



Twelfth Replenishment

RECOVERY.
REBUILDING.
RESILIENCE.

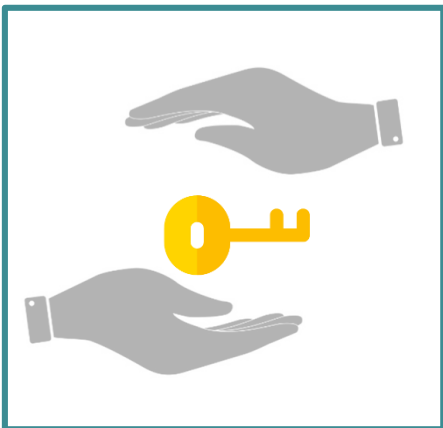
Updated Report of the Consultation on the Twelfth Replenishment of IFAD's resources

Recovery, Rebuilding, Resilience

*Fourth Session of the Consultation on the Twelfth Replenishment
10-11 December 2020*

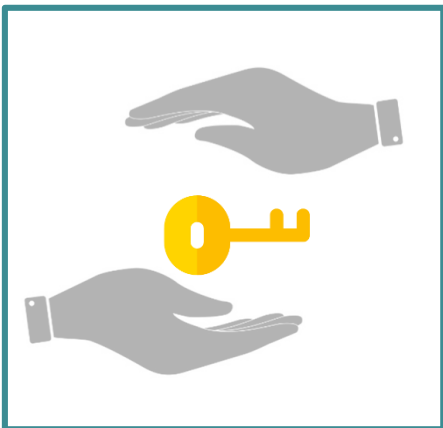


Ten Key Messages for IFAD12



- 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**.

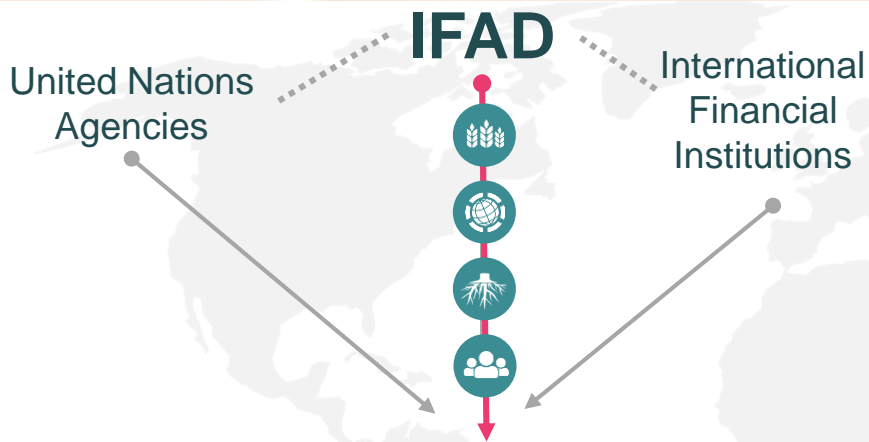
7 IFAD will consolidate its financial reforms to continue **strengthening its financial architecture** and maximize financing to all clients.

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**.

