



Twelfth Replenishment

**RURAL  
PROSPERITY.  
FOOD.  
RESILIENCE.**

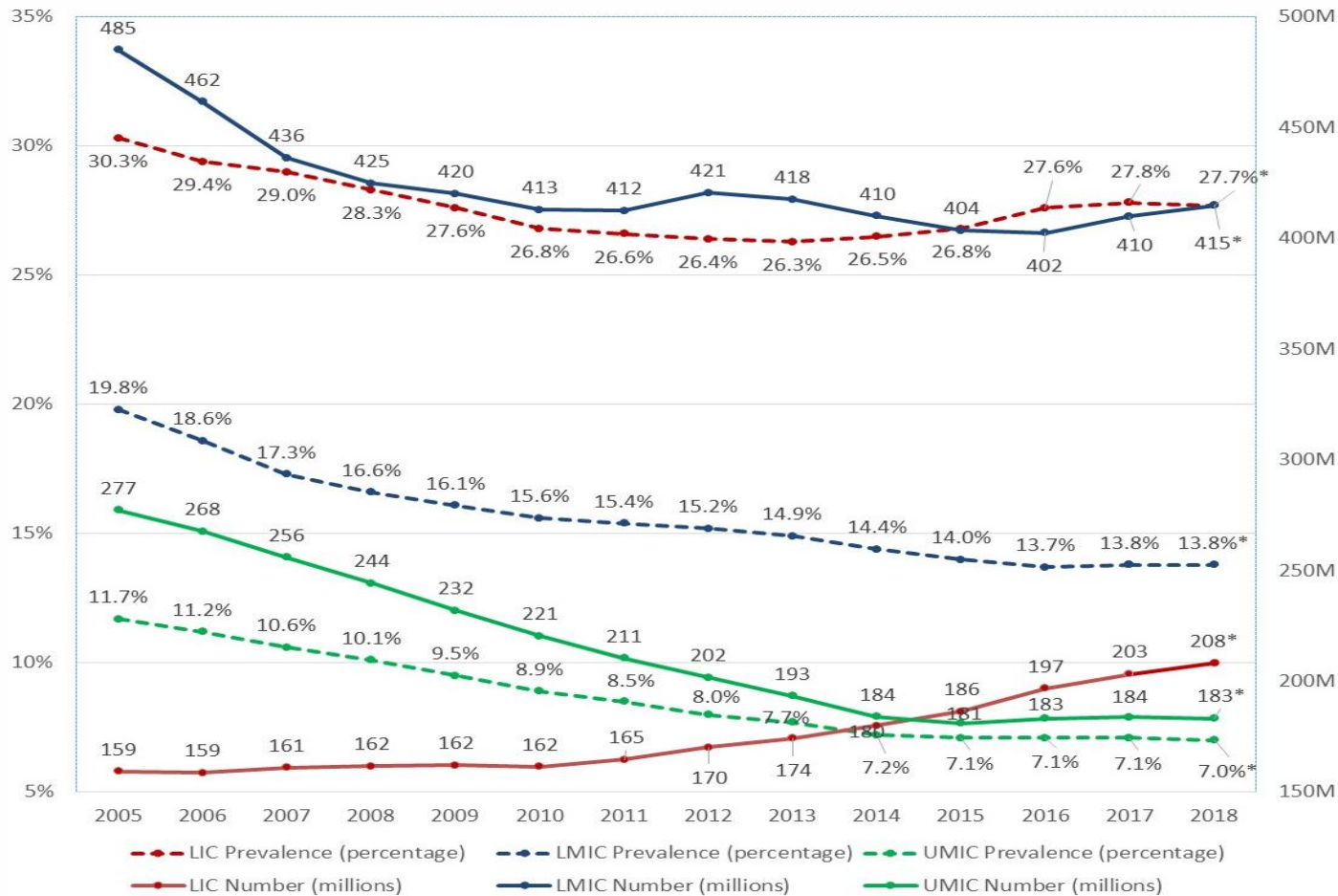
# IFAD12

## *Strategic Directions*

First Session of the Consultation on the Twelfth Replenishment

**14 February 2020**

# Food insecurity is on the rise, poverty is concentrated in rural areas...



