- Updated road map for potential borrowing in the capital markets and updated information on IFAD's approach to a transition framework, based on the informal seminar of 11 September and on the approach paper being prepared for submission to the Executive Board in December;
- Further details on a transparency and openness action plan, drawing on the Board's discussions in September;
- Updated Concessional Partner Loan Framework, following its planned approval by the Executive Board in October;
- Final Debt Sustainability Framework compensation amounts for IFAD11, calculated using the IFAD11 Replenishment exchange rates;
- An updated progress report on the IFAD10 commitments.

Following the fourth session, a table of pledges received at that session will be added (annex XI) and regularly updated until the forty-first session of the Governing Council takes place in February 2018.

## Executive summary

1. The 2030 Agenda for Sustainable Development (the 2030 Agenda) has created a sense of urgency to accelerate development progress. Members of the Consultation on the Eleventh Replenishment of IFAD's Resources (IFAD11) are convinced that IFAD has a unique contribution to make to the achievement of the Sustainable Development Goals (SDGs). The Consultation has reflected systematically on IFAD's current approaches, and explored options to rapidly enhance the Fund's ability to achieve impact on rural poverty and hunger at scale, building on progress made over recent replenishment cycles. Member States have agreed to work towards realizing the vision of a bigger, better, smarter IFAD, as outlined in the IFAD Strategic Framework 2016-2025. This report summarizes the conclusions of the IFAD11 Consultation process and the guidance provided by its Members.
2. To achieve SDG1 and SDG2, the task between now and 2030 is primarily about addressing rural poverty and food insecurity. An estimated 836 million people still live in extreme poverty, and 815 million are experiencing food insecurity. Of these the vast majority, an estimated 75 per cent, live in rural areas, and most depend on agriculture for their livelihoods. While many countries have made progress in reducing extreme poverty and food insecurity it has not been enough; if current trends continue, SDG1 and SDG2 will not be achieved. Fragility, climate change and a host of other issues that apply across country income groups – including gender inequities, malnutrition and youth unemployment – present significant challenges that must be met in order to achieve the SDGs. Addressing these challenges will require stepping up efforts in low-income countries (LICs) and lower-middle-income countries (LMICs), continuing action in upper-middle-income countries (UMICs), and improving IFAD's delivery in fragile situations.
3. The role of agriculture in the rural economy is evolving. From being primarily a direct employer, as economies develop agriculture becomes a driver of rural manufacturing and employment, broadening rural investment opportunities and driving rural transformation. However, evidence shows that rural transformation that is sustainable and inclusive does not happen automatically: it must be made to happen through specific policies, investments and partnerships. Here IFAD has a critical role to play. In developing countries, smallholder agriculture and related non-farm activities present a considerable opportunity. Over the next 15 years, food demand in developing countries is expected to increase by 25 per cent, with growth of 55 per cent expected in sub-Saharan Africa. Smallholders will have a major role to play in meeting this increased demand. The Addis Ababa Action Agenda (AAAA) adopted at the Third International Conference on Financing for Development recognized that investment in smallholder agriculture "will lead to rich payoffs across the Sustainable Development Goals".
4. Leaving no one behind – the ambition that cuts across the 2030 Agenda – is central to IFAD's mandate. Underlying IFAD's value proposition is the conviction that poor rural people can be drivers of inclusive and sustainable rural transformation. IFAD's comparative advantage lies in its strong targeting of extremely poor and food-insecure people in rural areas, and in its focus on empowering them to increase their productive capacities. IFAD's status as a United Nations specialized agency with the business model and governance structure of an international financial institution (IFI) provides a further element of its comparative advantage.

5. Following a time of consolidation during IFAD10, the IFAD11 period will be one of ambitious acceleration in response to the significant opportunities and challenges represented by the 2030 Agenda. The evidence indicates that countries need IFAD's services and have the capacity to absorb funding. To prepare for this acceleration, IFAD's capacity to deliver must be enhanced through a series of actions: frontloading decentralization, reengineering the country-based model, reorganizing to fit management for purpose, crafting incentives to embrace innovation, and creating a results-based architecture. This will lay the groundwork for continued changes in the business model. IFAD is not alone in this process: significant reform is under way across the United Nations system and other IFIs. The 2030 Agenda cannot wait.
6. To achieve its potential contribution to the 2030 Agenda, the Fund must enhance its business model. It will do this by:
  - (a) Increasing resource mobilization through a diversified resource base. While replenishment contributions will remain the bedrock of IFAD's capital and financial commitment capacity, borrowing will be fully integrated into the Fund's financial framework and planning for the first time. During IFAD11, borrowing will be conducted through concessional partner loans (CPLs) and under the Sovereign Borrowing Framework (SBF), while working towards possible market borrowing in IFAD12 based on an agreed road map. This financial strategy facilitates an expansion of IFAD's programme of loans and grants (PoLG) with the intention of increasing allocations for all country groups. During IFAD11, IFAD will also enhance its capabilities as an assembler of development finance, increase mobilization of domestic and international cofinancing, targeting an increased cofinancing ratio of 1:1.4, and develop a strategic approach to mobilization of supplementary funds. It will also increase efforts to crowd in private finance through investments in rural areas that reduce risk and improve the enabling environment, leveraging the public-private-producer partnership (4P) model to engage the local private-sector and farmers' organizations, and developing more innovative financial inclusion methods, particularly for women and youth. IFAD also plans to establish the Smallholder and Small and Medium-Sized Enterprise Investment Finance Fund (SIF) to directly facilitate medium-to-long term finance to small and medium-sized enterprises and producers' organizations.
  - (b) Ensuring targeted resource allocation to those who need it the most, with special attention to vulnerable populations, including youth. Transparent country selection criteria that ensure strategic focus, absorptive capacity and country ownership will be used to identify approximately 80 countries for an allocation under the performance-based allocation system (PBAS). These criteria will be applied in a way that allows all LICs the possibility of accessing a PBAS allocation. The revised PBAS, which increases the focus on vulnerability, will be used to determine country resource allocations. The PBAS enhancements, combined with an increased minimum allocation, mean that LICs, small island developing states, least developed countries, countries with the most fragile situations (MFS) and other vulnerable country groups will receive a greater share of total resources. Management will ensure that 90 per cent of official development assistance resources are allocated to LICs and LMICs; 25-30 per cent to MFS, 50 per cent to Africa and 45 per cent to sub-Saharan Africa. More accurate targeting of poor and food-insecure rural people, particularly women and youth, will ensure that these allocations reach IFAD's priority target groups.
  - (c) Fine-tuning processes for resource utilization based on accelerated decentralization and an increase in IFAD's outward-facing capacity. Clear



country strategies and evidence-based design will provide the basis for a sharper focus on results and the means to achieve them. IFAD will also consolidate its position as a leading agency across four themes – nutrition, gender, youth and climate – as well as in fragile situations – with a horizontal integration agenda to build on their interlinkages. Implementation readiness and absorptive capacity will be addressed as key enabling factors of a faster and more agile approach. Advancing IFAD's decentralization is critical to addressing bottlenecks in operations and ensuring more agile programme delivery and implementation. The number of staff in the field will consequently increase, and they will be delegated more authority. Further decentralization will also strengthen synergies between lending and non-lending activities. Stronger country teams will enable the role of country programme managers (CPMs) to shift from day-to-day project support to greater engagement with governments, leading country-level policy work and partnership-building. IFAD will make strategic partnerships a cornerstone of its operations, and collaboration with the other Rome-based agencies on country programming and project implementation will be more commonplace. These steps will facilitate the scaling up that is critical to multiplying IFAD's efforts and achieving the SDGs. More strategic global policy engagement will build on a solid foundation of global partnerships. All IFAD lending and non-lending activities will be supported by increased investments in strategic communication to strengthen the Fund's positioning and brand.

- (d) IFAD will embrace a culture of results and innovation across the organization. During IFAD11, this culture will be fostered through the full implementation of IFAD's Development Effectiveness Framework, which will bring revised incentives, better processes, smarter systems and skill enhancements to IFAD-supported operations. Combining this results-based culture with a stronger service delivery platform, IFAD will become a more efficient and effective organization, with a sharper focus on delivery, results and impact and the capacity to deliver a larger PoLG and programme of work (PoW). Considerably more weight will be given to transparency, organization-wide, and the principle of proactive transparency and openness will be embraced. These changes will help transform resources into development results in a way that maximizes the impact of each dollar invested on the lives of poor rural people.
7. For IFAD11, the Consultation endorsed a target PoLG of [US\$3.5 billion], representing an increase of [about 10 per cent] with respect to IFAD10. This target is based on assessments of Member States' demand and the Fund's capacity to deliver, and is considered by Management as both ambitious and realistic. This increase demonstrates Member States' strong support of IFAD, and testifies to the growing demand for IFAD's assistance and the meaningful contribution it can make to the 2030 Agenda. The target PoLG will be financed by replenishment contributions, IFAD's internal resources, and borrowing. The target for replenishment contributions for IFAD11 will be [US\$1.2 billion] while borrowing will be undertaken through sovereign loans and CPLs. Unrestricted complementary contributions will be accepted to support climate mainstreaming (adaptation and mitigation), as well as other mainstreaming themes, depending on the availability of thematically focused complementary financing from Member States. Given a target cofinancing ratio 1:1.4, this would result in an overall PoW of US\$8.4 billion, meaning that each dollar contributed to the IFAD11 Replenishment would translate into at least US\$2.92 of PoLG commitment capacity and US\$7.00 in the PoW. The Consultation reviewed IFAD's Debt Sustainability Framework (DSF) and agreed to maintain it in its current format, while making a special appeal to Member States to meet their respective commitments to provide full capital compensation.

8. The Consultation agrees that IFAD Management should work towards market borrowing, though such borrowing should only be undertaken if necessary and when the required conditions are met, and is unlikely to be implemented during IFAD11. The Consultation endorsed a road map for borrowing from the capital markets aimed at readying IFAD for market borrowing by 2022, the first year of IFAD12.
9. The IFAD11 business model enhancements and increased PoLG are expected to increase IFAD's results, impact and value for money. The Results Management Framework establishes ambitious targets for improvements across the four dimensions of the IFAD11 business model, namely: (i) an increased target for cofinancing; (ii) introduction of indicators on resource allocation by country group and on targeting; (iii) stronger targets for quality of project design; and (iv) targets for significant reductions in the time from concept note to project approval to first disbursement, and targets for higher disbursement. While the overall target for number of beneficiaries is maintained at 110 million-130 million people [for a PoLG of US\$3.5 billion], the target for the number of people experiencing economic mobility (the number of people better-off as a result of IFAD's interventions), has been increased by 4 million to a total of 44 million (SDG2.3). Impact targets have also been increased for the number of people with increased agricultural production (47 million, SDG2.3), with increased market access (46 million, SDG2.3), and with greater resilience (24 million, SDG1.5). Achievement of these targets would represent a significant and sustainable contribution to the achievement of SGD1 and SDG2 by IFAD and its Member States and partners.

# Draft Report of the Consultation on the Eleventh Replenishment of IFAD's Resources

## Introduction

1. At its fortieth session, IFAD's Governing Council established the Consultation on the Eleventh Replenishment of IFAD's Resources (IFAD11).<sup>1</sup> The Council requested that the Consultation submit a report on the results of its deliberations to the forty-first session. The Consultation finalized this report at its fourth session, on 14-15 December 2017, and recommended a draft resolution on IFAD11 to the Governing Council for adoption.
2. Members of the IFAD11 Consultation are convinced that IFAD has a unique contribution to make to the goals of the 2030 Agenda. IFAD's target group – the rural poor and food-insecure in developing countries – account for the majority of the world's poor and hungry people. IFAD's people-centred approach to agricultural development and inclusive and sustainable rural transformation is a proven, cost-effective means of addressing poverty and inequality and ensuring that no one is left behind. As recognized by the Addis Ababa Action Agenda (AAAA) adopted at the Third International Conference on Financing for Development, investment in smallholder agriculture has rich payoffs across the Sustainable Development Goals (SDGs). IFAD's efforts to mainstream nutrition, climate and gender multiply the benefits of its investments, and contribute to other important global agendas such as the United Nations Decade of Action on Nutrition, the Paris Agreement on climate change and the Commission on the Status of Women.
3. Nevertheless, in order to realize its potential, IFAD must significantly enhance its business model. During the four sessions of the Consultation, Management and the Members of the Consultation have reviewed progress at the midterm of IFAD10 and taken stock of the lessons learned. The Consultation reflected on the Fund's current approaches, and explored options to enhance the Fund's ability to achieve impact at scale, building on progress made over recent replenishment cycles. Based on these discussions the Consultation agreed to work towards realizing the vision of a bigger, better, smarter IFAD, as outlined in the IFAD Strategic Framework 2016-2025, and developed a proposition for IFAD11 that is realistic, bold and innovative. The Consultation supported proposals to increase resource mobilization and enhance IFAD's capacity as an assembler of development finance, to strengthen IFAD's resource allocation and resource utilization frameworks, and to strengthen IFAD's focus on managing for results and on value for money. [On this basis the Consultation endorsed an increase in IFAD's programme of loans and grants (PoLG) for IFAD11.]
4. Following a time of consolidation during IFAD10, the IFAD11 period will be one of ambitious acceleration, in response to the significant opportunities and challenges represented by the 2030 Agenda. It will also be a transition period in the evolution of IFAD's financial strategy towards possible market borrowing in IFAD12. Only through such changes can IFAD maximize its impact – and the impact of each dollar it invests – on the lives of poor rural people. IFAD is not alone in this process: significant reform is under way across the United Nations system<sup>2</sup> and in other international financial institutions (IFIs). Notably, IFAD11 is the last replenishment under which all resources are expected to be fully utilized by 2030, further emphasizing the need to set ambitious targets now. The 2030 Agenda cannot wait.

<sup>1</sup> Governing Council resolution 195/XL.

<sup>2</sup> United Nations Economic and Social Council, *Repositioning the UN development system to deliver on the 2030 Agenda – Ensuring a Better Future for All* (United Nations, 2017).

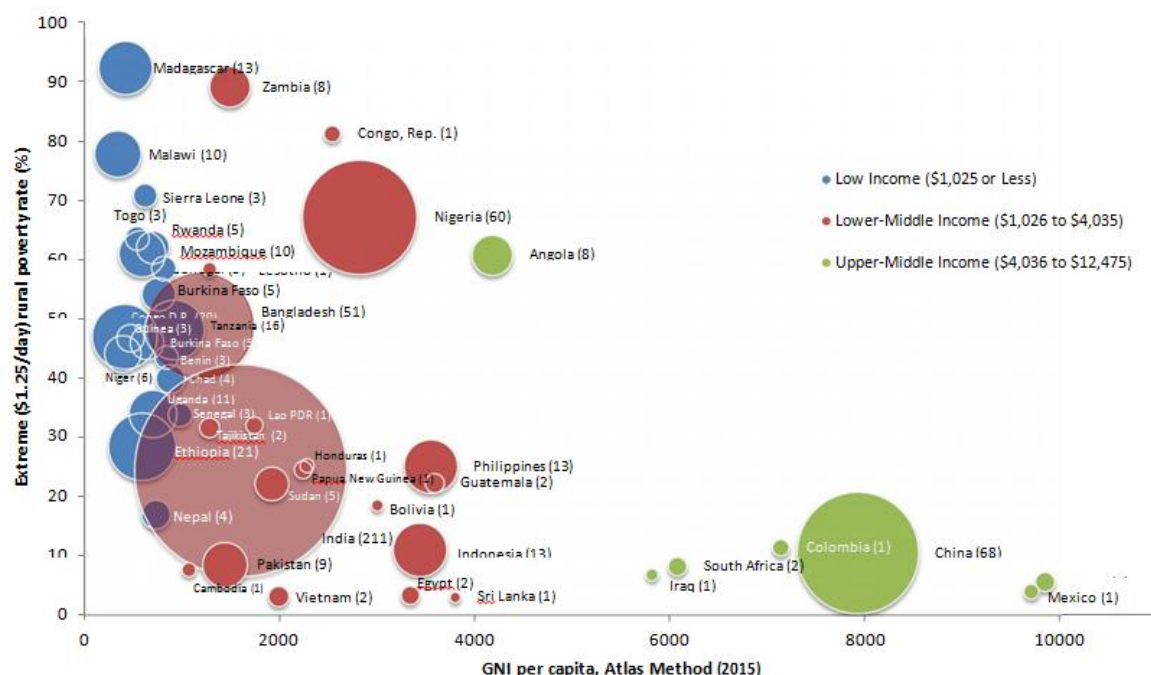
5. This report summarizes the conclusions of the IFAD11 Consultation process and the guidance provided by its Members. It is divided into the following sections, on: (i) the overall context in which the IFAD11 Consultation is taking place; (ii) IFAD's comparative advantage; (iii) the main business model enhancements to be undertaken for IFAD11; (iv) the agreed financial framework; (v) an overview of the IFAD11 Results Management Framework; (vi) commitments matrix; and (vii) arrangements for the midterm review of IFAD11 and for the IFAD12 Consultation.

## I. Transforming rural areas – Ending extreme rural poverty and food insecurity

### A. Achieving the 2030 Agenda in rural areas

6. The 2030 Agenda is “a plan of action for people, planet and prosperity”. It demands bold and transformative steps to shift the world onto a sustainable, inclusive and resilient path and a commitment to “leaving no one behind”. Central to the SDGs is the call to eradicate extreme poverty (SDG1) and end food insecurity (SDG2). These goals are closely linked to attaining gender equality (SDG5), promoting decent work and economic growth (SDG8) and reducing inequalities (SDG10), and cannot be achieved without attention to climate change (SDG13), improved management of natural resources (SDGs 14 and 15) and effective partnerships (SDG17).

Figure 1  
Number of extreme poor in rural areas  
(Millions)



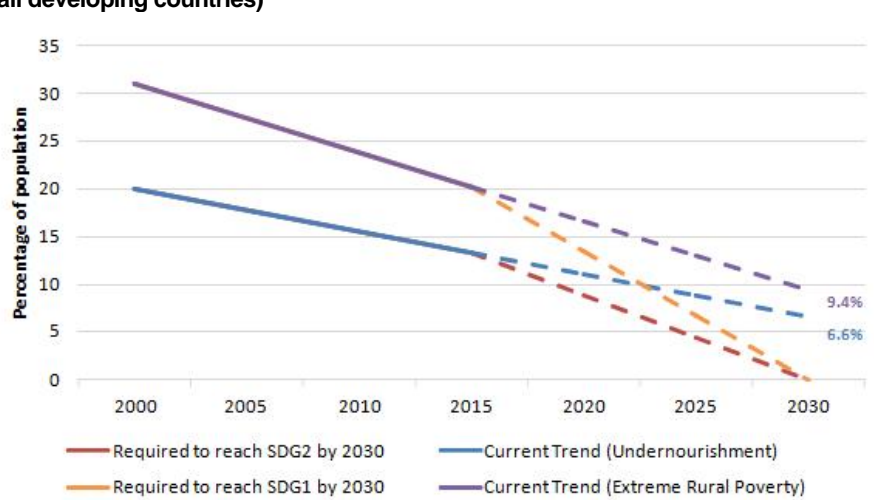
Source: Management calculations based on the IFAD *Rural Development Report 2016* (RDR) database and World Bank *World Development Indicators* (2017).

7. To achieve SDG1 and SDG2, the task between now and 2030 is primarily about addressing rural poverty and food insecurity. An estimated 836 million people still live in extreme poverty, and 815 million are chronically undernourished, a figure which has increased in 2016 following several years of decline, largely as a result of conflict, changes in climatic

conditions and, in some cases, price rises.<sup>3</sup> The vast majority of these people, an estimated 75 per cent, live in rural areas, and most depend on agriculture for their livelihoods. While some of the rural poor will migrate to urban areas, most will not, and the rural population in less developed regions may even increase slightly. The income gains required to end extreme poverty by 2030 therefore need to be achieved in rural areas, mainly through agriculture and related non-farm activities, though these will be increasingly linked to urban economies.<sup>4</sup> As can be seen above (figure 1), there are significant numbers of poor and undernourished people in low-income countries (LICs), lower-middle-income countries (LMICs), and upper-middle-income countries (UMICs).<sup>5</sup>

8. If current trends in extreme rural poverty and food insecurity continue, SDG1 and SDG2 will not be achieved (see figure 2). A “business-as-usual” scenario will leave 240 million rural people still living in extreme poverty and 385 million people undernourished. This will have negative repercussions across a host of related SDGs. For LICs and LMICs, achieving SDG1 and SDG2 will be particularly difficult. Only in UMICs do trends in extreme rural poverty elimination come close to the target. However, these trends reflect current levels of growth and presume continued inclusive policies and investments, without recognizing the risk that UMICs may get stuck in the “middle-income trap”, or suffer shocks relating to fragility or climate change. They also fail to recognize that improving the lives of the most marginalized groups and of those still experiencing chronic poverty and food insecurity in UMICs will be exceptionally difficult.<sup>6</sup>

Figure 2  
Trends and projections in hunger and extreme rural poverty 2000-2030  
(all developing countries)



Source: IFAD, *Rural Development Report 2016* database; and FAO, *The State of Food Insecurity in the World* (2016)

<sup>3</sup> Extreme poverty is reported in: United Nations, *2030 Agenda for Sustainable Development Goals* (United Nations, 2015), [www.un.org/sustainabledevelopment/poverty](http://www.un.org/sustainabledevelopment/poverty) under SDG1. Food insecurity is reported in: Food and Agriculture Organization of the United Nations (FAO), IFAD, United Nations Children's Fund (UNICEF), World Food Programme (WFP) and World Health Organization (WHO), *2017: The State of Food Security and Nutrition in the World – Building resilience for peace and food security* (Rome: FAO, 2017).

<sup>4</sup> World Bank Group, *Future of Food: Shaping the Food System to Deliver Jobs* (World Bank Group, 2017). This is also aligned with the Malabo Declaration on Accelerated Agricultural Growth and Transformation for Shared Prosperity and Improved Livelihoods, adopted at the African Union Summit in Malabo, Equatorial Guinea in June 2014, which includes a target for agricultural growth and transformation to contribute at least 50 percent to the overall poverty reduction ambition for the plan and for at least a doubling current agricultural productivity levels.

<sup>5</sup> See Looking ahead: IFAD in the context of the 2030 Agenda for Sustainable Development (IFAD11/2/R.2).

<sup>6</sup> These figures also focus on extreme poverty, while significantly more people will remain in poverty, calculated using national poverty lines which are also relevant as SDG1.2 aims to “reduce by at least half the proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions”.

- B. Inclusive and sustainable rural transformation at the heart of the 2030 Agenda
9. Rural transformation happens as part of a broader process of economic growth and structural transformation. It involves growth in agricultural productivity, increases in commercialization and marketable surpluses, and diversification of production patterns and livelihoods. It also involves expanded decent off-farm employment and entrepreneurial opportunities, better rural coverage and access to services and infrastructure, and greater access to, and capacity to influence, relevant policy processes. All of this can – and should – lead to broad-based rural (and wider) growth and to better managed, more sustainable rural landscapes.
  10. However rural transformation that is inclusive and sustainable does not happen automatically; it must be made to happen. Inclusive and sustainable rural transformation is essential to achieving the SDGs. For rural transformation to be inclusive, all rural people must be able to exercise their economic, social and political rights, develop their abilities and take advantage of the opportunities around them. Inclusive transformation leads to a marked improvement in the economic position and quality of life for smallholder farmers, land-poor and landless workers, women, youth, marginalized ethnic and racial groups, and victims of natural disasters and conflict. For rural transformation to be sustainable, it must be climate-smart, environmentally sound, and based on sustainable management of natural resources.
  11. Promoting rural transformation and ensuring that it is inclusive and sustainable is at the heart of IFAD’s mandate. It requires enabling policy frameworks, policy coherence, institutional capacity, effective and inclusive partnerships, and new and sound knowledge (including data) in a range of areas. And, critically, it requires making the right strategic and nationally-owned decisions in different country contexts. Governments and their partners must jointly decide on the right combination of rural development policies and investments, including the best mix of: (i) targeted policies and investments for productive activities that seek a pathway towards inclusion by improving the livelihoods of the rural poor and food-insecure; and (ii) complementary social protection policies and investments that address income poverty, economic shocks and social vulnerability.
  12. In developing countries, smallholder agriculture and related off-farm activities present a great opportunity. Smallholder farms are responsible for up to 80 per cent of food production in the developing world, and production must increase by 50 per cent to feed a global population now expected to reach almost 10 billion by 2050.<sup>7</sup> In just the next 15 years, demand for food in developing countries is expected to increase by 25 per cent, with growth of 55 per cent expected in sub-Saharan Africa. Smallholders will play a major role in meeting this increased demand, particularly as demand for non-cereal food is projected to grow faster than demand for cereals, ensuring that growth is aligned with the comparative advantage of small-scale producers.<sup>8</sup> Food imports to Africa, which have grown dramatically in recent years, now stand at over US\$35 billion per year and may reach US\$110 billion by 2025 unless domestic

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<sup>7</sup> See footnote 3, *The State of Food Security and Nutrition in the World*.

