



Twelfth Replenishment

**RECOVERY.
REBUILDING.
RESILIENCE.**

IFAD12

Business Model and Financial Framework 2022-2024

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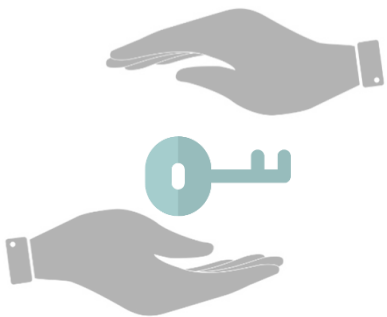
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Key messages



Food insecurity has been rising over the past five years and **COVID-19** will make trends worse. IFAD is uniquely placed to focus on **recovery, rebuilding** and longer term **resilience**.

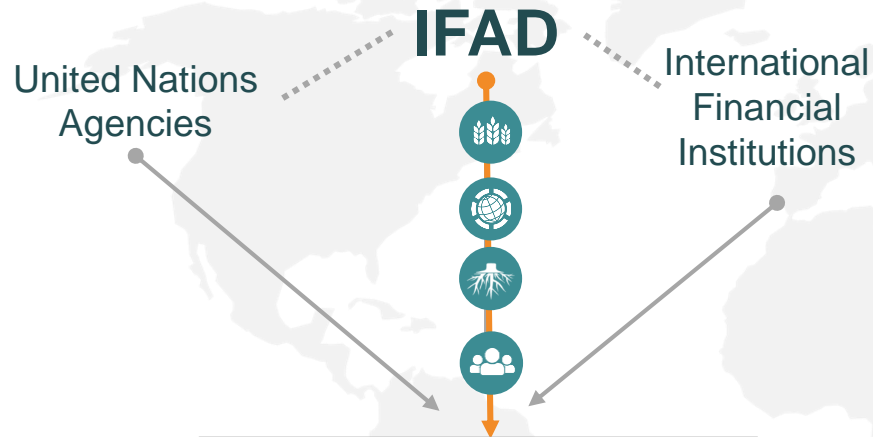
IFAD12 is the final full replenishment cycle under the current Strategic Framework to **deliver its full impact by 2030**. Strong focus on **sustainability** and **scaling up**.

IFAD12 builds and expands on IFAD10 and 11 with an **integrated approach** - transformational country programmes, institutional and financial transformation - to deliver **expanded** and **deepened impact**.

Only scenarios D and E allow IFAD to maintain the same level of **support to the poorest most indebted countries** as in IFAD11; **expanded impact** through **ASAP+** and **PFSP**



IFAD's value proposition



Only **specialized** global development organization exclusively **dedicated to transforming agriculture, rural economies and food systems**



Goes the last mile to ensure rural economies are more **inclusive, productive, resilient and sustainable**



Targeted investments **complement the work of other IFIs and UN agencies** & help address the varied development challenges of vulnerable rural people



Plays an important role in **mitigating risks associated with shocks and other future crises by increasing resilience of rural people**



Global context and challenges

Existing development challenges



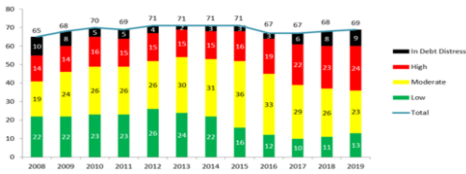
Poverty



Food insecurity



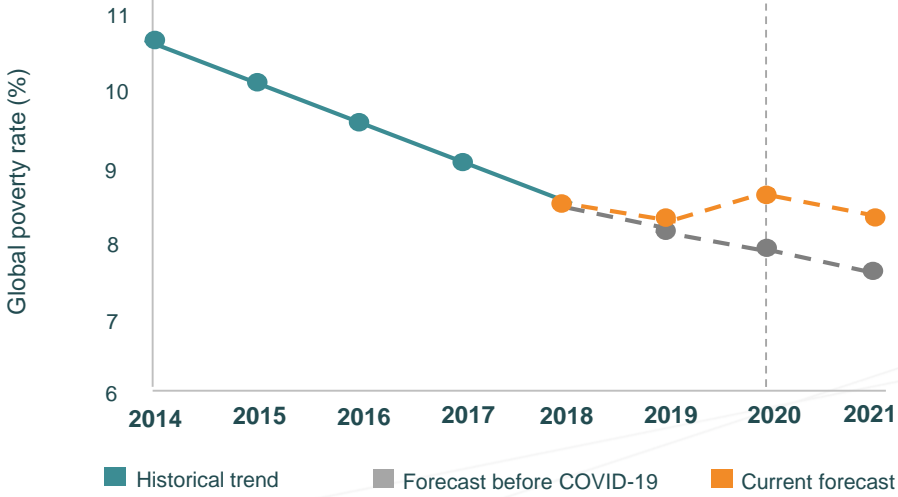
Fragility



Debt Sustainability

Exacerbation of challenges by COVID-19

Potential impact of COVID-19 on global poverty



Source: <https://blogs.worldbank.org/opendata/impact-covid-19-coronavirus-global-poverty-why-sub-saharan-africa-might-be-region-hardest>

