



Twelfth Replenishment

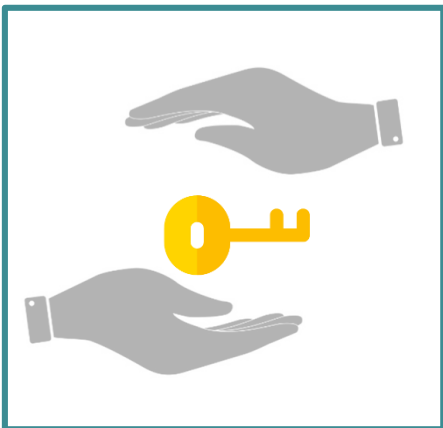
**RECOVERY.**  
**REBUILDING.**  
**RESILIENCE.**

# Draft report of the Consultation on the Twelfth Replenishment of IFAD's resources

Recovery, Rebuilding, Resilience

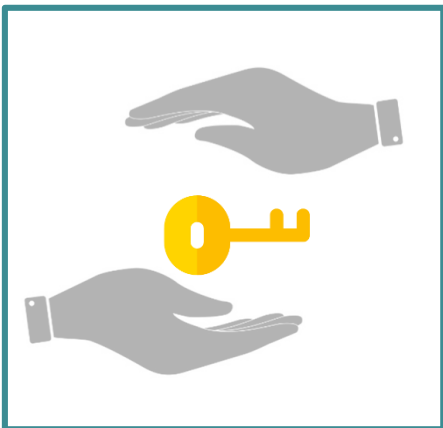


# IFAD12 Key Messages



- 1 IFAD has a critical role in achieving **all SDGs**, particularly SDGs 1 and 2.
- 2 IFAD will enhance its focus on addressing the **drivers of fragility**.
- 3 Investments through IFAD's core resources will focus on the **poorest countries**.
- 4 IFAD has a leadership role in ensuring **global climate finance reaches small-scale producers and poor rural people**, and that its focus on **gender, nutrition, youth, Indigenous Peoples**, and **Persons with Disabilities** drives deeper impact.
- 5 **Transformational country programmes** will be the core vehicle to deliver results for the rural poor in IFAD12.

# IFAD12 Key Messages



6 These will be delivered through enhancing the Fund's **capacity** and appropriate **financing**.

7 IFAD will consolidate its financial reforms to continue **strengthening its financial architecture** and maximize financing to all clients.

8 Stronger **policy engagement** and **strategic partnerships** will underpin IFAD's efforts to expand and deepen impact in IFAD12.

9 IFAD is ready to **step up its impact in IFAD12**, and this requires increased financial support from Member States.

10 In the face of COVID-19 and other global challenges, **IFAD must double its impact by 2030**.

# Why IFAD?

## Relevance

IFAD's work is central to achieving the SDGs: most of the world's poor and hungry people live in rural areas and most of them work in agriculture.

## Reach

IFAD's investments reach the poorest rural people, and in IFAD12 are expected to benefit up to 145 million smallholder farmers.

## Results

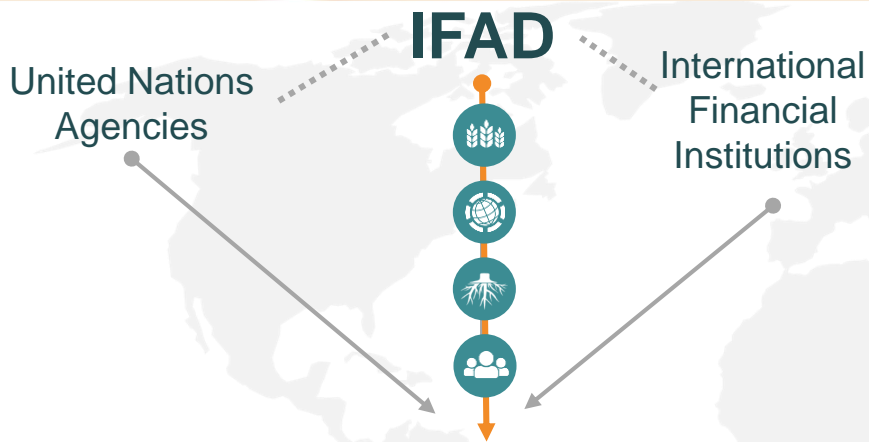
Every year, IFAD-financed projects raise the incomes of 20 million rural women and men by at least 20%: in IFAD12 this could increase to 25 million per year.

## Return on Investment

For every US\$1 provided to IFAD, it directly invests US\$3 in improving the lives of the world's poorest rural people, and crowds in additional public and private co-financing.



# 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

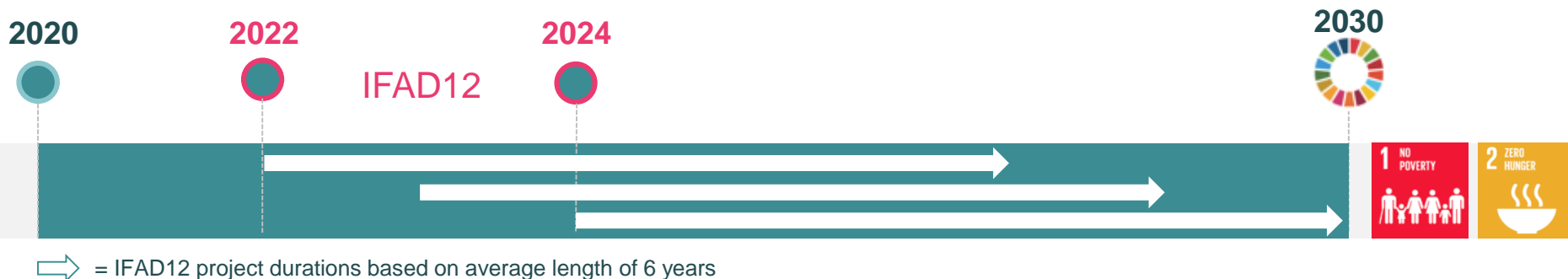


Plays an important role in **mitigating risks associated with shocks and other future crises by increasing resilience of rural people**