<sup>8</sup> World Bank Group, *Future of Food: Shaping the Food System to Deliver Jobs* (World Bank Group, 2017). This report also refers to growing evidence that labour productivity in agriculture is similar to that of other sectors, countering long-standing policy biases against agriculture, and that differences result from seasonality and underemployment which can be addressed with investments to extend seasons, and improve and diversify production.

production increases.<sup>9</sup>

13. However efforts to reduce extreme poverty and improve food security must recognize that the role of agriculture in the rural economy is evolving.<sup>10</sup> As structural and rural transformation advances, services and industry account for a relatively larger part of the economy, and food demand consequently expands and changes. Agricultural processing, and industries and services linked to agriculture, gain importance; and agriculture shifts from being primarily a direct employer to being a driver of non-farm growth and employment in rural areas. At the same time, rural investment opportunities broaden and non-farm incomes become increasingly important. While non-farm food-related jobs will grow faster than farm jobs, the overall food system is expected to remain the main employer in many developing countries.<sup>11</sup> To end poverty and hunger, there is a need for policies and investments that integrate food and agriculture markets; manage sustainable and resilient agricultural intensification and agroecological changes, deliver new advances in research, technology and extension; and transform family farms into competitive small businesses. However partnerships with a range of actors are also essential to deliver the cross-sectoral policies and investments needed to achieve growth and improvements in quality of life in rural areas.
14. Mobilizing more financial resources, improving targeting and leveraging of existing resources, and aligning public and private, international and domestic finance towards sustainable development are critical challenges. Substantial investments in the agriculture sector are required to achieve the SDGs. FAO, IFAD and WFP estimate that an additional US\$265 billion per year is needed to end hunger by 2030.<sup>12</sup> As highlighted in the AAAA, much of this investment should come from domestic public investment and the private sector, including farmers. Nevertheless, official development assistance (ODA) is crucial to ensure continued support for key factors needed for inclusive and sustainable rural transformation – targeting, capacity to bear risks, and co-investment in key public goods. ODA should facilitate and complement domestic public spending and private investment, reinforcing their link to the achievement of the SDGs.

### C. Key challenges for ending extreme poverty and food insecurity

15. Efforts to promote sustainable and inclusive rural transformation must tackle the cross-cutting challenges affecting rural areas. Five particular challenges that cut across many of the SDGs are prioritized: nutrition (SDG2); gender (SDG5); youth, particularly youth employment (SDG8); climate (SDG13); and fragility, which affects all SDGs. These need to be systematically addressed in an integrated manner during IFAD11 and beyond; failure to do so will undermine IFAD's development impact and the 2030 Agenda overall.
16. First, greater efforts are needed to promote better nutrition. SDG2 seeks not only to end hunger (proxied by undernourishment), but also to avoid the multiple burden of malnutrition: undernourishment, micronutrient deficiency and obesity. Today almost one in four children under 5 are affected by stunting due to undernourishment,<sup>13</sup> malnutrition during the initial years of children's

<sup>9</sup> African Development Bank (AfDB), the Organisation for Economic Co-operation and Development (OECD), and the United Nations Development Programme 2017 (UNDP 2017), *African Economic Outlook 2017 Entrepreneurship and Industrialisation* (AfDB, OECD, UNDP 2017: 2017).

<sup>10</sup> *Rural Development Report 2016: Fostering inclusive rural transformation*.

<sup>11</sup> See footnote 8.

<sup>12</sup> FAO, IFAD and WFP, *Achieving Zero Hunger: The critical role of investments in social protection and agriculture* (Rome: FAO, 2015).

<sup>13</sup> See footnote 3, *The State of Food Security and Nutrition in the World*.

development has severe negative and persisting impacts, and illness provoked by malnutrition can cause deep stress and hamper the resilience and livelihoods of poor communities. Diversifying production to meet nutritional goals is critical but not enough; likewise, income gains alone are insufficient to deliver positive nutritional impact: all stages of the food chain must change. This necessitates a shift beyond nutrition-sensitive agriculture to nutrition-sensitive food systems that provide safe, affordable and nutritious food while addressing the social and cultural norms that impede the meeting of nutritional goals for all.<sup>14</sup>

17. Second, gender inequities that limit productive potential and the achievement of the SDGs must be addressed. Studies consistently find that women have significantly less access to agricultural inputs, including land. This creates a gender productivity gap that has consequences for overall productivity as well as gender inequality. It limits agricultural potential and stalls the transformation of the rural economy, particularly in the many contexts where women are the main actors in household food production, and where male migration is leading to further feminization of agriculture.<sup>15</sup> These dynamics can also diminish women's bargaining power in the household and divert spending away from investments in children's schooling, health and nutrition. Leaving half the population behind makes achievement of the SDGs impossible.
18. Third, policymakers must ensure young rural people can find productive and sustainable employment. There are 1.2 billion young people between the ages of 15 and 24 in the world today. South and East Asian countries have particularly large youth populations, but these regions will eventually be surpassed by Africa, where in the years leading to 2030, over 16 million young women and men will enter the labour force each year, the majority in rural areas.<sup>16</sup> While these rural young people have the potential to create a demographic dividend, their success in doing so relies on the availability of productive opportunities. Today, across developing countries, young people are two to three times more likely than adults to be unemployed, and are more vulnerable to exclusion from political life and opportunities to access land, finance and markets; young women typically face the greatest challenges.<sup>17</sup> Failing to engage youth, particularly in agriculture, will stifle the productivity increases needed to achieve the SDGs. Furthermore, if rural areas do not provide jobs, young people will be forced to move to already overcrowded cities, and some will resort to international migration (see box 3 below). In some circumstances unemployed youth are more liable to engage in violence and criminality, fuelling conflict, fragility and insecurity.<sup>18</sup>
19. Fourth, investment in mitigating and adapting to climatic change and in preventing and reversing environmental degradation must be accelerated. Climate change is already altering the agricultural landscape. Left unaddressed, it will result in greater poverty and, in extreme cases, famine for those relying on agriculture. A recent World Bank study estimated that climate change will push an additional 5 million people into poverty in the most optimistic scenario, and 125 million additional people in the least optimistic: 50 per cent of this poverty impact derives from the effects of climate change on agriculture, highlighting the particular sensitivity of the sector. In addition, given the role of

<sup>14</sup> CGIAR Independent Science and Partnership Council (ISPC), *Joint A4NH/ISPC Workshop on Nutrition – Insights and recommendations* (Rome: CGIAR, 2015).

<sup>15</sup> A. Peterman, J. Behrman, and A. Quisumbing "A Review of Empirical Evidence on Gender Differences in Nonland Agricultural Inputs, Technology, and Services in Developing Countries," in *Gender in Agriculture*, ed. A. Quisumbing et al. (Dordrecht: Springer Netherlands, 2014), 145-186.

<sup>16</sup> IFAD and the World Bank Group, *Rural Youth Employment* (IFAD and the World Bank Group: 2017).

<sup>17</sup> *Ibid.*

<sup>18</sup> The World Bank, *World Development Report 2011: Conflict, Security, and Development* (Washington, D.C.: the World Bank, 2011).



agriculture in greenhouse gas emissions, and its potential contribution to mitigation, attention must be paid to win-win approaches to adaptation that also mitigate emissions, while improving the livelihoods of rural poor people. Clearly, transforming rural areas and making agriculture a driver of rural development can only happen if agriculture is climate-smart, i.e. it must be practised in a way that sustainably increases agricultural productivity, enhances resilience to climate change (adaptation) and reduces and/or removes greenhouse gas emissions (mitigation) where possible. At the same time, growth must not lead to unsustainable increases in water use or to environmental degradation.

20. Fifth, fragility, perhaps the greatest development challenge faced today, must be addressed effectively. Countries affected by fragility lagged behind on all of the Millennium Development Goals and today addressing fragility is recognized as essential to delivering the SDGs.<sup>19</sup> In 2016, the OECD estimated that 1.6 billion people were living in fragile situations,<sup>20</sup> 480 million of them in extreme poverty. While globally, extreme poverty is expected to decline, in fragile contexts it is expected to increase. Fragility is also one of the key drivers of negative rural transformation outcomes. The chronic vulnerabilities and periodic shocks that characterize fragile situations trigger conflicts, disrupt livelihoods and drive people from their homes into situations of forced displacement or distress migration to seek safety, access to services and economic opportunities, often in urban areas.
21. Combinations of these five challenges – which apply across country income groups – can be seen in many places in the world today. At this very moment, decades of development progress are being unravelled in countries affected by drought, famine, conflict and forced displacement. Today, an unprecedented 81 million people are in need of emergency food assistance, largely due to conflicts and the overwhelming impact of El Niño/La Niña induced droughts.<sup>21</sup> Compounding this hunger crisis are the 65.6 million people living in forced displacement, driven from their homes by conflict, violence, persecution, hunger and natural disasters. The vast majority of those living in forced displacement are in developing countries, creating additional challenges for governments and host communities.
22. Achieving the 2030 Agenda in rural areas will require significantly stepping up efforts in LICs and LMICs, continuing action in UMICs, and improving IFAD's capacity to deliver in the most fragile situations (MFS). While international efforts have improved the capacity to predict such disasters, including the ongoing famine in sub-Saharan Africa (SSA) and Yemen, reactions often focus on the short term. Achieving the SDGs in the face of such crises will require strong partnerships, including between humanitarian and development actors, and investment in long-term solutions that address these challenges in an integrated manner, build resilience and permit rural economies to continue to move forward. Without a strong concerted effort to reduce extreme poverty and improve food security across countries at different levels of development, SDG1 and SDG2 cannot be achieved. Only by treating the drivers of hunger and conflict in rural areas, can future crises be prevented and human security ensured.

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<sup>19</sup> United Nations General Assembly, *The Road to Dignity by 2030: Ending Poverty, Transforming all Lives and Protecting the Planet* (New York: United Nations, 2014), [www.un.org/ga/search/view\\_doc.asp?symbol=A/69/700&Lang=E](http://www.un.org/ga/search/view_doc.asp?symbol=A/69/700&Lang=E).

<sup>20</sup> The OECD is phasing out the practice of establishing ranked lists of fragile states and is replacing it with identification of a group of countries or contexts most affected by fragility over five different dimensions: economic, environmental, political, security and societal. The IFAD strategy for engagement in countries with fragile situations (EB 2016/119/R.4) defines an IFAD specific methodology for identification of the most fragile situations, which focuses on dimensions and indicators of fragility most relevant to IFAD's work.

<sup>21</sup> Famine Early Warning Systems Network (FEWS NET), *Global Alert: Already unprecedented food assistance needs grow further; risk of Famine persists* (FEWS NET, 2017).

## II. Leaving no one behind – IFAD’s role in the 2030 Agenda

### A. IFAD’s value proposition and comparative advantage

23. Leaving no one behind – the ambition that cuts across the 2030 Agenda – is central to IFAD’s mandate. IFAD has been "putting the last first" for 40 years, accumulating decades of experience across the developing world, providing loans and grants to invest in rural people, contributing to shaping people-centred pro-poor policies and developing partnerships to achieve its goals. There is now considerable cross-country evidence that agricultural growth is more effective in reducing poverty than growth in other sectors,<sup>22</sup> and the AAAA recognized that investment in smallholder agriculture "will lead to rich payoffs across the Sustainable Development Goals".
24. IFAD’s overarching development goal is to invest in rural people to enable them to overcome poverty and achieve food security through remunerative, sustainable and resilient livelihoods.<sup>23</sup> The pathway through which IFAD’s investments will achieve this overall goal in IFAD11 and beyond is carefully articulated in the IFAD Strategic Framework 2016-2025, through three closely interlinked strategic objectives (SOs): SO1: Increase poor rural people’s productive capacities; SO2: Increase poor rural people’s benefits from market participation; and SO3: Strengthen the environmental sustainability and climate resilience of poor rural people’s economic activities. These strategic objectives are complemented by five principles of engagement: (i) targeting; (ii) empowerment; (iii) gender equality; (iv) innovation, learning and scaling up; and (v) partnerships.
25. Underlying IFAD’s value proposition is the conviction that poor rural people can be drivers of inclusive and sustainable rural transformation. IFAD places poor rural women and men at the centre of its investments. IFAD’s investment portfolio is focused on empowering these women and men to strengthen their productivity, increase their incomes, improve their food security and nutrition, engage with markets and with other actors within agrifood supply chains on effective and competitive terms, manage their natural resources more effectively and sustainably, and increase their resilience. IFAD works with governments and other partners to invest in empowering poor rural people to play this role. This approach is critical to achieving IFAD’s mandate and is unique among development finance institutions.
26. IFAD’s comparative advantage therefore lies in its strong targeting of the poorest and most food-insecure people in rural areas, and in its focus on empowering them to increase their productive capacities. The Fund seeks to support the poorest, most marginalized population strata, living in the most remote and fragile areas. It works with smallholder farmers, pastoralists, artisanal fishers, indigenous peoples and other rural people and their organizations, to transform their livelihood strategies into competitive small-scale business activities, enhance their returns from market participation, and build their resilience to cope with climatic and other shocks. Effective partnerships to innovate, learn and scale up impact form a critical component of this comparative advantage. IFAD is also a recognized leader in the field of rural women’s empowerment;<sup>24</sup> it is considered a "global pioneer" among United Nations agencies for its work in securing indigenous peoples’ rights;<sup>25</sup> and it has a unique partnership with the world’s

<sup>22</sup> See footnote 4.

<sup>23</sup> IFAD Strategic Framework 2016-2025: Enabling inclusive and sustainable rural transformation.

<sup>24</sup> Midterm Review of IFAD’s Policy on Gender Equality and Women’s Empowerment (EB 2016/118/R.9).

<sup>25</sup> B. Feiring et al., *United Nations and Indigenous Peoples in Developing Countries: An Evolving Partnership* (Tebtebba Foundation and Asia Indigenous Peoples Pact, 2014).

farmers' organizations through the Farmers' Forum. IFAD is also a leading promoter of poor rural communities' resilience to climate change, and it is one of the largest lenders supporting inclusive rural finance.

27. IFAD's status as a United Nations specialized agency with the business model and governance structure of an IFI is a further element of its comparative advantage.<sup>26</sup> IFAD contributes to the AAAA by effectively mobilizing, allocating and utilizing finance for development and transforming those resources into results. It helps to mobilize and target domestic and international public development finance, aligning the two in the context of specific programmes to increase productive, human and social capital and to facilitate access to financial capital – including private capital. IFAD's inclusive governance mechanisms enable it to leverage contributions from a larger number of Member States than any other IFI. These contributions in turn provide the basis for leveraging further sources of finance and catalysing private investments towards sustainable development objectives. Loan reflows ensure IFAD's financial sustainability and over the longer term multiply the impact of Member States' ODA contributions.
28. While recognizing the need for improvements, IFAD has effectively leveraged this comparative advantage to deliver results, including in fragile situations. From 2010-2015, IFAD-supported projects helped 43.2 million people to increase their agricultural revenue and moved 24 million people out of poverty – 17 million of whom were living in fragile states. With 836 million people still living in extreme poverty and hunger, mostly in rural areas and relying on agriculture for their livelihoods, the importance of leveraging IFAD's comparative advantages in relation to the SDGs is clear. With a current portfolio reaching almost 100 million poor rural people – a significant share of the total poor rural population – IFAD is strongly positioned to make a major contribution to the SDGs.<sup>27</sup>

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<sup>26</sup> IFAD's unique business model and strong financial capacity is evidenced by that fact that IFAD is the only United Nations agency positively assessed across all seven pillars of the European Commission's Pillar Assessment, used to ensure organizations have the capacity to manage European Union funds on their behalf. The seven pillars cover topics such as internal controls, accounting, external audits, grants, procurement, financial instruments and sub-delegation.

<sup>27</sup> According to IFAD's impact assessments, IFAD projects helped move 24 million people out of poverty during the six-year period 2010-2015, from a total global poverty reduction of 400 million people during this period. Yet IFAD's average annual programme of loans and grants was less than 1 per cent of total annual ODA. This suggests, based on very conservative assumptions, that the average impact of a dollar spent by IFAD in terms of people moved out of poverty is 35 per cent higher than that of average ODA. If all ODA were as effective as IFAD dollar-for-dollar ratio, an additional 140 million people would have been moved out of poverty during this period.

## Box 1

**More systematic collaboration among the Rome-based agencies**

**Rome-based agency (RBA) collaboration has received a major push in recent years.** A joint vision and concrete commitments based on each agency's comparative advantage and distinct role will further strengthen RBA joint efforts to better support the SDGs.

**At the country level,** in 2015, the RBAs collaborated on 26 projects in 21 countries, a 20 per cent increase over the previous year. Joint country strategies and regional agreements are being established, and FAO is supporting design and implementation of IFAD projects in many countries. A joint mission of the RBA Executive Heads to Ethiopia took place in September 2017.

**At the global level,** the RBAs collaborate on the 2030 Agenda, advancing key issues such as resilience, food security and nutrition through joint preparation of knowledge products (for example, the State of Food Insecurity in the World), through collaboration in the Committee on World Food Security (CFS), joint advocacy around World Food Week and World Food Day, and through initiatives such as the Accelerating Progress towards the Economic Empowerment of Rural Women programme which is supported by the Governments of Norway and Sweden.

**Institutional collaboration** is increasing efficiency and effectiveness: 10 IFAD Country Offices are hosted by FAO and seven by WFP, and there is extensive joint provision of corporate services through the RBA Common Procurement Team and collaboration on ICT, printing, security and travel services.

**Under the leadership of the RBA Executive Heads and the Senior Consultative Group (SCG), the agencies are taking steps towards a more systematic approach to operational collaboration.**

During IFAD11, the RBAs will:

- Prepare a tripartite memorandum of understanding (MoU), building on the current MoU between FAO and WFP;
- Increase joint regional processes, projects and programming exercises; elaborate a framework with FAO to benefit from its technical assistance and thematic expertise; and seek country-level synergies with WFP's Farm to Market Alliance;
- Undertake joint country-level mapping exercise to identify gaps, overlaps and opportunities for collaboration on country strategies;
- Identify fragile situations where WFP-IFAD collaboration could bring together humanitarian aid and development financing, in line with the "New Way of Working" framework. IFAD's Facility for Refugees, Migration, Forced Displacement and Rural Stability (FARMS) provides entry points for such collaboration;
- Strengthen joint work, including through the CFS, on priorities such as climate, gender, rural finance and financial inclusion, food security and nutrition, and monitoring and implementation of the SDGs through the United Nations High-level Political Forum;
- Further strengthen joint administrative and human resources-related services, technical integration of IT systems, joint audit and investigation activities and evaluation, and seek more joint country hosting arrangements;

Progress on RBA collaboration is reported regularly to the SCG, the RBA Executive Heads, and the executive bodies of the respective agencies.

29. Ending extreme rural poverty and food insecurity through inclusive and sustainable rural transformation requires action from a range of development partners, a process in which IFAD will play a critical role. IFAD is among the world's largest multilateral financiers of food security and nutrition,<sup>28</sup> but it uses its funding differently from other IFIs. The World Bank typically prioritizes sector-level investments,<sup>29</sup> while the African Development Bank (AfDB) focuses its efforts on infrastructure investment.<sup>30</sup> IFAD's targeted people-centred investments in the poorest rural communities, often in the most remote areas, complement these approaches and enhance their inclusivity, poverty impact and sustainability. Likewise, the distinct but complementary mandates of the RBAs strengthen their individual value propositions. FAO and WFP share IFAD's goal of addressing extreme poverty and food insecurity, but their mandates differ. FAO's core functions concern policy support, data collection

<sup>28</sup> Based on estimations by the Brookings Institution of the annual average financing going to food and nutrition security.

<sup>29</sup> A. Goyal and J. Nash, *Reaping Richer Returns: Public Spending Priorities for African Agriculture Productivity Growth* (Washington, D.C.: Agence Française de Développement and the World Bank, 2017).

<sup>30</sup> The AfDB strategy for 2013-2022 explicitly notes the need for AfDB to partner with IFAD (and FAO) who are "better positioned to intervene in other parts of the value chain." AfDB Group, *At the Center of Africa's Transformation: Strategy for 2013-2022* (Abidjan: AfDB, 2013), p.20.

and technical assistance.<sup>31</sup> WFP focuses on humanitarian crises and linked development-enabling work.<sup>32</sup> IFAD facilitates financing and investment, with a focus on investing with and for smallholder farmers, and poor rural women and men. These are highly complementary mandates where there is potential for significantly more collaboration. During IFAD11 more systematic collaboration will be pursued, both with the RBAs (see box 1 above) and with other IFIs.

## B. Looking ahead to IFAD11 and beyond

30. In order to achieve the goals of the 2030 Agenda, IFAD needs to work in a way that is bigger, better and smarter. The IFAD11 Consultation has assessed the business model of the Fund, and considered how it can be enhanced to deliver impact on poverty and hunger at scale and meet the significant demands of the 2030 Agenda.
31. Demand for IFAD resources exists but to get bigger, IFAD must improve its capacity to deliver. A review of country demand shows that IFAD has systematically managed to employ all its resources. This has included reallocating performance-based allocation system (PBAS) resources from countries that do not utilize their allocations to countries that can absorb more, most often LICs and LMICs. A recent OECD survey shows that after economic growth, recipient country priorities include: (i) agriculture and natural resources management; (ii) adaptation to climate change; and (iii) meeting the needs of the poorest and reducing inequality – concerns that are at the centre of IFAD's mandate. In general, countries have the needed absorptive capacity; therefore what must be addressed is IFAD's own capacity to deliver. To lay the groundwork for continued changes in the business model, a series of actions are needed, including frontloading decentralization, reengineering the country-based model, reorganizing "to fit management for purpose", crafting incentives to embrace innovation and creating a results-based architecture.
32. IFAD aims to make a significant, effective and efficient contribution to SDG1 and SDG2 and the broader 2030 Agenda in rural areas. It will do this through a concerted effort of: (i) increased resource mobilization by diversifying the resource base, while ensuring that Member State contributions remain the foundation of the Fund's financial strategy; (ii) effective allocation of resources to those that need them most and can use them effectively; and (iii) fine-tuning processes for resource utilization, with more agile programme delivery and implementation; and (iv) embracing a culture of results and innovation across the organization, which will help transform resources into development results in a way that maximizes the impact of each dollar invested on the lives of rural poor people. The consolidated results hierarchy is shown in annex II.
33. The IFAD11 Consultation also focused on three areas in which specific attention is required during the coming years: (i) enhancing the relevance of IFAD operations to country context; (ii) mainstreaming cross-cutting challenges – specifically nutrition, gender, youth<sup>33</sup> and climate – ensuring additional focus on environmental degradation and climate change mitigation, and better addressing fragility; and (iii) partnerships to pool and leverage finance and knowledge, and influence the global agenda in order to scale up IFAD's innovative and catalytic role.
34. A fundamental underpinning of the IFAD11 business model is an

<sup>31</sup> FAO, *Reviewed Strategic Framework* (Rome: FAO, 2013), p.18.

<sup>32</sup> WFP, *WFP Strategic Plan (2017-2021)* (Rome: WFP, 2017).

<sup>33</sup> The G20 also welcomed and supported the high returns of IFAD's investments in areas of critical areas of specific interest for the economic empowerment of rural youth, and recognized the synthesis study *Rural Youth Employment*, conducted jointly by IFAD and the World Bank for the G20 as an important input to the G20 Initiative for Rural Youth Employment – Supporting the "Next Generation" in Rural Development, Agriculture and Food Security in developing countries.

increased focus on development effectiveness. Development effectiveness requires that: (i) IFAD's country strategies carefully assess the rural development situation and identify interventions that address key development problems and are likely to be successful in achieving their development objectives (doing the right things); (ii) individual projects are designed and implemented with a carefully articulated theory of change highlighting how inputs and activities are expected to achieve impact (doing things right); (iii) projects have sufficiently planned and implemented data collection systems that allow for assessment of that theory of change (facilitating learning and evidence-based decision-making). The Development Effectiveness Framework (DEF), approved by IFAD's Executive Board in December 2016, will support this agenda. Furthermore, as recognized in the Paris Declaration on Aid Effectiveness, the AAAA and the Global Partnership for Effective Development Co-operation, development effectiveness can be enhanced to the extent that development assistance is channelled through a country-based development model. Fully realizing the country-based model during 2018, including through accelerating IFAD's decentralization, will be essential to delivering on the commitments made as part of the Consultation.

35. The next section focuses on the enhancements that will be made to IFAD's business model during IFAD11, fully integrating the Fund's approach to enhancing relevance to country context; mainstreaming nutrition, gender, youth and climate change; and leveraging partnerships. Key highlights of how these priorities will materialize in IFAD11 are summarized in the relevant boxes.

### III. Enhancing IFAD's business model to achieve operational excellence

36. In the past decade the Fund has successfully adjusted its business model to improve results and respond to pressing external factors. Notable changes include embracing direct supervision and decentralization, differentiating approaches for specific country needs, sharpening the focus on non-lending engagement, successfully integrating gender dimensions in its rural development work, and establishing a leadership role in smallholder adaptation to climate change through creation of the Adaptation for Smallholder Agriculture Programme (ASAP). Furthermore, IFAD has successfully diversified its funding sources through the introduction of sovereign borrowing. IFAD is now globally recognized for its contribution to rural poverty reduction, as identified in the AAAA. Improvements in IFAD's performance have also been highlighted in recent donor assessments, which have noted progress on strengthening financial management, transparency and results.<sup>34</sup>
37. Nevertheless, to meet the demand created by the 2030 Agenda, the Fund must continue to enhance its business model. During IFAD11, improvements will be made across the four key dimensions of IFAD's business model:
  - (a) resource mobilization; (b) resource allocation; (c) resource utilization; and (d) transforming resources into development results. This will strengthen IFAD's approach to managing for development results, and maximize the impact of each dollar it invests on the lives of poor rural people.
- A. Resource mobilization – assembling development finance to maximize impact
38. To meet the investment needs of the SDGs the global community is moving the discussion from “billions” to “trillions” in investments of all kinds: public and private, national and international. Achieving the SDGs will

<sup>34</sup> United Kingdom's Department for International Development (DFID), *Raising the standard: the Multilateral Development Review 2016* (DFID, 2016).

require the best possible use of each ODA dollar, including those of the Fund and its development partners, as well as financing from philanthropy, South-South flows, diaspora investment and foreign direct investment. These external financial flows need to catalyse the mobilization and effective use of domestic public and private resources.