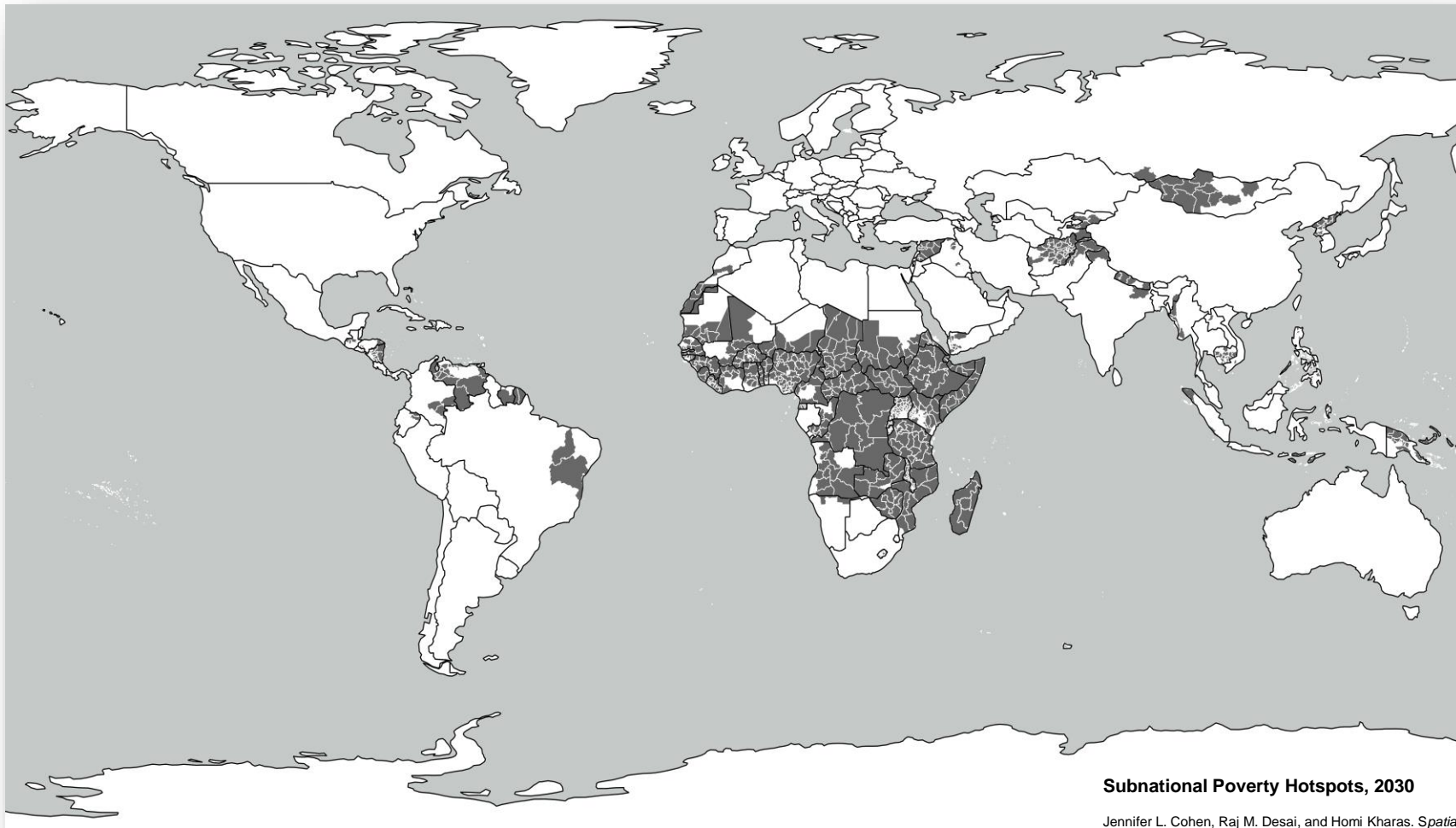
**Estimated number and prevalence of undernourished people by country category 2005 – 2018**

FAO, IFAD, UNICEF, WFP and WHO. *The State of Food Security and Nutrition in the World 2019. Safeguarding against economic slowdowns and downturns.* (Rome, FAO: 2019).

