Ten Key Messages for IFAD12

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.
Ten Key Messages for IFAD12

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.
Specialized focus on agriculture and targeting of the most marginalized populations: more relevant than ever in the current context

Long-term relationships with governments, rural civil society organizations and a deep reach into remote areas

Systematic measurement of results and impact across IFAD’s portfolio and a focus on producing sustainable benefits for countries

Increased leveraging of IFAD’s capital base to ensure a multiplied return on each Member State dollar as investments on the ground
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

<table>
<thead>
<tr>
<th>Transformational Country Programmes</th>
<th>Institutional Framework</th>
<th>Financial Framework</th>
</tr>
</thead>
<tbody>
<tr>
<td>IFAD10</td>
<td>IFAD11</td>
<td>IFAD12</td>
</tr>
<tr>
<td>PoLG;</td>
<td>Fully programmed PoLG; Results Based Lending</td>
<td>New instruments: ASAP+ &amp; PSFP</td>
</tr>
<tr>
<td>Average IFAD project financing: $31 million</td>
<td>Average IFAD financing: US$40 million</td>
<td>Average IFAD financing: tracked, flexible</td>
</tr>
<tr>
<td>Co-financing ratio: 1:0.87</td>
<td>Co-financing ratio: 1:1.4</td>
<td>Co-financing ratio: 1:1.5</td>
</tr>
<tr>
<td></td>
<td>90% LICs LMICs/ 10% UMICs</td>
<td>100% core LICs/LMICs</td>
</tr>
</tbody>
</table>

#### Transformational Country Programmes
- **PoLG**
- **Average IFAD project financing:** $31 million
- **Co-financing ratio:** 1:0.87

#### 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 and boosting capacity in the field**

#### Financial Framework
- **Core contributions, DSF compensation**
- **UCCs**
- **Sovereign loans**
- **Core contributions, DSF compensations**
- **UCCs**
- **Sovereign loans and CPLs**
- **Core contributions (including DSF compensation)**
- **Integrated borrowing framework ad New Liquidity Policy**
- **ASAP+ and PSFP**
Transformational Country Programmes

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

- New instrument to catalyse private funding for rural MSEs
- Complementarity with PoLG
- Ambition to raise up to US$200 mln
- Building on experience with ASAP1 & ASAP2
- Part of Rural Resilience Programme
- Ambition to raise up to US$500 mln
### Prioritizing resources to the poorest countries

#### Resources
- **Core**
  - Replenishment
  - Core loan reflows
  - Concessional loans

- **Borrowed**
  - Semi / Non-concessional loans

#### Use of Funds
- **Grants**
  - Highly Concessional/Concessional loans: LICs & LMICs
  - Semi Concessional / Loans on Ordinary Terms UMICs / LICs/LMICs

#### Possible Mechanism for Resource Utilization
- **PBAS**
  - 55% - Africa
  - 50% - Sub-Saharan Africa
  - 25% - Most Fragile Situations

- **New Mechanism**

#### Additional earmarked contributions
- **PSFP**
- **ASAP+**
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
IFAD’s approach to graduation

Resource Distribution
• 100% allocation of core resources to LICs/LMICs.
• UMICs to receive 11-20% of PoLG.

Financing Conditions
• Differentiated financing conditions to Member States.

Trajectory
• COSOPs outline trajectory for graduation.
• COSOPs submitted to EB within 3 years of the country attaining GDI.
• Review of COSOP at completion.