39. In this context, IFAD's catalytic role as an assembler of development finance as well as a direct lender is paramount. During IFAD11, the Fund will enhance its role as an assembler of development finance at the global and country levels. Prioritizing this role and strengthening the Fund's financing partnerships are critical for meeting the increasing demand for larger-scale financing and greater impact. This will be achieved through changes in the way that IFAD finances its PoLG, and through a more strategic and proactive approach to mobilizing domestic and international cofinancing and crowding in private investment, including by bolstering country engagement.

#### Programme of loans and grants

40. In IFAD11 the PoLG rather than the level of replenishment contributions will drive the financial strategy. Traditionally IFAD's PoLG has been determined by the level of the replenishment, often leaving a considerable gap between country demand and actual allocations, and failing to fully utilize or incentivize enhancement of IFAD's capacity to deliver. For IFAD11, the PoLG will be established at a level that balances country demand and absorptive capacity with financial prudence and IFAD's capacity to deliver, taking into account planned efforts to increase that delivery capacity.<sup>35</sup> This will be made possible by prudently leveraging IFAD's replenishment resources with borrowing. Doing so is critical to maximizing development results and improving IFAD's value for money.
41. To strengthen IFAD's role as an assembler of development finance, a comprehensive leveraging strategy will be implemented. While core replenishment contributions will remain the foundation of IFAD's capital and financial commitment capacity, borrowing will be integrated into the financial framework for the first time, utilizing the existing Sovereign Borrowing Framework (SBF), and adapting the concessional partner loan (CPL) frameworks successfully introduced by the International Development Association (IDA) and African Development Fund (AfDF) to IFAD's specific requirements. IFAD will also make preparations for market borrowing, aiming at a possible inaugural bond issuance for IFAD12. Full details on IFAD's financial framework and strategy for IFAD11 and beyond are provided in section V.

#### Programme of work

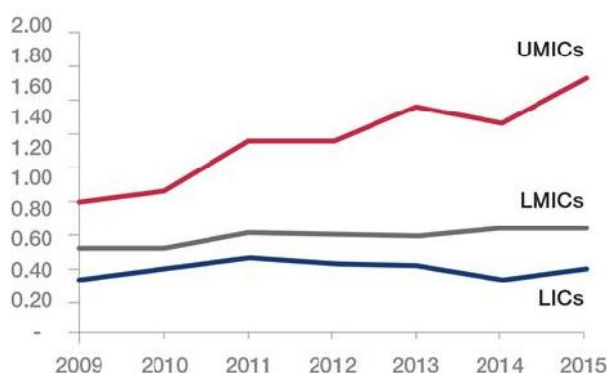
42. Cofinancing with domestic and international partners has multiple benefits. It enables expansion of the number of beneficiaries covered, encourages knowledge exchange among cofinanciers, improves aid coordination, facilitates policy engagement with governments and provides opportunities to scale up successful experiences for better impact. In IFAD11, the Fund will aim to mobilize US\$1.40 for every US\$1 of IFAD financing, a significant increase compared to IFAD10. Assuming a PoLG of US\$3.5 billion, this would result in a programme of work (PoW) of US\$8.4 billion, an increase of about US\$1.35 billion

<sup>35</sup> In developing this scenario an analysis of demand over the IFAD11 period was conducted based on a country-by-country assessment of country strategic opportunities programmes (COSOPs) that have been recently written or are under discussion with partner countries. Demand for IFAD resources is shaped by several factors, including: how partner countries view IFAD's value added as a source both of development finance and of technical and policy expertise; the alternative resources available to them; their fiscal space; and the extent to which support to smallholder farmers and the rural poor represents a policy priority for them. A paper on this issue will be presented to an intersessional meeting of the IFAD11 Consultation on 18 October.

over IFAD10.<sup>36</sup> Cofinancing levels – and the cofinancing ratio – have decreased in recent years. To achieve the IFAD11 cofinancing target, specific cofinancing targets will be established internally for each regional division, in accordance with the regional context, and the cofinancing pipeline will be more systematically monitored. A key motivation for reengineering the country-based model is to expand partnerships to facilitate greater cofinancing. Over the medium-to-long term, IFAD aims to double the PoW achieved in IFAD10, responding to the need for a significant acceleration – roughly a doubling – of today's rate of progress to achieve the SDGs, particularly SDG1 and SDG2.

43. IFAD will explore new ways of securing domestic cofinancing that are congruent with each country's income status. Almost all ongoing IFAD-supported projects already receive domestic cofinancing – mainly from the government (counterpart funding). Domestic cofinancing ratios in UMICs have increased considerably over recent years and are now double what is provided by LICs and LMICs, yet there is still scope for them to rise further. For IFAD11 specific counterpart funding targets will be agreed with governments during preparation of project concept notes. Targets will be benchmarked by country income status, while taking the domestic fiscal situation and broader economic environment into account. Disaggregated data on public and private, domestic and international cofinancing will be reported through the annual Report on IFAD's Development Effectiveness (RIDE). IFAD will also support Member States' own domestic resource mobilization efforts by boosting rural economic activities and incomes, and reducing informality in the rural and agricultural sectors. As recognized in the AAAA, the 2030 Agenda and the African Union's Agenda 2063, effective domestic resource mobilization is a necessary ingredient for sustainable poverty eradication

Figure 3  
Domestic cofinancing ratio trends by income status of countries  
(three-year rolling averages)



44. In IFAD11 international cofinancing will increase and it will become more systematic and will be used to scale up IFAD's impact. Three quarters of IFAD operations in LICs receive international cofinancing, and operations in MFS receive almost twice as much as those in non-fragile contexts. Widespread recognition that rural areas and the agriculture sector are key to the attainment of the SDGs has revived the interest of other IFIs in investing in this sphere, creating new opportunities for cofinancing. IFAD's comparative advantage and specific expertise in working with smallholders and marginalized groups in remote rural areas makes it the partner of choice for such investments. Efforts are already under way to reinvigorate engagements

<sup>36</sup> The IFAD10 cofinancing target is 1:1.2, implying mobilization of US\$3.84 billion in cofinancing for an IFAD10 PoLG of US\$3.2 billion, and a PoW of US\$7.04 billion. The current 36-month cofinancing ratio of 1:1.27 exceeds the IFAD10 target.



with major international cofinancing partners such as the AfDB, Asian Development Bank (AsDB), West African Development Bank, Andean Development Corporation (CAF), European Union, Inter-American Development Bank, Islamic Development Bank and OPEC Fund for International Development. In IFAD's new country-based model, country directors will play a key role in facilitating cofinancing.

45. IFAD will develop a more strategic approach to mobilization of supplementary funds, which complements other components of IFAD's financing strategy. Supplementary funds are a proven instrument to attract cofinancing for IFAD's lending programme and to deliver it to recipients through a single channel, simplifying administration and reducing the burden on recipients. They are a particularly important means of scaling up interventions in LICs and LMICs, supporting IFAD's engagement in fragile situations and enhancing engagement with civil society, for example farmers' organizations. They also finance innovation in areas such as agricultural risk management<sup>37</sup> and remittances<sup>38</sup> and have played an important role in supporting the nutrition, gender and climate agendas. Indeed IFAD has established an impressive track record in mobilizing supplementary funds from global environment and climate funds, including the Global Environment Facility (GEF), Least Developed Countries Fund (LDCF), Special Climate Change Fund (SCCF) and Adaptation Fund (AF). In 2016, IFAD was accredited as an implementing agency for the Green Climate Fund (GCF).<sup>39</sup> During IFAD11 mobilization of supplementary funds will focus on a number of specific priorities that add value to country programmes or enhance global engagement, including: (i) scaling up existing successful initiatives; (ii) tapping global funds and partners for cofinancing, particularly for the climate, youth and fragility agendas to complement PBAS resources; (iii) addressing the rural dimensions of the current refugee crisis through FARMS; (iv) financing technical assistance to climate change adaptation and mitigation through the second phase of ASAP (ASAP2); and (v) promoting private-sector development and youth entrepreneurship through the Small and Medium-Sized Enterprise Investment Finance Fund (SIF).

#### Crowding in private-sector investment

46. More private resources will have to be mobilized to finance the global ambitions of the SDGs.<sup>40</sup> Clearly ODA and domestic resource mobilization will remain essential to accelerating economic growth and lifting people out of extreme poverty, particularly in many LICs where private investment is still limited. However a critical role of these resources will be to crowd in private investment,<sup>41</sup> benefiting from the growing body of examples of how private

<sup>37</sup> The Weather Risk Management Facility (WRMF) initiative, launched jointly by IFAD and WFP, promotes the access of vulnerable smallholders to risk management tools such as weather-based index insurance. It conducts global research in best practices for WII programmes to support international agencies and donors' country programme staff in effectively implementing a WII programme. In addition, the Platform for Agricultural Risk Management (PARM) was launched in 2013 as an initiative developed under the G20. PARM is a multi-donor initiative worth US\$7.7 million. It helps identify, assess and quantify agricultural risks in partner countries, and develop related strategies for informing public policies, agricultural investment programmes and private sector practices.

<sup>38</sup> The Financing Facility for Remittances (FFR) is a multi-donor initiative which has co-funded nearly 50 projects in 45 countries for a total of US\$38 million. It maximizes the impact of remittances for rural poor people by expanding access to financial services and offering financial products to remittance recipients through innovative, cost-effective and accessible services. Remittances have huge potential as a future source of funding as they are estimated to grow from the present level of US\$430 billion today to US\$2.5 trillion.

<sup>39</sup> Including ASAP, GEF, LDCF, SCCF and AF, IFAD has mobilized some US\$500 million of climate and environment finance for 62 countries, making IFAD the world's largest channel for smallholder agriculture adaptation resources.

<sup>40</sup> H. Kharas, A. Prizzon, and A. Rogerson, *Financing the post-2015 Sustainable Development Goals: A rough roadmap* (London: Overseas Development Institute, 2014). See [www.odi.org/sites/odi.org.uk/files/odi-assets/publications-opinion-files/9374.pdf](http://www.odi.org/sites/odi.org.uk/files/odi-assets/publications-opinion-files/9374.pdf). [www.delog.org/cms/upload/pdf-post2015/ODI\\_Financing\\_the\\_post-2015\\_SDGs.pdf](http://www.delog.org/cms/upload/pdf-post2015/ODI_Financing_the_post-2015_SDGs.pdf).

<sup>41</sup> G20 International Financial Architecture Working Group (G20 – IFA WG), *Principles of MDBs' Strategy for crowding-in Private Sector Finance for growth and sustainable development* (G20 – IFA WG, 2017).

business can deliver profit and development impact simultaneously.

47. Purposeful partnerships with the private sector will be an IFAD11 priority. Some 70 per cent of all IFAD projects are now focused on developing value chains, and the local private sector<sup>42</sup> is identified as a partner in over 50 per cent of IFAD's loans and grants. Nevertheless, IFAD has faced challenges in increasing private-sector collaboration in practice, and the private sector provides limited amounts of project cofinancing. The AAAA calls on the multilateral development banks (MDBs) to increase the multiplier effect of their investments. Using a reengineered country-based model, IFAD will make this a priority of IFAD11. It will increase and report more comprehensively on the direct and indirect private finance mobilized by the Fund's investments using mechanisms appropriate for the private sector and looking beyond traditional definitions of cofinancing.
48. The public-private-producer partnership (4P) model has established a systematic approach to involving the local private sector, together with farmers' organizations, as equal partners in IFAD-supported projects. The 4P model supports the emergence of pro-poor and win-win business solutions that provide financial and non-financial incentives to private-sector companies to partner with and invest in smallholder farmers, enabling the latter to improve their productivity and access to markets. Having developed a conceptual framework, case studies, methodologies, and guidelines and assessed outcomes to garner lessons learned and inform future work, IFAD is now well positioned to make greater use of the 4P approach to crowd in domestic private-sector investment in rural areas.
49. Going forward, IFAD will continue its efforts to mobilize finance for the underserved market of smallholder farmers and domestic small and medium-sized enterprises (SMEs). This will be done through IFAD's lending and non-lending engagement at country level by directly addressing the root causes of the difficulties: lack of collateral and bankable investments, higher transaction costs and higher risk. To this end, IFAD will focus on investments in rural areas that reduce risk and improve the enabling environment, and will act as a broker to crowd in private investments in rural areas and help small-scale producers, "agripreneurs" and their organizations to become competitive business partners. By developing more innovative financial inclusion methods IFAD will enhance access to medium- and long-term finance for small-scale producers, particularly women and youth.
50. IFAD will also establish the Smallholder and Small and Medium-Sized Enterprise Investment Finance Fund to facilitate access to medium-to-long term finance for SMEs and producers' organizations, through debt and equity investments. The SIF will target the segment of rural SMEs that are currently underserved by existing banks and investment funds. It will capitalize on the potential of IFAD's existing portfolio to minimize risk and unlock private-sector investments, focusing on creation of employment opportunities for rural youth. A technical assistance facility is also envisaged to provide advisory services, capacity-building, intermediation support and partnership brokerage to farmers' organizations and rural SMEs. This will facilitate access to the SIF and provide a means of linking smallholders to agrifood SMEs, generating further rural employment and entrepreneurship opportunities.
51. Fostering relationships with potential partners and financiers will be key to attracting international private investment to smallholder agriculture. IFAD will engage with partners, and leverage networks such as the Consultative

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<sup>42</sup> For example, commercial banks, microfinance institutions, input suppliers, equipment-leasing firms, private extension and advisers, aggregators, processors, wholesalers, retailers and exporters.

Group to Assist the Poor (CGAP) and the Smallholder Agriculture Finance and Investment Network (SAFIN). The establishment of SAFIN was announced in January 2017. Its aim is to unlock the immense investment potential of smallholders and SMEs involved in agrifood activities by bringing them to the table along with public and private financial institutions, both international and country-based; governments; businesses; and other partners. Impact investors, philanthropic foundations and institutional investment funds are increasingly interested in IFAD's work with rural producers and SMEs. Some potential also remains for leveraging more financing from multinational corporations for direct investment in supply chains and agribusiness activity within the more attractive, lower-risk environment resulting from IFAD's investments.

## B. Resource allocation – focusing on the poorest rural people and the poorest countries.

52. Ending rural poverty and food insecurity will not happen without prioritizing interventions in LICs and LMICs and reaching the chronically poor and food-insecure rural people in UMICs. Building on this diagnostic, IFAD11 resources will be carefully targeted to reach the poorest at two levels. At the macro level, resources will flow to countries that have the greatest need and show a commitment to use those resources effectively, in amounts and on terms determined by IFAD's PBAS and the Policies and Criteria for IFAD Financing. At the micro level, within countries, IFAD's interventions will target the poorest and most vulnerable people. This targeting will continue to be accompanied by a strong focus on the agriculture sector and commitment to mainstreaming of nutrition, gender, youth and climate change.

### Country selectivity

53. For IFAD11 clear and transparent country selection criteria will be introduced. One of IFAD's main characteristics is that of universality. IFAD capitalizes on this through its inclusive governance mechanisms, the broad participation in its replenishments, and the premise that each of its developing country Members is eligible for the Fund's services to eradicate poverty and eliminate hunger. Nevertheless for practical purposes, and for efficiency, the Fund needs to limit the number of Member States receiving a PBAS allocation in each cycle.
54. Greater country selectivity will deliver a range of benefits and contribute to a more efficient and effective use of IFAD's resources. The chosen criteria will ensure country readiness to prepare new projects and improve the efficiency and predictability of the system by and limiting the need for within-cycle reallocations.<sup>43</sup> Second, managing the number of countries receiving allocations in a particular PBAS cycle allows for an increase in the average size of operations<sup>44</sup> – and larger operations tend to achieve better development outcomes,<sup>45</sup> benefit from economies of scale, reach proportionally more beneficiaries, facilitate cofinancing and increased investment in rural infrastructure, and provide a more substantial seat at the policy table to advance the cause of rural smallholders. Third, IFAD has learned through experience that greater country selectivity helps provide better services to all Member States: in each cycle selected countries receive larger allocations than would otherwise have been the case, and countries that do not access new

<sup>43</sup> Corporate-level evaluation of IFAD's performance-based allocation system (EB 2016/117/R.5). During recent PBAS cycles, close to 20 per cent of countries receiving an initial allocation have not made use of it, requiring mid-cycle reallocations, which reduce the predictability and transparency of the PBAS.

<sup>44</sup> The average size of IFAD's operations would remain commensurate with IFAD's operational approach.

<sup>45</sup> Independent Evaluation Group of the World Bank Group, *Behind the Mirror: A Report on the Self-Evaluation Systems of the World Bank Group* (Washington, D.C.: World Bank Group, 2016). G. Gohou, and I. Soumaré, *The Impact of Project Cost on Aid Disbursement Delay: The Case of the African Development Bank* (AfDB, 2010).

funds in one cycle can do so in the next, while benefiting in the current cycle from increased implementation support for its ongoing operations. Indeed, reducing the number of countries receiving new financing does not in any way mean disengaging, because all active and eligible countries will continue to receive IFAD support in the form of sustained portfolio supervision, knowledge-sharing, policy engagement and non-lending services.

55. For IFAD11 approximately 80 countries<sup>46</sup> will be selected to receive a PBAS allocation. This selection will be made transparently, based on the following criteria that respect IFAD's universality and the fairness of the system, and provide incentives for better use of IFAD resources:
- (a) Strategic focus: a valid country strategy (COSOP or country strategy note [CSN]) is available early in the PBAS cycle. This will ensure that qualifying countries have a mature strategic vision of how to use IFAD resources and are ready to engage in concrete operational discussions. Ensuring country readiness to prepare new projects is essential to link PBAS allocations to project pipeline and delivery;
  - (b) Absorptive capacity: all operations in a country that have been effective for more than one year must have disbursed funds at least once in the previous 18 months. This will provide a practical check on absorptive capacity, and allow the Fund to sequence new designs more closely with implementation support and non-lending activities; and
  - (c) Ownership: no approved loans are pending signature for more than 12 months. This proxy ensures that adequate ownership and commitment are in place to facilitate the use of IFAD's resources.
56. These criteria will be applied in a way that ensures that all LICs have the possibility of accessing fresh resources, in line with the commitment to leave no one behind. The list of eligible countries will be compiled ahead of the IFAD11. Management can decide together with qualifying borrowers, to postpone their inclusion until the following cycle. Importantly, none of the criteria penalize any group of countries upfront and all criteria are actionable: there are clear steps for each country to become eligible for fresh support.

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<sup>46</sup> While lower than the number of countries receiving allocations in recent cycles, it is in approximately in line with the number of countries which have actually utilized those allocations.

## Performance-based allocation

57. Once countries are selected by Management, resources will be allocated through the revised PBAS. For IFAD11, the PBAS has been updated.<sup>47</sup> The enhancements include a revised formula and an increase in minimum allocations from US\$3 million to US\$4.5 million per cycle. The changes improve the governance and transparency of the allocation process, and strengthen the rural poverty focus of the country needs component, in particular by including vulnerability and multidimensional poverty measures which are highly relevant to IFAD's specific mandate and priorities through the introduction of the IFAD Vulnerability Index (IVI) variable. The overall result of these changes is an increased share of PBAS resources allocated to MFS, LICs and to other vulnerable country groups such as least developed countries (LDCs),<sup>48</sup> landlocked developing countries (LLDCs) and small island developing states (SIDS).
58. The inclusion of the IVI ensures that PBAS allocations support IFAD's mainstreaming agenda. The topics of nutrition, gender, youth and climate change, chosen as priority themes for IFAD11, apply in a ubiquitous way to most country programmes. Given IFAD's business model, the best way to achieve results in these areas is by influencing the "behaviour" of the whole portfolio through mainstreaming. This approach ultimately leads to greater and more lasting impact at lower overall cost. Inclusion of the IVI variable in the PBAS formula ensures that allocations are now more sensitive to country needs and vulnerabilities relating to nutrition, gender, youth and climate change. This ensures that channelling replenishment resources through the PBAS is an appropriate way of financing these priority themes.
59. The terms on which each country may access their allocated resources are determined by the Policies and Criteria for IFAD Financing. A country's lending terms are determined mostly on the basis of per capita income but other criteria such as debt sustainability are taken into account. Transitions resulting from changes in per capita income levels need to be supported by IFAD in a dynamic manner, but without creating uncertainty or being overly reactive to short-term trends. The Consultation highlighted the importance of establishing an appropriate transition framework to avoid abrupt changes of lending terms and to better accompany countries through their development journeys. [In December 2017, the Executive Board reviewed IFAD's current approach to transition and agreed on the approach to a revised transition framework, which is scheduled for submission to the Board in September 2018. This process will take into account the outcomes of the current process on the reform of IFAD's financial architecture, including potential access to market borrowing.]
60. Further details on how the IFAD11 resource allocation framework takes differences in country context into account are provided below.
- (a) LICs, LMICs and UMICs. Management will allocate 90 per cent of ODA

<sup>47</sup> See EB 2017/121/R.3. The PBAS enhancements were approved recognizing that IFAD is at a crossroads and that IFAD11 will be a transition period. While the changes are consistent with the business model and financial strategy for IFAD11, a further review of the formula will be undertaken in light of the evolution of IFAD's borrowing strategy. Going forward it will be essential to ensure that IFAD's resource allocation mechanism is coherent with the type of funds IFAD can access.

<sup>48</sup> IFAD does not have a specific target for allocation of resources to LDCs but has committed to increase resources for this group of countries during each replenishment cycle. IFAD's Governing Council endorsed the Istanbul Programme of Action for the Least Developed Countries for the Decade 2011-2020 (GC 35/L.11) at its thirty-fifth session (Governing Council resolution 170/XXXV) and IFAD reports regularly on its work in LDCs through the RIDE. As a group, LDCs have the lowest development index and highest incidence of poverty – the proportion of the population living in extreme poverty is double that of developing countries taken as a whole (RIDE 2016). IFAD engages regularly with the United Nations Office of the High Representative for the LDCs, Landlocked Developing Countries and Small Island Developing States and with the United Nations Inter-Agency Consultative Group.

resources<sup>49</sup> to the LICs and LMICs that are selected for allocations in IFAD11. The remaining 10 per cent of IFAD's ODA resources will go to the selected UMICs. Borrowed resources will be used to finance the remaining portion of the total PoLG. This prioritization of the poorest countries for ODA allocation is coherent with the need to channel the most concessional resources to those with the greatest need and least ability to mobilize other resources, while still retaining a share of IFAD's ODA resources to address the diverse and specific needs of UMICs<sup>50</sup> (other commitments are made concerning sub-Saharan Africa [see box 2 below]). As IFAD11 is a transition period during which borrowing is being fully integrated into the financial strategy for the first time, some flexibility will be applied to these allocation shares.<sup>51</sup> Over time, as IFAD obtains increasingly reliable access to borrowed resources, and overall funding availability for all country groups increases, the share of ODA allocated to LICs and LMICs is expected to grow.

- (b) Most fragile situations. Cutting across all income levels, approximately between 25-30 per cent of IFAD's ODA resources will be allocated to MFS, according to IFAD's definition. Furthermore, the revisions to the PBAS formula provide an estimated 17 per cent increase in the share of PBAS resources allocated to MFS which, when combined with an increase in the PoLG to US\$3.5 billion, would lead to an overall increase in financing for MFS of over 25 per cent.<sup>52</sup> This increase is in line with the Fund's new strategy for MFS which highlights the need to increase resource allocation to countries with the most fragile situations. Furthermore, the introduction of the IVI variable to the PBAS formula ensures that resource allocations are sensitive to many drivers of fragility, and are reactive to changes in fragility.<sup>53</sup> At the same time, Management recognizes the importance of systematically assessing absorptive capacity and, when needed, capping a country's PBAS allocation – at times smaller, simpler projects may be more appropriate for MFS.
- (c) Small island developing states. IFAD recognizes the distinct challenges that SIDS face in accessing external private finance, and even concessional development finance, to ensure food security and employment for smallholder farmers and fishers. SIDS suffer acute vulnerability to climate change and persistent exposure to natural disasters and weather-related hazards. Challenges are further exacerbated by geographic remoteness and dispersion. IFAD's engagement in SIDS is guided by IFAD's Approach in Small Island Developing States: A global response to island voices for food security, and supports implementation of the SIDS Accelerated Modalities of Action (SAMOA) pathway,<sup>54</sup> particularly addressing environmental issues and

<sup>49</sup> ODA resources include core replenishment contributions and unrestricted complementary contributions, repayments and interest received from lending these resources [as well as the grant component of concessional partner loans].

<sup>50</sup> United Nations, *Addis Ababa Action Agenda of the Third International Conference on Financing for Development* (New York: United Nations, 2015).

<sup>51</sup> All allocation targets are subject to achieving the target PoLG with a maximum of 50 per cent leverage of replenishment contributions.

<sup>52</sup> Using the list of countries produced by combining the MDBs harmonized list of fragile situations and the OECD fragile states list, as per IFAD previous practice, the revised PBAS provides an increased share of PBAS resources (from 55 per cent to 61 per cent), which would lead to an increase in dollar terms of about 20 per cent, from US\$1.7 billion in IFAD10 to US\$2.0 billion in IFAD11 (assuming a PoLG of US\$3.5 billion).