# 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 Poor 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**

# IFAD12 Theory of Change

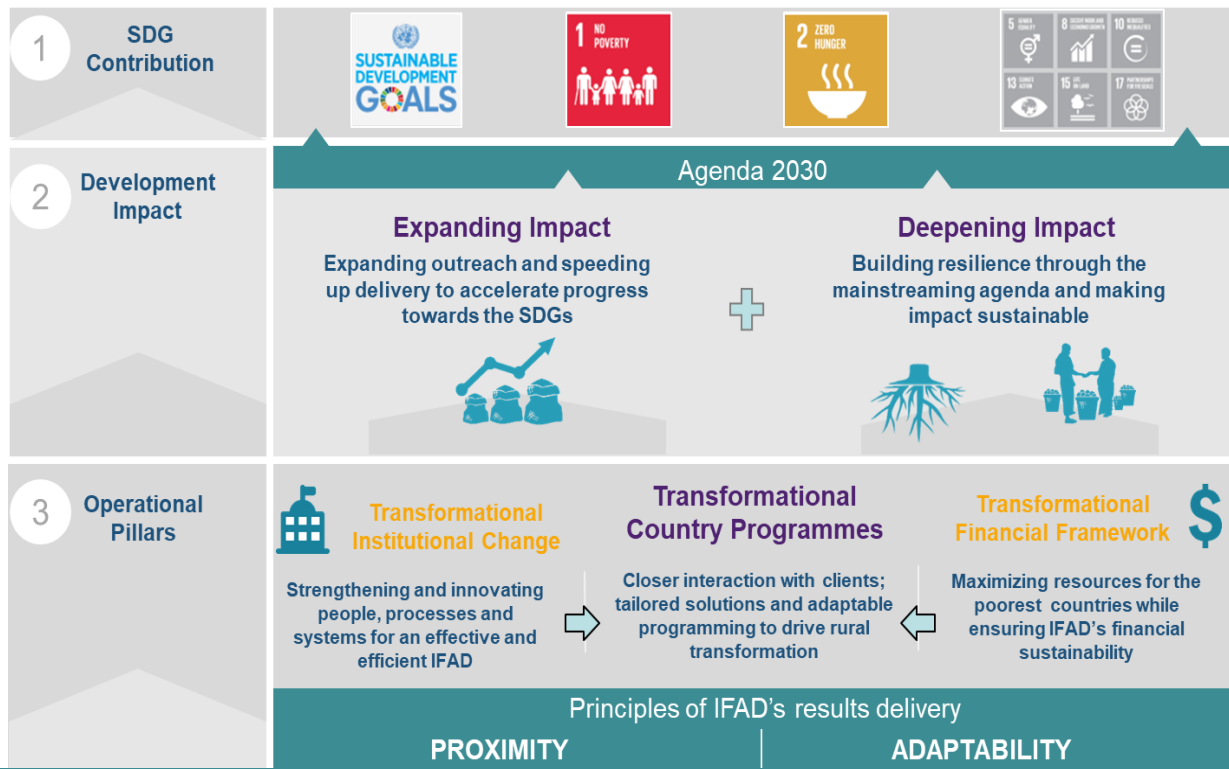
IFAD12 aims to deliver a comprehensive, policy-oriented programmatic package through:

→ **Transformational Country Programmes**

→ Supported by **Institutional Change**

→ And its **Financial Framework**

→ To expand and double its impact towards achieving Agenda 2030





# An evolving business model

## Transformational Country Programmes



	IFAD10	IFAD11	IFAD12
	PoLG; IFAD financing: \$31 million 100 countries	Fully programmed PoLG; Results Based Lending Partnerships Framework 90% LICs LMICs/ 10% UMICs	New instruments: ASAP+ as part of Rural Resilience Programme & Private Sector Financing Programme 100% core LICs/LMICs

## Institutional Framework



	HQ based Strengthening service delivery platform (HR; ICT)	Decentralization of IFAD's workforce; Hubs & ICOs to 32% of IFAD staff in the field Business process reengineering	Continued decentralization from 32% to 45% Improving efficiency/boosting capacity in the field
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## Financial Framework



	Core contributions, DSF compensation UCCs Sovereign loans	Core contributions, DSF compensations UCCs Sovereign loans and CPLs	Core contributions (Sustainable Replenishment Baseline including DSF compensations) Integrated borrowing framework ASAP+ and PSFP
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# Transformational Country Programme

