

Document: IFAD12/4/INF.1
Date: 8 December 2020
Distribution: Public
Original: English

E



Investing in rural people

Matrix of Comments and Responses on the pre-Fourth Session Draft IFAD12 Consultation Report, IFAD12 Resolution and Early Encashment Note

Note to Consultation members

Focal points:

Technical questions:

Ronald Hartman

Director
Global Engagement, Partnership and Resource
Mobilization Division
Tel.: +39 06 5459 2610
Mob.: +39 331 684 7665
e-mail: r.hartman@ifad.org

Leon Williams

Senior Partnership Officer, Replenishment
Tel.: +39 06 5459 2809
Mob.: +39 366 783 5759
e-mail: l.williams@ifad.org

Dispatch of documentation:

Deirdre Mc Grenra

Chief
Institutional Governance and
Member Relations
Tel.: +39 06 5459 2374
e-mail: gb@ifad.org

Consultation on the Twelfth Replenishment of IFAD's Resources –
Fourth Session

Virtual Meeting, 10-11 December 2020

For: Information

Comments and Responses on the pre-Fourth Session Draft IFAD12 Consultation Report, IFAD12 Resolution, and Early Encashment Note

Table 1. Comments received on the draft IFAD12 Consultation Report.

IFAD12 Draft Consultation Report		
Country	Comment	Response/Action Taken
United Kingdom	The UK welcomes the updated targets and commitments in the Report, including increased co-financing; allocations to Africa; supporting the resilience of the poorest to climate change; better project management, including M&E; and greater efficiency.	Noted.
United Kingdom	It would be helpful to bring together and highlight upfront in the Executive Summary some headline commitments and numbers on what IFAD will achieve in IFAD12. For example, the number of people with increased incomes through IFAD12 is mentioned in paragraph 10, but putting this together with some other key targets such as the number of people who will improve their experience of food insecurity (FIES); and how many people will IFAD help adapt to the effects of climate change would help to underscore IFAD's results and impact.	A summary table of key targets and commitments has been added to the Executive Summary
United Kingdom	Key message 2 focuses on responding to COVID-19 and could be crisper on the Recovery, Rebuilding, Resilience theme of the Report, being more specific on how IFAD will help to build back better, with its focus on sustainability and inclusive growth.	Additional wording has been included under Key Message 2 in this regard.

<p>United Kingdom</p>	<p>There is scope also to strengthen key message 3 on 'ensuring global climate finance reaches [x number of] small-scale producers and rural poor people and builds their resilience to climate change. IFAD's focus on gender, nutrition, youth, indigenous peoples and persons with disabilities will drive deeper impact.'</p>	<p>Key message 3 has been strengthened with references to the target of ensuring 90 per cent of projects include activities that build climate-related adaptive capacity across multiple dimensions (e.g. increasing incomes; improved access to productive resources; empowerment of vulnerable groups), and to the impact target of increasing the resilience of 28 million people in IFAD12.</p>
<p>United Kingdom</p>	<p>Partnerships, including with other UN agencies and IFIs, is mentioned in paragraph 24 under key message 6. This could be linked better with the section on IFAD's comparative advantage to demonstrate the case for investment through IFAD and results that cannot be delivered through other channels. We welcome commitment to strengthening global coordination (in the section on the global architecture) and suggest including reference to the SDG indicators (for example, in paragraph 32i: At the global level, IFAD will do more to fill the coordination gap, using the SDG indicators as a common monitoring framework). IFAD is also increasingly bringing together co-financing and different partners within programmes that can also contribute to better coordination across the system - and this should also be highlighted.</p>	<p>The proposed language has been added to para 32i, including highlighting how IFAD has strengthened its cofinancing and mobilization of multi-donor partnerships.</p>
<p>United Kingdom</p>	<p>We note the importance of agreeing a realistic level of ambition. In reviewing scenarios, it may not help in making the case for IFAD to underscore that only the highest scenarios will maintain the level of assistance to the poorest countries. In paragraph 33 in the Executive Summary, we therefore suggest taking out the second sentence ("Only the achievement of the highest two replenishment scenarios... will allow IFAD to maintain its</p>	<p>The current language is maintained as it reflects the current financial scenarios.</p>