COVID-19 and IFAD's target communities



Health & Wellness

Production

Markets,
Jobs & Incomes

Food Security

Poverty

Resilience

Immediate impact

Medium term impact





Longer term impact



With negative impacts on vulnerable groups (women, youth, indigenous people, people with disabilities) and climate adaptation

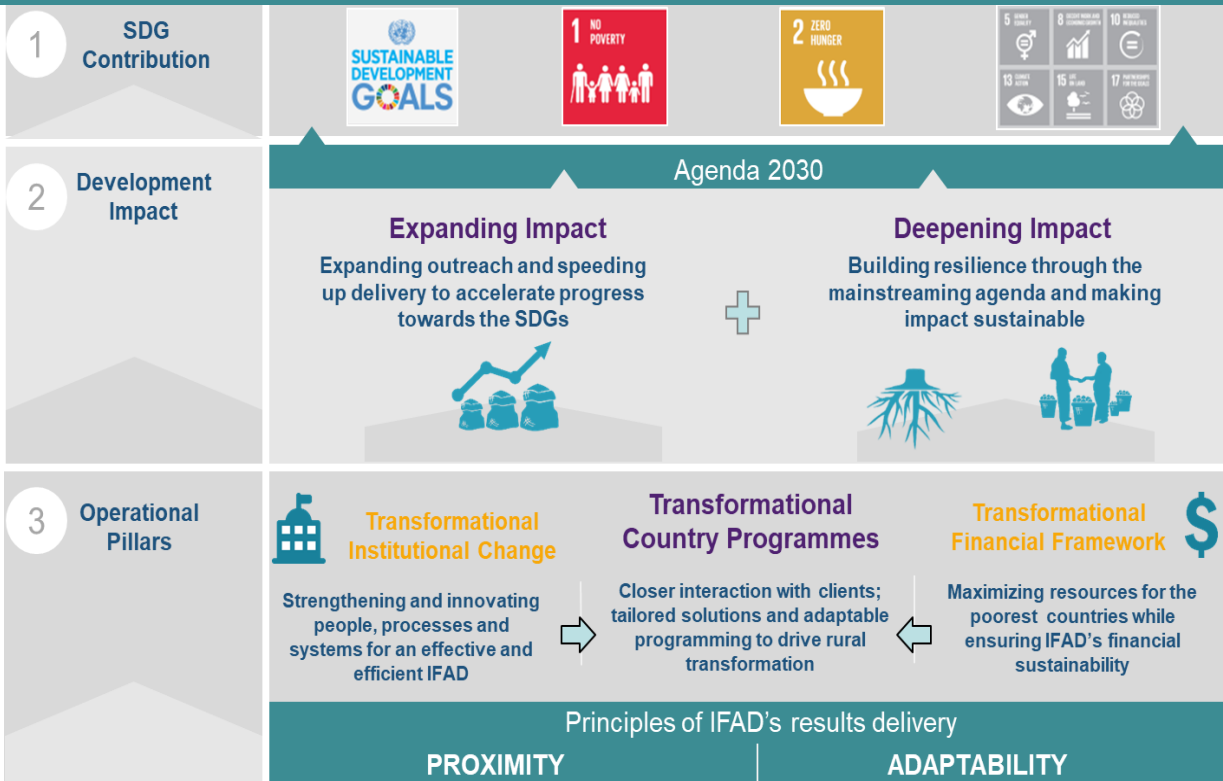


An evolving business model

	IFAD10	IFAD11	IFAD12
Investment size 	IFAD financing: \$31 million Cofinancing ratio: 1:0.87	IFAD financing: \$40 million Cofinancing ratio 2019:1:2:09	Growing through a combination of instruments, co-financing and leverage
Resource distribution 	100 countries	80 countries 90 : 10 PBAS resources	Approx. 80 countries 100% core to LICs & LMICs
Instruments & tools 	PoLG	PoLG + RBLs & RO Pilots Differentiated loan pricing	PoW Core + Borrowed Resources New instruments RPR & PSFP
Approach to portfolio management 	HQ based and formal supervision	Hubs & ICOs Continuous supervision & implementation support	Decentralization 2.0 Adaptive management & real time decision making