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

**In focus: what's new?**

# What has changed?

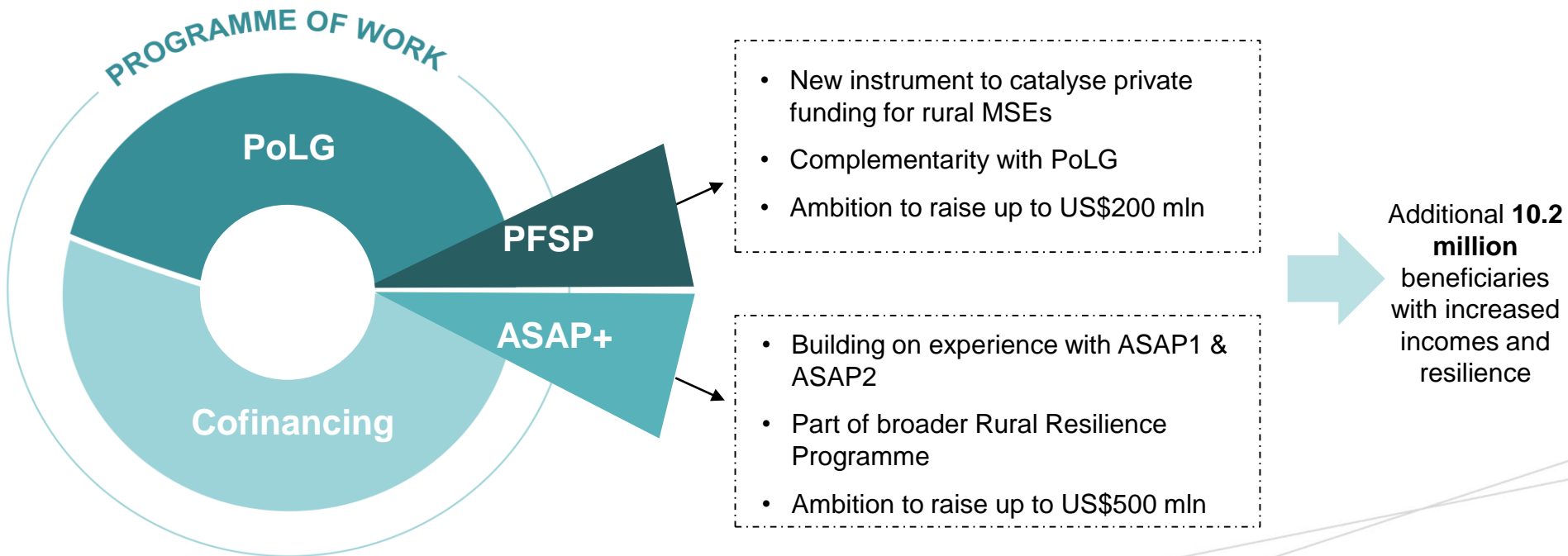
## Feedback in July

- ✓ Support for overall Theory of Change
- ✓ Clarifications needed on:
  - IFAD's focus on policy engagement
  - Linkages between sovereign & non-sovereign operations
  - Role of regular grants (trade-off with DSF)
  - Resource allocations
- ✓ Importance of partnerships and coordination at country level underlined

## IFAD12 Report Highlights

- ✓ Integrating mainstreaming themes
- ✓ Latest discussions on allocations and grants reflected
- ✓ Priorities for country programmes clearly defined:
  - Strengthened mainstreaming
  - Focus on fragility
  - Prioritizing of IFAD's resources to the poorest
  - Strategic partnerships
- ✓ IFAD's focus on policy engagement to bring impact, clarified
- ✓ Integration between the tools in IFAD's PoW underlined

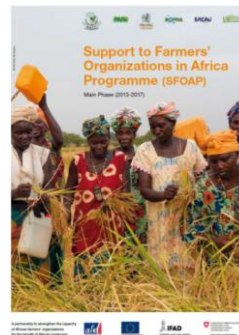
# An expanded country toolkit



# IFAD's regular grants policy

## 7 REASONS make the regular grants instrument fundamental for IFAD's mandate

- 1 Enhance the impact of IFAD operations and boost capacity
- 2 Increased risk appetite to pilot innovative approaches
- 3 Establish or strengthen partnerships
- 4 Enable IFAD to provide rapid response and engage beyond PBAS
- 5 Promote non-lending activities identified through country strategy
- 6 Support IFAD's participation in global initiatives/networks
- 7 Tackle rural development from regional/global perspective



# Focusing on high quality delivery





# Prioritizing resources to the poorest countries

	Resources	Use of Funds	Possible Mechanism for Resource Utilization
Core	Replenishment	Grants	<b>PBAS</b> 50% - Africa 45% - Sub-Saharan Africa 25% - Most Fragile Situations
	Core loan reflows	Highly Concessional/ Concessional loans: LICs & LMICs	
	Concessional loans		
Borrowed	Non-concessional loans	Semi Concessional / Loans on Ordinary Terms UMICs / LICs/LMICs	Borrowed Resource Access Mechanism
Additional ear-marked contributions			PSFP ASAP+



# Leaving no one behind

## Mainstreaming



- Systematization and further integration in country-level approach
- Increased mainstreaming targets (35% climate finance and gender transformative)
- Embedding biodiversity considerations – new biodiversity strategy in IFAD12
- Strengthened engagement with persons with disabilities and indigenous peoples

## Fragile situations



- Will build on its Strategy for Engagement and Special Programme
- Will transform planning, tools, and delivery including through 2RP
- Will allocate at least 25% of core resources to countries with fragile situations