IFAD's value proposition



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

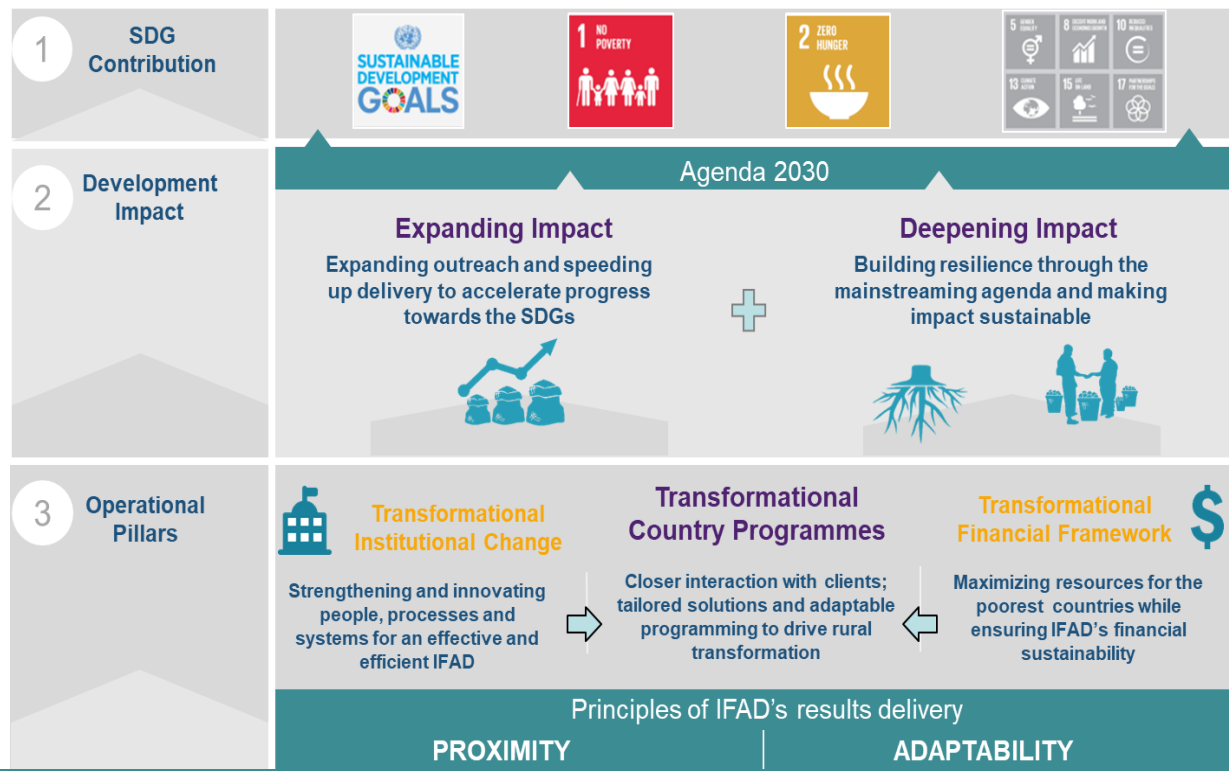
IFAD12 aims to deliver a comprehensive, policy-oriented programmatic package through:

→ **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

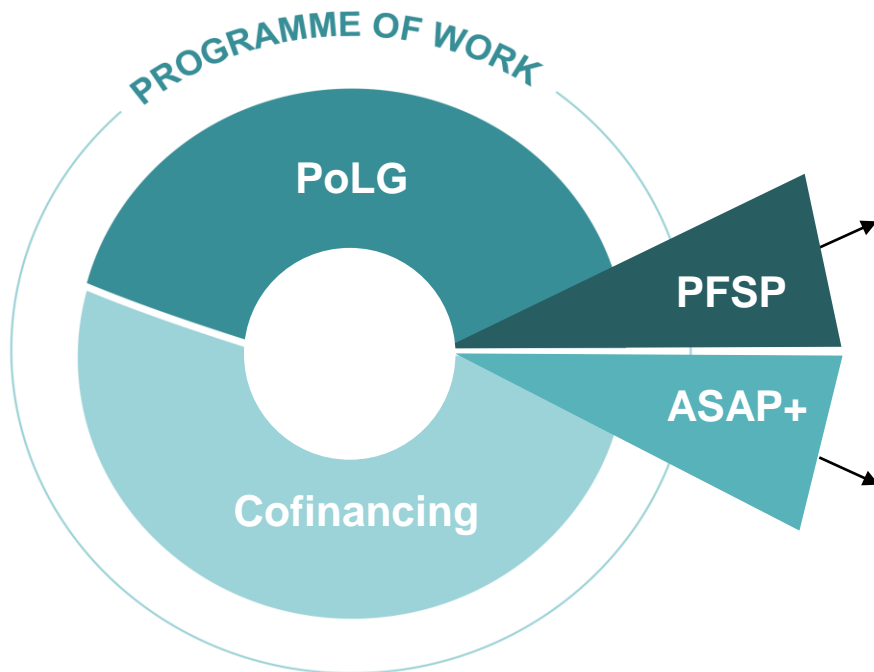
	IFAD10	IFAD11	IFAD12
Transformational Country Programmes 	<p>PoLG;</p> <p>Average IFAD project financing: \$31 million</p> <p>Co-financing ratio: 1:0.87</p>	<p>Fully programmed PoLG; Results Based Lending</p> <p>Average IFAD financing: US\$40 million</p> <p>Co-financing ratio: 1:1.4</p> <p>90% LICs LMICs/ 10% UMICs</p>	<p>New instruments: ASAP+ & PSFP</p> <p>Average IFAD financing: tracked, flexible</p> <p>Co-financing ratio: 1:1.5</p> <p>100% core LICs/LMICs</p> <p>Priorities incl. Persons with Disabilities, Indigenous Peoples and ICT4D</p>
Institutional Framework 	<p>HQ based</p> <p>Strengthening service delivery platform (HR; ICT)</p>	<p>Decentralization of IFAD's workforce; Hubs & ICOs to 32% of IFAD staff in the field</p> <p>Business process reengineering</p>	<p>Continued decentralization: from 32% to 45%</p> <p>Improving efficiency and boosting capacity in the field</p>
Financial Framework 	<p>Core contributions, DSF compensation</p> <p>UCCs</p> <p>Sovereign loans</p>	<p>Core contributions, DSF compensations</p> <p>UCCs</p> <p>Sovereign loans and CPLs</p>	<p>Core contributions (including DSF compensation)</p> <p>Integrated borrowing framework and New Liquidity Policy</p> <p>ASAP+ and PSFP</p>



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

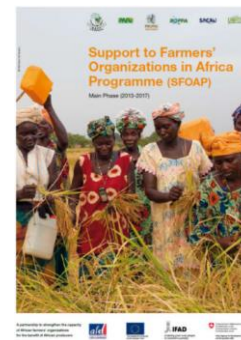
Prioritizing resources to the poorest countries

	Resources	Use of Funds	Possible Mechanism for Resource Utilization
Core	Replenishment	Grants	PBAS 55% - Africa 50% - Sub-Saharan Africa 25% - Most Fragile Situations
	Core loan reflows	Highly Concessional/ Concessional loans: LICs & LMICs	
	Concessional loans		
Borrowed	Semi / Non-concessional loans	Semi Concessional / Loans on Ordinary Terms UMICs / LICs/LMICs	New Mechanism PSFP ASAP+
Additional ear-marked contributions			