<sup>53</sup> L. Ndikumana, *The Role of Foreign Aid in Post-Conflict Countries* (Massachusetts: University of Massachusetts, 2015) finds that aid that is sensitive to the conditions of fragility is particularly effective. IDA, *IDA17 Mid-Term Review: Strengthening Support to Fragile and Conflict-Affected States > Progress Report* (IDA, 2015) found that effectiveness increased with enhanced support.

<sup>54</sup> United Nations, *Samoa Pathway: UN System Implementation Matrix* (New York: United Nations, 2014). See [www.sids2014.org/content/documents/612SAMOA%20Pathway%20implementation%20matrix\\_UN%20system.pdf](http://www.sids2014.org/content/documents/612SAMOA%20Pathway%20implementation%20matrix_UN%20system.pdf); and SIDS Action Platform [www.sids2014.org/index.php?page=view&type=66&nr=273&menu=1602&template=937](http://www.sids2014.org/index.php?page=view&type=66&nr=273&menu=1602&template=937).

building climate resilience, supporting sustainable agricultural and fishery production, and increasing market access. During IFAD11, SIDS will benefit from the increase in the minimum PBAS allocation from US\$3 million to US\$4.5 million and from the incorporation of the IVI. Overall, with a PoLG of US\$3.5 billion, total PBAS financing for SIDS is expected to increase by 28 per cent. The work of IFAD's FFR to reduce the cost of sending money home further benefits SIDS, which rely on remittances for 45 per cent of their external financing.<sup>55</sup>

#### Box 2

#### IFAD's focus on sub-Saharan Africa

**While extreme poverty and hunger are global problems, the challenges in sub-Saharan Africa (SSA) require particular attention.** Not only are SSA countries more likely to be classified at lower income levels (LICs and bottom range of LMICs), they are also among the most vulnerable (according to the IVI), and the shares of their populations living in extreme rural poverty and experiencing undernourishment are much higher. Concerted efforts are required for this region to achieve the SDGs.

**During IFAD11 the Fund will continue providing approximately 45 per cent of its ODA resources to sub-Saharan Africa and 50 per cent to Africa as a whole.** With these resources IFAD will support efforts to implement countries' national agriculture and food security investment plans, the Comprehensive Africa Agriculture Development Programme, and the Malabo Declaration on Accelerated Agricultural Growth and Transformation for Shared Prosperity and Improved Livelihoods, while strengthening partnerships with the African Union and the New Partnership for Africa's Development to achieve the goals of African Union's Agenda 2063. IFAD's regional grant programme and the initiatives funded by supplementary funds also support regional-level engagement, for example through the Support to Farmers' Organizations in Africa Programme, and IFAD's support to the Alliance for a Green Revolution in Africa and the African Green Revolution Forum.

#### Sector focus and project target groups

61. IFAD will maintain its sector focus and partner with others to drive broader rural transformation. Focusing interventions in line with the Fund's comparative advantage ensures effective use of its scarce resources.<sup>56</sup> The Fund's overarching development goal – as per the Strategic Framework<sup>57</sup> – is pursued primarily through projects focused on agriculture, rural business development, rural infrastructure and rural financial services. Combined these four themes accounted for about 70 per cent of IFAD expenditures between 2010 and 2015. IFAD also recognizes the centrality of information and communications technology for promoting sustainable and inclusive rural transformation<sup>58</sup> and will develop a specific ICT for development strategy during 2018. The Fund will seek to increase investment in agricultural technologies and ICTs to enhance yields, improve quality and reduce food loss and waste along the value chain. ICT can also serve to remedy asymmetries of information, improve access to finance and empower small-scale producers and young agripreneurs. Through partnerships, IFAD will crowd in public and private investment for actions that are critical for rural transformation but fall outside its mandate or comparative advantage.
62. IFAD will continue to focus on its target group of extremely poor people who have the potential to take advantage of improved access to assets and opportunities for agricultural production and rural income-generating activities, paying special attention to smallholder and landless farmers, indigenous peoples and ethnic minorities, and other disadvantaged communities.<sup>59</sup> IFAD's Strategic Framework also includes victims of natural

<sup>55</sup> OECD, SIDS Briefing Note (2014, OECD).

<sup>56</sup> *Rural Development Report 2016: Fostering inclusive rural transformation.*

<sup>57</sup> IFAD development goal: "Poor rural people overcome poverty and achieve food security through remunerative, sustainable and resilient livelihoods".

<sup>58</sup> For further examples of how IFAD has been promoting use of ICTs in agriculture see G. F. Hounbo "Ending Hunger, Achieving Food Security, Improving Nutrition, and Promoting Sustainable Agriculture," in #CT4SDG > *Fast-forward progress: Leveraging tech to achieve the global goals* (International Telecommunication Unit, 2017).

<sup>59</sup> Reaching the Rural Poor: IFAD Policy on Targeting (EB 2006/88/R.2/Rev.1).

disasters and conflict as part of IFAD's target group, and recognizes that support to these people is an indispensable part of IFAD's role in fostering inclusive transformation and leaving no one behind. IFAD11 will place considerable emphasis on women in order to address the gender productivity gap, which affects overall productivity as well as gender equality<sup>60</sup> and on young people to address challenges posed by rural youth unemployment and provide alternatives to migration.

63. Effective project-level targeting mechanisms will ensure that IFAD reaches the poorest and most food-insecure rural people. In view of the recommendation on targeting contained in the 2016 Annual Report on Results and Impact of IFAD Operations (ARRI), projects will incorporate a sharper poverty focus and analysis at design. Projects will also be designed, implemented and monitored to ensure that they have flexible targeting strategies that are appropriate for different target groups and changing country contexts.<sup>61</sup> In UMICs with substantial pockets of poverty, or experiencing the "middle-income trap", this will ensure that IFAD effectively targets the rural poor in the poorest regions. Management will also revise its operational guidelines on targeting to strengthen the focus on young people and will confront the issue of child labour in agriculture more explicitly.<sup>62</sup>
64. IFAD will continue to emphasize empowerment of its target groups. By strengthening the ability of the poorest and most marginalized groups to build sustainable livelihoods, IFAD's projects promote their right to food as a core element of inclusive rural transformation. This is the foundation of IFAD's people-centred approach.<sup>63</sup> Tangible means of empowerment will include: (i) strengthening support to land and natural resource tenure security by leveraging IFAD's close involvement in related global policy processes;<sup>64</sup> and (ii) leveraging the Fund's role as one of the world's largest supporters of rural and agricultural microfinance to promote financial inclusion. Scaling up efforts to leverage remittances and diaspora investment will create further opportunities for young people and break cycles of migration (see box 3).

<sup>60</sup> A. Peterman, J. Behrman, and A. Quisumbing "A Review of Empirical Evidence on Gender Differences in Nonland Agricultural Inputs, Technology, and Services in Developing Countries," in *Gender in Agriculture*, ed. A. Quisumbing et al. (Dordrecht: Springer Netherlands, 2014), 145-186.

<sup>61</sup> Key drivers of reduced child labour are increased household incomes and reduced vulnerability, together with increased access to education and social protection. See World Bank Group, *Future of Food: Shaping the Food System to Deliver Jobs* (World Bank Group, 2017).

<sup>62</sup> An estimated 60 per cent of child labourers work in agriculture, affecting an estimated 98 million children. See for example, FAO, *FAO Guidance Note: Child Labour in Agriculture in Protracted Crises, Fragile and Humanitarian Contexts – Pilot Version* (Rome: FAO, 2017). [www.fao.org/3/a-i7403e.pdf](http://www.fao.org/3/a-i7403e.pdf).

<sup>63</sup> In line with the FAO, *Voluntary Guidelines to support the progressive realization of the right to adequate food in the context of national food security* > *The Right to Food* (Rome: FAO, 2005).

<sup>64</sup> During 2018 IFAD will Chair the Global Donor Working Group on Land. IFAD also included tenure security as the first of the new RIMS Core Indicators (Indicator 1.1.1) approved by the Executive Board in 2017 (EB 2017/120/R.8).



## Box 3

**Migration and remittances**

**Worldwide, there are 244 million international migrants and 763 million internal migrants.** While outmigration can provide benefits such as remittance flows and transfer of skills, it often represents a loss of productive labour and of the youth needed to drive rural transformation.

**In SSA, migration out of rural areas is predominantly driven by lack of opportunities locally, rather than greater opportunities elsewhere.** There is also significant **distress migration**, reflecting not just a lack of productive opportunity, but also situations of fragility, conflict and climatic changes.\*

**Peace and productive opportunities for young people are needed in both rural and urban areas.** In particular food insecurity and lack of employment or entrepreneurial opportunities must be overcome in order to create the conditions for IFAD's vision for young rural people to become a reality, i.e. to give them the hope "to realize their aspiration for a better life in their own communities".\*\*

**Migration and remittances can make a significant contribution to the achievement of the SDGs.** In 2016 global remittances to LICs and MICs totalled US\$455 billion, three times more than ODA. Some 40 per cent of remittances are sent to rural areas, where they enable migrants' families to access food, education and healthcare, and to invest in productive activities. As a result, remittance-receiving households have lower infant mortality, higher school enrolment, and lower child labour participation.\*\*\*

**The development impact of migration and remittances can only be fully realized in partnership with coherent public policies and priorities, coupled with private sector initiatives.** IFAD plays a significant role in global policy dialogue around the topics of migration, development and remittances. IFAD is a member of the Global Migration Group, and the Global Partnership for Financial Inclusion, contributing to discussions in the G7 and G20, and since 2006 IFAD has hosted the Financing Facility for Remittances (FFR), a multi-stakeholder initiative financed by IFAD, the European Union, the Governments of Luxembourg and Spain, in partnership with CGAP, the United Nations Capital Development Fund and the World Bank. IFAD is contributing to consultations on the Global Compact for Safe, Orderly and Regular Migration expected to be adopted by the United Nations General Assembly in 2018.

**During IFAD11, the Fund will:**

- Continue to strengthen its global engagement around issues of migration and development, and in particular on remittances and facilitating diaspora investment;
- Scale up efforts to ensure migration contributes to development in the rural areas of countries of origin, while seeking to ensure migration is always a choice rather than a necessity;
- Increasingly integrate remittances, gender- and migration-sensitive approaches, and diaspora investment in agriculture into its operations to reduce remittance costs, boost financial inclusion and support youth employment.

\* WFP, *At the root of exodus: Food security, conflict and international migration* (Rome, 2017)  
[https://docs.wfp.org/api/documents/WFP-0000015358/download/?\\_ga=2.121244800.902883243.1502728542-576208434.1498133266](https://docs.wfp.org/api/documents/WFP-0000015358/download/?_ga=2.121244800.902883243.1502728542-576208434.1498133266)

\*\* IFAD Strategic Framework 2016-2025.

\*\*\* IFAD. Remittances, investments and the Sustainable Development Goals – Recommended Actions (Rome, 2017), [www.ifad.org/documents/10180/cdc84bb8-a1a0-4be5-8bf4-8040ec2cd992](http://www.ifad.org/documents/10180/cdc84bb8-a1a0-4be5-8bf4-8040ec2cd992).

## C. Resource utilization: Doing development differently

65. IFAD must utilize its resources in a more agile and context-responsive manner to produce the desired results for its target groups. In this regard IFAD will make concrete changes to its way of "doing development" in line with current thinking on development effectiveness. This will include new paradigms to emphasize the importance of tackling locally defined problems in an agile manner, gathering information on performance and adapting projects accordingly.<sup>65</sup> These changes will enable IFAD, as both a United Nations specialized agency and an IFI, to become an even more relevant, agile, effective and efficient player within the United Nations system. Through reforms enacted during IFAD10, the Fund is already applying many of the attributes of this

<sup>65</sup> M. Andrews, L. Pritchett, and M. Woolcock, *Escaping Capability Traps Through Problem-Driven Iterative Adaptation (PDIA) – Working Paper 299* (Washington, D.C.: Center for Global Development, 2012); K. A. Bain, D. Booth, and L. Wild, *Doing Development Differently at the World Bank: Updating the plumbing to fit the architecture* (London: Overseas Development Institute, 2016); D. Booth, D. Harris, and L. Wild, *From political economy analysis to doing development differently: A learning experience* (London: Overseas Development Institute, 2016).

approach; further reforms are needed to embrace it wholeheartedly.

66. An increased PoLG and PoW will need to be supported by an efficient and effective organization that focuses on programme delivery, results and impact. Excellence in operations, the focus of IFAD's Operational Excellence (OpEx) exercise, is a prerequisite for delivering bigger and better outputs and expanding and scaling up IFAD's impact. OpEx aims to establish IFAD as a recognized best-in-class performer throughout the project cycle, from project identification, to design, implementation and results reporting. It addresses all the critical functions of IFAD, both traditional ones such as project design, implementation support and monitoring and evaluation (M&E), and recently added and emerging functions such as policy engagement, knowledge management and impact assessment. OpEx will create the conditions for the renewal and innovation of both products and processes, internally and through partnerships.
67. This section is organized around a set of priority themes for doing development differently and achieving excellence in operations: (i) increased outward-facing capacity; (ii) focused and flexible operations; (iii) agile implementation; (iv) mainstreaming nutrition, gender, youth, and climate change; (v) synergies between lending and non-lending, including leveraging partnerships and as a means of tailoring IFAD's operations to country context; and (vi) global engagement.

Increased outward-facing capacity

68. To deliver the planned business model enhancements, IFAD will place renewed emphasis on strengthening the country-based model. The country-based model requires flexibility, aid delivery mechanisms that facilitate country ownership and, above all, more effective forms of partnerships across a broad spectrum of stakeholders, with governments in the driver's seat. In the new IFAD country-based model, project management functions are only one part of a broader type of partnership with governments and other stakeholders. This will require that each IFAD Country Office (ICO) is led by a country director, which is an evolution of the country programme manager (CPM) function. While operations remain of utmost importance, the key role of the country director will be building synergies between lending and non-lending activities, particularly through policy engagement and partnership development. It also creates a need for more task-sharing and effective delegation of authority in design, implementation and supervision, without diluting individual responsibilities. Management is rethinking IFAD's organizational structure to strengthen the ability to deliver high-quality services that combine relevant local solutions with global knowledge. It is also carefully assessing possible ways to facilitate this evolution of the CPM role. The direction is clear, but the details still need to be worked out, the options piloted and the successes implemented.
69. By the end of IFAD11, the Fund's centre of gravity will be shifted to its ICOs and regional hubs. Most major products and services will be planned, prepared and delivered at the country and subregional levels.<sup>66</sup> This will require adjustments to internal business processes, including at headquarters, to ensure adequate internal oversight and risk management. For IFAD11, Management proposes to:
- (a) Strengthen decentralization to achieve greater development impact through enhanced dialogue between IFAD and governments; greater ownership on the part of borrowing countries of their own development agendas; better alignment of IFAD's interventions with country priorities; and closer donor coordination and multi-stakeholder partnerships in line

<sup>66</sup> IFAD Corporate Decentralization Plan (EB 2016/119/R.11).

with international commitments and as part of a new generation of United Nations Country Teams. This will require full decentralization of IFAD's country directors by the end of 2018; recruitment of a limited number of locally based experts in key technical areas such as procurement and financial management, M&E and the mainstreaming priorities of nutrition, gender, youth and climate change; and the redeployment of some headquarters-based positions to build expertise and capacity in regional hubs to support technical backstopping of country programmes.

- (b) Revise the delegation of authority (DoA) framework to ensure faster administrative and operational processing, empower staff and promote accountability, building on some ongoing pilots. In line with other IFIs, a revised DoA could also transfer some basic operational decisions to ICOs, such as short project extensions and minimal reallocation of funds, subject to the appropriate safeguards. Revision of the DoA will include an assessment of the control environment and measures necessary to ensure adequate control of fiduciary risks; and
- (c) Enact revised supervision and implementation support procedures, moving away from supervision and implementation support by mission to continuous supervision by ICOs. This synchronizes IFAD's role during project implementation with the current development paradigm, and focuses its attention on results, accountability, partnership- and capacity-building.

#### Focused and flexible operations

- 70. The diversity of requirements necessitates that IFAD respond flexibly to country-specific issues. The need for IFAD to engage with developing countries across the different income categories, as well as the need to have a clear transition framework to accompany these countries along their development pathways has been established. However country contexts vary almost as much within these categories as between them, such that an all-encompassing "package" for each country grouping would be operationally irrelevant. IFAD's country strategies provide the basis to assess the instruments, approaches or thematic areas most appropriate or most demanded by each country and to ensure full alignment with national priorities and strategies.
- 71. Focused design and implementation starts with a clear country strategy. Each COSOP contains the business strategy for the delivery of IFAD investments over a specific period to support the achievement of concrete development results. These strategies provide the framework to assess the rationale and adequacy of both project and non-project activities. IFAD's operational procedures on country strategies were strengthened during IFAD10 and each country benefiting from IFAD financing during IFAD11 will have a valid country strategy. Further efforts will be made to use country strategies as tools for strategic planning, management and monitoring of country-level partnerships. They will also serve to selectively identify the most strategic partners for leveraging finance and enhancing policy engagement and the most effective mode of collaboration with them to achieve country goals.
- 72. To reinforce quality at entry of individual projects financed during IFAD11, the operations review and clearance process will be revisited. The IFAD Development Effectiveness Framework<sup>67</sup> highlighted that while IFAD projects have many of the elements for achieving development effectiveness, the projects themselves frequently lack focus. While maintaining the principles of quality enhancement and arm's length quality assurance, a more agile process will be

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<sup>67</sup> IFAD development effectiveness framework (EB 2016/119/R.12).

instituted with the flexibility to fast-track evidence-based design and low-risk projects. This streamlined process will balance the need for greater clarity at design, while stimulating innovation and allowing the flexibility to adapt that design during project implementation, recognizing that blueprint approaches to project design are not conducive to delivering results. The introduction of the development effectiveness checklists, as approved by the Board through the DEF, will be embedded in this process to ensure project evaluability.<sup>68</sup>

#### Agile implementation

73. Improving agility and accelerating the current pace of implementation is crucial for maximizing IFAD's contributions to the SDGs. Currently IFAD operations take an average of 18 months from concept note to loan signing, and more than eight years to be completed. While the operations approved in IFAD11 (2019-2021) are expected to be completed by 2030, under a business-as-usual scenario, only 45 per cent of the IFAD12 cohort (2022-2024) will be, and no project approved in IFAD13 (2025-2027) will reach completion before 2030. Longer design and implementation periods can facilitate IFAD's people-centred approach, but often long time frames are the result of delays, reducing project efficiency. Lengthy design and start-up also impede IFAD's engagement with the private sector and with Member States who are increasingly demanding of their development partners.
74. For IFAD11, efforts will be ramped up to improve agility, and accelerate implementation and achievement of development results. A comprehensive action plan to accelerate disbursements is already under implementation. A second set of measures to be implemented for IFAD11 will seek to increase the incentives for the borrower and for country teams either to alter low-performing projects, terminate chronically non-performing projects or scale up successful ones through nimbler procedures. This will be achieved through project restructuring procedures; clarification of existing project cancellation procedures; and simplification of additional financing procedures.
75. Implementation readiness and absorptive capacity will be addressed as key enabling factors of a faster and more agile approach. Project preparation and design in general, and implementation readiness in particular, remain government responsibilities. Early in IFAD11, Management will submit a proposal to the Executive Board for the creation of a project preparation advances facility to facilitate borrowers' leadership role in project preparation and expedite implementation readiness. This will include a mechanism to provide more substantial project preparation, start-up and implementation support to LICs and MFS, whether directly by IFAD or by partners. Such countries require IFAD's proactive involvement to ensure solid project design that builds on previous interventions without adding complexity, together with efficient procurement, disbursement and implementation processes. For this facility, funds will be sought to support, in particular, activities that help build institutional and project management capacity in fragile situations. This will increase absorptive capacity and facilitate the investment critical for building resilience and addressing root causes of fragility. Stronger field-based partnerships with other technical agencies, most notably FAO, will also help by deploying high-quality technical skills to support implementation.

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<sup>68</sup> For an assessment on the effectiveness of checklists see L. R. Corral, and N. McCarthy, *Organizational Efficiency or Bureaucratic Quagmire: Do Quality at Entry Assessments Improve Project Performance?* (Washington, D.C.: Inter-American Development Bank, 2017).

- Mainstreaming nutrition, gender, youth and climate
76. IFAD will consolidate its position as a leading agency across the four mainstreaming themes.<sup>69</sup> Mainstreaming action plans were developed for climate, gender and nutrition during IFAD10. Their implementation will continue during IFAD11, with some enhancements. A new action plan will be put in place for youth (see table 1 below). In addition a horizontal integration agenda will build on linkages among the four themes. Many of these linkages are well-established: women's empowerment, especially young women's, is essential for achieving adequate nutritional outcomes for children and for better management of the environment and its resources, given the increasing feminization of agriculture. Good nutritional outcomes in turn provide a critical foundation for young people's health and physical and cognitive development, and thus for their education and future employment opportunities. For IFAD11, Management will develop a specific integrated mainstreaming framework and hands-on guidance on its implementation for project teams.
77. Management will pursue ambitious and transformational approaches. Transformational approaches are needed to address the root causes that generate and reproduce problems. Such approaches require a coordinated multi-sectoral set of interventions in order to bring about powerful change, setting the bar higher for IFAD and its partners and providing innovations and lessons learned for the broader portfolio.
78. Partnerships are critical for mainstreaming, and even more so for transformation. IFAD will seek to build stronger knowledge and financing partnerships across the mainstreaming areas. As a result of its increased focus on nutrition, IFAD has taken a leadership role in global governance for nutrition, including as Chair of the United Nations Standing Committee on Nutrition, and as an active member of the CFS. IFAD supports key global initiatives such as the Initiative for Food and Nutrition Security in Africa, launched at the Tokyo International Conference of African Development (TICAD VI), and has already increased partnership with the United Nations in countries involved in the Scaling-up Nutrition Movement, and with the CGIAR's Agriculture for Nutrition and Health Research Program. IFAD works closely with UN Women and the RBAs as part of an inter-agency task force supporting the Commission on the Status of Women, particularly on topics such as the empowerment of rural women. IFAD works with the United Nations Framework Convention on Climate Change and is closely involved in processes of the United Nations Permanent Forum on Indigenous Issues (see box 4), the Inter-Agency Support Group on Indigenous Issues, and

**Box 4**  
**Linking mainstreaming to IFAD's work with indigenous peoples**

Indigenous peoples' role in managing of ecosystems and protecting biodiversity will be a central pillar of IFAD's approach to mainstreaming the issues of nutrition, gender, youth and climate.

IFAD will support indigenous communities and organizations in improving nutrition and safeguarding biodiversity through traditional food systems. In particular, IFAD values and supports the vital role that indigenous women play as custodians of biological diversity, transmitters of knowledge and culture, and brokers of peace.

IFAD's strong focus on indigenous peoples contributes to the implementation of the Cancun Declaration on Mainstreaming the Conservation and Sustainable Use of Biodiversity for Well-Being and to the United Nations Declaration on the Rights of Indigenous Peoples, and helps advance towards the transformational approaches needed to leave no one behind.

<sup>69</sup> At Rio+20: The United Nations Conference on Sustainable Development, the General Assembly called on United Nations entities to "further enhance the mainstreaming of sustainable development in their respective mandates, programmes, strategies and decision-making processes." Mainstreaming for IFAD means blending the specific perspective of a cross-cutting theme into prevailing business concepts, strategies, project design options and processes, so that they become the norm and improve the effectiveness of investment operations. Key entry points for application of mainstreaming principles are during design, Social, Environmental and Climate Assessment Procedures (SECAP), targeting strategies, review processes, during implementation.

Conferences of the Parties to the Convention on Biological Diversity, among other forums. With regard to youth IFAD is already a member of the United Nations Inter-Agency Network on Youth Development and the International Partnership for Cooperation on Child Labour in Agriculture, and is involved in the G20 Initiative for Rural Youth Employment.