## Targeting



- Revised Targeting Policy to consolidate new areas of focus



# Scaling up through policy engagement

Scaling up and sustainability



Test new methods and instruments for engagement



Apply evidence to enhance policy processes and capacities

Country level



Support for policies / policy spaces which increase productive capacity



Support for policies / policy spaces that increase market access



Support for policies / policy spaces that strengthen resilience

PROXIMITY

ADAPTABILITY

Project level



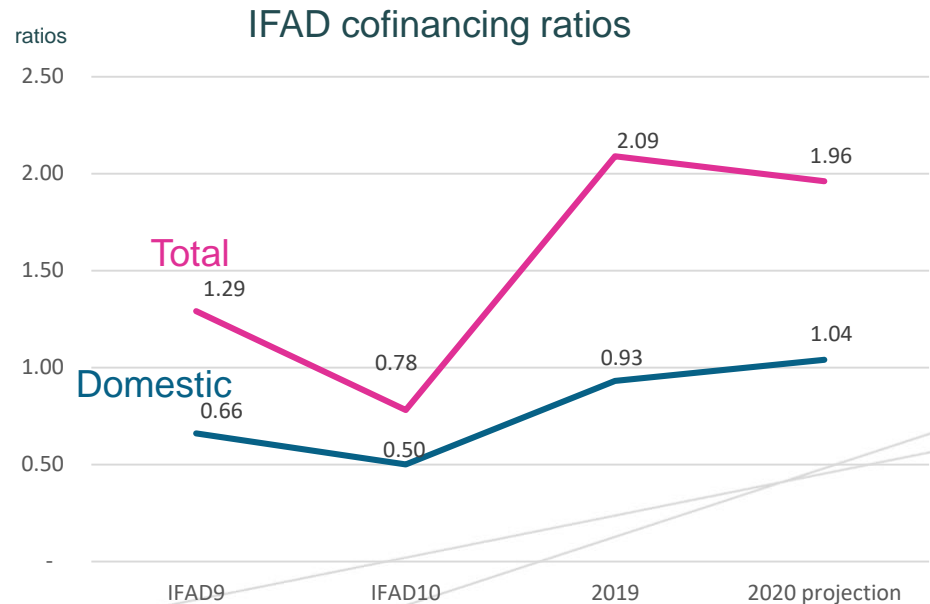
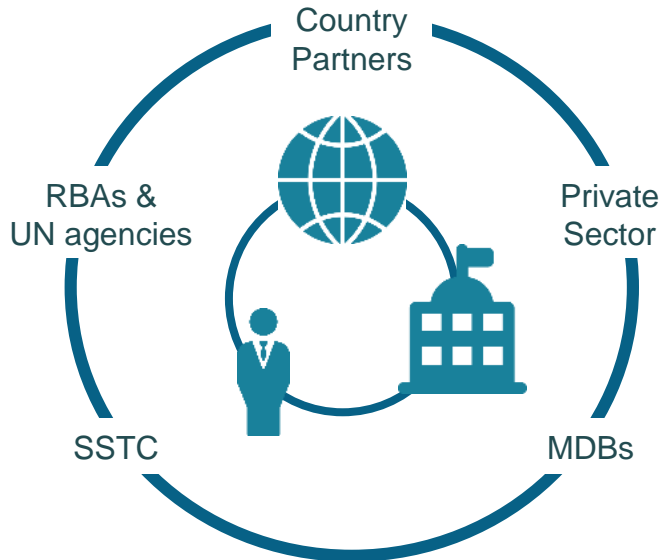
Consolidated outcome reporting

Policy related outcome indicators

Institutions and policy supervision ratings

# Fostering strategic partnerships

Assembling knowledge, facilitating engagement, creating pathways for scaling up, ensuring donor coordination, and maintaining a high cofinancing ratio





# Transformational Institutional Change

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

**In focus: what's new?**

# What has changed?

## Feedback in July

- ✓ Welcomed decentralization to 45%
- ✓ Clarification needed on financial implications of decentralization

## IFAD12 Report Highlights

- ✓ Linking decentralization to focus on efficiency, increasing presence in fragile situations, and increasing impact.
- ✓ Underlined how ongoing investments in people, processes and technology contribute to the pillars of the IFAD12 business model