Addressing Reversals
• Member States reverting below GDI can request to re-gain access to IFAD’s resources.
Focusing on high-quality delivery

Design
- Country-level approaches
- Assessments of countries’ needs
- Project size

Implementation
- Proactivity
- Project-level efficiency
- Mainstreaming Themes
- M&E

Agile responses
- COVID-19 Response
  - $200 million
  - Repurposing towards recovery and reactivation

Completion
- Scaling up and exit strategies
- Sustainability
Leaving no one behind

Mainstreaming

- Systematization and further integration in country-level approach
- Increased mainstreaming targets (40% climate finance and 35% gender transformative)
- New biodiversity strategy in IFAD12
- Strengthened engagement with persons with disabilities and indigenous peoples

Fragile situations

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

Targeting

- Revised Targeting Policy to consolidate new areas of focus
Fostering strategic partnerships

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

IFAD cofinancing ratios

- Total
- Domestic

IFAD9 | IFAD10 | 2019 | 2020 projection
---|---|---|---
1.29 | 0.78 | 2.09 | 1.96
0.66 | 0.50 | 0.93 | 1.04
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 (including to climate change)

PROXIMITY

ADAPTABILITY

Project level

Consolidated outcome reporting

Policy related outcome indicators

Institutions and policy supervision ratings
Transformational Institutional Change

Strengthening and innovating people, processes and systems for an effective and efficient IFAD
Positioning to support country programmes

Maximizing efficiency: 2016-2019

**Efficiency ratio**
$ of total active Portfolio per $ of administrative costs

<table>
<thead>
<tr>
<th>Year</th>
<th>Efficiency ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>40</td>
</tr>
<tr>
<td>2017</td>
<td>42</td>
</tr>
<tr>
<td>2018</td>
<td>44</td>
</tr>
<tr>
<td>2019</td>
<td>46</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
</tbody>
</table>

Capacity to Deliver

**People**
- Identify capacity gaps
- Reskill and upskill
- Training in performance gaps

**Technology**
- Automation
- Systems change
- Talent management

**Processes**
- Increases efficiencies
- Implement ERM

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

Field-based vs HQ-based activities from 2014 to 2024.
Results Management Framework and Commitments Matrix

Ensuring a continued focus on results and facilitating results-based management in line with IFAD12 strategic directions
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:**

<table>
<thead>
<tr>
<th>IFAD7</th>
<th>IFAD8</th>
<th>IFAD9</th>
</tr>
</thead>
<tbody>
<tr>
<td>6</td>
<td>50</td>
<td>70</td>
</tr>
</tbody>
</table>

**SDGs:**

<table>
<thead>
<tr>
<th>IFAD10</th>
<th>IFAD11</th>
<th>IFAD12</th>
</tr>
</thead>
<tbody>
<tr>
<td>58</td>
<td>79</td>
<td>68</td>
</tr>
</tbody>
</table>

Theory of Change

Results Measurement

Results Management

Results Dashboard

= No. of Tiers

= No. of indicators
### Benchmarking the IFAD RMF

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

Aligning:

Ensuring relevant indicators to IFAD12 commitments (such as mainstreaming);
## IFAD12 Results & Commitments - Highlights

<table>
<thead>
<tr>
<th>Issues/Priorities</th>
<th>IFAD12 Commitments and RMF Targets</th>
</tr>
</thead>
</table>
| **Transformational Country Programme** | • Increase target of climate finance to 40% of PoLG  
• Develop specific *agrobiodiversity* initiatives  
• Updated policy for IFAD’s work with *indigenous peoples* & strategy for persons with disabilities  
• Increase allocation to *Sub-Saharan Africa* to 50 per cent  
• Updated *scaling up* strategy and action plan on *project-level efficiency*  
• 50 per cent of COSOPs including *ICT4D* opportunities |
| **Institutional Framework**             | • Increase *decentralization* from 32 to 45 per cent of staff  
• IFAD action plans to respond to *SH/SEA*  
• IFAD-wide survey as part of *anti-hate speech action plan* |
| **Financial Framework**                 | • Establish *PSFP* and *ASAP+*  
• Access mechanism for borrowed resources |
Transformational Financial Framework

Maximizing resources for the poorest countries while ensuring IFAD’s financial sustainability
Converging around a PoLG of US$3.8bln