Table 1  
**Mainstreaming nutrition, gender, youth and climate change**

<i>Mainstreaming themes and related SDG</i>	<i>Current status and ongoing actions</i>	<i>Actions for IFAD11</i>
<b>Nutrition (SDG2)</b>	<ul style="list-style-type: none"> <li>Action plan approved in 2015</li> <li>Mainstream in 100 per cent of COSOPs and a third of projects by 2018</li> <li>Building organizational capacity in nutrition-sensitive agriculture</li> <li>Policy engagement, advocacy, and knowledge for nutrition</li> </ul>	<ul style="list-style-type: none"> <li>Midterm review of action plan in mid-2018</li> <li>Increase percentage of nutrition-sensitive projects from 33 to 50 per cent</li> </ul>
<b>Gender (SDG5)</b>	<ul style="list-style-type: none"> <li>Action plan approved in 2016</li> <li>100 per cent mainstreamed, target 15 per cent of projects gender-transformative</li> <li>Leading development of innovative approaches such as Gender Action Learning Systems and household methodologies</li> <li>Advocacy, partnership and knowledge management</li> </ul>	<ul style="list-style-type: none"> <li>Increase target for transformational projects to 25 per cent</li> <li>More transformative approaches address root causes of gender inequality, ensure supportive national policies</li> <li>New human resource plan to reach gender and diversity targets</li> </ul>
<b>Youth (SDG8)</b>	<ul style="list-style-type: none"> <li>Recognized as a priority in the IFAD Strategic Framework 2016-2025</li> <li>Supported through grants and some investment projects</li> <li>Building network of partners for youth engagement - member of Inter-agency Network on Youth Development and International Partnership for Cooperation on Child Labour in Agriculture</li> <li>Not a mainstreaming topic and no action plan in place</li> </ul>	<ul style="list-style-type: none"> <li>Youth action plan by third quarter 2018</li> <li>Mainstream in 100 per cent of COSOPs and 50 per cent of projects</li> <li>Update targeting guidelines</li> <li>Differentiate approaches for young women and young men</li> <li>Promote youth entrepreneurship and employment, develop financing mechanisms for youth through the SIF</li> <li>Establish IFAD as an influential advocate for rural youth and establish a youth advisory council</li> <li>Focus in the Rural Development Report 2019 on youth and rural employment</li> </ul>
<b>Climate (SDG13)</b>	<ul style="list-style-type: none"> <li>Action plan approved in 2014</li> <li>100 per cent mainstreaming by 2018</li> <li>Social, Environmental and Climate Assessment Procedures (SECAP) implementation and analysis of climate risk</li> <li>Mobilization of climate/ environment funds</li> <li>Investment in risk management, insurance, disaster preparedness</li> <li>Scaling up sustainable farming, land and water management</li> <li>Capacity development, communications and knowledge</li> </ul>	<ul style="list-style-type: none"> <li>New Climate and Environment Strategy and Action Plan</li> <li>Increase focus on environment and win-win solutions for adaptation and mitigation</li> <li>Increase resource mobilization through GCF, GEF, and unrestricted complementary contribution climate window</li> <li>Support to implementation of nationally determined contribution targets</li> <li>Establish the ASAP2 technical assistance facility</li> </ul>
<b>Horizontal Integration</b>	<ul style="list-style-type: none"> <li>Ad hoc</li> </ul>	<ul style="list-style-type: none"> <li>Develop an integrated mainstreaming framework and better hands-on guidance for project teams</li> </ul>

#### Synergies between lending and non-lending

79. IFAD will seek to expand synergies between lending and non-lending activities. Projects alone cannot generate inclusive and sustainable rural transformation: country-level policy engagement, supported by knowledge management and partnerships are also critical. Global engagement and South-South and Triangular Cooperation (SSTC) are also increasingly at the heart of IFAD's work as a way of maximizing impact. Increased investment in strategic communication will

underpin all IFAD lending and non-lending activities.

80. Country-level policy engagement will bridge lending and non-lending engagement to expand development impact. IFAD's increased outward-facing capacity will enable more significant country-level policy engagement and a stronger contribution to strengthening national strategy and policy frameworks. Policy objectives are also increasingly being mainstreamed into lending, supporting governments in directly addressing policy issues during the course of project implementation.<sup>70</sup> The findings of the Evaluation Synthesis Report on IFAD's Country-Level Policy Dialogue will be used to strengthen work in this area during IFAD11. Also during IFAD11, IFAD will seek to incorporate CFS policy recommendations and products into its country strategies and disseminate and apply CFS policy advice<sup>71</sup> as part of country-level policy engagement.
81. IFAD's knowledge management strategy will be updated to strengthen IFAD's capacity to generate, manage, use and share knowledge at all levels. This will require an integrated approach to knowledge management across the organization that combines the outputs of IFAD's self-assessment systems and impact assessments with research and investment in flagship knowledge products. Building on the existing suite of knowledge products such as "How To Do Notes", and "Toolkits", IFAD's knowledge will be brought to bear on country strategies, project design and implementation, and country-level and global policy engagement, contributing to evidence-based approaches.
82. Partnerships will be crucial for IFAD to promote synergies among its own and other sources of finance, knowledge and expertise (see box 5). Partnerships at the country level are of varying quantity and quality across countries. More can be done to ensure that IFAD is effectively partnering with others at the country level to scale up the innovative and catalytic role that IFAD plays. Success will require selectivity in partnering, and strengthening of IFAD's role as a facilitator of multi-stakeholder partnerships. Knowledge partnerships at the country level support policy engagement, capacity-building, sharing of best practices, and improve quality and impact of operations. These partnerships also allow IFAD to develop and showcase innovations and successful project experiences, which can then be replicated (or cofinanced) by others. IFAD's engagement in sector working groups has accelerated and deepened with decentralization, and IFAD is providing leadership in discussions on national rural development policy in an increasing number of countries. This provides opportunities to ensure that the needs and interests of smallholders and rural poor people are included in the local and national policy agenda. IFAD will also seek to enhance the role of civil society organizations in monitoring and reporting on project results, and in strengthening government transparency and domestic accountability.
83. South-South and Triangular Cooperation will have a prominent role in facilitating more dynamic knowledge flows between developing Member States. Since becoming a priority under IFAD10, SSTC has evolved from a series of ad hoc activities to having a clear corporate approach.<sup>72</sup> Management will begin promoting SSTC as an integral component of IFAD's business model. This will entail mainstreaming SSTC in all new COSOPs, creating a rural solutions web portal for SSTC activities, facilitating links (government-to-government,

<sup>70</sup> AidData (2015) found that IFAD was ranked by governments as one of the more helpful partners in reform implementation.

<sup>71</sup> For example: FAO, *Voluntary guidelines on the responsible governance of tenure of land, fisheries and forests in the context of national food security* (Rome: FAO, 2012); Committee on World Food Security (CFS), *Principles for responsible investment in agriculture and food systems* (CFS: Rome, 2014); CFS, *Framework for Action for Food Security and Nutrition in Protracted Crises* (CFS: Rome, 2015); CFS, *Global strategic framework for food security and nutrition* (CFS: Rome, 2016).

<sup>72</sup> See IFAD's Approach to South-South and Triangular Cooperation (EB 2016/119/R.6).

community-to-community and business-to-business) and exploring partnerships with Southern financial institutions, and brokering opportunities for middle-income countries (MICs) to finance development interventions in other countries, with a special focus on youth employment. To implement these activities, IFAD is in dialogue with the RBAs and other United Nations partners, and has engaged with Member States to mobilize resources for an SSTC funding facility. While SSTC will be an important element of IFAD's engagement in UMICs interested in the uptake of knowledge developed in the Global South, LICs and LMICs will be the main beneficiaries of this agenda.

**Box 5**

**Leveraging partnerships for country impact and global influence**

During IFAD11, the Fund will implement a comprehensive set of measures to support partnership-building. Strategic partnerships will feature as a cornerstone of IFAD's operations, and RBA collaboration for country programming and project implementation will be commonplace. To realize this IFAD will:

**At the country level:**

- Make better use of COSOPs as a tool for strategic planning, managing and monitoring of partnerships to support countries' own SDG strategies.
- Mobilize domestic and international cofinancing from public and private sources for priority countries (e.g. MFS) and themes (e.g. climate and youth employment)
- Expand 4P and value chain activities to improve engagement with the domestic private sector, including through new instruments such as the proposed SIF.
- Leverage partnerships for knowledge and policy engagement to improve synergies between IFAD's lending and non-lending work and develop tailored solutions for each country.
- Enhance the role of civil society in monitoring and reporting on project results, and strengthening government transparency and domestic accountability
- Pursue SSTC activities by: (i) mainstreaming SSTC in COSOPs; (ii) creating a rural solutions portal; (iii) exploring additional fund-raising and a multi-donor trust fund; and (iv) facilitating operational investments.
- Systematically plan and monitor RBA collaboration.
- Increase outward-facing capacity and adapt the CPM role to prioritize partnerships.

**At the global level:**

- Define a three-year corporate plan for priority global policy engagement to increase IFAD's global influence, advocacy and visibility.
- Amplify the voice of civil society in the global arena and IFAD's engagement in private sector-led forums and networks.

**At the institutional level:**

- Explore synergies with RBAs and other development partners at the country level for office space, security and administration.
- Partner with other organizations with a good track record in market borrowing.

84. Country-specific combinations of lending and non-lending engagement enhance IFAD's relevance to country context. IFAD's Strategic Framework and operational policies apply to all developing countries irrespective of their income level, geography or degree of fragility. IFAD finances projects focused on agriculture and rural development in all country contexts, while applying targeting approaches that put poor rural women and men at the centre of its interventions. Yet there is a need to recognize the wide variety of needs and conditions across countries. LICs tend to be characterized by pervasive poverty, while UMICs have pockets of poverty; therefore, country conditions and needs vary considerably, as does the capacity of countries to finance their own development efforts. Amid this diversity, there are groups or subgroups of countries that share characteristics, whether they are defined by their income (LICs, LMICs and UMICs), their fragility (MFS) or their geography (SIDS). IFAD differentiates its work across these country groups through the dynamic combination of financing, knowledge and policy instruments that it provides. Differentiated approaches to partnerships also facilitate the tailoring of support to countries in diverse circumstances (see table 2 below).



85. UMICs highly value IFAD's knowledge of rural poverty, its experience in project design, and supervision and implementation support, and the tools and policies it uses for agriculture and rural sector development. IFAD is often seen by UMICs as a partner that brings innovative approaches and experiences from other countries that they can draw on in developing their own national policies and strategies and achieving their objectives. Therefore, in UMICs (and some LMICs) these services and IFAD's non-lending engagement may be the most important elements of IFAD's value-added. This approach contributes to greater scaling up because it allows UMICs and LMICs to mainstream approaches that have been tested and proven in IFAD projects into their governments' own programmes and policies. While IFAD's financing and ability to assemble financing from other sources are appreciated by UMIC governments, the challenge is to move beyond project-driven country programmes and make greater use of instruments such as reimbursable technical assistance, while ensuring that IFAD's engagement primarily benefits the rural poor.
86. In LICs and LMI Cs, IFAD's position as a reliable long-term partner that can assemble and deliver financial resources for rural and agricultural development is central to the Fund's engagement and value-added. LICs and LMICs face the greatest challenges in financing their own development. Nevertheless improved synergies between lending and non-lending activities will also benefit LICs and LMICs by enhancing the enabling environment for achieving project objectives.
87. In the most fragile situations, IFAD's engagement is determined on a country-by-country basis following the guiding principles of the IFAD Strategy for Engagement in Countries with Fragile Situations approved in December 2016.<sup>73</sup> In MFS, the combination of lending and non-lending activities will build absorptive capacity, carefully sequencing technical assistance with targeted investments, and ensuring coordination between short-term humanitarian aid and long-term development support in countries affected by crises. IFAD's comparative advantages – particularly in women's empowerment and engagement with vulnerable or marginalized groups, and in community-based approaches such as community-level governance of natural resources – are leveraged in appropriate country-specific ways. This can counteract marginalization, provide productive opportunities, and contribute to peacebuilding and state-building. In MFS emphasis is placed on risk management and resilience, addressing root causes, and building institutions, trust and social cohesion. The right mix of strategic and complementary partnerships, crucial for delivering and remaining engaged in fragile situations, is also assessed on a country-by-country basis.
88. Decentralization and increased proximity will facilitate deeper understanding of the fragility context. More robust analysis supports identification of the appropriate country programme responses, which are informed by international best practice and frameworks such as the CFS Framework for Action for Food Security and Nutrition in Protracted Crises. Following the approval of the IFAD Strategy for Engagement in Countries with Fragile Situations, the necessary guidelines and procedures to operationalize the strategy are being established and will be implemented during IFAD11. These guidelines and procedures can also be applied in countries outside the subset of MFS countries that are nonetheless affected by fragility either at national or subnational level, or in the marginalized rural areas

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<sup>73</sup> See EB 2016/119/R.4. This strategy is aligned with the principles of the International Dialogue on Peacebuilding and Statebuilding's *New Deal for Engagement in Fragile States*, the *Stockholm Declaration on Addressing Fragility and Building Peace in a Changing World* and the CFS's *Framework for Action for Food Security and Nutrition in Protracted Crises*.

where IFAD typically works.<sup>74</sup>

89. The World Humanitarian Summit 2016 called for enhanced engagement between humanitarian and development actors. Some of the ways in which IFAD is responding are through:
- (a) Investments in building resilience and disaster risk reduction, particularly through sustainable natural resource management, climate mainstreaming and adaptation interventions (ASAP) and fostering of nutrition-sensitive approaches and improved risk management;
  - (b) Launch of the FARMS to address the rural dimensions of forced displacement and promote stability. Activities are being prepared in Iraq, Jordan, Lebanon, Niger, Somalia and Sudan in coordination with the United Nations Office for the Coordination of Humanitarian Affairs, Office of the United Nations High Commissioner for Refugees, WFP and local NGOs;
  - (c) Hosting of PARM, a G8/G20 initiative that supports governments in eight African countries to integrate agricultural risk management into national plans and policies, and support for the establishment of Africa Risk Capacity, a specialized agency of the African Union that helps its member states improve their capacity to plan, prepare and respond to extreme weather events and natural disasters through risk pooling and risk transfer;
  - (d) Introduction of the IVI, which increased the responsiveness of PBAS allocations to vulnerability and country-level shocks, enabling IFAD to respond more effectively in times of need;
  - (e) Exploring of opportunities to engage in the New Way of Working framework to better sequence, layer and integrate the Fund's development interventions with partners' humanitarian interventions, including the RBAs, based on the joint framework for Strengthening Resilience for Food Security and Nutrition (2015).
90. To further tailor operational approaches to country circumstances Management will develop proposals for piloting new products. These will include results-based lending, whereby disbursement is linked to delivery of pre-defined results, risk management products, which enable borrowers to hedge their exposure to market risks, and options such as local currency lending which significantly reduce risks for borrowers.
91. Grants are an effective tool to deepen IFAD's non-lending collaboration. Going forward, emphasis will continue to be placed on linkages between the grants programme and the Fund's lending operations, using grants to innovate in areas such as ICT, as well as to build partnerships for capacity-building and knowledge generation at the country level, as recommended by the Independent Office of Evaluation of IFAD (IOE). IFAD is broadening its portfolio of partnerships with centres of excellence around the world, while also supporting selected strategic grant partners.<sup>75</sup> As determined in IFAD's grant policy, 5 per cent of the overall PoLG will continue to be allocated to global and regional grants and 1.5 per cent to country grants.

<sup>74</sup> In line with international partners (see for example OECD, *States of Fragility 2016 – Understanding Violence* [OECD, 2016]), IFAD now recognises fragility as multi-dimensional, with no clearly identifiable boundary between the fragile and the non-fragile, and recognises that fragile situations can be national, sub-national or regional.

<sup>75</sup> Criteria for determining strategic grant partners are specified in IFAD's Grants Policy. For 2018 the International Land Coalition, CFS, United Nations System Standing Committee on Nutrition and Global Donor Platform for Rural Development have been identified as strategic grant partners.

Table 2  
Enhancing IFAD's relevance to country context

<i>Business Model</i>	<i>LICs and LMICs</i>	<i>UMICs</i>	<i>MFS</i>	<i>SIDS</i>
<b>Resource mobilization</b>	<ul style="list-style-type: none"> <li>Focus on international cofinancing</li> </ul>	<ul style="list-style-type: none"> <li>Focus on increasing domestic cofinancing</li> </ul>	<ul style="list-style-type: none"> <li>Focus on international cofinancing</li> <li>Increase mobilization of supplementary funds</li> </ul>	<ul style="list-style-type: none"> <li>Increase mobilization of supplementary funds to address specific challenges</li> <li>Pool funding with partners for greater efficiency</li> </ul>
<b>Resource allocation</b>	<ul style="list-style-type: none"> <li>90 per cent of ODA resources</li> <li>Mainly Debt Sustainability Framework (DSF) financing, or lending on highly concessional or blend terms</li> <li>CPLs enable leveraging for highly concessional lending</li> <li>Flexibility on country selection for LICs</li> </ul>	<ul style="list-style-type: none"> <li>10 per cent of ODA resources</li> <li>Mainly ordinary terms</li> <li>Main recipients of borrowed resources</li> <li>Targeting pockets of poverty and the vulnerable</li> </ul>	<ul style="list-style-type: none"> <li>25-30 per cent of ODA resources</li> <li>Introduction of IVI makes PBAS allocations more sensitive to drivers of fragility</li> <li>Allocations capped where there are absorption issues</li> </ul>	<ul style="list-style-type: none"> <li>Increased minimum PBAS allocations</li> <li>Allocations further boosted by introduction of IVI</li> </ul>
<b>Resource utilization</b>	<ul style="list-style-type: none"> <li>Greater project preparation/start-up support</li> <li>Beneficiaries of SSTC</li> <li>Partnerships with IFIs/MDBs to leverage cofinancing and scale up impact</li> </ul>	<ul style="list-style-type: none"> <li>Non-lending activities key to country programme</li> <li>Focus on SSTC</li> <li>Pilot products for results-based lending and risk management</li> <li>Reimbursable technical assistance</li> <li>Innovation and government-led scaling up</li> <li>Partnerships to increase the quality of knowledge solutions and policy engagement</li> </ul>	<ul style="list-style-type: none"> <li>Follow guiding principles of MFS strategy – resilience, root causes, institutions, gender, vulnerable/marginalized groups, flexibility</li> <li>Strategic and complementary partnerships with RBAs, United Nations Country Teams, civil society organizations to build resilience and increase capacity</li> <li>Engage in New Way of Working framework</li> <li>Greater project preparation/start-up support</li> </ul>	<ul style="list-style-type: none"> <li>Support implementation of SAMOA pathway</li> <li>Focus on climate resilience and market access</li> </ul>

### Global engagement

92. IFAD increasingly works at the global level to promote policy outcomes that advance sustainable and inclusive rural transformation. IFAD's effective engagement in global policy dialogue contributed to shaping the 2030 Agenda. IFAD also supports other major processes, including the G20 and G7, contributing to recent discussions on youth employment, migration, financial inclusion and agricultural risk management. IFAD's effectiveness and value added in global engagement derive from its operations and from its partnerships – particularly with the RBAs. Through its global engagement, IFAD brings the voices of smallholders, women, youth, farmers' organizations and indigenous peoples' organizations to the global agenda. IFAD also achieves policy impact and advocacy around key issues by hosting, leading, financing and participating in multi-stakeholder partnerships and platforms. These include forums such as the Indigenous Peoples' Forum and the Farmers' Forum at IFAD, and platforms and facilities like the FFR, the WRMF and PARM. Global engagement, when coupled with dynamic strategic communications, provides potentially valuable opportunities to raise the profile of IFAD's work and results, including its contribution to the achievement of the SDGs.

93. IFAD will continue to define three-year corporate priorities for international policy engagement and strategies for priority engagements. IFAD will increase its engagement around the IFAD11 mainstreaming priorities, and other topics where IFAD can add value, including land tenure, indigenous peoples, farmers' organizations, migration, financial inclusion and youth employment. IFAD will undertake more joint work with the RBAs and the entire United Nations system to advocate on common issues, and enhance the contributions of the CFS. IFAD will also work with the CGIAR, while seeking engagement with other key actors and networks, including international NGOs/civil society organizations, private-sector-led forums and high-level regional institutions.<sup>76</sup> IFAD will more thoroughly and systematically engage in and contribute to United Nations platforms. IFAD participates in the United Nations System Chief Executives Board for Coordination and High-level Committees on Programmes and Management, and is actively participating in regional forums to contribute to the dialogue on the implementation of the 2030 Agenda at country and regional levels, as well as in the annual United Nations Economic and Social Council High-level Political Forum.

#### D. Transforming resources into development results – embracing a culture of results and innovation

94. Responding to the demands of the 2030 Agenda requires a culture of results that stimulates innovation, demonstrates IFAD's value for money, and makes it more accountable to taxpayers. During IFAD11, this culture will be fostered through full implementation of the Development Effectiveness Framework. The DEF was approved by the Board in 2016 to facilitate evidence-based decision-making and ensure that IFAD-funded activities are relevant, inclusive, successful and cost-effective. The DEF includes a suite of mutually reinforcing systems, tools and processes to strengthen IFAD's own capacity and that of its Member States to manage for results.

95. A series of actions being taken under the DEF to shift IFAD from results measurement to results-based management are outlined below.

- (a) Capacity and systems to manage for results. Key milestones to be achieved in preparation for and during IFAD11 will include: (i) rolling out the Operational Results Management System (ORMS), which encapsulates all key elements of IFAD's approach, procedures and ICT systems for results management; (ii) rolling out the IFAD Client Portal, positioning IFAD as one of the few IFIs that offer a truly integrated online financial portal; (iii) launching the first-ever global certification framework for M&E in the rural sector through the Centres for Learning on Evaluation and Results initiative;<sup>77</sup> and (iv) introducing mandatory accreditation for financial management and procurement consultants to strengthen fiduciary skills and the quality of support to country teams.
- (b) Evaluation. Rigorous self-assessment is a cornerstone of a results-based culture. Within IFAD, the self-evaluation process is being strengthened to ensure that real-time, good quality data and lessons feed into country strategy development, project design and implementation, and decision-making and policy engagement at country, regional and global levels. Building knowledge around the mainstreaming themes of climate, gender,

<sup>76</sup> Including South Asian Association for Regional Cooperation, Association of South East Asian Nations in Asia; New Partnership for Africa's Development and Alliance for a Green Revolution in Africa in Africa, Common Market of the South (MERCOSUR) and Economic Commission for Latin America and the Caribbean in Latin America and the Caribbean; and International Center for Agricultural Research in the Dry Areas in Near East, North Africa and Europe.

<sup>77</sup> EB 2016/LOT/G.1 grant under the global/regional grants window to the Centro de Investigación y Docencia Económicas A.C. for the Training and Global Certification Framework for Monitoring and Evaluation and Impact Assessment in Rural Development.

nutrition and youth – and their linkages with smallholder agriculture and rural development will be given special attention.

- (c) Impact assessment. IFAD is the only IFI to systematically measure the attributable impact of its operations. Evidence shows that better impact assessments contribute to better development outcomes.<sup>78</sup> Building on the Impact Assessment Initiative undertaken during IFAD9 and IFAD10, IFAD's efforts to systematically measure the impact of its operations will be consolidated in IFAD11. In line with the DEF, rigorous impact assessments will be conducted on approximately 15 per cent of projects that are representative and can be used for extrapolation of results to the overall portfolio. These assessments will also be used for accountability, learning, assessment of value for money, and as part of IFAD's efforts to communicate its results. Combined with the overall strategic communications effort, the assessments contribute to the organization's visibility.
- (d) Transparency. Transparency provides the basis for accountability and creates incentives for better data, more efficient use of resources, more careful monitoring, better compliance, and better results and impact. During IFAD11, the Fund will embrace the principle of proactive transparency and implement an organization-wide transparency and openness action plan.<sup>79</sup> This will include: (i) making available online interactive maps of all IFAD operations, and real-time data on the performance and results of its operations; (ii) fully comply with the International Aid Transparency Initiative (of which IFAD is a member), by disclosing commitments and disbursements on a quarterly basis, and promote transparency at the country level by encouraging governments and implementing partners to publish financial and results data for the projects IFAD supports; (iii) publicly disclose all project completion reports and project audit reports; (iv) increase transparency around the PBAS, borrower lending terms and IFAD's products and loan pricing; (v) provide Members with more systematic information on fraud and corruption; (vi) revamp IFAD's partner feedback framework and provide transparent disclosure of responses; and (vii) make information on IFAD's travel policy publicly available.
- (e) Service delivery platform. For the Fund to deliver results and innovation; effectively mainstream nutrition, gender, youth and climate; and achieve value for money, all through a more decentralized structure, it needs an effective and efficient service delivery platform that also provides a strong safeguard and control framework. Enhancements to be undertaken during IFAD11 include:
- ICT architecture. Cutting-edge ICT systems will be rolled out to strengthen IFAD's own capacity and country capacity to better measure, monitor and manage for results. To facilitate decentralization, the accessibility of corporate ICT systems to staff in ICOs will be enhanced, including for finance and human resource applications and emphasis will be placed on ensuring a fully secure IT environment;
  - Financial management. IFAD will continue building capacity in project financial management and providing support for project design and implementation. As it moves into innovative financing arrangements, IFAD will build its capacity for risk analysis and the

<sup>78</sup> Ariana Legovini, Vincenzo Di Maro and Caio Piza, *Impact Evaluation Helps Deliver Development Projects*, Policy Research working paper no. WPS 7157, Impact Evaluation Series (Washington, DC: World Bank, 2015): <http://documents.worldbank.org/curated/en/676351468320935363/Impact-evaluation-helps-deliver-development-projects>.

<sup>79</sup> As reviewed by IFAD's Executive Board in September and December 2017.

management of such resources. Internal control frameworks will be further strengthened to ensure a robust and efficient internal control system aligned with industry standards and evolving accounting and reporting requirements;

- Human resource management. During IFAD11, the focus of human resource management will be on decentralization and support to ICOs, while ensuring IFAD has the capacity to deliver on its programmatic priorities. The transfer of further country programme and administrative functions to ICOs will be accompanied by hiring and deployment of more staff in the field. Of utmost importance will be Management efforts to attain IFAD's gender and diversity targets, particularly to increase the number of women at grades P-5 and above. This is critical to the achievement of IFAD's gender mainstreaming and transformation goals. IFAD's capacity to deliver across the mainstreaming areas will be also be enhanced through adequate staffing and capacity-building. The establishment of partnerships as a cornerstone of IFAD operations will be supported through enhanced learning and skills, particularly for engagement with the private sector. Performance reviews will be augmented to include delivering results through partnerships.
- (f) Partnerships for service delivery. Partnerships are critical to strengthening IFAD's service delivery platform. IFAD will continue to strengthen collaboration with the RBAs in corporate procurement, headquarters security and other areas that can result in improved services or cost efficiencies. IFAD will harmonize approaches and share best practices in such areas as financial management, accounting, treasury management and ICT, and in audit and legal functions through its continued participation in related United Nations and IFI networks and working groups. IFAD will further tap specialized expertise and assistance from the World Bank, FAO and other organizations with experience in market borrowing, and promote staff exchanges to build institutional understanding and collaboration. ICOs are currently hosted by partners including the RBAs, UNDP, the United Nations Office for Project Services and the AsDB. Going forward IFAD will explore further country-level synergies with RBAs and other development partners for office space, security and administration.