- **79 percent of the extremely poor live in rural areas**  
(WB 2018)



# ...with pockets of poverty in middle income countries



**Subnational Poverty Hotspots, 2030**

Jennifer L. Cohen, Raj M. Desai, and Homi Kharas. *Spatial Targeting of Poverty Hotspots*. (Washington DC, Brookings Institute: 2019).

# Agriculture remains key to the prosperity of rural people but it faces many challenges...



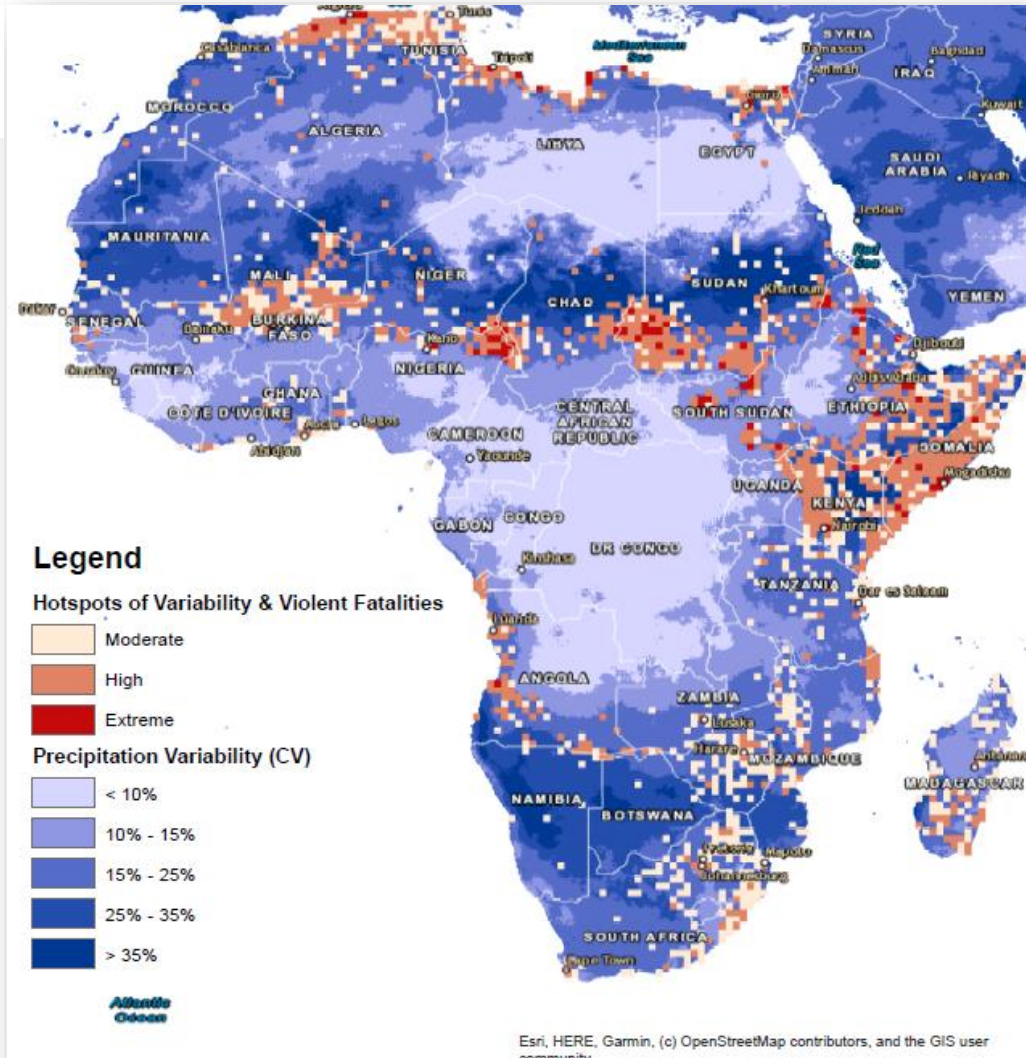
- **Climate change** will push more than **100 million people** into **extreme poverty** by 2030
- **Stability of food supply** is projected to decrease as the magnitude and frequency of **extreme weather** events **disrupt food chains**. **Vulnerable** people will be most affected suggesting need to **build resilience**
- **Biodiversity loss and land degradation** are altering every part of nature.
- **52 per cent** of agricultural land is affected by **soil degradation**
- **778 million youth** live in rural, semi-rural and peri-urban where agriculture is a key employer and growth driver
- **Youth** are three times more likely than adults to be **unemployed** with limited opportunities and rural youth are likely to **migrate**
- **Global obesity is on the rise**, particularly in **rural areas** of LICs, LMICs and UMICs, alongside other prevalent forms of malnutrition
- **1.6 billion people** depend on **forests** for their livelihood, including **70 million indigenous people**
- While **women** make up 43 percent (and +50 in SSA) of the agricultural labour force, the plots they manage are **20 to 30 percent less productive** than plots managed by men
- If female farmers had the same **access to productive resources** as men, they could increase **yields by 20-30 percent**, and **total agricultural output by 2.5 to 4 percent** and lift **100 to 150 million people out of hunger**