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



PRiME
Program in Rural M&E

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



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

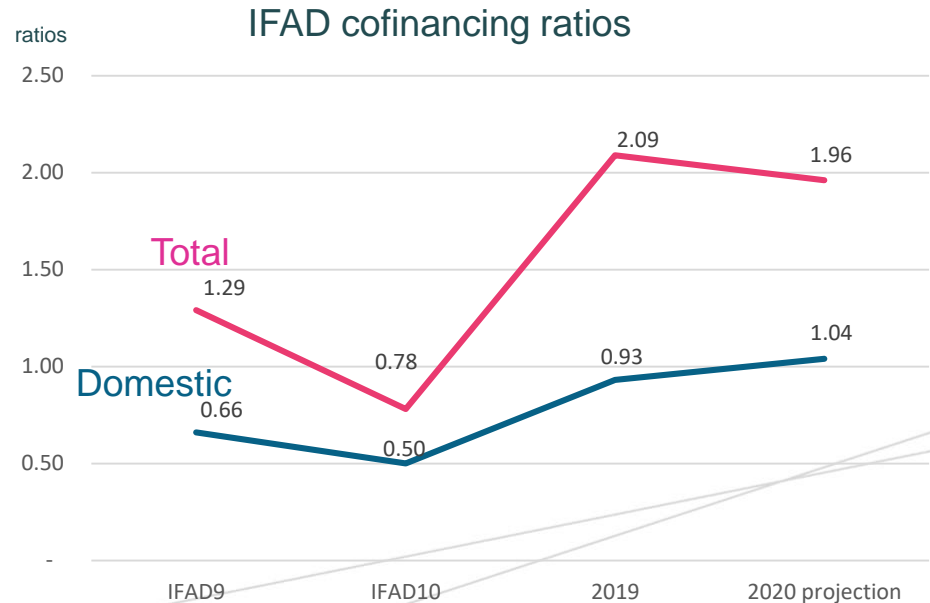
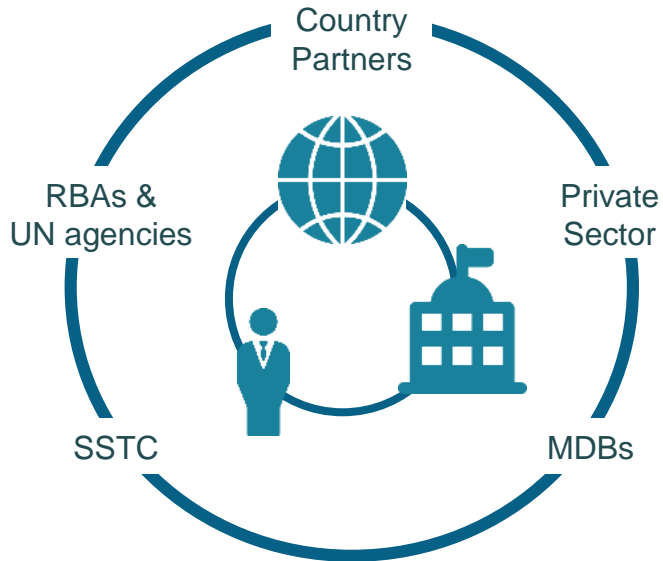