#### IV. IFAD's financial framework and strategy for IFAD11 and beyond

##### A. Financial framework for IFAD11

96. The Consultation endorsed an IFAD11 PoLG target of [US\$3.5 billion], representing an increase of [about 10 per cent] compared to IFAD10. This increase has been derived from assessments of Member States' demand and the Fund's capacity to deliver, and is considered by Management as both ambitious and realistic. The increase also demonstrates strong Member support for IFAD and the need for IFAD to respond to the growing demand for its assistance and to contribute meaningfully to the 2030 Agenda. Benefits from economies of scale and the business model enhancements outlined in section IV will ensure that the increase in IFAD's impact exceeds the proposed increase in the PoLG (see section VI, Results Management Framework). Furthermore, IFAD's mainstreaming approach will ensure these resources are programmed and delivered in ways that are nutrition-, gender-, youth- and climate-sensitive.
97. The target PoLG will be financed by replenishment contributions, IFAD's internal resources, and borrowing. While replenishment contributions will

remain the bedrock of IFAD's capital and financial commitment capacity, it is recognized that borrowing can provide an important way to further the Fund's objective of mobilizing "additional resources to be made available on concessional terms for agricultural development in developing Member States."<sup>80</sup> For IFAD11 a controlled level of borrowing – up to 50 per cent of Members' grant contributions to the replenishment (core contributions and unrestricted complementary contributions [UCCs]) – will be introduced to structurally complement the replenishment target. This approach builds on what IFAD has already achieved through the Sovereign Borrowing Framework (SBF), and provides a rule-based methodology for embedding borrowed resources into IFAD's capital structure.

98. During IFAD11 borrowing will be accomplished through sovereign loans and concessional partner loans.<sup>81</sup> Sovereign borrowing will be undertaken in accordance with the SBF approved by the Executive Board in 2015. CPLs will be provided in accordance with the terms of the CPL Framework, which has been developed based on similar frameworks introduced by the IDA and the AfDF. [This framework was discussed at the third session of the Consultation and approved by IFAD's Executive Board at a special session in October 2017, following review by the Audit Committee. Allocation of voting rights corresponding to the grant element of the CPLs is subject to approval of amendments to the Agreement Establishing IFAD as included in the attached draft resolution. It is expected that during IFAD11 borrowed funds will be accessed through an approximately even split of CPLs and sovereign borrowing.]
99. The target for replenishment contributions for IFAD11 will be [US\$1.2 billion].<sup>82</sup> This target includes core contributions, UCCs, and the grant element of eventual CPLs. The target has been established based on projections of the Fund's available resources at the end of IFAD10, together with resources derived from operations or otherwise accruing to the Fund, and an assumed leveraging effect of [36 per cent] of Member's grant contributions. Should further borrowed funds be available through the SBF or as CPLs, Management may increase leverage up to the agreed maximum 50 per cent. To achieve the replenishment target, Member States across all lists are encouraged to increase their contributions, and Management will continue to encourage non-Member States to contribute to and/or join the Fund. Given a target cofinancing ratio 1:1.4, this would result in an overall PoW of US\$8.4 billion, meaning for each dollar contributed to the IFAD11 Replenishment would translate into at least US\$7.00 in the PoW.
100. [During IFAD11, UCCs will be accepted to support climate mainstreaming (adaptation and mitigation) and other mainstreaming themes]. UCCs have been received for climate and nutrition during the IFAD10 period. For IFAD11 UCCs will be accepted to support climate mainstreaming, as well as other mainstreaming themes, depending on the availability of thematically focused complementary financing from Member States. The terms for acceptance of UCCs remain the same as for IFAD10: they must be allocated through the PBAS, be available to recipients as loans or grants without restrictions, be provided as contributions towards themes aligned with IFAD's Strategic Framework; and IFAD must be able to report on progress with respect to these areas. Reporting on the UCC themes will be undertaken through the RIDE.

<sup>80</sup> As specified in article 2 of the Agreement Establishing IFAD.

<sup>81</sup> A CPL is a loan provided by a Member State under terms and conditions that includes a grant element for the benefit of the Fund.

<sup>82</sup> The United States dollar value of Member States contributions will be calculated based on the IFAD11 exchange rates.

Table 3  
IFAD11 Financial Framework

IFAD11 Financial Framework	Resources	
	Millions of US\$	%
<b>Contributions</b>	<b>1 200</b>	
<b>Borrowing</b>	<b>430</b>	
<b>Borrowing/Contributions</b>		<b>36</b>
<b>PoLG</b>	<b>3 500</b>	<b>100</b>
Grant	227	7
DSF	586	17
Highly concessional	1 342	38
<b>Total Concessional</b>	<b>2 155</b>	<b>62</b>
Ordinary	802	23
Blend	543	16

101. The above financial framework ensures the financial sustainability of the Fund over the long run according to current IFAD policies, particularly in terms of minimum liquidity requirements. IFAD's leverage ratios are projected – even over the long term – to remain at levels significantly more contained than those of most other IFIs. In addition the current risk management system will be upgraded and capacity will be strengthened. As a prerequisite, IFAD will fully integrate capacity to enter into derivatives' transactions in order to manage the interest rate and currency risk arising from borrowing.
102. The framework also supports the Fund's efforts to meet demand for increased resources across all country groups, while channelling an increased share of ODA resources to the poorest and most vulnerable countries. Mindful of competing demands for resources to address urgent humanitarian needs, the framework responds directly to the AAAA and the call from the G20 for MDBs to leverage their capital base more efficiently.<sup>83</sup> The efficiency and value-for-money benefits of IFAD's evolving financial structure are evidenced by the possibility of achieving a 10 per cent increase in financing in the PoLG, despite a small reduction in the replenishment contributions target compared to IFAD10.
- B. IFAD's financial future: towards a comprehensive leveraging strategy
103. The Consultation agreed that IFAD Management should work towards market borrowing. However, it agreed that such borrowing would only be undertaken if necessary, when the required conditions were met, and would likely not be implemented during IFAD11. The Consultation endorsed a road map for borrowing from the capital markets aimed at readying IFAD's for market borrowing for IFAD12.<sup>84</sup> The agreed road map and its key steps are provided in annex VIII. As part of this road map, the Fund will further align its financial practices with the standards followed by other MDBs, while preserving the Fund's unique business model. Additional steps will be taken to ensure IFAD has the necessary level of risk management and asset liability management capacity.

<sup>83</sup> The G20 has encouraged MDBs to "optimize balance sheets, in order to increase lending without substantially increasing risks or damaging credit ratings" [See [www.g20.utoronto.ca/2015/Multilateral-Development-Banks-Action-Plan-to-Optimize-Balance-Sheets.pdf](http://www.g20.utoronto.ca/2015/Multilateral-Development-Banks-Action-Plan-to-Optimize-Balance-Sheets.pdf)]. At its Antalya meeting in November 2015, the G20 developed the Antalya Action Plan to optimize MDB balance sheets ([www.oecd.org/g20/summits/antalya/Antalya-Action-Plan.pdf](http://www.oecd.org/g20/summits/antalya/Antalya-Action-Plan.pdf)). Among other things, the Multilateral Development Banks Action Plan To Optimize Balance Sheets noted that "MDBs may be able to increase their development lending, while maintaining AAA ratings, if shareholders agreed for MDBs to operate with higher leverage and at a marginally increased level of risk".

<sup>84</sup> At its 134<sup>th</sup> session in late 2021 the Executive Board may authorize IFAD's first bond issuance. See roadmap in annex viii.



Options to further diversify single currency lending, which has been very successful in IFAD10, will be explored. This broadens the choice for borrowing countries, and allows the Fund to better match its commitments with its resources and gradually streamline its currency management.

### C. Review of IFAD's Debt Sustainability Framework.

104. [The Consultation reviewed IFAD's DSF and agreed to maintain it in its current format. IFAD's Debt Sustainability Framework was adopted by the Governing Council in 2006 (GC 29/L.4) and has since enabled IFAD to provide about US\$1.5 billion in grants to some of the poorest countries in the world. In 2007, the Executive Board, while approving the implementation of the DSF, recommended that a review of IFAD's experience with the DSF, and that of other IFIs with their debt sustainability frameworks, be undertaken in the context of the IFAD11 Consultation. This review was undertaken and Member States' feedback on the findings resulted in a decision to maintain IFAD's DSF in its current form. To ensure a harmonized approach, IFAD will continue to monitor the DSF approaches of other IFIs for any changes, and will closely monitor developments in the International Monetary Fund's debt sustainability criteria.]
105. The Consultation appealed to Member States to meet their commitments to providing full DSF capital compensation on the terms already agreed under the IFAD10 Consultation.<sup>85</sup> In agreeing to maintain the current DSF, Members of the Consultation strongly urged all Member States to reinforce their commitment to full DSF principal compensation in line with the amounts specified in annex VII, for a total of US\$39.5 million during IFAD11, in addition to the US\$1.2 billion targeted as replenishment contributions. This compensation is critical to avoid erosion of IFAD's financial commitment capacity, which would in effect force developing countries to "finance their own debt relief" through reduced future allocations.<sup>86</sup> DSF compensation contributions may be made as separate pledges, or combined with core contribution pledges. In the latter case the assessed donor share of DSF compensation will be deducted from the combined pledge and the remaining amount considered as the core contribution amount. DSF compensation will continue to yield voting rights.]

## V. Results Management Framework for IFAD11

106. The IFAD11 Results Management Framework (RMF) (see annex II) follows five key design principles:<sup>87</sup>
- (a) It is designed as a management tool that is part of the larger results architecture, with a stronger link to the institution's corporate medium-term plan and divisional planning exercises. This will allow the Fund to promote accountability and learning for better institutional performance and development effectiveness;
  - (b) It reflects IFAD11 priorities, with increased alignment between the RMF and the commitments matrix;
  - (c) It is consistent with IFAD's Strategic Framework 2016-2025, retaining the revisions to the IFAD10 RMF approved by the Executive Board in December 2016;

<sup>85</sup> Report of the Consultation on the Tenth Replenishment of IFAD's Resources (GC 38/L.4/Rev.1) para 97(b) and its annex IX, para 41(b) and Governing Council Resolution 186/XXXVIII on the Tenth Replenishment of IFAD's Resources.

<sup>86</sup> As highlighted during discussions of IDA's Multilateral Debt Relief Initiative. See Note from the President of the World Bank to the Development Committee, 15 April 2007, at: [http://siteresources.worldbank.org/DEV/COMMIT/Documentation/21295390/DC2007-0011\(E\)PresNote.pdf](http://siteresources.worldbank.org/DEV/COMMIT/Documentation/21295390/DC2007-0011(E)PresNote.pdf).

<sup>87</sup> These principles are informed by IOE's Corporate-level evaluation on IFAD replenishments (EB 2014/111/R.3/Rev.1) and a review undertaken by IFAD Management of the results frameworks of other members of the MDB Management for Development Results Working Group, and those of FAO and WFP.

- (d) It has a simplified three-tier structure, including: (i) Tier 1 – Sustainable Development Goals, focusing on SDG1 and SDG2; (ii) Tier 2 – IFAD’s development results, including outputs, outcomes and impact that result from country-specific operations; and (iii) Tier 3 – IFAD’s operational and organizational performance, organized around the four dimensions of the IFAD11 business model;
  - (e) It is concise and of high quality, limited to indicators fundamental for corporate monitoring and reporting, which are robust and accurately measurable.
107. Agreed IFAD11 priorities, directions and commitments are fully integrated within the RMF. Policy commitments made with regard to resource mobilization, allocation and utilization are monitored. Attention is dedicated to the four mainstreaming topics through inclusion of specific indicators relating to gender, climate change adaptation and mitigation, and nutrition, and by disaggregating output indicators by sex and by age when applicable. The RMF also includes indicators to measure a range of non-lending activities including partnership-building, policy engagement, knowledge management and SSTC. Value for money is addressed through a set of indicators that will reflect the impact of planned business model enhancements on economy, efficiency, effectiveness, and equity, and which are combined in a separate value-for-money scorecard (see box 6 on value for money).
108. The IFAD11 business model enhancements and increased PoLG are expected to increase IFAD’s results, impact and value for money. The RMF establishes ambitious targets for improvements across the four dimensions of the IFAD11 business model, including an increased target for cofinancing; introduction of indicators on resource allocation by country group and on targeting; stronger targets for quality of project design and targets for significant reductions in time between concept note, approval and first disbursement, and higher disbursement targets. While the overall target for number of beneficiaries is maintained at 110 million - 130 million people [for a PoLG of US\$3.5 billion], the target for the number of people experiencing economic mobility (the number of people better-off as a result of IFAD’s interventions), has been increased by 4 million to a total of 44 million (SDG2.3). Impact targets have also been raised for the number of people with increased agricultural productivity (47 million, SDG2.3), with increased market access (46 million, SDG2.3), and with greater resilience (24 million, SDG1.5). Achievement of these targets would represent a significant and sustainable contribution to the achievement of Sustainable Development Goals 1 and 2 by IFAD and its Member States and partners.
109. Progress towards achievement of the IFAD11 RMF targets will be reported annually through the Report on IFAD’s Development Effectiveness. RIDE editions covering the IFAD11 period, starting in 2020, will include updates on nutrition and youth, in addition to the current updates covering gender and climate, thereby ensuring that Members receive specific annual updates on progress across the four mainstreaming areas. IOE’s Annual Report on the Results and Impact of IFAD Operations (ARRI) also documents project-level outcomes and results from non-lending activities.
110. RIDE reporting will be supplemented with additional narrative reporting. The IFAD11 midterm review in 2020 will document progress during the first part of IFAD11, as well as the results achieved under IFAD10. The review will also reflect on IFAD’s wider contribution to the 2030 Agenda, including other SDGs that IFAD contributes to which are not included explicitly in the RMF. These include SDGs 5 (gender equality), 8 (decent work and economic growth), 10 (reduced inequalities), 13 (climate action), 15 (life on land) and 17 (partnerships), and are included in the Results and Impact Management System

and captured and reported through the ORMS. IFAD will also improve measurement and reporting of partnership activity.

111. A consolidated synthesis report on the outcomes of impact assessments will be presented to the Executive Board in early 2022, once the IFAD11 impact assessments have been completed (the consolidated synthesis report for the completed IFAD10 impact assessments will be presented in 2019). Through this initiative IFAD continues to be the only IFI to systematically assess the development results and impact attributed to the operations it finances.

**Box 6**

**Delivering value for money in IFAD11**

For IFAD, value for money is about ensuring the best use of resources and maximizing the impact of each dollar invested on the lives of rural poor people. This requires balancing the "4Es" of economy, efficiency, effectiveness and equity. During IFAD11, enhancements to IFAD's business model and financial strategy and its focus on transforming resources into results will yield tangible improvements in IFAD's delivery of value for money across each of the 4Es and these will be captured in the RMF.

**Economy:** The changes that aim to make IFAD more agile, for example by reducing processing and implementation times. This brings down costs while maintaining the quality of outputs.

**Efficiency:** The changes that aim to increase IFAD's scale of operation through a more stringent framework for country selection. It entails significantly raising average allocations for each income group and increasing the number of beneficiaries by up to 20 per cent. This will increase IFAD's output (while retaining quality) at a lower cost through a reallocation of resources.

**Effectiveness.** Taken together, the proposed changes to IFAD's business model will make IFAD more effective. They maximize leveraging through partnerships, promoting domestic resource mobilization, cofinancing and private-sector financing to amplify impact. The changes also facilitate the consistent adaptability of projects to ensure that results guide implementation instead of rigid blueprints. Finally, they enable the systematic collection of data and evidence on what works to maximize quality from project design through implementation.

**Equity:** The proposed changes that reaffirm the Fund's focus on the poorest people and the poorest countries. IFAD's business model prioritizes core funding for LICs and LMICs, along with beneficiary targeting.

IFAD will engage closely with other MDBs in the process of developing a common value-for-money framework and, going one step further, **IFAD will develop and adopt its own Value-for-Money Scorecard** comprising a subset of RMF indicators which will support Management in identifying and balancing trade-offs inherent in pursuing value for money. The scorecard and further explanation is provided in annex III.

## VI. Matrix of commitments and monitorable actions

112. The IFAD11 matrix of commitments and monitorable actions (annex I) reflects the key commitments made by IFAD Management during the Consultation. Each commitment is linked to a set of monitorable actions to be taken towards achievement of those commitments. The matrix also identifies the RMF indicators that will be influenced by the each commitment. This format provides a more integrated accountability framework than IFAD's previous commitment matrices, distinguishing higher-level commitments from monitorable actions, and clarifying the theory of change linking them to specific RMF indicators.

## VII. Arrangements for the midterm review of IFAD11 and Consultation on IFAD12

113. IFAD11 midterm review. A midterm review of IFAD11 implementation will be undertaken and its findings presented at an early session of the IFAD12 Consultation. Adequate time will be allocated at that session to finalize the agenda for the subsequent sessions of the IFAD12 Consultation.
114. Selection of the IFAD12 Chairperson. The Chairperson for the IFAD12 Consultation will be selected through an open process to be completed prior to the first IFAD12 Consultation session, in consultation with the Executive Board.

## VIII. Recommendation

115. The IFAD11 Consultation recommends to the Governing Council that it adopt the draft resolution attached as annex X to this report.

# IFAD11 Matrix of commitments and monitorable actions

Commitments	Monitorable Actions	Time frame	Related RMF Indicators
<b>1. Resource mobilization - assembling development finance to maximize impact</b>			
<b>1.1 Increase resources by integrating borrowing into IFAD's financial framework and achieving the target programme of loans and grants of US\$[3.5] billion</b>	1. Secure <b>core contributions, Debt Sustainability Framework compensation contributions and unrestricted complementary contributions</b> to IFAD11.	Ongoing	3.1.1 Percentage of IFAD10 pledges over replenishment target
	2. Present proposals for <b>concessional partner loans and sovereign borrowing</b> to the Executive Board.	Ongoing	
	3. Implement the agreed actions in the <b>road map for borrowing from capital markets.</b>	Ongoing	3.1.2 Ratio of debt-to-equity
<b>1.2 Strengthen IFAD's role as an assembler of development finance to expand the programme of work to US\$[8.4] billion</b>	4. Target a mean <b>cofinancing</b> ratio of 1:1.4 and improve monitoring and reporting on cofinancing by source and country category.	Ongoing	3.1.3 Cofinancing ratio
	5. Enhance instruments to collaborate with the <b>private sector and foundations</b> , including <b>development of the Smallholder and Small and Medium-Sized Enterprise Investment Finance Fund (SIF)</b> , and better measure IFAD's crowding-in of private investment.	Ongoing	
	6. Update guidelines for mobilization and management of <b>supplementary funds.</b>	Q3 2019	
<b>2. Resource allocation – focusing on the poorest people in the poorest countries</b>			
<b>2.1 Optimize allocation of resources at the macro level, ensuring that 90 per cent of official development assistance (ODA) contributions are allocated to low-income countries and lower-middle-income countries, 50 per cent to Africa, 45 per cent to sub-Saharan Africa, and 25-30 per cent to the most fragile situations</b>	7. Select approximately 80 countries to receive performance-based allocation system (PBAS) allocations during IFAD11 on the basis of agreed <b>country selection</b> criteria.	Q3 2018	3.2.1 Share of core resources allocated to LICs and LMICs; UMICs
	8. Apply the revised <b>PBAS formula</b> for allocation of IFAD11 resources.	Q3 2018	3.2.2 Average size of IFAD's investment projects (IFAD financing)
	9. Present a <b>transition framework</b> to the Executive Board.	Q3 2018	
<b>2.2 Increase focus on the poorest and most vulnerable people within each country</b>	10. Revise IFAD's operational guidelines on <b>targeting, including with regard to youth.</b>	Q2 2019	3.2.3 Appropriateness of targeting approaches in IFAD investment projects
<b>3. Resource utilization – doing development differently</b>			
<b>3.1 Increase outward-facing capacity and advance IFAD's decentralization</b>	11. Present a proposal to the Executive Board for <b>acceleration of IFAD's decentralization.</b>	Q2 2018	3.6.1 Ratio of budgeted staff positions in IFAD Country Offices (ICOs)
	12. Increase <b>accessibility of corporate ICT systems to</b>	Q4 2019	

<i>Commitments</i>	<i>Monitorable Actions</i>	<i>Time frame</i>	<i>Related RMF Indicators</i>
	<b>ICOs</b> , including PeopleSoft human resources and finance functions.		3.6.2 Ratio of IFAD's investment projects (volume) managed by ICOs
	13. Revise the <b>delegation of authority</b> framework.	Q2 2019	
	14. Enact revised <b>supervision and implementation support procedures</b> .	Ongoing	
<b>3.2 Enhance focus, flexibility and agility in use of resources</b>	15. Reform the <b>operations review and clearance process to render it more agile</b> , with the flexibility to fast-track evidence-based designs and low-risk projects.	Q1 2019	3.3.1 Relevance of IFAD country strategies 3.4.1 Overall rating for quality of project design 3.5.1 Time from concept note to approval (months) 3.5.2 Time from project approval to first disbursement (months) 3.5.3/4 Disbursement ratios
	16. Revise procedures for <b>restructuring of projects and provision of additional finance</b> .	Q4 2018	
	17. Implement the <b>disbursement action plan</b> .	Ongoing	
<b>3.3 Mainstream the key cross-cutting themes of nutrition, gender, youth and climate</b>	18. Present an <b>action plan for youth mainstreaming</b> to the Executive Board.	Q3 2018	2.2.6 Gender equality 2.2.9 Environment and natural resource management 2.2.10 Adaptation to climate change 2.3.1 Number of persons receiving services (millions) [gender and age-disaggregated] 2.3.5 Number of persons/households provided with targeted support to improve their nutrition 2.3.10 Number of persons provided with climate information services 2.3.11 Number of persons accessing technologies that sequester carbon or reduce greenhouse gas emissions (millions)
	19. Strengthen targets in the <b>Gender Action Plan</b> (25 per cent of projects to be gender-transformative) and <b>Nutrition Action Plan</b> (50 per cent of projects to mainstream nutrition).	Q3 2018	
	20. Develop a framework for <b>horizontal integration</b> of the mainstreaming themes.	Q3 2018	
	21. Present a new <b>climate and environment strategy and action plan</b> to the Executive Board.	Q4 2018	
	22. Report on <b>progress across the four mainstreaming themes</b> in the Report on IFAD's Development Effectiveness (RIDE).	Q3 2020	
<b>3.4 Strengthen synergies between lending and non-lending engagement</b>	23. Present a new <b>knowledge management strategy</b> to the Executive Board.	Q2 2019	3.3.2 Effectiveness of IFAD country strategies 3.3.3 Partnership building 3.3.4 Country-level policy engagement 3.3.5 Knowledge management
	24. Develop a <b>South-South and Triangular Cooperation (SSTC) funding facility</b> .	Q4 2018	
<b>3.5 Make strategic partnerships for financing, knowledge, advocacy and global influence a cornerstone of IFAD operations</b>	25. Strategically plan <b>collaboration with development partners including Rome-based Agencies and international financial institutions</b> at country, regional,	Ongoing	3.1.3 Cofinancing ratio 3.3.3 Partnership building

<i>Commitments</i>	<i>Monitorable Actions</i>	<i>Time frame</i>	<i>Related RMF Indicators</i>
	global and institutional levels.		
	26. Develop and implement a framework to monitor IFAD's <b>partnership activities, including multi-stakeholder partnerships.</b>	Q4 2019	
	27. Increase investment in <b>strategic communications</b> to improve the visibility of IFAD's work to support poor rural people and raise awareness of its unique brand.	Q4 2021	
<b>3.6 Pilot diversified products tailored to different country circumstances</b>	28. Present a proposal for a <b>project preparation advances facility</b> to the Executive Board, including a mechanism for building capacity and implementation readiness in fragile situations.	Q3 2018	3.3.1 Relevance of IFAD country strategies
	29. Explore opportunities to pilot <b>results-based lending</b> , and other lending and risk management products.	Q2 2020	3.5.4 Disbursement ratio - fragile situations only (percentage)
<b>4. Transforming resources into development results &gt; embracing a culture of results and innovation</b>			
<b>4.1 Strengthen capacity and systems to manage for results</b>	30. Launch an initiative to build country-level <b>monitoring and evaluation (M&amp;E)</b> capacity and pilot a global certification framework for M&E professionals.	Q1 2019	
	31. Roll out the <b>Operational Results Measurement System.</b>	Q1 2019	2.2.1 Overall project achievement
	32. Mainstream use of the <b>IFAD Client Portal</b> among most borrowers.	Q4 2019	3.5.3 Disbursement ratio
	33. Present an <b>ICT for development (ICT4D) strategy</b> to the Executive Board.	Q2 2019	
<b>4.2 Increase transparency and openness</b>	34. Fully operationalize the <b>Transparency and Openness Action Plan</b> , including publication of IFAD's travel policy and quarterly reporting to the <b>International Aid Transparency Initiative.</b>	Q4 2019	
<b>4.3 Enhance IFAD's service delivery platform</b>	35. Develop a tailored system to <b>quantify the full costs of key business processes.</b>	Q4 2019	3.7 Institutional efficiency
	36. Fine-tune the <b>link between strategic planning and the yearly budget exercise</b> , based on the Strategic Framework results pillars.	Yearly	3.8 Workforce management
<b>4.4 Review IFAD's Strategic Framework</b>	37. <b>Present a midterm review</b> of the Strategic Framework 2016-2025 to the Executive Board.	Q2 2021	

## IFAD11 Results Management Framework 2019-2021

[To be included for Fourth Session]



## IFAD's Value-for-Money Scorecard

[To be included for Fourth Session]

## Implementation status of IFAD10 commitments (30 June 2017)

1. This annex provides an account of progress in implementing the Tenth Replenishment of IFAD's Resources (IFAD10) commitments. Progress towards these commitments is monitored quarterly by Management to identify and mitigate implementation issues. As of 30 June 2017, 50 of the 55 commitments (91 per cent) were on track and five (9 per cent) were facing minor issues that were being addressed by the responsible departments. Details are provided in the following tables.