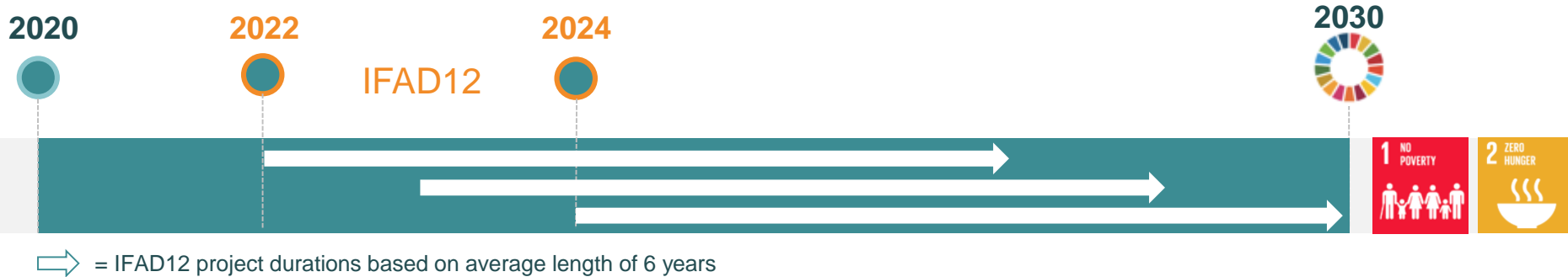
IFAD12 Theory of change

- ➔ Building off of these principles, IFAD further develop its
- ➔ **Transformational Country Programmes**
- ➔ Supported by **Institutional Change**
- ➔ And its **Financial Framework**
- ➔ To expand and deepen its impact towards Agenda 2030



Recovery, rebuilding, resilience

A decade of action and the importance of IFAD12



Rising challenges in the wake of COVID-19

Recover & Rebuild

In IFAD11, IFAD has responded with the **Rural Poverty Stimulus Facility**, and by **repurposing** \$200 million of ongoing activities to **recover and rebuild** from **COVID-19**

Resilience

In IFAD12, by enhancing the offer on climate change adaptation and the **Rural Resilience Programme** and by building sustainable programmes with public and **private sector**



Transformational Country Programmes

Closer interaction with clients; tailored solutions and adaptable programming to drive more sustainable rural transformation