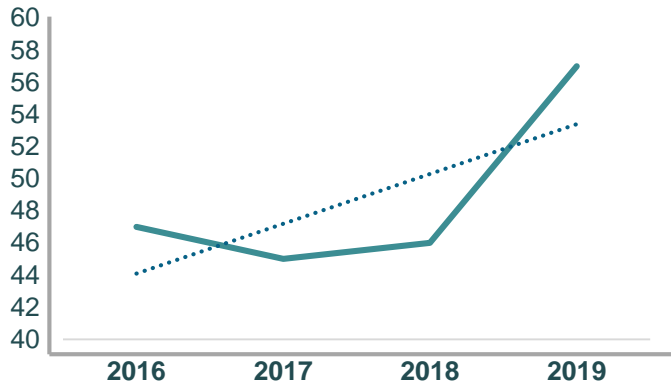


# Positioning to support country programmes

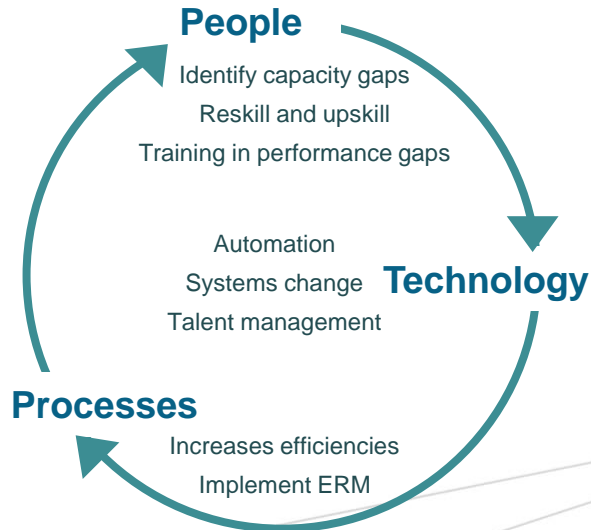
## Maximizing efficiency: 2016-2019

### Efficiency ratio

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



## Capacity to Deliver



## SEA / SH

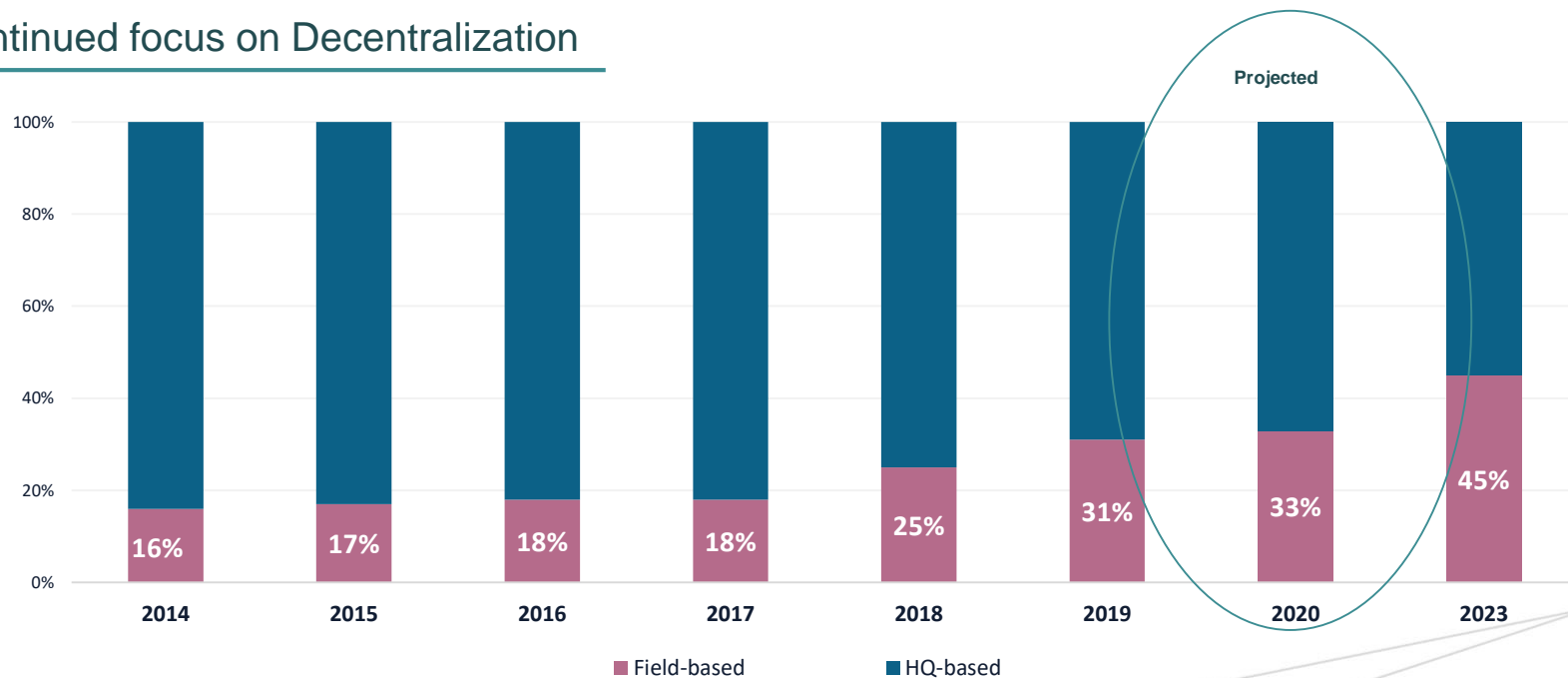


Build upon SEA /SH policy adopted in April 2019 and actions taken to improve reporting, checks, and training

Will increase prevention measures including outreach

# Continued focus on decentralization

## Continued focus on Decentralization







# Results Management Framework and Commitments Matrix

In focus: what's new?

# What has changed?

Responding to Member feedback from the intersessional meeting:

Member Feedback	 Framework	IFAD's Revisions	 Report
Requesting clarification on <b>SDG Mapping</b> exercise			Description revised to reflect that IFAD is undertaking a review of its SDG alignment to core indicators (to ensure comprehensive reporting of SDG progress for all projects) and subsequently automating this through ORMS
Addressing IFAD's approach to <b>biodiversity</b>			Clarify that while there is no specific indicator in the RMF, the Commitments Matrix reflects IFAD's objective of undertaking a study for its biodiversity approach
Improving indicator on <b>SEA/SH</b>	Indicator 3.7.3 has been revised and expanded, with an additional indicator tracking the training of PMUs on SEA/SH in new projects		Revise description of the SEA/SH indicator accordingly
Continue <b>streamlining indicators</b> related to institutional performance	Removed indicator (formerly 3.5.2) tracking the ratio of IFAD's administrative expenditure to its PoW		

....And adding section VII of the report with the **definitions for all indicators** for increased transparency



# IFAD12 RMF key messages



The IFAD12 RMF builds on the DEF and previous RMFs, and facilitates results based management in coordination with other tools



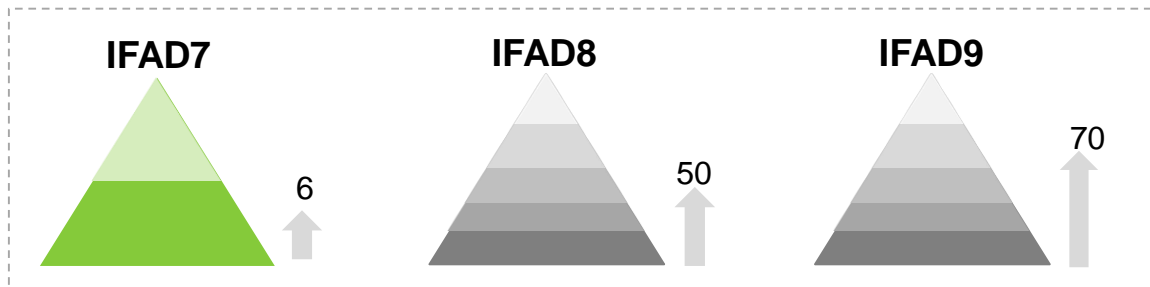
The RMF allows members to track IFAD's contribution to high level objectives – like the SGDs – and indicators which are more in IFAD's direct control, like institutional efficiency