# ... not least climatic events and conflicts

## Overlaps between precipitation variability and loss of life due to violence

(CCAFA, CGIAR, IFAD, WFP. 2019)

- **Fragile and conflict** situations are a primary driver in the recent rise in **food insecurity** and increasing **migration**.
  - Many countries that face extreme poverty and food insecurity are also in **debt distress**, and the number of countries under debt distress have increased in the last years.
- IFAD11: 16 DSF countries
  - IFAD12: 20 DSF countries (projected)



# Critical steps are needed



Take a **country-specific approach** to continue to address rural poverty and food insecurity

Use more **effectively** and **mobilize additional resources** for countries where rural poverty & hunger is stalling or getting worse

**Empower rural women, youth and marginalized groups** to ensure no one is left behind

Make **climate change** central to development efforts and work in **fragile situations**

Expand **kinds of resources** and increase their **flow**

# IFAD12 Offer: Business model





# IFAD12 Offer: Business model

## Resource mobilization

- Financial architecture reform
- Higher **domestic** and **international cofinancing**
- Crowd in **private investment** in rural space

## Resource utilization

- Strengthen **decentralization**
- Targeted **country policy engagement** and **partnerships**
- **Diversified instruments** (RBL, FIPs, regional, RTAs)
- Aligning with **national priorities**
- Contribution to **UNSDCF**
- **Expanded** and **integration** of mainstreaming themes



## Consolidation & strengthening *IFAD12*

## Resource allocation

- Country **selectivity**
- **Fewer** and **larger** investments
- Focus on **lower income countries** (90:10)
- More resources to **fragile and conflict-affected situations**
- **Targeting guidelines**
- Supporting **transition**

## Transforming resources into results

- **Deepened SSTC** and innovation
- Enhanced portfolio **quality, performance** and **outcomes**
- Focus on **impact sustainability**
- Enhanced **results measurement** including **impact assessment**
- Strengthened **transparency** and **citizen engagement**

# IFAD12 Offer: Business model

## Resource mobilization

- **New financial model**
- Emphasis on **climate finance**
- Funding from **foundations**
- **Private sector** finance

## Resource utilization

- Establishment of **ASAP+**
- Establishment of **PSFP**
- **Country-level** programmatic approach with **multiple, complementary instruments**
- Update and deepen **targeting and social inclusion** policy (e.g. PwD)
- More **infrastructure, ICT4D** and **nature based solutions**