Adapting to meet changing needs

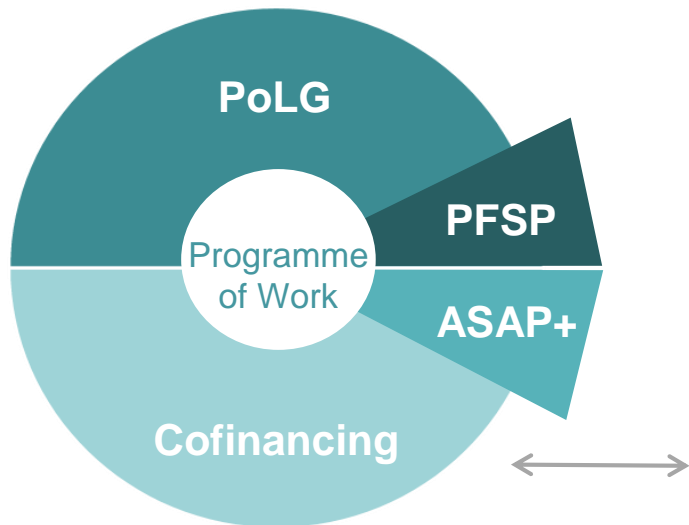
INVESTMENTS



POLICY & KNOWLEDGE



EXPANDED IMPACT



Goal: increased income

SO1: increased production

SO2: increased market access

SO3: greater resilience

+ immediate impact

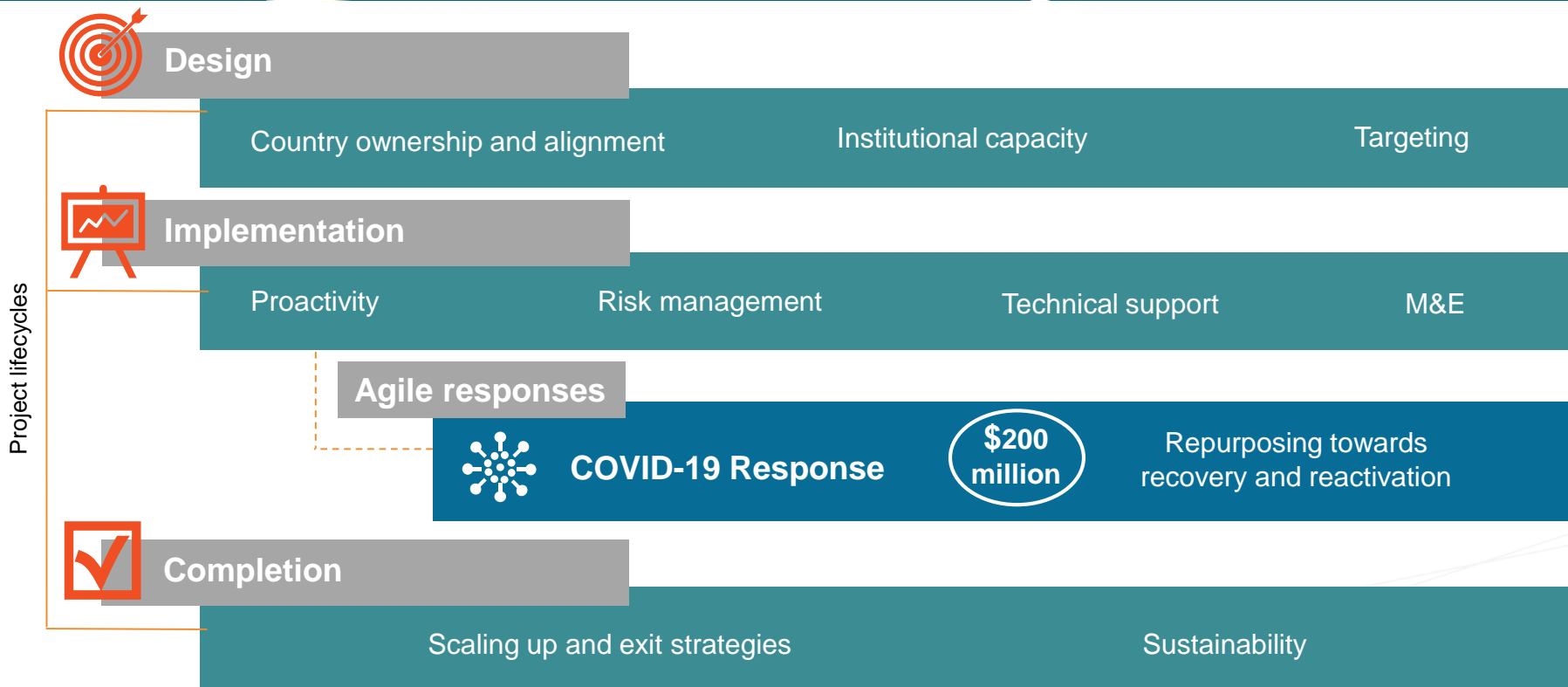


RPSF

Initiated by IFAD in response to COVID-19 towards inputs, market access, and financial and digital services



Focusing on high quality delivery



Inclusion: leaving no one behind

Mainstreaming



- Systematization and further integration in country-level approach
- Embed biodiversity considerations
- Continued engagement with indigenous people and persons with disabilities

Targeting



- New Targeting Policy
- 100% of core resources to poorest countries
- Tackling pockets of poverty in UMICs with borrowed resources

Fragile situations

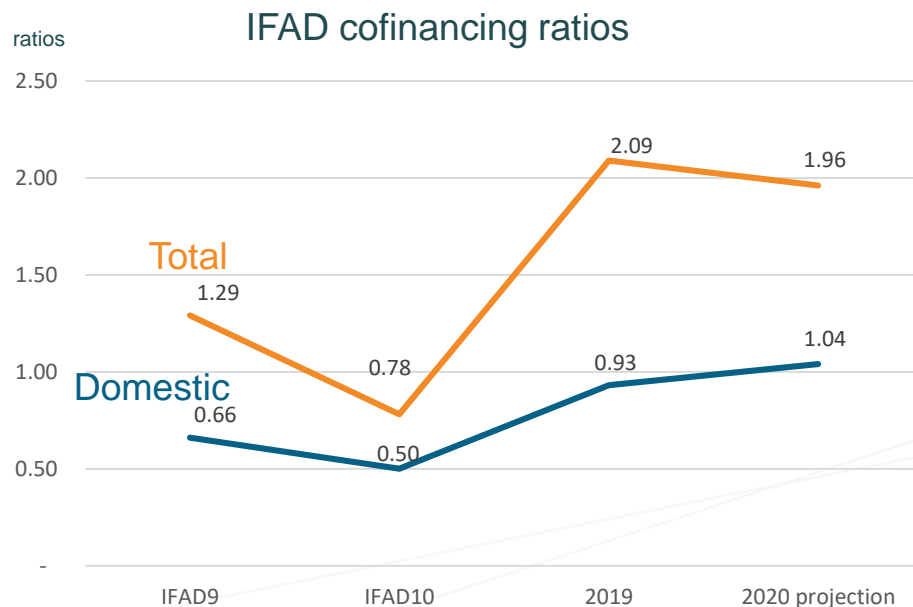
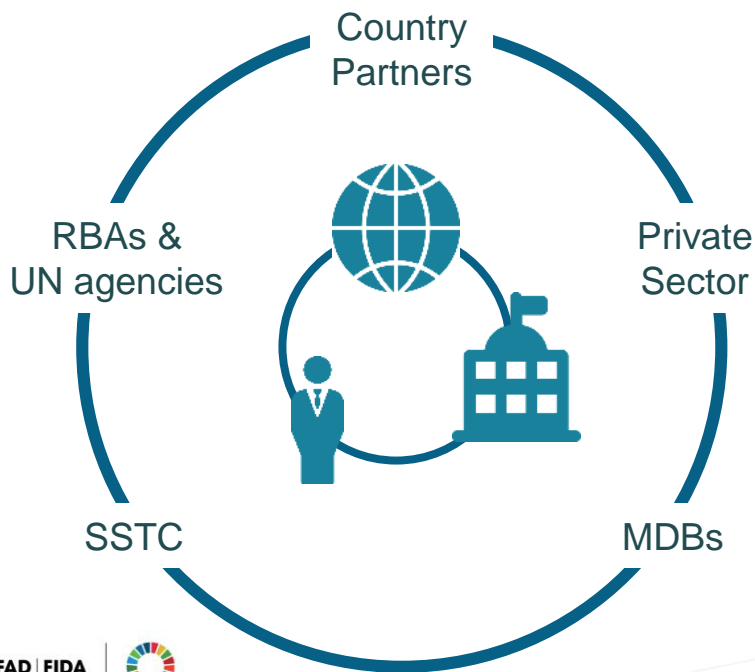