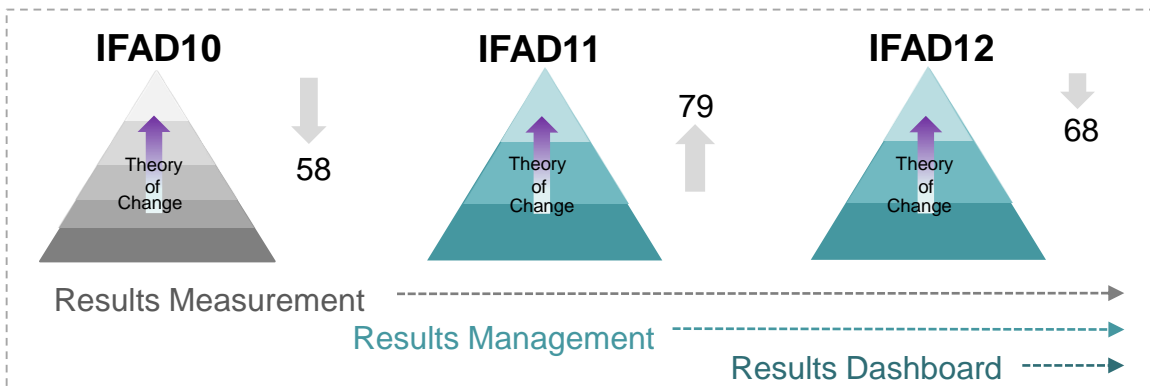
The RMF reflects the IFAD12 business model, and takes into account synergies between the PoLG and new mechanisms (ASAP+, PFSP)

# Evolution of IFAD's RMF

## MDGs:



## SDGs:





# Benchmarking the IFAD RMF

Institution	Name	Framework years	Number of tiers	Number of indicators	Indicators related or identified to track rural transformation and food systems
ADB	Corporate Results Framework	6 years (2019-2024)	4	60	4
AfDB	Results Measurement Framework	10 years (2016-2025)	4	105	12
CDB	Results Monitoring Framework	5 years (2020-2024)	4	69	6 (including 3 with rural target groups disaggregated)
IDA	Results Measurement System	3 years (2018-2020)	3	84	5
IADB	Corporate Results Framework	4 years (2020-2023)	3	55 main + 21 auxiliary indicators	4
IFAD	IFAD12 Results Management Framework	3 years (2022-2024)	3	68	29



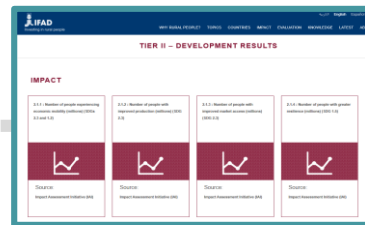
# Principles of IFAD12 RMF

**SMART indicators** and closer to real time data

**Improved management** of results, such as new dashboard

Realistic and **evidence-based target setting**

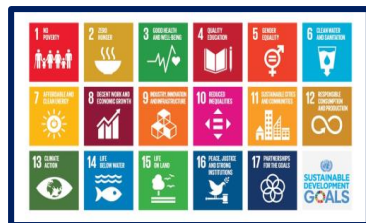
Refining:



Further alignment with **SDGs** and **Strategic Framework**; harmonization with **MDBs**

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

Aligning:



# High level assumptions

## Utilizing Scenarios C-E

Impact, outreach, outputs and outcomes all **depend on the size of the PoLG**

**Target ranges** have been provided representing **scenarios C- E**

In scenario C, the PoLG is **smaller than in IFAD11**, and results reflect this



## Adapted to IFAD12 Business Model

Core resources will be allocated through the PBAS for LICs and many LMICs

UMICs, and eligible LICs and LMICs, will access resources through the **BRAM**

Expecting higher demand for **tertiary infrastructure**, the IFAD12 RMF assumes that **infrastructure outputs will grow by 5% as new projects come online**

## Synergies with new tools

While reporting for 2RP / ASAP+ and PSFP will remain separate, the IFAD12 RMF **reflects positive synergies between the PoLG and these new tools**

For output and outcome indicators in Tier II, a **5% premium** for these synergies has been incorporated to reflect the positive impact of **diversifying the tools in IFADs PoW**

# Achieving results and increasing ambition

## Mainstreaming



### Gender

- **88%** of 4+ ratings (moderately satisfactory or better) for gender equality (2017-2019 rolling average)

### Climate

- **84%** of 4+ ratings for climate adaptation (2017-2019 rolling average)
- **34%** of climate focused PoLG (2019)

### Nutrition

- **1.7 million** persons/households with targeted support to improve nutrition (60% Women; 43% Youth) (2019)

## Partnerships



### SSTC

- **88%** of COSOPs with comprehensive SSTC approach in design (2019)

### Co-financing

- Cofinancing ratio of 1:1.37 (0.76 domestic and 0.61 international) (2019)

## IFAD12 Targets



- **90%** of 4+ ratings in gender equality
- **35%** of projects as gender transformative based on IFPRI's Women's Empowerment in Agriculture Index (**NEW**)
- **90%** of 4+ ratings for climate adaptation
- A minimum of **35%** of climate focused PoLG (**NEW**)
- **90%** of projects designed to build adaptive capacities (**NEW**)
- **5 - 7.4 million** people with targeted support
- **20 - 32%** of women reporting minimum dietary diversity (more varied and healthy diets) applying to nutrition sensitive projects or including specific nutrition activities (**NEW MEASUREMENT**)
- **90%** of 4+ ratings for overall quality of SSTC approach in COSOPs (**NEW MEASUREMENT**)
- Cofinancing ratio of at least a **1:1.4** (0.8 domestic & 0.6 international) despite COVID-19.