	level of assistance to the poorest, most indebted countries"). This should be reflected also in paragraph 170i.	
United Kingdom	This relates to the discussion on the level of allocation to regular grants. Rather than flatlining, this should be differentiated across the scenarios. For scenario C, for example, we would like to see a higher allocation for DSF eligible countries. By increasing the amount to US\$550 million for DSF grants, IFAD would be nearer to maintaining the IFAD11 level, with \$50 million available for strategic regular grants, in line with IFAD's focus on the poorest. The principles for grants in paragraph 134, related to the future policy to be agreed, should also reflect priority given in the characteristics listed to supporting the delivery of sustainable results through IFAD's core PoLG	A reference to how the priorities for the regular grant programme, together, support the delivery of sustainable results through IFAD's core PoLG has been added to paragraph 135. The level of regular grant programme in each scenario has been maintained as currently proposed.
United Kingdom	In the Results Framework, while noting that FIES is used as part of IFAD's impact assessment of 15% of projects, we encourage IFAD to continue exploring ways in which FIES could be used more at project level, especially as this is a headline SDG indicator.	Language around IFAD's intention to report on the future use of FIES based on its experience of including FIES questions in the IFAD11 project impact assessments, has been added to para 178.
Canada	Canada would like to thank IFAD for the updates to the report and for IFAD Management's responsiveness to the comments that were raised during the last consultation session. Overall, we support the emphasis that the report places on climate change and gender equality and we were pleased to see increased target ambitions in these two areas. We also support the continued focus on increasing IFAD's development effectiveness on-the-ground, including through decentralization of specialists and through policy dialogues. We have just a few small suggestions on how we think the narrative in the report could be strengthened:	Thank you for noting this. Indeed the description focused too narrowly on one aspect of the "household methodologies" utilised in many IFAD projects and the language has now been broadened to more fully capture the aims of IFAD's gender transformative approaches. These focus on challenges within society more broadly as well as within households, and actively seek to transform gender power dynamics by addressing social norms, practices, attitudes, beliefs and value systems that represent structural barriers to women's and girls' inclusion and empowerment. They also seek to ensure equal access for women to productive assets and services, employment

	<ul style="list-style-type: none"> On women's empowerment, we think that paragraph 48 could speak more broadly about women's empowerment and not only within households and in the family unit; 	and market opportunities, as well as supportive national policies and laws.
Canada	<ul style="list-style-type: none"> We would like to suggest a more explicit mention of IFAD's anti-racism efforts for IFAD12 (e.g. in paragraph 29); 	Specific references have been included in para 30 of the Executive Summary and para 141 to IFAD strengthening its anti-racism efforts in response the UN Secretary General's call, and in line with the recent joint statement by the three heads of the Rome-based Agencies to "work together to root out racism and discrimination within our own organizations and beyond".
Canada	<ul style="list-style-type: none"> We think that paragraph 180 on reporting can clarify that ASAP+ and PSFP will have separate reporting mechanisms (RMFs). We suggest adding the following sentence at the end of the paragraph: "New instruments such as the Rural Resilience Programme and the Private Sector Financing Programme will have synergies with the RMF but maintain distinct targets and reporting structure." 	The proposed language has been added to the report.
Canada	<ul style="list-style-type: none"> We see IFAD as having a niche/comparative advantage in scaling up innovations (and not only ICT4D innovations). We think that the Aid Architecture section could be strengthened by mentioning IFAD's commitment to play a role in rural transformation through building on research results of organizations like the CGIAR, and through implementing innovative science-based and evidence-based approaches of NGOs. 	<p>With reference to innovation beyond ICT4D, reference has been added to the potential for IFAD to better leverage how its people-centred approach to development could benefit from behavioural science driven innovation.</p> <p>In addition specific reference to IFAD's partnership with the CGIAR and role in scale in up research innovation has been included in para. 33 and Box 12.</p>
Canada	In addition to these points, we commend IFAD for the focus on transformational country programs and the diversification of the programming toolkit. We would like to suggest to expand the points that are made in the report on the complementarity and synergies between different	Confirmation provided in para 124 that the COSOP will serve as the main tool for ensuring complementarity between these different tools at country level, based on a holistic approach to assessing challenges and opportunities, and for defining a synergistic portfolio of

	instruments, especially during the development of COSOPs. We would encourage IFAD to use a holistic approach when building a portfolio of activities in a country, taking into account the complementarity and the overall impact of all the programming elements (including ASAP+, PSFP, RPSF, grants) and ensuring integration with the work of other development partners.	interventions. Such portfolio is to be tailored to the country context, and fully integrated with national strategies and priorities, and with the work of other development partners.
Canada	Lastly, we look forward to IFAD renewing its Indigenous peoples strategy during IFAD12 and commend the explicit commitment to advance social inclusion through IFAD12 investments.	Noted.
United States	We thank IFAD management and staff for this revised draft IFAD-12 Replenishment Report. We will continue to review the details of the report and its annexes and anticipate having further comments during the replenishment session in December. Given the limited period for review and comment, we wonder if it may be possible to engage with staff further on detailed, technical comments.	Management will follow up bilaterally regarding detailed, technical comments.
United States	We appreciate that key issues pending decision, such as the Integrated Borrowing Framework and Borrowed Resource Allocation Mechanism, have been appropriately bracketed in this revised draft report.	Brackets have been maintained on the IBF references pending final decision at the December 2020 Executive Board. References to the BRAM have also been replaced with references to a proposed new mechanism for managing access to borrowing resources which is subject to the approval of the Executive Board (as per the commitment to submit a proposal on the BRAM to the EB in Q2 2021)
United States	We feel that IFAD should remain focused on its core mission and should not increase its climate finance target beyond the current target.	Noted. Given divergent positions on this issue amongst Members of the Consultation the current text will be maintained, subject to confirmation at the final session.
United States	We also feel that IFAD should consider increasing its focus on women's economic empowerment under the gender mainstreaming theme. We note that the language in para	Thank you for noting this. Indeed the description focused too narrowly on one aspect of the "household methodologies" utilised in many IFAD projects and the