## Innovation *IFAD12*

## Resource allocation

- **Integrating** mainstreaming themes across **instruments**
- Regular **grants reformed** and **focused** to be more **strategic**
- Potential to allocate borrowed resources **based on demand**

## Transforming resources into results

- New **Development Effectiveness Framework** for new instruments and enhanced measurement, including climate finance
- Enhanced **technology for M&E**

# IFAD12: Country-level programme

**POLICY & KNOWLEDGE**



**INVESTMENTS**



**IMPACT**  
SDG 2.3 & 2.4

## Policy Engagement

COSOP; coordination and alignment with national priorities & UNSDCF

## Partnerships

Government, IFIs, UN, RBAs, bilateral, private sector, civil society.

## Knowledge

SSTC, innovation and technology

Regular Grants

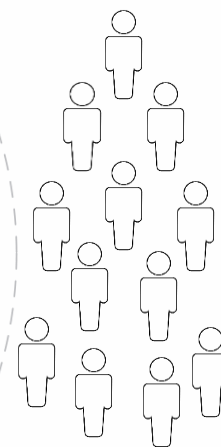
Cofinancing

PoLG

Programme of Work

PFSP

ASAP+



Integrated mainstreaming

# IFAD12 Offer: Finance

## Capital adequacy and liquidity management

- Capital Adequacy Policy
- New Liquidity Policy
- New Asset Liability Framework

## Sustainable development finance

- Debt Sustainability Framework Reform
- Sustainable replenishment baseline
- Strong concessionality
- Super-highly concessional terms



## Financial architecture reform *IFAD12*

## Integrated funding strategy

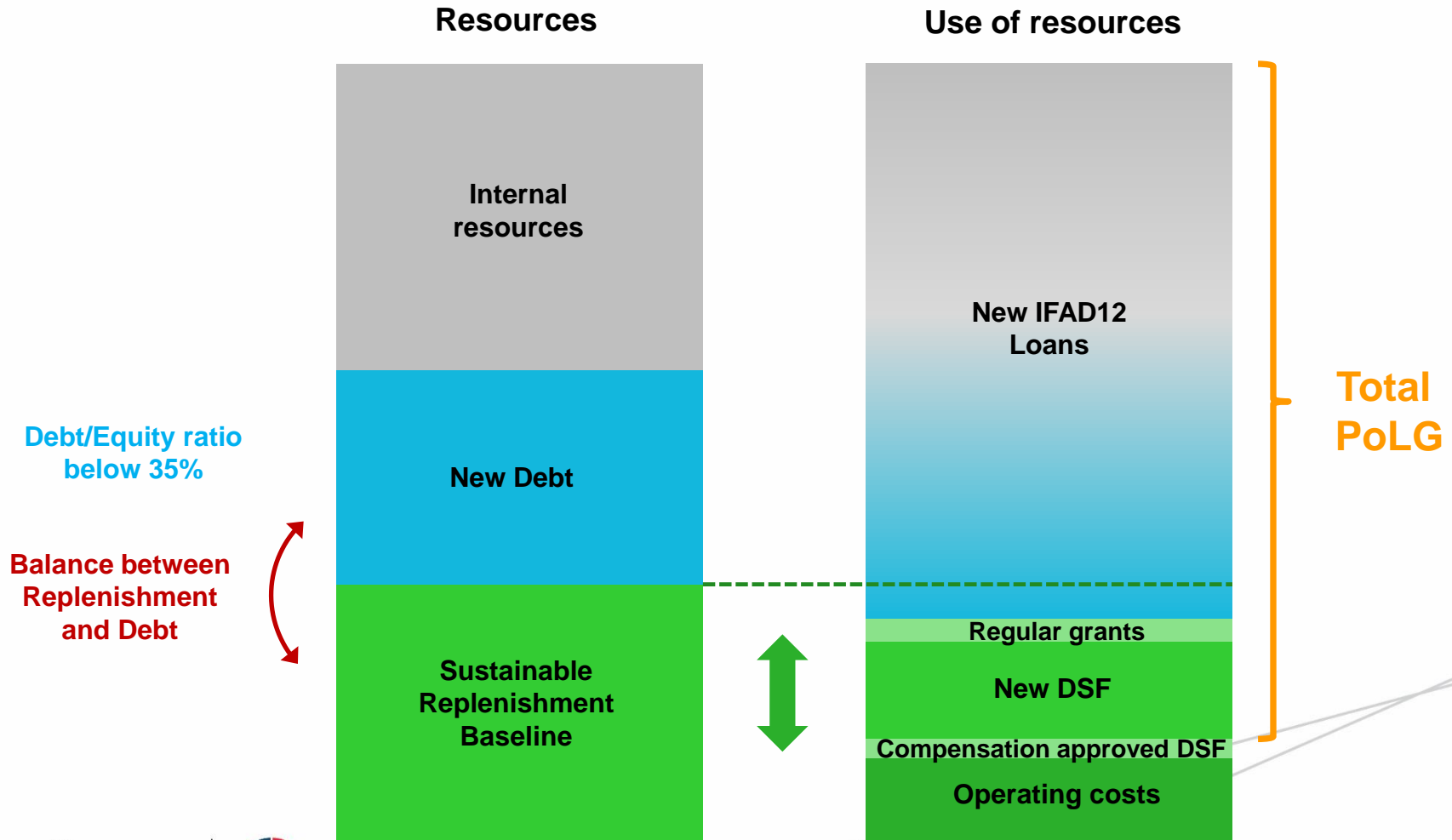
- Prudent leverage of balance sheet
- Integrated Borrowing Framework
- Credit rating exercise