# Illustrative IFAD12 commitments



## Priority areas

## Commitments

## Monitorable actions

Deepening and expanding impact – leaving no one behind

Increased ambition on mainstreaming



Increase target for climate finance to 35 per cent

Strategic focus on fragility



Develop specific initiatives for enhanced IFAD engagement in Sahel and Horn of Africa

Operationalizing transformational country programmes

Enhancing performance and efficiency



Develop action plan on project-level efficiency

Sustainability and scaling up results



Update IFAD's scaling up strategy

Transformational institutional change

Increase decentralization while strengthening institutional safeguard and risk management



Increase decentralization from 32 to 45% of staff

Transformational financial framework

Increase resources by integrating borrowing and two new funding windows



Establish PSFP/ASAP+





# Transformational Financial Framework

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

***In focus: what's new?***

# What's changed?

## Feedback in July

- ✓ Commitment to ensuring the Fund's long-term financial viability.
- ✓ No support for lowest two scenarios; some support for the highest scenario. Call from President for Members to convene and help narrow scenarios.
- ✓ Further discussion needed on allocation of resources.

## IFAD12 Report Highlights

- ✓ Scenarios narrowed down to three: C, D and E.
- ✓ Importance of securing borrowing through IBF reiterated.
- ✓ Analysis provided on resource allocation %, showing lower and upper boundary of allocation to UMICs.

# Scenarios and trade-offs between financial variables

	End IFAD11	IFAD12 Financial Scenarios		
		Scenario C	Scenario D	Scenario E
Replenishment Target	1 100	1 350	1 550	1 750
<b>Total PoLG</b>	<b>3 500</b>	<b>3 400</b>	<b>3 800</b>	<b>4 200</b>
Sustainable Total Grants	790	600	750	840
Proposed DSF Grants	595	450	600	690
Level of Concessionality (end of IFAD12)	52%	47%	49%	50%
Leverage Ratio IFAD 12 (debt / equity)	17%	29%	28%	27%
Total New IFAD12 Debt	-	1 275	1 225	1 200
Deployable capital (end IFAD 12)	32-27%	19%	19%	19%



**Higher replenishments** allow for a more concessional offer



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



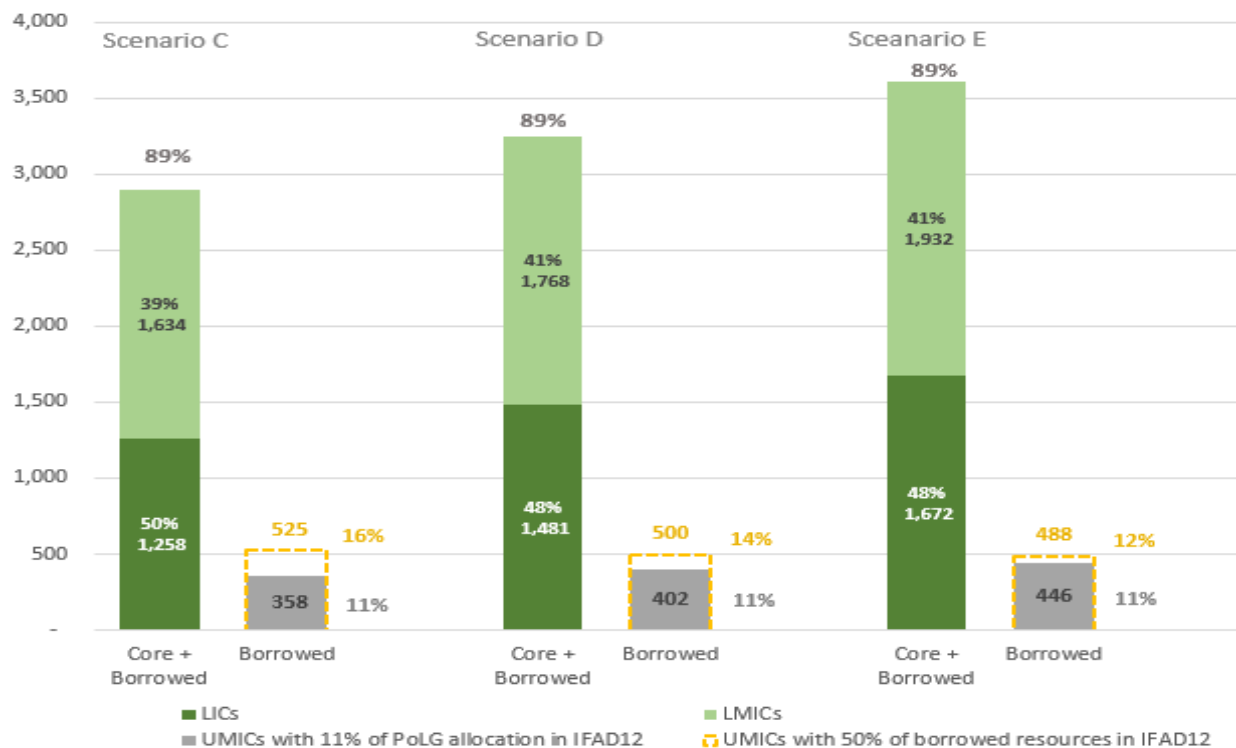
All scenarios and allocations are **dependent** on IFAD achieving the levels of contributions and assumed borrowing