	<p>48 of the draft report seems to be narrowly focused on women’s role “within households” and “within families.”</p>	<p>language has now been broadened to more fully capture the aims of IFAD’s gender transformative approaches. These focus on challenges within society more broadly as well as within households, and actively seek to transform gender power dynamics by addressing social norms, practices, attitudes, beliefs and value systems that represent structural barriers to women’s and girls’ inclusion and empowerment. They also seek to ensure equal access for women to productive assets and services, employment and market opportunities, as well as supportive national policies and laws.</p>
<p>United States</p>	<p>We welcome Management’s efforts to respond to our calls to define the priorities and objectives of the ordinary grant program. We think that further refinement is needed and look forward to discussing this issue in the consultation. We also feel that the suggestion, in para 161 of the report, that the new proposed ordinary grant program envelope of \$100 million is half of the level approved in IFAD-11 could be clarified. For reference, at the time of the IFAD-11 consultation report, the financial framework included an allocation for regular grants of 6.5 percent of the Program of Loans and Grants, equivalent to \$227.5 million. In March 2020, Management revised the ceiling of the ordinary grants program to \$190 million to avoid an unsustainable level of allocations. Then, IFAD has allocated \$40 million towards the COVID-19 Rural Poor Stimulus Facility and another \$25 million to the Private Sector Financing Program and other new initiatives, leaving a “new” total of \$125 million in the IFAD-11 regular grant program.</p>	<p>Management welcomes the opportunity for further discussion on this issue.</p> <p>A footnote has been added including the details highlighted in the comment with regard to the original level of the IFAD11 regular grants allocation and the important flexibility it provided for IFAD to respond promptly to the COVID19 crisis and it was clarified in the paragraph that the baseline is the originally allocated amount for grants in IFAD11</p> <p>The rationale of the reduction during IFAD11 was to limit the excessive grant commitments during IFAD11, which eroded IFAD’s capital and liquidity creating an unsustainable trend. Therefore, the IFAD11 grant envelope was reduced to US\$190 million, as the 6.5% grant envelope was re-calculated on the POLG excluding borrowed resources.</p> <p>PoLG financed with borrowed resources needs to be taken away from the calculation since grants cannot be funded with debt. The sustainable replenishment baseline was introduced as part of the DSF reform exactly to address this issue in the future.</p>

		<p>It is confirmed that US\$40 million was allocated to the RPSF and that US\$25 million was allocated to the PSFP, however these were part of the revised US\$190 million grant envelope, not additional.</p>																								
<p>United States</p>	<p>In addition, we feel that it would be useful if Management could indicate the volume of past commitments coming due during IFAD-12 in para 161 of the report. While it is clear that the volume of commitments has increased considerably over the course of the past few replenishments, it is unclear how much of those commitments will be coming due during the replenishment period. This information could help to clarify the need for a significant increase in borrowed resources to cover loan commitments from previous replenishments.</p>	<p>Below is the breakdown of disbursements by replenishment of approval (IFAD-only) assuming scenario D, and a 15% IFAD-only disbursement target for IFAD12. A reference to the total amount of disbursement during IFAD12 for IFAD funds approved during past replenishment periods has also been added in a footnote to para 163.</p> <table border="1" data-bbox="1265 587 1800 954"> <thead> <tr> <th>Commitments from Replenishment</th> <th>Expected disbursement amount (USD million)</th> <th>Percent over total</th> </tr> </thead> <tbody> <tr> <td>7</td> <td>0.5</td> <td>0%</td> </tr> <tr> <td>8</td> <td>28</td> <td>1%</td> </tr> <tr> <td>9</td> <td>371</td> <td>13%</td> </tr> <tr> <td>10</td> <td>1 152</td> <td>40%</td> </tr> <tr> <td>11</td> <td>1 041</td> <td>36%</td> </tr> <tr> <td>12</td> <td>298</td> <td>10%</td> </tr> <tr> <td>Total</td> <td>2 890</td> <td>100%</td> </tr> </tbody> </table>	Commitments from Replenishment	Expected disbursement amount (USD million)	Percent over total	7	0.5	0%	8	28	1%	9	371	13%	10	1 152	40%	11	1 041	36%	12	298	10%	Total	2 890	100%
Commitments from Replenishment	Expected disbursement amount (USD million)	Percent over total																								
7	0.5	0%																								
8	28	1%																								
9	371	13%																								
10	1 152	40%																								
11	1 041	36%																								
12	298	10%																								
Total	2 890	100%																								
<p>United States</p>	<p>Lastly, we wonder if Management could indicate the assumptions for the level of funding anticipated for ASAP+ and PSFP in the three illustrative scenarios for the total Program of Work. (see para 174)</p>	<p>The funding assumptions for ASAP+ (US\$500m) and PSFP (US\$200m) are indicated in table 3. These are not formal targets, and are not included in the IFAD12 resolution. ASAP+ and PSFP results are not included in the RMF.</p> <p>In the revised Report, language has been added clarifying that new instruments such as the Rural Resilience Programme and the Private Sector Financing Programme will have synergies with the RMF but maintain distinct targets and reporting structure.</p>																								