- Will build on its Strategy for Engagement and Special Programme
- Will transform planning, tools, and delivery



Strengthening partnerships

Assembling knowledge, facilitating engagement, creating pathways for scaling up, ensuring donor coordination, and increasing cofinancing



Balancing innovation and risk

Risk

Improved risk culture and effective risk reporting and mitigation



Innovation & ICT4D

New instruments to meet changing needs and leveraging of technology

Safeguards

Updated safeguarding standards and better integration with procurement

Priority actions

Maintain **proactivity**,
enhance **adaptive
management** and
monitor risks



Deepen impact through
focus on **sustainability**

Tailor strategies to
**increase government
ownership**

Investment in **M&E** for
**evidence based
management**



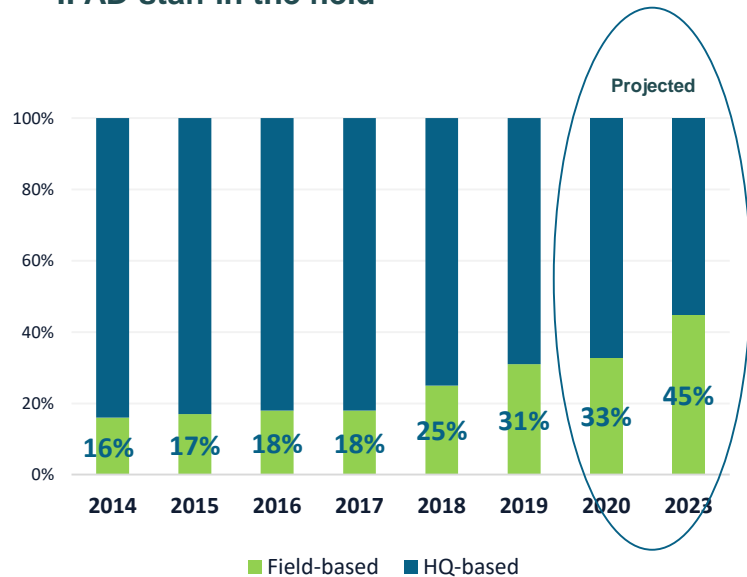
Transformational Institutional Change

Strengthening and innovating people processes and systems for an effective and efficient IFAD

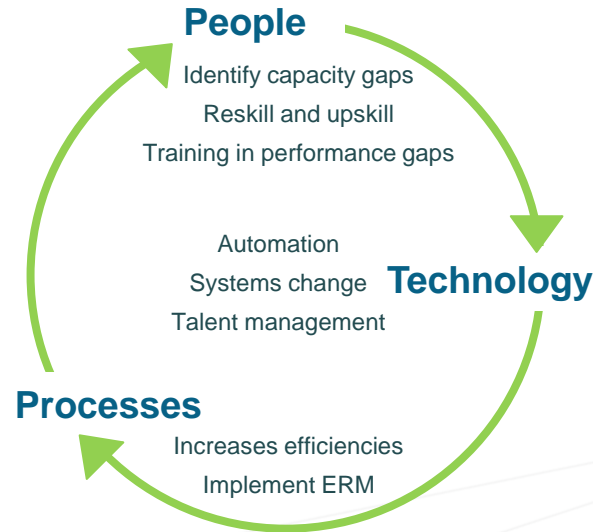
Positioning to support country programmes

Continued focus on Decentralization

IFAD staff in the field



Capacity to deliver



SEA / SH



Build upon SEA /SH policy adopted in April 2019 and actions taken to improve reporting, checks, and training