# Higher replenishments for all countries

**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

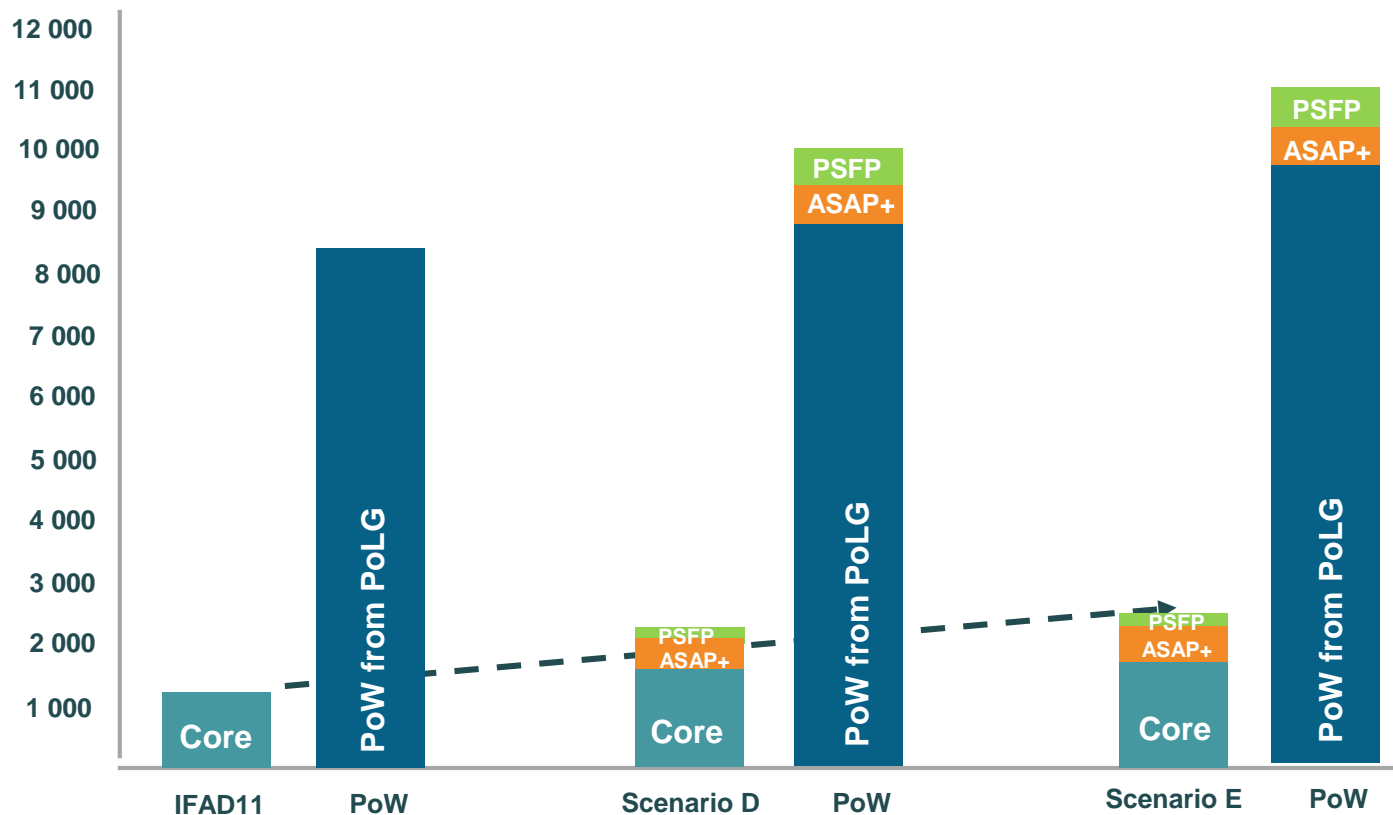


# Only scenarios D and E allow for a greater impact from IFAD11

	End IFAD11	IFAD12 Financial Scenarios		
		Scenario C	Scenario D	Scenario E
Replenishment Target	1 100	1 350	1 550	1 750
<b>Total PoLG</b>	<b>3 500</b>	<b>3 400</b>	<b>3 800</b>	<b>4 200</b>
Total PoW*	8 400	<b>7 950</b>	<b>8 910</b>	<b>9 870</b>
Goal: increased income	<b>62</b>	<b>60</b>	<b>68</b>	<b>75</b>
SO1: increased production	<b>47</b>	<b>46</b>	<b>51</b>	<b>57</b>
SO2: increased market access	<b>50</b>	<b>49</b>	<b>55</b>	<b>61</b>
SO3: greater resilience	<b>26</b>	<b>25</b>	<b>28</b>	<b>32</b>



# 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**

# Concessional Partner Loans

## Conditions remain same as IFAD11

→	Maturity	25 or 40 years
→	Grace period	5 years for a 25-year loan or 10 years for a 40-year loan
→	Principal repayment	Amortizing in a <b>straight line</b>
→	Coupon/interest	All-in SDR equivalent up to 1% <b>excess</b> factored in grant calculation
→	Currencies	SDR or any currency in the <b>SDR basket</b>
→	Drawdown	3 equal instalments over maximum <b>3 years</b>
→	Minimum amount	<b>US\$ 20 million</b>
→	Discount rates	<b>to be updated</b> in line with formula based on most updated market rates

# Exchange rates for IFAD12 – Changes from IFAD11

Currency	IFAD11 rates	IFAD12 rates	Appreciation/Depreciation vs US\$ from 11 <sup>th</sup> repl.
AUD	1.2957	1.4391	Depreciation
CAD	1.2940	1.3518	Depreciation
CHF	0.9710	0.9363	Appreciation
CNY	6.7465	6.9865	Depreciation
DKK	6.4813	6.5140	Depreciation
EUR	0.8713	0.8744	Depreciation
GBP	0.7680	0.7863	Depreciation
JPY	111.31	106.19	Appreciation
NOK	8.1806	9.5019	Depreciation
NZD	1.3894	1.5486	Depreciation
SDR	0.7160	0.7184	Depreciation
SEK	8.3730	9.1579	Depreciation

**Note:**

Six months average April - September

Exchange rate rounded to the fourth decimal point (with the exception of JPY)

CAD Canadian dollar, CHF Swiss franc, CNY Chinese yuan renmibi, DKK Danish krone, EUR euro, GBP pound sterling, JPY Japanese yen, NOK Norwegian krone, NZD New Zealand dollar, SDR special drawing rights, SEK Swedish krona





Thank you