Table 1

**Summary implementation status of IFAD10 commitments**

Areas	Total commitments	On track (Green)		Minor Issues (Yellow)		Major Issue (Red)	
		Amount	%	Amount	%	Amount	%
IFAD's strategic vision and role	1	1	100	-	-	-	-
Operational effectiveness and efficiency	24	23	96	1	4	-	-
Institutional effectiveness and efficiency	21	18	86	3	14	-	-
Results Measurement System for IFAD10	4	4	100	-	-	-	-
Financial framework	5	4	80	1	20	-	-
<b>Total (percentage of total)</b>	<b>55</b>	<b>50</b>	<b>91</b>	<b>5</b>	<b>9</b>	<b>-</b>	<b>-</b>

Table 2

**IFAD10 Consultation: selected key milestones for IFAD's engagement with the Executive Board**

Workstream	Total milestones	On track (Green)		Minor Issues (Yellow)		Major Issue (Red)	
		Amount	%	Amount	%	Amount	%
IFAD Strategic Framework 2016-2025	3	3	100	-	-	-	-
Performance-based allocation system (PBAS)	5	4	80	1	20	-	-
Sovereign Borrowing Framework (SBF)	3	3	100	-	-	-	-
Updated information in middle-income country strategy	2	1	50	1	50	-	-
<b>Total (percentage of total)</b>	<b>13</b>	<b>11</b>	<b>85</b>	<b>2</b>	<b>15</b>	<b>-</b>	<b>-</b>

# Implementation status of IFAD10 commitments

Self-rating by relevant division: **Green = on track** / **Yellow = more or less on track** / **Red = not on track**

Table 3

<i>Area of reform</i>	<i>Key commitments</i>	<i>Time frame and reporting</i>	<i>Status</i>	<i>Remarks</i>
<b>1. IFAD's strategic vision and role</b>				
	Present to the Executive Board the Strategic Framework for 2016 onwards, reflecting the post-2015 agenda and including a systematic focus on innovation, knowledge management and scaling up – particularly by national governments and other IFIs – to improve the sustainability of results	<ul style="list-style-type: none"> <li>December 2015</li> </ul>	<b>Green</b>	The IFAD Strategic Framework 2016-2025 was approved by the Executive Board in February 2016, following two informal Board seminars in 2015. The Strategic Framework incorporates comments made by representatives at the informal seminars, as well as from internal and external stakeholders (farmers' organizations, indigenous peoples, etc.).
<b>2. Operational effectiveness and efficiency</b>				
Innovation, learning and scaling up	Implement a scaling-up process, based on a series of tools, partnerships (including with IFIs), guidance notes and training events, plus a new operational framework, to be developed and distributed to the Executive Board for information	<ul style="list-style-type: none"> <li>December 2015</li> </ul>	<b>Green</b>	A new operational framework on scaling up results, along with notes to guide scaling up in key thematic areas and different country contexts, were presented to the Executive Board in December 2015. Training has been provided at regional workshops and the Programme Management Department (PMD) learning days and will continue throughout the IFAD10 period. IFAD is leading scaling up efforts in the agricultural and rural development community of practice, consisting of donors, foundations, think tanks and independent scaling-up experts who exchange views on innovation and the scaling up of development impact.
	100 per cent of project design reports to define an approach for innovation and scaling up	<ul style="list-style-type: none"> <li>Ongoing</li> <li>Annually through RIDE</li> </ul>	<b>Green</b>	100 per cent of project designs now define an approach for innovation and scaling up. Scaling up is included as a review criterion for loans and grants by the Operational Strategy and Policy Guidance Committee (OSC) and during quality assurance.
Climate adaptation	100 per cent of project design reports to mainstream climate adaptation	<ul style="list-style-type: none"> <li>Ongoing</li> <li>Annually through RIDE</li> </ul>	<b>Green</b>	Since the start of IFAD10, 100 per cent of COSOPs and country strategy notes have been mainstreaming climate adaptation. Through systematic application of IFAD's updated Social, Environmental and Climate Assessment Procedures (SECAP), every new investment project receives a climate risk rating and commensurate technical support. Climate integration at the design stage is consistently tracked through climate markers by IFAD's Quality Assurance Group (QAG).
	Implement a 10-point plan for climate mainstreaming	<ul style="list-style-type: none"> <li>Ongoing</li> <li>Annually through RIDE</li> </ul>	<b>Green</b>	Workstreams for each of the 10 points have been initiated and are being monitored.
	Continue to expand the resource base for climate finance, leveraging additional resources from traditional and new stakeholders. ECD	<ul style="list-style-type: none"> <li>Ongoing</li> <li>Annually through RIDE</li> </ul>	<b>Green</b>	IFAD continues to seek climate and environment finance from the Global Environment Facility (GEF), Least Developed Countries Fund (LDCF), Special Climate Change Fund (SCCF) and Adaptation Fund (AF) and finalization of the Green Climate Fund (GCF) Master agreement is ongoing. A pipeline of five GEF projects is under development (US\$30.8 million). IFAD was designated as the lead agency for the GEF-6 Integrated Approach Pilot: Fostering Sustainability and Resilience for Food Security in Sub-Saharan

Area of reform	Key commitments	Time frame and reporting	Status	Remarks
				Africa (US\$115.9 million), which enables IFAD to programme multilateral environment and climate finance in eight African countries and substantively expand the GEF portfolio.
	Conduct a review of IFAD's work on climate change, including the ASAP ECD	<ul style="list-style-type: none"> <li>• 2015</li> </ul>	Green	An external review of Adaptation for Smallholder Agriculture Programme (ASAP) was completed by the Overseas Development Institute in 2015. As part of the follow-up, a document on climate mainstreaming in IFAD-funded programmes was presented to the IFAD Executive Board and amendments to the ASAP Trust Fund were approved by the Board in December 2016. A draft concept note for a second phase of ASAP (ASAP2) has been developed and is under internal review.
Improved nutritional impact	100 per cent of COSOPs to include a nutrition situation assessment and specify how and whether the COSOP's strategic objectives relate to improving nutrition	<ul style="list-style-type: none"> <li>• Ongoing</li> <li>• Annually through RIDE</li> </ul>	Green	100 per cent of new COSOPs approved during IFAD10 are nutrition-sensitive.
	33 per cent of project design reports are nutrition-sensitive (with explicit nutrition objectives, actions and indicators) PTA	<ul style="list-style-type: none"> <li>• Ongoing</li> <li>• Annually through RIDE</li> </ul>	Green	The target was exceeded in 2016 (46 per cent of new projects were nutrition-sensitive) and is on track for 2017 (80 per cent of projects approved by the Executive Board in April 2017 were nutrition-sensitive).
	Develop an action plan on nutrition, offering a road map with targets and timelines of how IFAD will work to mainstream nutrition, including the piloting of a dietary diversity indicator as part of RIMS, and the use of project midterm reviews	<ul style="list-style-type: none"> <li>• Mid-2015</li> </ul>	Green	The action plan was approved in 2015 and is now under implementation. Nutrition indicators have been incorporated into the new the Results and Impact Management System (RIMS) framework at the output and outcome level. The 2017 corporate portfolio stocktake included an analysis of the progress on nutrition mainstreaming at both global and regional levels.
Public-private-producer partnerships (4Ps)	Establish best practices to guide future collaboration with the private sector; develop new financial instruments and business practices to leverage and sustain increased cofinancing through private investments	<ul style="list-style-type: none"> <li>• Ongoing</li> <li>• Annually through RIDE</li> </ul>	Green	A <i>How to Do Note</i> on designing 4Ps in agricultural value chain projects and a toolkit on value chain development have been developed and are being disseminated. IFAD and the Netherlands Development Organization (SNV) are preparing guidelines to train individuals on brokering a 4P.
	Expand private sector participation in projects through the 4P mechanism and value chain financing and assess its viability and effectiveness	<ul style="list-style-type: none"> <li>• Ongoing</li> <li>• Annually through RIDE</li> </ul>	Green	In 2014, the Executive Board approved a grant of US\$2.3 million to SNV to support 4P brokering in five countries in different regions of the IFAD portfolio. Policy and Technical Advisory Division (PTA) organized an event to present some preliminary results of the grant in December 2016.  A stocktaking of IFAD-funded projects revealed that out of 139 projects approved between 2012 and April 2017, 101 (73 per cent) have elements of a market access approach, and 81 engaged directly with the private sector. Of these projects, 40 have either a full-fledged 4P approach or incorporate features of the 4P approach in their design.
Gender equality and women's	Commit to meeting or exceeding all 15 United Nations-SWAP* indicators	<ul style="list-style-type: none"> <li>• 2018</li> </ul>	Yellow	By December 2016, IFAD had met or exceeded 11 of the 15 target indicators. IFAD aims to meet the remaining indicators by the end of 2018.

\* United Nations, *United Nations agreed on the landmark UN System-wide Action Plan on Gender Equality and the Empowerment of Women* (New York: United Nations, 2012).

Area of reform	Key commitments	Time frame and reporting	Status	Remarks
empowerment	At least 15 per cent of project designs are gender-transformative (score of 6) and at least 50 per cent achieve full gender mainstreaming (score = 5)	<ul style="list-style-type: none"> <li>• Ongoing</li> <li>• Annually through RIDE</li> </ul>	Green	IFAD exceeds the set targets: 25.6 per cent of the value of loans for investment projects were rated as gender-transformative (score of 6) and 52 per cent achieved full gender mainstreaming (score of 5).
	Conduct review of implementation of the IFAD Policy on Gender Equality and Women's Empowerment	<ul style="list-style-type: none"> <li>• 2015</li> </ul>	Green	The midterm review of IFAD's gender policy was submitted to the Executive Board in September 2016.
	Track share of staff costs/time dedicated to gender issues	<ul style="list-style-type: none"> <li>• Ongoing</li> <li>• Annually through RIDE</li> </ul>	Green	A methodology was developed with the Office of Budget and Organizational Development (BOD) during preparation of the regular budget to identify commitments to gender-related staff and activities during the regular budget and a section outlining the methodology and findings is included in the annual budget document presented to IFAD's governing bodies. Currently 9 per cent of staff costs calculated from a methodology using staff time and full-time equivalent are allocated to gender work.
Country-level policy engagement	100 per cent of COSOPs to define a specific approach for country-level policy engagement appropriate to IFAD's programme in each country	<ul style="list-style-type: none"> <li>• Ongoing</li> <li>• Annually through RIDE</li> </ul>	Green	New operational procedures on country strategies, requiring all COSOPs to include a section detailing the country strategy for policy engagement, were approved by the President in August 2016. Since then 100 per cent of COSOPs presented to the Executive Board define their specific approach to country-level policy engagement. The procedures also include an assessment of policy dialogue performance in the ex post COSOP results review.
Global policy engagement	Define three-year corporate-level priorities for international policy engagement and strategies for priority engagements	<ul style="list-style-type: none"> <li>• Ongoing</li> <li>• Annually through RIDE</li> </ul>	Green	IFAD's corporate-level priorities for global policy engagement were reflected in the Report of the Consultation on the Tenth Replenishment of IFAD's Resources. In 2015, a Global Engagement and Research Division was set up under the Strategy and Knowledge Department (SKD), followed by a Global Engagement, Knowledge and Strategy Division (GKS) in early 2016. Corporate priorities for global engagement during IFAD10 were formulated, based on the IFAD Strategic Framework 2016-2025 and lessons learned from recent engagements, and were endorsed by the Operations Management Committee (OMC) in February 2016. In December 2016, the Executive Management Committee (EMC) endorsed a corporate approach paper aimed at further strengthening and rationalizing IFAD's efforts in this area by identifying key platforms for IFAD's engagement during IFAD10, and key alliances and partnerships in taking forward IFAD's global policy agenda.
	Implement publications strategy aimed at more systematically managing and sharing IFAD's knowledge and experience	<ul style="list-style-type: none"> <li>• Ongoing</li> <li>• Annually through RIDE</li> </ul>	Green	SKD, in cooperation with the Communications Division (COM), is implementing a strategic corporate publishing programme that includes the <i>Rural Development Report</i> , a new research series, and publications based on analysis of IFAD experience. There is a strong focus on strategic, targeted distribution. SKD and COM are developing guidance tools for staff – building on COM's existing publishing guidelines – in line with the delegation of authority, which empowers directors to approve published content. In addition to the launch of specific strategic publications, all staff are being assisted in making their publishing activities more strategic, and in ensuring that they reach target audiences. IFAD will also monitor the level of use of its publications.
South-South and	50 per cent of all COSOPs to include an approach for SSTC	<ul style="list-style-type: none"> <li>• Ongoing</li> <li>• Annually</li> </ul>	Green	New operational procedures on country strategies – which require all COSOPs to include

<i>Area of reform</i>	<i>Key commitments</i>	<i>Time frame and reporting</i>	<i>Status</i>	<i>Remarks</i>
triangular cooperation		through RIDE		a section on their South-South and triangular cooperation (SSTC) approach – were approved by the President in August 2016. Since then 100 per cent of COSOPs presented to the Executive Board define an approach for SSTC. Moreover, in the period 2016-2018, GKS is providing technical assistance to selected countries for which new COSOPs are planned in the IFAD10 period, to embed SSTC in those country programmes in a more strategic and coherent manner. The 2017 RIDE includes a dedicated section on SSTC activities for the first time.
More differentiated country approaches	Submit for the approval of the Executive Board, a strategy for IFAD's work in countries in fragile situations, setting out IFAD's comparative advantage and ensuring linkages with other agencies and international initiatives (such as the Committee on World Food Security Agenda for Action), and incorporating the recommendations of the IOE evaluation	<ul style="list-style-type: none"> <li>December 2016</li> </ul>	Green	The strategy was presented to the Evaluation Committee in October 2016 and to the Board in December 2016. It builds on an approach paper presented to the Executive Board in April 2016. The strategy is aligned with international thinking and initiatives (including of the World Bank, African Development Bank [AfDB], CFS and the New Deal for Engagement in Fragile States), and has been developed through extensive internal consultations. It incorporates recommendations from IOE's corporate-level evaluation and feedback received on the approach paper from the Executive Board and Evaluation Committee.
	Develop procedures for reimbursable technical assistance (RTA) and expand the RTA tool to respond to Member State demand	<ul style="list-style-type: none"> <li>Completed</li> <li>Annually through RIDE</li> </ul>	Green	New operational procedures were developed and approved by EMC in September 2016. EMC endorsed the proposal to take stock of the application of these procedures within 6 to 12 months.
	Implement differentiated approaches to working in different country contexts, strengthening and monitoring performance on South-South Cooperation	<ul style="list-style-type: none"> <li>Ongoing</li> <li>Annually through RIDE</li> </ul>	Green	A strategy for working in states with fragile situations has been developed, in addition to an update to the strategy for middle-income countries (MICs). A paper on IFAD's holistic approach to tailoring operations to country context was presented to the Executive Board in April 2017. IFAD has also revamped its procedures on country strategies to include better measurement of results and key institutional commitments, including SSTC.
	Submit to the Executive Board updated information on IFAD's strategy on engagement with MICs	<ul style="list-style-type: none"> <li>April 2016</li> </ul>	Green	At the April 2016 session of the Executive Board, it was agreed that a holistic approach would be adopted to topics related to fragile situations, the PBAS, MICs and decentralization. An overview of the holistic approach was presented to the Board in September 2016 for information. The final document Tailoring operations to country context – a holistic approach was presented to the Executive Board in April 2017.
	Support the Executive Board in identifying and implementing ways to improve the PBAS	<ul style="list-style-type: none"> <li>2016</li> </ul>	Green	Management presented changes to the PBAS formula at the PBAS Working Group meeting on 23 January 2017. Four scenarios for a revised PBAS formula were presented at a subsequent meeting of the Working Group on 3 March 2017. Members requested more time to discuss the formula also in the light of the IFAD11 Consultation. Their issues were addressed a paper presented to the Board in April and during an informal seminar held on 5 April. Board members were not yet ready to approve the proposal and Management undertook further analysis and tests. The results were presented at the seventh meeting of the PBAS Working Group on 11 July 2017. A final version of the proposal will be submitted to the Executive Board for approval in September 2017.
<b>3. Institutional effectiveness and efficiency</b>				
Further enhancing the operations	Target a mean 1:1.2 cofinancing ratio and monitor and report on its cofinancing performance by source of	<ul style="list-style-type: none"> <li>Ongoing</li> <li>Annually</li> </ul>	Green	Currently on track with an overall mean ratio of 1:1.27 (calculated on a 36-month rolling basis, covering all projects approved during 2014-2016). A

Area of reform	Key commitments	Time frame and reporting	Status	Remarks
delivery model and tools	cofinancing (domestic and international, public and private) and country type (MIC and low-income country)	through RIDE		disaggregation of cofinancing ratios is reported in the RIDE.
	Develop an operational approach for mobilizing cofinancing	<ul style="list-style-type: none"> <li>• Ongoing</li> <li>• Annually through RIDE</li> </ul>	Green	During 2016 and 2017 all regional divisions have engaged with regional multilateral development bank (MDBs) on a more systematic approach to cofinancing. Memorandums of understanding between IFAD and some of the MDBs are being revised (i.e. AfDB, the Islamic Development Bank [IsDB]).
	Monitor and report on performance on knowledge management	<ul style="list-style-type: none"> <li>• Ongoing</li> <li>• Annually through RIDE</li> </ul>	Green	Several mechanisms are in place to monitor knowledge management in projects, including supervision, project and grant status reports, and project completion reports. The IFAD Policy for Grant Financing places strong emphasis on ensuring that knowledge generated through grant-funded activities is systematically capitalized on and disseminated. GKS has developed an action plan for knowledge management implementation during the IFAD10 period, which includes a methodology for assessing and reporting on knowledge management. This will be finalized following review and discussion in-house.
	Review/evaluate country presence, following implementation of the updated country presence policy and strategy for 2014-15	<ul style="list-style-type: none"> <li>• 2017</li> </ul>	Green	An update was submitted to the Executive Board in April 2016 on country presence and the findings and recommendations of IOE's corporate-level evaluation on IFAD's decentralization experience. An IFAD Corporate Decentralization Plan was developed for IFAD10 and beyond and presented to the Board in December 2016. This is being revisited under the Operational Excellence for Results (OpEx) exercise.
	Establish 10 new country offices to bring the total number to 50, and as required, strategically strengthen staffing, including outposting country programme managers, through a budget-neutral approach, in order to support better project design and implementation, policy engagement and impact	<ul style="list-style-type: none"> <li>• End-2018</li> <li>• Annually through RIDE</li> </ul>	Green	The current number of operational IFAD Country Offices (ICOs) is 40; three new ICOs were opened during 2016 in China, Côte d'Ivoire and Morocco. The IFAD Corporate Decentralization Plan presented to the Executive Board at its December 2016 session focuses on consolidating and strengthening existing offices, opening a small number of new offices and closing some unused ICOs. With an increasingly global workforce, capacity-building and career development for ICO staff (international and national) are essential. Provisions are being made as described in the IFAD Corporate Decentralization Plan to ensure staff have the technical and managerial capacities and the motivation to deliver.
	Make further improvements to the QA system, to enhance project quality at entry	<ul style="list-style-type: none"> <li>• Ongoing</li> <li>• Annually through RIDE</li> </ul>	Green	QAG is continuing to fine-tune the review processes for COSOPs, concept notes and project designs. The continuity of the review process and links between OSC, quality enhancement (QE) and quality assurance (QA) have been strengthened thanks to a joint effort with PTA. The Quality Assurance Archiving System (QUASAR) has been further developed to include the full workflows for loan-funded projects and a portion of workflows for grants and COSOPs. By the end of 2017 the full review processes for COSOPs, loans and grants will be done using QUASAR, which will strengthen the linkages between the three stages of project design: concept notes at OSC, full design at QE and final review at QA. Regarding grants, the new Policy for Grant Financing and its procedures are being fully implemented. QA is systematically encouraging competitive selection of grant recipients, greater attention to knowledge management and interdivisional collaboration. QAG is moving forward on its knowledge management agenda, based on learning from the quality review process. The agenda will promote learning and knowledge-sharing within IFAD and in partnership with other international development agencies. The first

Area of reform	Key commitments	Time frame and reporting	Status	Remarks
				products being finalized are strategic reviews of partnerships between IFAD and three of the most frequent grant recipients.
	Submit a new grants policy for the approval of the Executive Board, to be implemented under IFAD10	<ul style="list-style-type: none"> <li>• April 2015</li> </ul>	Green	The new Policy for Grant Financing was approved by the Executive Board in April 2015. As of January 2016 the policy and procedures are under full implementation.
	Review and extend the IFAD Partnership Strategy into IFAD10; provide training on partnership-building, operationalize the tools developed under the strategy and internalize partnership-building into core business processes	<ul style="list-style-type: none"> <li>• End-2018</li> <li>• Annually through RIDE</li> </ul>	Green	The mandate of the interdepartmental technical working group on the partnership strategy has been extended for the IFAD10 period, under the guidance of the OMC. A review of the strategy during IFAD9 and workplan for IFAD10 were reviewed by the OMC in July 2016 and annual work planning and progress reporting is now in place (July 2016-June 2017 progress report was reviewed by OMC in July 2017). Four training sessions were held in 2016 reaching over 100 IFAD staff. In 2017 partnership-building will be integrated into the Operations Academy curriculum. The IOE Synthesis Evaluation on Partnerships, to be completed by November 2017, will provide recommendations. An initial review of the stages of the project cycle was undertaken to assess how to improve monitoring and reporting on partnerships.
Enhancing financial management and risk assessment capacity	Use a tailored system to measure the full costs of key business processes through a more accurate allocation of staff costs to underlying activities	<ul style="list-style-type: none"> <li>• Ongoing</li> <li>• Annually through RIDE</li> </ul>	Green	For IFAD10, an interdepartmental working group has completed its work on the move from clusters to strategic results pillars and the outcome has been presented to the Audit Committee. This will allow costing of carefully defined institutional outputs, which is now being used in the preparation of the 2018 budget. Data collection is currently ongoing so as to further refine future budget preparation cycles based on the institutional outputs defined by the interdepartmental working group.
	Strengthen IFAD's financial management capacity and oversight processes, taking into account the Sovereign Borrowing Framework. In particular, shape enhanced risk management, cash flow forecasting and supplementary funds administration to meet the increased challenges of scaling up the multi-mode resource mobilization model to which IFAD is committed	<ul style="list-style-type: none"> <li>• End-2015</li> <li>• Annually through RIDE</li> </ul>	Green	<p>The positions of risk management and compliance officer, and cash flow liquidity officer have been filled. Following approval by the Investment and Finance Advisory Committee, an agreement between IFAD and the World Bank was signed to access its Reserves Advisory and Management Program in order to manage part of the supplementary funds resources. A reengineering of IFAD's financial model was completed with the help of external consultants to integrate borrowing into long-term financial projections.</p> <p>To further strengthen the Financial Operations Department (FOD), the Controller's and Financial Services Division has been split into two new divisions: (i) the Accounting and Controller's Division; and (ii) the Financial Management Services Division (FMD). The new FOD structure will enable the department to meet future challenges and capitalize on opportunities presented by the evolving financial model of IFAD. The new structure will also position FOD to become a stronger and more strategic financial business partner to IFAD departments and divisions and, in particular, PMD.</p> <p>The introduction of FLEXCUBE and the data warehouse further enhances system and reporting capabilities and effective oversight for both loan and grant data and contributions (replenishment and supplementary funds reporting).</p> <p>IFAD is the first United Nations organization to be positively assessed on all seven pillars required under the European Commission's Pillar Assessment procedures. This allows for a higher degree of reliance by the European Union on IFAD's procedures, project audits and external audits. IFAD also welcomes the possibility of new forms of financing, including blend products, given the assessment on financial instruments.</p>