Will increase prevention measures including outreach

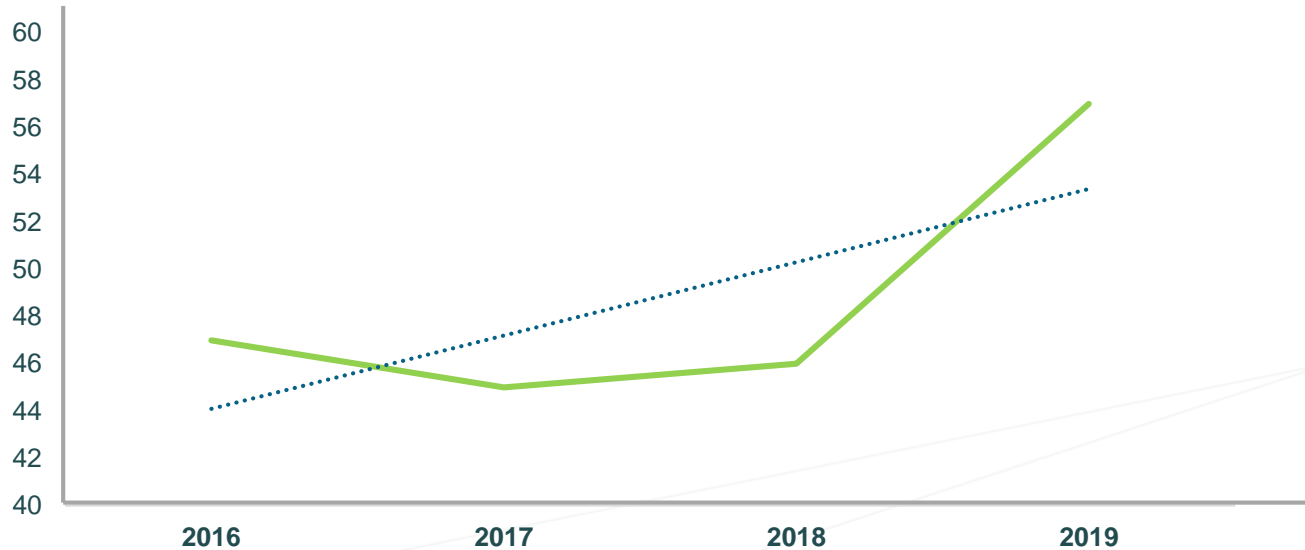


Continue maximizing institutional efficiency

IFAD efficiency ratio: 2016-2019

Efficiency ratio

\$ of total active Portfolio per \$ of administrative costs





Transformational Financial Framework

Maximizing resources for the poorest countries while ensuring IFAD's financial sustainability

Maximizing support while ensuring financial sustainability

D

IFAD's financial reforms have set the ground for a sounder and more **disciplined** use of resources to achieve the highest **development** impact

F

The **focus** of IFAD's core resource to LICs and LMICs will be increased, while maintaining stable **financing** to UMICs

I

Stronger **integration** between finance and operations will ensure maximizing the support with **innovations** to maximise resources (credit rating, new policies and frameworks)

Scenarios and trade-offs between financial variables

	End IFAD11	IFAD12 Financial Scenarios				
		Scenario A Very Low	Scenario B Low	Scenario C Mid-Low	Scenario D Mid-High	Scenario E High
Replenishment Target	1 100	950	1 150	1 350	1 550	1 750
Total PoLG	3 500	2 600 - 2 800	2 900 - 3 100	3 200 - 3 400	3 600 - 3 800	4 000 - 4 200
Sustainable Total Grants	790	195	390	600	750	840
Proposed DSF Grants	595	145	340	450	600	690
Level of Concessionality (end of IFAD12)	52%	39%	43%	47%	49%	50%
Leverage Ratio IFAD 12 (debt / equity)	17%	27%-31%	25%-30%	24%-29%	23%-28%	22%-27%
Total New IFAD12 Debt	-	1 175 - 1 375	1 125 - 1 325	1 075 - 1 275	1 025 - 1 225	1 000 - 1 200
Deployable capital (end IFAD 12)	32-27%	22%-17%	22%-17%	22%-17%	21%-16%	21%-16%