<p>Japan</p>	<p>Japan thanks IFAD for drafting this report, which we note that discussion in the past sessions is dully reflected upon. We also welcome some useful updates on it.</p> <p>At this moment, Japan would like to propose one minor revision. In table 1 under paragraph 161, the replenishment target of "End IFAD11" column is described as US\$1100 million; however, the original target of IFAD11 was US\$1200 million. This table gives us an impression that the IFAD11 PoLG of US\$3500 million was agreed on the condition of a replenishment target of US\$1100 million, which is not true and confusing. Thus, we would like to propose to add some texts in the footnote clarifying that the original target of IFAD11 was US\$1200 million and the figure shown in this table is the prediction of core contributions at the end of IFAD11.</p>	<p>A sentence has been added to a footnote attached to Table 2 to indicate that the IFAD11 amount reflects the predicted actual level of contributions at the end of IFAD11, not the original target which was US\$1.2 billion.</p>
<p>Finland (comment received by email on 27/11/2020)</p>	<p>Finland is pleased with the latest version of the IFAD-12 report (17 November 2020), which reflects well the discussions and comments provided in the previous meeting. As indicated earlier, we are especially content with the increased ambition on several of the targets (climate, gender balance of P-5 and above positions, co-financing, etc).</p> <p>We would, however, appreciate a more time-specific reference to improving disability disaggregation. As such, the references to "improvements in the future", should be amended to reference improvements specifically in time for IFAD-13.</p>	<p>Additional wording has been added indicating that more disaggregated reporting for future use will be addressed in the strategy for persons with disabilities that will be presented to the Executive Board during IFAD12.</p>

Table 2. Comments received on the draft IFAD12 Resolution

Draft IFAD12 Resolution		
Country	Comment	Response/Action Taken
United States	<p>We thank Management for this revised draft of the IFAD-12 Replenishment Resolution.</p> <p>To promote consistency between the technical note on early encashment credits and the IFAD-12 resolution, we ask that the following reference be updated throughout the document: "discount or credit generated from the early encashment of core contributions."</p> <p>In addition, we request that Management update para 20(c) so that early payment is not limited to year one of the replenishment. In our view, any payment amount that represents an NPV gain over the standard encashment schedule should result in an associated discount or credit (as applicable) and give rise to voting rights.</p>	<p>References to discount/credit have been updated throughout the document and the early encashment mechanism has been revised as proposed.</p>

Table 3. Comments received on the Technical Note on Early Encashment of Replenishment Contributions (IFAD12/4/R.2/Add.1)

Technical Note on Early Encashment of Replenishment Contributions		
Country	Comment	Response/Action Taken
United States	<p>We thank Management for this revised draft of the Technical Note on Early Encashment Credits.</p> <p>In our view, the goal of introducing a policy on early encashment credits is to incentivize Member States to prepay their contributions and enhance IFAD's short-term liquidity profile. We would like to see IFAD introduce a policy that is methodologically robust, easy to apply, and comparable to that of other IFIs.</p> <p>Therefore, we feel that the narrow eligibility requirements such as a "single lump-sum payment" that is "received before the end of year one" limit the utility of this new policy and therefore reduce the incentive for Member States to prepay their contributions. Instead, we think that early payment should not be restricted to year one alone and that any early payment that represents an NPV gain over the standard encashment schedule should result in an associated discount or credit (as applicable) and give rise to voting rights (see ES para 4, and paras 5, 6, and 16).</p>	<p>Management has amended the proposal as suggested to allow that any early payment that represents an NPV gain over the standard encashment schedule should result in an associated discount or credit and give rise to voting rights.</p>