## Internal control framework

- IFAD Controllership function
- Anti Money Laundering and Counter Terrorism Financing Policy



# Sustainable replenishment baseline and trade-offs



# Financial scenarios for IFAD12

	IFAD11	1-Very Low	2- Low	3-Mid Low	4-Mid High	5- High
<b>IFAD12 Replenishment*</b>	<b>1,100</b>	<b>900</b>	<b>1,100</b>	<b>1,300</b>	<b>1,500</b>	<b>1,700</b>
<b>Maximum Sustainable DSF</b>	<b>595</b>	<b>145</b>	<b>340</b>	<b>450</b>	<b>600</b>	<b>690</b>
<b>Regular Grants</b>	<b>175</b>	<b>50</b>	<b>50</b>	<b>150</b>	<b>150</b>	<b>150</b>
<b>New Debt</b>	<b>-</b>	<b>1,300-1,400</b>	<b>1,350-1,500</b>	<b>1,250-1,300</b>	<b>1,200-1,250</b>	<b>1,000-1,200</b>
<b>Total PoLG</b>	<b>3,500</b>	<b>3,000 - 3,300</b>	<b>3,150 - 3,500</b>	<b>3,500 - 3,800</b>	<b>4,000 - 4,300</b>	<b>4,300 - 4,500</b>
<b>Impact relative to IFAD11</b>	<b>-</b>	<b>87%</b>	<b>94%</b>	<b>107%</b>	<b>114%</b>	<b>127%</b>

\*excludes grant element of CPLs



- ✓ **Consistent with double impact by 2030**
- ✓ **Increases funding for poorest countries**
- ✓ **Ensures financial sustainability**

# IFAD12 Offer: Organizational

## People

- Targeted Capacity Investment
- Improved strategic workforce planning
- Enhanced performance management
- Talent development

## Processes & Technology

- Business process reengineering
- Technical enhancement and automation
- Improved human resources systems

Enhanced  
efficiency  
*IFAD12*

## Risk management

- Strengthened financial, operational, strategic and programme delivery risk management & cross-cutting risks
- Integrated enterprise risk management
- Alignment with IFAD risk appetite
- Enhanced reporting tools

## Prevention and response to sexual harassment and sexual exploitation and abuse

- Implementation of corporate policy
- Mandatory training
- Expanded outreach, particularly in the field



# Thank you