Higher replenishments allow for a more concessional offer



Borrowing is a complement for replenishment, but it is key for all scenarios

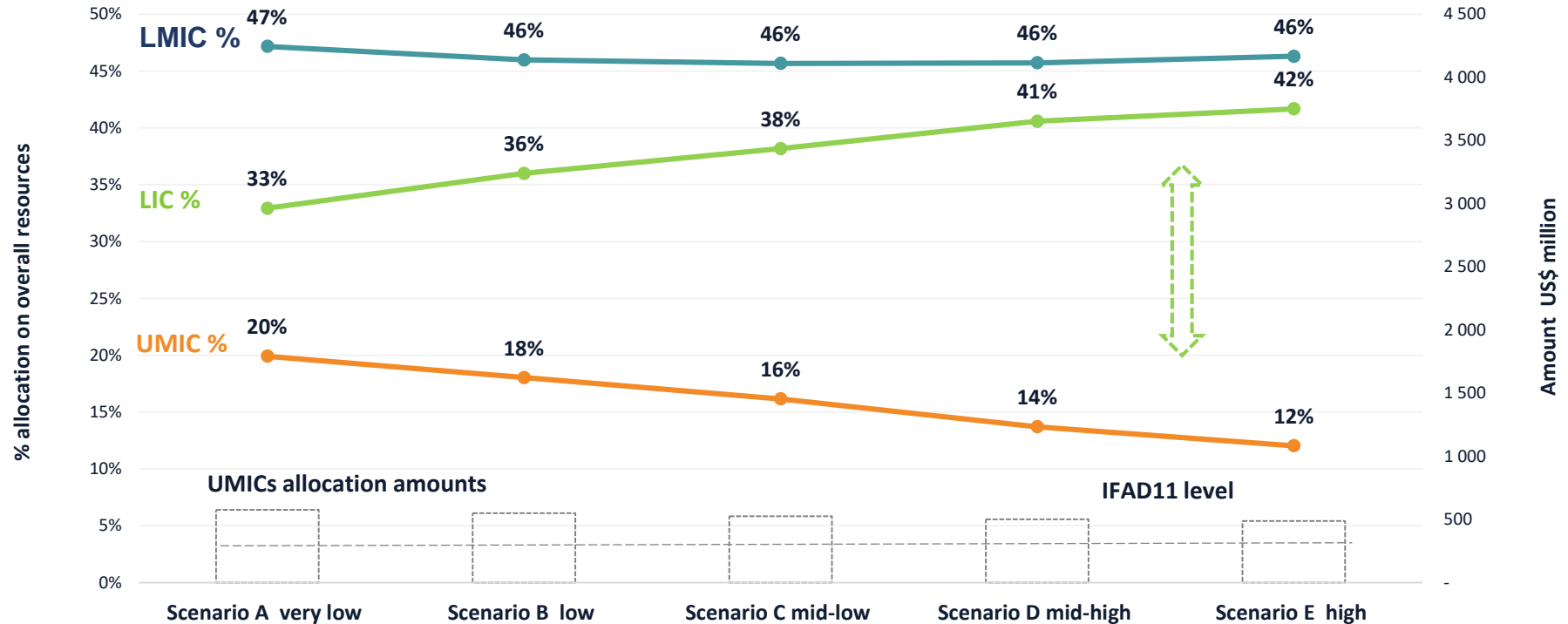


All scenarios and allocations are **dependent** on IFAD achieving the levels of contributions and assumed borrowing

Higher replenishments for all countries, with focus on LICs

100% of core resources will be channelled to LICs and LMICs

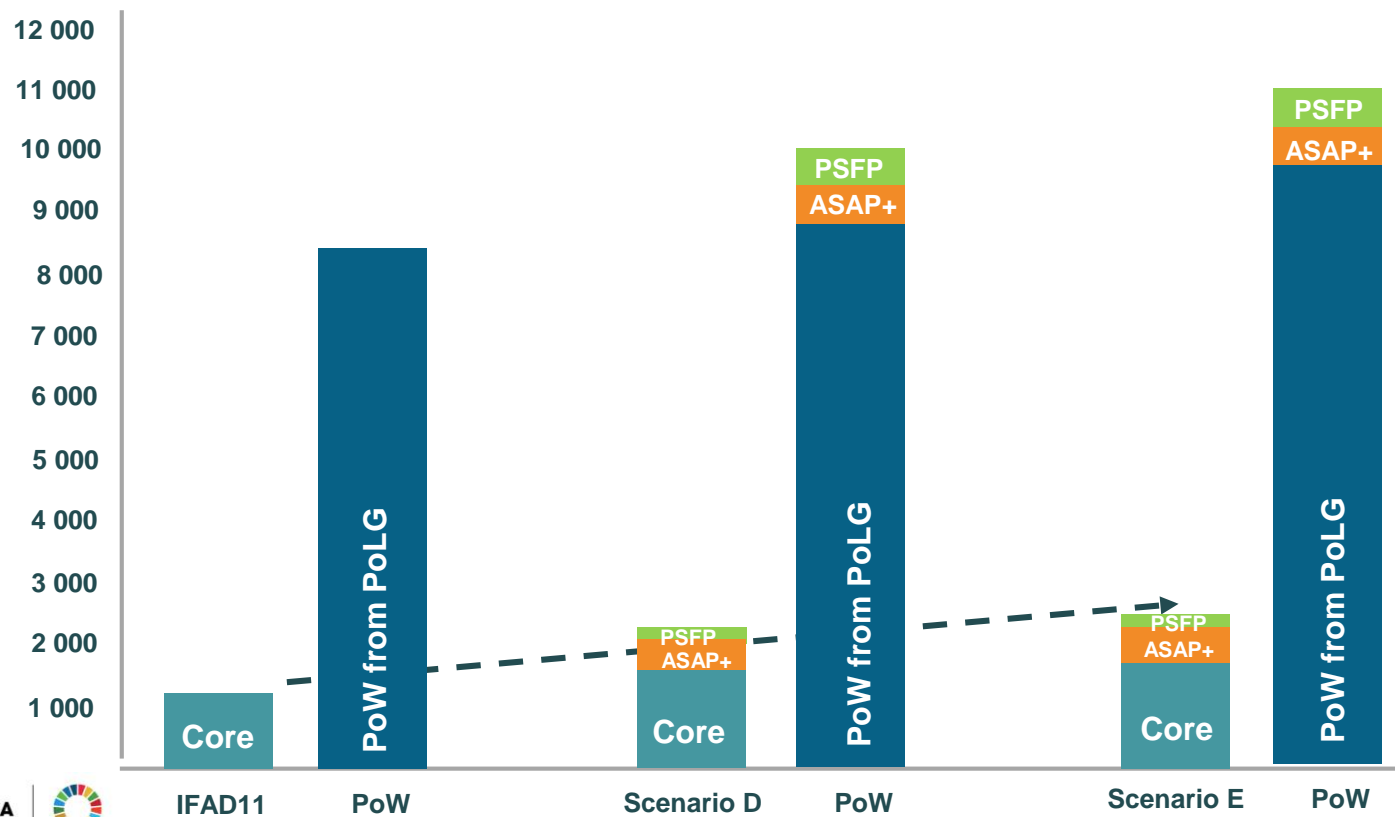
At least 11% of total resources will be allocated to UMICs, with a cap of 20 per cent