<table>
<thead>
<tr>
<th></th>
<th>End IFAD11</th>
<th>IFAD12 Financial Scenarios</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Scenario C</td>
<td>Scenario D</td>
</tr>
<tr>
<td>Replenishment Target</td>
<td>1 100</td>
<td>1 350</td>
<td>1 550</td>
</tr>
<tr>
<td>Total PoLG</td>
<td>3 500</td>
<td>3 400</td>
<td>3 800</td>
</tr>
<tr>
<td>Total PoW*</td>
<td>8 400</td>
<td>8 275</td>
<td>9 275</td>
</tr>
<tr>
<td>Sustainable Total Grants</td>
<td>790</td>
<td>600</td>
<td>750</td>
</tr>
<tr>
<td>DSF grants</td>
<td>595</td>
<td>450</td>
<td>600</td>
</tr>
<tr>
<td>DSF reserve</td>
<td>50</td>
<td>50</td>
<td>50</td>
</tr>
<tr>
<td>Regular grants</td>
<td>195</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Total new IFAD12 debt**</td>
<td>1 275</td>
<td>1 225</td>
<td>1 200</td>
</tr>
</tbody>
</table>

- Converging around Scenario D
- Creation of DSF reserve in response to requests to increase DSF grant allocation
- Required replenishment contributions of US$1.55 billion (vs US$1.1 billion in IFAD11, or an extra US$150m per year)
- Total debt includes US$225 million forecast for CPLs to be secured in IFAD12

* Assuming cofinancing ratio of 1.5 and no cofinancing on regular grants
For increased impact

Putting IFAD on the course to double impact by 2030

- Funding a PoLG of **US$3.8 billion**.

- Raising the number of persons:
  - receiving services promoted or supported by IFAD projects to **127 million**;
  - with improved production to **51 million**, market access to **55 million**; resilience to **28 million**; nutrition to **11 million**.

- Generating additional impact through ASAP+ and PSFP, through a total PoW of **US$11.125 billion**.
<table>
<thead>
<tr>
<th>Conditions – remain unchanged from IFAD11</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Maturity</strong></td>
</tr>
<tr>
<td>25 or 40 years</td>
</tr>
<tr>
<td><strong>Grace period</strong></td>
</tr>
<tr>
<td>5 years for a 25-year loan or 10 years for a 40-year loan</td>
</tr>
<tr>
<td><strong>Principal repayment</strong></td>
</tr>
<tr>
<td>Amortizing in a <strong>straight line</strong></td>
</tr>
<tr>
<td><strong>Coupon/interest</strong></td>
</tr>
<tr>
<td>All-in SDR equivalent up to 1% (excess covered through up front grant payment)</td>
</tr>
<tr>
<td><strong>Currencies</strong></td>
</tr>
<tr>
<td>SDR or any currency in the <strong>SDR basket</strong></td>
</tr>
<tr>
<td><strong>Drawdown</strong></td>
</tr>
<tr>
<td>3 equal instalments over maximum 3 years</td>
</tr>
<tr>
<td><strong>Minimum amount</strong></td>
</tr>
<tr>
<td>US$ 20 million</td>
</tr>
<tr>
<td><strong>Discount rates</strong></td>
</tr>
<tr>
<td>updated in line with approved formula based on most updated market rates</td>
</tr>
</tbody>
</table>
## Exchange rates for IFAD12

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

*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 renminbi, 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
Next Steps: From Pledges to Projects

IFAD12 Consultations
- Finalize IFAD12 report & resolution
  - Pledging
- Finalize IFAD12 Pledging

GC
- Approval IFAD12 report & resolution

Executive Board
- Review of status of IFAD12 Contributions
- PBAS Allocations & 2022 PoLG
- Approval of first IFAD12 projects

2020
- 10-11 Dec 2020

2021
- 16 Feb 2021
- 17-18 Feb 2021
- Sep 2021
- Dec 2021

2022
- Apr 2022