Area of reform	Key commitments	Time frame and reporting	Status	Remarks
	Monitor IFAD's financial management, including the decentralization of finance functions to country offices and project financial management oversight, and ensuring adequate resources for robust financial oversight allocated through budgeting process	<ul style="list-style-type: none"> <li>• Ongoing</li> <li>• Annually through RIDE</li> </ul>	Yellow	<p>The new IFAD Corporate Decentralization Plan was presented to the Executive Board in December 2016. An IT system will be developed to support this process. The Field Support Unit will work with BOD and FOD to further decentralize budgeting functions to ICOs in line with the decentralization plan. A pilot in the Asia and the Pacific (APR) region is progressing and options for a second region are being discussed. In addition, a workload analysis was completed jointly by BOD and PMD to assess the readiness of country offices for further decentralization and ascertain what would be the appropriate balance of functions between headquarters and country offices. The findings will inform the decentralization work stream and theme within IFAD's OpEx exercise.</p> <p>The FOD realignment, the creation of FMD, the transfer of financial oversight from PMD to FOD and the accreditation of consultants all have made good progress and are being rolled out with the support of BOD and the Human Resources Division (HRD).</p>
Proactive HR management	Improve gender balance, especially at grades P-5 and above, and ensure continued focus on equitable geographical distribution in recruitment	<ul style="list-style-type: none"> <li>• Ongoing</li> <li>• Annually through RIDE</li> </ul>	Yellow	<p>Within the United Nations, IFAD compares well for gender balance at grades P-1 to P-4, but falls below the United Nations average for women at P-5 to D-2 levels. A gender action plan for the IFAD workplace will support IFAD's commitments under the UN-SWAP for Gender Equality and the Empowerment of Women. The proposed plan focuses on actions to increase the number of qualified women applying to IFAD's positions, especially P-5 and above grades, and on training and educational initiatives to increase the level of awareness in-house regarding gender issues and reinforce the programmes already in place for management and staff. Gender and diversity matters have been mainstreamed into human resource policies and into the corporate competencies framework. Gender and diversity requirements have been introduced into competitive recruitment processes at the shortlist stage.</p> <p>The Appointment and Promotions Board reviews every interview panel recommendation to ensure that corporate gender balance and geographical diversity policies are being observed.</p> <p>Gender sensitization courses and management development programmes are held for staff and managers. Dedicated training and certification for interview panel members on competency-based interviewing skills include elements on gender-sensitive interviewing techniques. Specific questions on gender issues have been introduced in the interview questionnaires.</p> <p>In 2016, IFAD launched its first career development framework and guide, with a specific reference to women's career development. HRD is currently designing an "emerging leaders programme" to support the establishment of a talent pipeline and succession planning for P-5 and above positions.</p>
	Ongoing HR policy review and HR systems streamlining to ensure optimum effectiveness and efficiency	<ul style="list-style-type: none"> <li>• Ongoing</li> <li>• Annually through RIDE</li> </ul>	Green	<p>The human resources (HR) policy review related to the changes to the conditions of service for Professional and higher category staff as per the United Nations General Assembly resolution was completed. In adherence to the schedule recommended by the General Assembly, a first phase relating to repatriation, relocation and field allowances was introduced with effect from 1 July 2016; a second tranche involving the adoption of a unified salary scale and related allowances was implemented on 1 January 2017; the remaining changes, relating to education grants, have been implemented (applicable to</p>

Area of reform	Key commitments	Time frame and reporting	Status	Remarks
				<p>the requests for advances for the school year in progress on 1 January 2018) through an information circular. The related changes in chapter III of the HR implementing procedures will be introduced with effect from 1 January 2018.</p> <p>Extensive communication campaigns ensured that the new provisions were communicated to all relevant staff both at IFAD headquarters and in ICOs. Work was also completed on the improvement of the layout and accessibility of the HR implementing procedures.</p> <p>The implementation of the General Assembly resolution decisions entailed a substantive change in HR IT systems and presented a good opportunity for HRD to carry out a comprehensive review of HR practices to automate and integrate the various online modules. The functionalities developed comprise an online application portal, an integrated recruitment system, self-service modules available to Professional staff to apply for education grants and home leave, automated payroll workflows to calculate and disburse relocation payments, field allowances and separation benefits. Work is also complete on the first phase of system enhancement for the administration of consultants. The new system performs the automated eligibility checks that had been the subject of audit concerns in the past, such as nationality, breaks in service and number of allowable working days. The new system reflects current HR policy on hiring of consultants and has an automated workflow to approve exceptions to the policy, in alignment with the current delegation of authority. HRD also implemented a new system that provides an interface with the United Nations Joint Staff Pension Fund for the automated and real-time exchange of data and information.</p> <p>Corporate Services Department (CSD)</p>
	Enhance HR policies and support for increased country presence	<ul style="list-style-type: none"> <li>• Ongoing</li> <li>• Annually through RIDE</li> </ul>	Green	<p>Ongoing policy and system revisions are carried out with an ICO focus in mind. Mobility: an independent assessment has just been conducted by CSD of the mobility pilot completed in PMD. The purpose continues to be that of shaping an effectively managed functional and geographical mobility process, in line with IFAD's decentralization plans and as part of the evolving needs of the Fund, as it moves towards increasing country presence. Many innovative mobility opportunities are made available to ICO staff to enable them to acquire new skills, knowledge and experience within and across departments, functions and duty stations.</p> <p>Work continues on a comprehensive review and proposal for decentralization of HR-related issues in ICOs. Career development: As part of efforts to advance the career development of national staff, IFAD has introduced the development assignment programme for national Professional staff. Since the start of the programme, five national Professional officers have availed themselves of this opportunity, HRD has also fully launched the career development framework to guide staff in their career development.</p> <p>Training: training for ICO staff continues to be a priority. Face-to-face courses continue to be delivered in ICO locations on a variety of aspects, such as: stress and conflict management, team-building, managing small and remote teams, interview and presentation skills, and impromptu speaking. The recently completed review of language training at IFAD headquarters focused on increasing the opportunities for ICO staff and will allow them to benefit from the e-learning and virtual language classes offered by a</p>

Area of reform	Key commitments	Time frame and reporting	Status	Remarks
				<p>leading professional language course firm. The result will be reviewed and adjusted to continually enhance the aspect of the training in an increasingly decentralized environment. International Coach Federation Coaching Certification courses were rolled out with great success and were taken by a high number of staff and managers interested in deepening their knowledge and skills. HRD corporate training is supporting IFAD's Operations Academy by providing a "training the trainer" course to enable IFAD colleagues to deliver courses in the areas of their expertise related to programmes and operations.</p>
	Strengthen the strategic workforce planning process, including further substitution of technical staff for consultants	<ul style="list-style-type: none"> <li>• Ongoing</li> <li>• Annually through RIDE</li> </ul>	Green	<p>An experienced fixed-term senior organizational specialist, hired in January 2017, led the 2018 strategic workforce planning (SWP) exercise and will ensure its continued strengthening. A functional review of the SWPs and of IFAD's organizational development capacity was undertaken. The review identified areas to be strengthened as part of the implementation of the 2017 SWP. In addition, the action plan responding to the Global Staff Survey has recommended a working group on how the SWP can be improved.</p>
Upgrading communication and ICT systems	Enhance ICT systems to support streamlined business processes	<ul style="list-style-type: none"> <li>• Ongoing</li> <li>• Annually through RIDE</li> </ul>	Green	<p>The Information and Communications Technology Division continues to support and guide initiatives aimed at streamlining the Fund's processes.</p> <p>In 2016 Information and Communications Technology Division finished rolling out improved solutions for 39 ICOs to ensure that staff can work securely and effectively regardless of location. ICT has also deployed a mobile device management solution that enables staff to securely maintain productivity on mobile devices. Two important corporate initiatives that will significantly streamline corporate processes are under way and on track. The first– the Operational Results Management System – will align IFAD with the standards of other MDBs while increasing efficiency, such as automating real-time results capture from anywhere and streamlining results reporting. The second initiative, the IFAD Client Portal (ICP), was launched at the end of 2016 and is providing borrowers and recipients of IFAD financing with improved service delivery, reduced cycle times and better visibility and access to data, while shortening the disbursement cycle of loans and grants, improving the management of loan and grant processes and serving as an entry point for many of the business-to-business operations IFAD undertakes with external partners.</p> <p>The implementation of the ICP gives IFAD a significant strategic advantage as it seeks to distinguish itself as the financing partner of choice in the development sector.</p>
Enhancing systems for procurement, facilities management and travel	Operationalize revised guidelines for corporate procurement and institutional contracts	<ul style="list-style-type: none"> <li>• Ongoing</li> <li>• Annually through RIDE</li> </ul>	Green	<p>Revised institutional contract (IC) guidelines were issued in 2013, and revised corporate procurement guidelines were issued in 2015. ICs are monitored regularly to ensure compliance with the IC guidelines. Low-value procurement (&lt;EUR 10,000) delegation of authority has been rolled out to division directors and usage is being monitored closely. The Administrative Services Division (ADM) has also tested the re-delegation of low-value procurement authority in the APR Division (regional hub in Viet Nam) in the framework of the pilot project on decentralized budget management. The results of the pilot are being analysed. ADM, together with other stakeholders, is now exploring re-delegation of low-value procurement authority to other selected country offices.</p>
	Renew the LEED green building certificate at the gold level	<ul style="list-style-type: none"> <li>• Ongoing</li> <li>• Annually</li> </ul>	Green	<p>IFAD was certified at Leadership in Energy and Environmental Design (LEED) Platinum level in 2015, the highest level of certification for existing buildings. IFAD is the first United</p>

Area of reform	Key commitments	Time frame and reporting	Status	Remarks
	or higher	through RIDE		Nations facility to receive this level of certification. ADM will continue to monitor compliance with the certification, including aligning and further incorporating LEED/greening requirements in contracts with vendors, in preparation for re-certification in 2020. Monthly LEED/greening meetings are being held to support this process. In addition, IFAD hosted the annual meeting of the United Nations Issue Management Group on Environment Sustainability Management in 2016 and hosted the Inter-Agency Network of Facility Managers in May 2017. IFAD has offset its unavoidable emissions since 2014 and attained the status of climate neutrality at the twenty-first session of the Conference of the Parties (COP21) of the United Nations Framework Convention on Climate Change.
	Enhance travel system by streamlining processes	<ul style="list-style-type: none"> <li>• Ongoing</li> <li>• Annually through RIDE</li> </ul>	Green	The travel system was enhanced and new efficiencies (e.g. automated link between travel and payroll modules) were introduced. The enhanced system was successfully rolled out over 2016 using the capital budget. In addition, decentralized ticketing has been implemented in Latin America and the Caribbean (Plurinational State of Bolivia, Brazil, Guatemala and Peru), East and Southern Africa (Ethiopia, Kenya, Mozambique, United Republic of Tanzania and Zambia) and West and Central Africa (Ghana), and is planned for implementation in other ICOs.
Governance	Support an inter-Consultation working group of members from all Lists established to consider governance and report on the results of its deliberations and any recommendations thereon to the fortieth session of the Governing Council in 2017	<ul style="list-style-type: none"> <li>• 2017</li> <li>• Regular reporting to Executive Board</li> </ul>	Green	The Ad Hoc Working Group on Governance (WGG) was established in February 2015. It held nine meetings and several informal meetings and consultations with the Lists and with IFAD Management. The WGG discussed several proposals regarding the List system and matters related to IFAD's replenishments. Consensus was reached on some Replenishment issues, and some guidelines for List definitions were agreed. The WGG finalized its report and presented it to the Executive Board in December 2016. At its fortieth session in February 2017, the Governing Council considered the final report and adopted the resolution contained therein.
Administrative efficiency	Improve the ratio of the PoLG to actual administrative expenditures to 8.2 by 2018 and continue efforts to improve the efficiency of the business model	<ul style="list-style-type: none"> <li>• Ongoing</li> <li>• Annually through RIDE</li> </ul>	Yellow	<p>As agreed with the Executive Board, IFAD will monitor multiple efficiency ratios, such as administrative expenditure to programme of loans and grants (PoLG) and programme of work (PoW), and portfolio managed per dollar of expenditure to obtain a holistic view. Efficiency ratios that capture the overall cost of managing the portfolio are of particular importance in light of the significant resources devoted to supervising projects – a finding that is emerging from the ongoing work on moving to results pillars. Following a review of the IFAD10 Results Measurement Framework, Level 5 efficiency indicators will continue to be tracked, while additional measures will be sought for the future in the context of the Strategic Framework pillars.</p> <p>An overall target of a US\$3.2 billion PoLG was set for IFAD10 and US\$1.5 billion for 2017, in the context of a minimal increase in the 2017 proposed budget. In the context of the 2018 high-level 2018 budget preview, there has been discussion about additional budget implications for funding IFAD's Operational Excellence for Results (OpEx) exercise; "frontloading" decentralization costs and costs relating to increased PoLG in IFAD11. This could slightly adversely impact efficiency ratios in the short term, but will bring significant improvement in the medium term.</p>

Area of reform	Key commitments	Time frame and reporting	Status	Remarks
<b>4. Results Measurement System for IFAD10</b>				
	Report to the Executive Board on performance against IFAD10 RMF indicators and targets, including monitoring progress on scaling up	<ul style="list-style-type: none"> <li>Ongoing</li> <li>Annually through RIDE</li> </ul>	Green	Performance against RMF indicators and replenishment commitments is reported annually to the Executive Board through the RIDE and is also captured in quarterly corporate performance reports presented to the OMC and EMC.
	Agree with the Executive Board on any updates to RMF, based on emerging results from IFAD9, the gender midterm review, other evaluation findings, and the approved SDG framework	<ul style="list-style-type: none"> <li>End-2015</li> </ul>	Green	A revised IFAD10 RMF was developed and approved by the Board in December 2016, improving alignment with the Sustainable Development Goals (SDG) framework.
	Implement a multi-pronged strategy for impact assessment comprising rigorous ex post impact evaluations (minimum 9), randomized controlled trials and systematic reviews and meta-studies	<ul style="list-style-type: none"> <li>Ongoing</li> <li>Annually through RIDE</li> </ul>	Green	A strategy based on lessons learned from the IFAD9 Impact Assessment Initiative (IAI) is contained in the IFAD Development Effectiveness Framework (DEF). An update on the implementation of the DEF will be provided in October 2017 to the IFAD11 Consultation.
	Update the Executive Board both on the specifics of the methodology to estimate the number of people moved out of poverty and on the precise number of impact evaluations to be conducted under IFAD10	<ul style="list-style-type: none"> <li>Fall 2015</li> </ul>	Green	The synthesis report on lessons from the IFAD9 IAI was presented to the Executive Board in April 2016 and included general recommendations for IFAD10. Specific recommendations have been included in the IFAD DEF. In addition, the IAI approach to measuring impact has been incorporated into the revised RMF and targets have been established for new impact indicators, which were shared with the Board through an oral presentation in December 2016 .
<b>5. Financial framework</b>				
Financing options for IFAD's future	Present the Sovereign Borrowing Framework for the review of the Audit Committee and then submit it for the approval of the Executive Board	<ul style="list-style-type: none"> <li>April 2015</li> </ul>	Green	The Sovereign Borrowing Framework was reviewed by the Audit Committee and approved by the Executive Board in April 2015.
	Raise unrestricted complementary contributions, receive supplementary funds, develop a more strategic and targeted approach towards cofinancing, and following approval of the Sovereign Borrowing Framework, seek borrowing from sovereign states and state-supported institutions, and explore the scope for borrowing from the market	<ul style="list-style-type: none"> <li>Ongoing</li> <li>Annually through RIDE</li> </ul>	Yellow	A document on mainstreaming climate and use of unrestricted complementary contributions was submitted to the Executive Board in September 2016. In 2016 US\$95.3 million in new supplementary funds were mobilized, and US\$101.1 million were received under ongoing agreements. A document to amend the ASAP Trust Fund was submitted to the Board in September 2016 and resubmitted in December 2016 with an adjusted results framework. The first review of the SBF was presented to the Audit Committee and Executive Board in September 2016. Management also provided an oral update on the milestone reached towards market borrowing. Regional divisions have elaborated a more strategic approach to cofinancing with MDBs such as the AfDB, Asian Development Bank (AsDB), Development Bank of Latin America (CAF), Inter-American Development Bank (IDB), and IsDB.
	Ensure that any unrestricted complementary funding is strictly aligned with IFAD's priority areas of strategic focus	<ul style="list-style-type: none"> <li>End-2015</li> </ul>	Green	Agreed thematic areas for unrestricted complementary contributions in IFAD10 (and amounts pledged) are: mainstreaming climate (US\$92 million), 4Ps (no contributions), nutrition (US\$3 million) and SSTC (US\$5 million [to be confirmed]).
	Ensure that sovereign borrowing is in line with IFAD priorities and the Sovereign Borrowing Framework	<ul style="list-style-type: none"> <li>End-2015</li> </ul>	Green	The High-Level Task Force (HLTF) on Sovereign Borrowing was established to manage discussions with potential lenders and subsequent borrowing negotiations, and is meeting regularly. The HLTF's terms of reference provide clear guidance on how to engage on

<i>Area of reform</i>	<i>Key commitments</i>	<i>Time frame and reporting</i>	<i>Status</i>	<i>Remarks</i>
				sovereign borrowing under the SBF, and the need to keep the EMC, the Audit Committee and the Executive Board up to date on of their activities and to seek authorization to negotiate a sovereign loan.
	Provide an update to the Executive Board on the identification of sources for sovereign borrowing and negotiations with potential lenders	<ul style="list-style-type: none"> <li>December 2015</li> </ul>	<b>Green</b>	<p>The first review of the SBF was presented to the Board in September 2016. The High-Level Task Force on Sovereign Borrowing has overseen borrowing discussions with potential lenders and subsequent borrowing negotiations. It also provides regular updates to the EMC on potential lenders and seeks EMC approval before pursuing negotiations.</p> <p>In September 2016, the Executive Board approved access to the remaining balance of EUR 100 million under the KfW facility. At the third and final individual loan agreement was signed on 9 December 2016 for EUR 100 million.</p> <p>In December 2016 the Executive Board authorized Management to negotiate the terms and conditions of a loan of EUR 200 million to be provided by Agence Française de Développement (AFD) in support of the IFAD10 PoLG. The agreement was signed on 13 March 2017 with AFD and was shared with the Board for information.</p>

## IFAD10 Consultation: selected key milestones for the IFAD's engagement with the Executive Board

Green = on track / Yellow = more or less on track / Red = not on track

Table 4

<i>Workstream</i>	<i>Milestone</i>	<i>Time frame and reporting</i>	<i>Status*</i>	<i>Remarks</i>
<b>IFAD Strategic Framework 2016-2025</b>	• Informal seminar with the Executive Board	• Spring 2015	Green	Two Executive Board informal seminars on the Strategic Framework were held in 2015 (30 June and 7 October).
	• Seminar for the Executive Board with United Nations agencies/MDBs on thematic and country focus	• Autumn 2015	Green	Informal seminar scheduled.
	• Submission of Strategic Framework to the Executive Board	• December 2015	Green	The new IFAD Strategic Framework 2016-2025 was approved by the Executive Board in February 2016.
<b>Performance-based allocation system (PBAS)</b>	• PBAS Working Group meeting on 2015 programme	• Early 2015	Green	Meeting conducted on 16 July 2015.
	• IOE presents approach paper for corporate-level evaluation (CLE) on PBAS to Evaluation Committee	• March 2015	Green	The CLE on the PBAS approach paper was discussed in the Evaluation Committee in March and the approach paper has since been finalized and posted on the IOE section of the IFAD website.
	• PBAS Working Group presents annual progress report to the Executive Board	• December 2015	Green	Included in the annual PBAS progress report to Executive Board.
	• IOE CLE on PBAS presented to Executive Board	• April 2016	Green	Final report was presented to the Evaluation Committee in March 2016 and the Executive Board in April 2016, together with Management's response.
	• Building on IOE findings, review of PBAS, and submission of eventual recommendations to the Executive Board	• December 2016	Yellow	During phase II of the PBAS review, which started in January 2017, Management held three meetings with the PBAS Working Group (January, March, July) and organized an informal seminar on the subject. Management also presented a revised formula to the April session of the Executive Board. At that session, representatives requested Management to continue the dialogue with the PBAS Working Group to further enhance the poverty focus of the proposed formula. At the July meeting of the PBAS Working Group, Management presented four further options that complied with this request, and proposed one for recommendation for approval by the Board at its September session. [Update: the PBAS formula enhancements were approved by IFAD's Executive Board at its 121 <sup>st</sup> session. See EB 2017/121/R.2]

\* From the "Non-paper on IFAD and middle-income countries" issued 17 December, 2014, ahead of the fourth session of the IFAD10 Consultation.

<i>Workstream</i>	<i>Milestone</i>	<i>Time frame and reporting</i>	<i>Status*</i>	<i>Remarks</i>
<b>SBF</b>	<ul style="list-style-type: none"> <li>Decision by Executive Board</li> </ul>	<ul style="list-style-type: none"> <li>April 2015</li> </ul>	<b>Green</b>	The Executive Board approved the SBF on 23 April 2015. A review was presented to the Audit Committee and Executive Board in September 2016.
	<ul style="list-style-type: none"> <li>Update to Executive Board on identification and negotiation for sovereign borrowing</li> </ul>	<ul style="list-style-type: none"> <li>December 2015</li> </ul>	<b>Green</b>	Executive Board approved the utilization of EUR 100 million in KfW funding to be used under IFAD10. The Board was informed in December 2016 and authorized the negotiation of an agreement with the AFD for a sovereign loan in the amount of EUR 200 million to support the IFAD10 PoLG.
	<ul style="list-style-type: none"> <li>Approval of any new sovereign borrowing</li> </ul>	<ul style="list-style-type: none"> <li>IFAD10</li> </ul>	<b>Green</b>	High-Level Task Force on Sovereign Borrowing was established to guide Management in responding to approaches from potential lenders. The task force will take responsibility for managing borrowing negotiations. A loan from AFD was negotiated and signed on 13 March 2017 for an amount of EUR 200 million to support the IFAD10 PoLG.
<b>Updated information in MIC Strategy</b>	<ul style="list-style-type: none"> <li>Informal Executive Board seminar on annotated outline</li> </ul>	<ul style="list-style-type: none"> <li>June 2015</li> </ul>	<b>Yellow</b>	The decision was made to keep this seminar on hold.
	<ul style="list-style-type: none"> <li>Submission of updated information to the Executive Board</li> </ul>	<ul style="list-style-type: none"> <li>December 2015</li> </ul>	<b>Green</b>	A document on engagement with MICs was presented to the Executive Board in April 2016. A document overviewing the holistic approach to fragile situations, the PBAS, MICs and decentralization was presented to the Executive Board in September 2016 for information. A document consolidating future directions and plans in the four areas (including SSTC) was shared with Consultation Members in May 2017 to inform the substantive deliberations of IFAD11.



## Country demand and IFAD capacity to deliver, including in fragile situations

[To be included for Fourth Session]

## Concessional partner loan framework for IFAD11

[To be included for Fourth Session]

## DSF compensation methodology and amounts by list and country for IFAD10, IFAD11 and IFAD12

[To be included for Fourth Session]

## Road map for IFAD's financial strategy

[To be included for Fourth Session]

## List of documents provided to the Consultation and other reference documents made available

### First Session (16-17 February 2017)

IFAD11/1/R.2	IFAD at the Midterm of the Tenth Replenishment
EB 2016/118/R.7	Annual Report on Results and Impact of IFAD Operations Evaluated in 2015
IFAD11/1/R.3	Report on the status of donor contributions to the Tenth Replenishment of IFAD's Resources
IFAD11/1/R.4	Sessions, workplan and themes of the Consultation on the Eleventh Replenishment of IFAD's Resources
IFAD11/1/INF.2/Rev.1	Summary of the Chairperson: First session of the Consultation on the Eleventh replenishment of IFAD's Resources

### Intersessional meeting on mainstreaming nutrition, gender and climate (28 June 2017)

PPT	Gender, Nutrition and Climate Mainstreaming
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### Second Session (29-30 June 2017)

IFAD11/2/R.2	Looking Ahead: IFAD in the context of the 2030 Agenda for Sustainable Development
IFAD11/2/R.3	Enhancing IFAD11 business model to deliver impact at scale
EB 2016/117/R.5	Corporate-level evaluation of IFAD's performance-based allocation system
EB 2016/117/R.5/Add.1	Response of IFAD Management to the corporate-level evaluation on IFAD's performance-based allocation system
EB 2016/119/R.10	Corporate-level evaluation on IFAD's decentralization experience
EB 2016/119/R.10/Add.1	Response of IFAD Management to the corporate-level evaluation on IFAD's decentralization experience
IFAD11/2/PPT	Findings of the Office of Audit and Oversight on the recent audit work on IFAD country offices
IFAD11/2/R.4/Rev.1	Enhancing the relevance of IFAD's operations to country context
IFAD11/2/R.6	Review of IFAD's Debt Sustainability Framework (DSF) and proposal on future approach
IFAD11/2/R.7/Rev.3	Draft resolution on the Eleventh Replenishment of IFAD's Resources

IFAD11/2/INF.2/Rev.1      Summary of the Chairperson: Second session of the Consultation on the Eleventh replenishment of IFAD's Resources

Third Session (19-20 October 2017)

EB 2017/121/R.9+ Add.1      2017 Annual Report on Results and Impact of IFAD Operations

EB 2017/121/R.10 + Add.1      Report on IFAD's Development Effectiveness

IFAD11/3/R.2                  Report on the IFAD11 Results Management Framework

IFAD11/3/R.3                  Financial Framework and Financial Scenarios for IFAD11

IFAD11/3/R.4                  Mainstreaming of climate, gender, nutrition and youth

IFAD11/3/R.5                  IFAD11 – Leveraging partnerships for country-level impact and global engagement

IFAD11/3/R.6                  Draft Report on the Eleventh Replenishment of IFAD's Resources

IFAD11/3/R.7                  Draft resolution on the Eleventh Replenishment of IFAD's Resources

[Fourth Session (14-15 December 2017)]

[Final Report on the Eleventh Replenishment of IFAD's Resources]

[Final draft IFAD11 Resolution]

## Draft resolution on the Eleventh Replenishment of IFAD's Resources

[To be included for Fourth Session]

## Members' contribution pledges to IFAD11 at 15 December 2017

[To be included for Governing Council]