Only scenarios D and E allow for a greater impact from IFAD11

	End IFAD11	IFAD12 Financial Scenarios				
		Scenario A Very Low	Scenario B Low	Scenario C Mid-Low	Scenario D Mid-High	Scenario E High
Replenishment Target	1 100	950	1 150	1 350	1 550	1 750
Total PoLG	3 500	2 600 - 2 800	2 900 - 3 100	3 200 - 3 400	3 600 - 3 800	4 000 - 4 200
Total PoW*	8 400	6 650	7 370	7 950	8 910	9 870
Goal: increased income	62	51	57	60	68	75
SO1: increased production	47	39	43	46	51	57
SO2: increased market access	50	41	46	49	55	61
SO3: greater resilience	26	21	24	25	28	32

For IFAD to double its impact by 2030, members need to double their contributions



Members contributions may include additional contributions to core resources and to **ASAP+** and the **PSFP**





Results Management Framework

Proposed framework and indicators

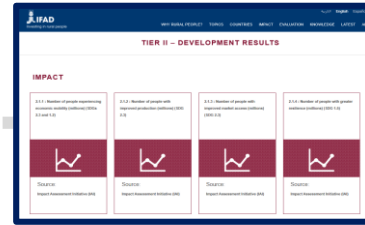
Principles of the IFAD12 RMF

SMART indicators and closer to real time data

Improved management of results, such as new dashboard

Realistic and **evidence-based target setting**

Refining:



Refining alignment to **SDGs** and **Strategic Framework**; harmonization with **MDBs**

Ensuring relevant indicators to **IFAD12 commitments** (such as mainstreaming)

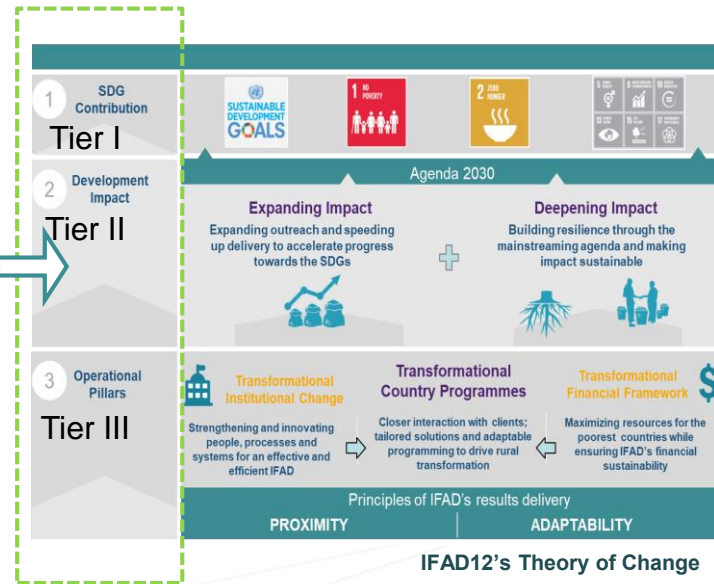
Aligning:



Evolution of the RMF

IFAD10		IFAD11
Results Reporting Tool	➔	Results Management Tool
Limited alignment to IFAD's evolving Business Model	➔	Aligned with IFAD11 Business Model and IFAD Strategic Framework 2016-2025
Composed of Five levels	➔	Streamlined three-tier structure
Self-assessment data	➔	Self-assessment, independent evaluation, and disaggregated reporting
Non-lending activities and mainstreamed areas only partly monitored	➔	All non-lending activities and mainstreamed areas fully monitored
No reflection of Value-for-Money	➔	Integrates IFAD's Value-for-money proposition

IFAD12



What is new

Tier I – goals and context

- | | |
|-----|---|
| 1.1 | Sustainable Development Goal 1: No poverty |
| 1.2 | Sustainable Development Goal 2: Zero hunger |



Tier II – Development Impact and Results

- | | |
|-----|---|
| 2.1 | Impact |
| 2.2 | Outreach, outcomes and outputs |
| 2.3 | Project-level development outcome ratings at completion |

Increased focus on measurable outcome and output core indicators (i.e. jobs, land tenure)

Tier III – Delivering impact

Transformational country programmes	
3.1	Performance of country programmes
3.2	Designing for impact
3.3	Proactive portfolio management
Transformational financial framework	
3.4	Resources
Transformational institutional change	
3.5	Institutional efficiency
3.6	Decentralization
3.7	Human resource management
3.8	Transparency

Reporting on mainstreaming at design
Proactivity of implementation

Decentralization
SEA/SH
Gender balance



Thank you