- Revised Targeting Policy to consolidate new areas of focus

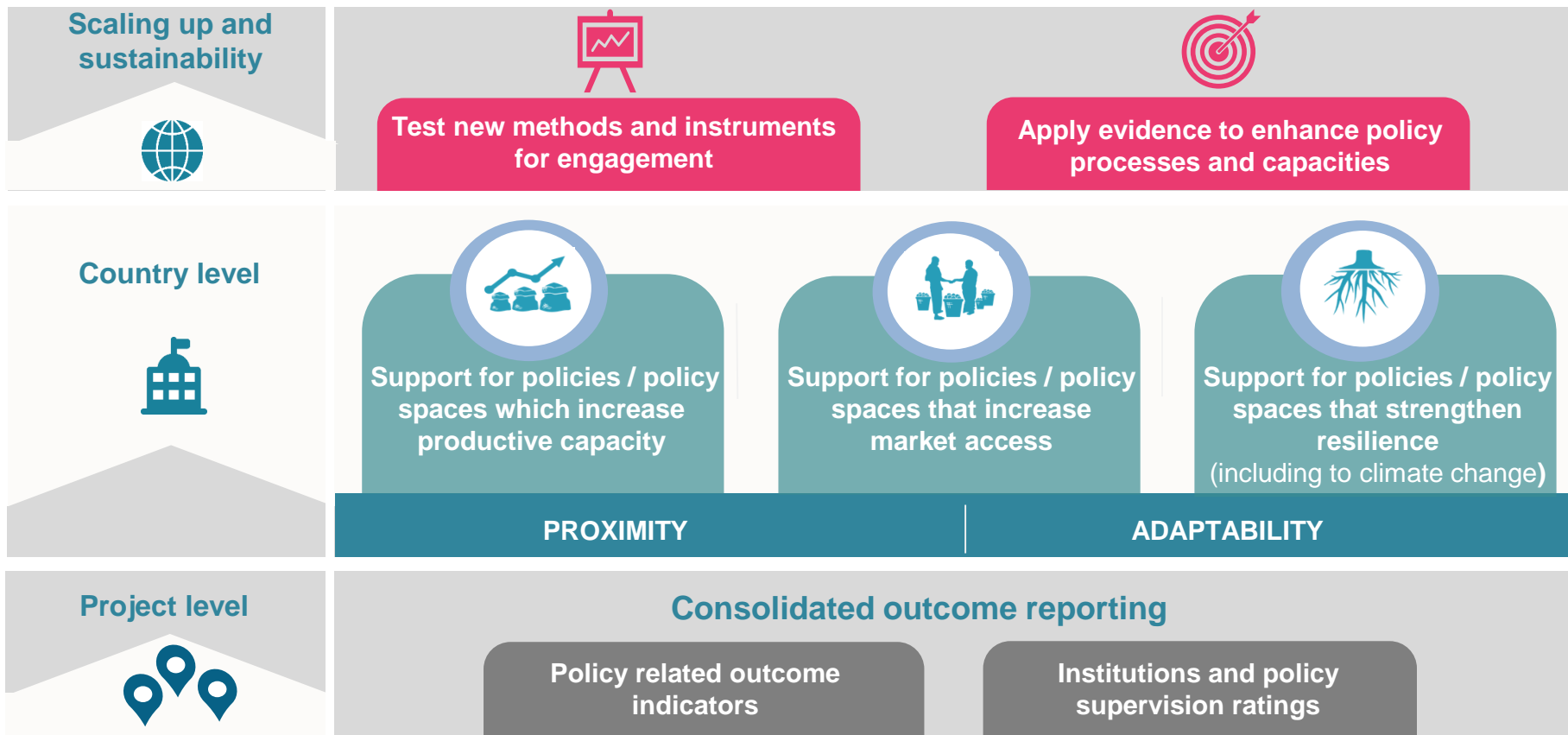


Fostering strategic partnerships

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



Scaling up through policy engagement





Transformational Institutional Change

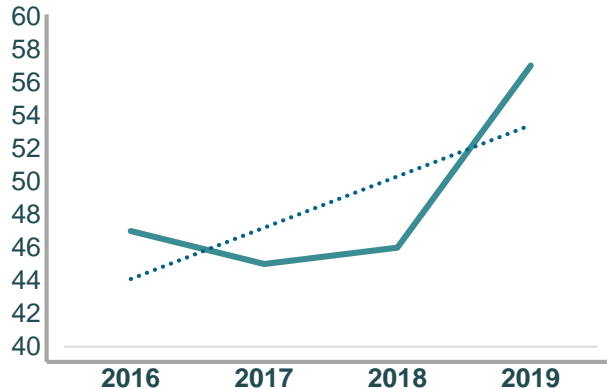
Strengthening and innovating people, processes and systems for an effective and efficient IFAD

Positioning to support country programmes

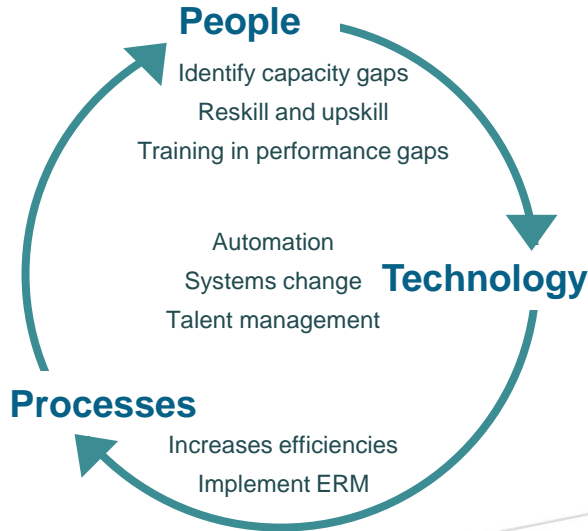
Maximizing efficiency: 2016-2019

Efficiency ratio

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



Capacity to Deliver



SEA / SH

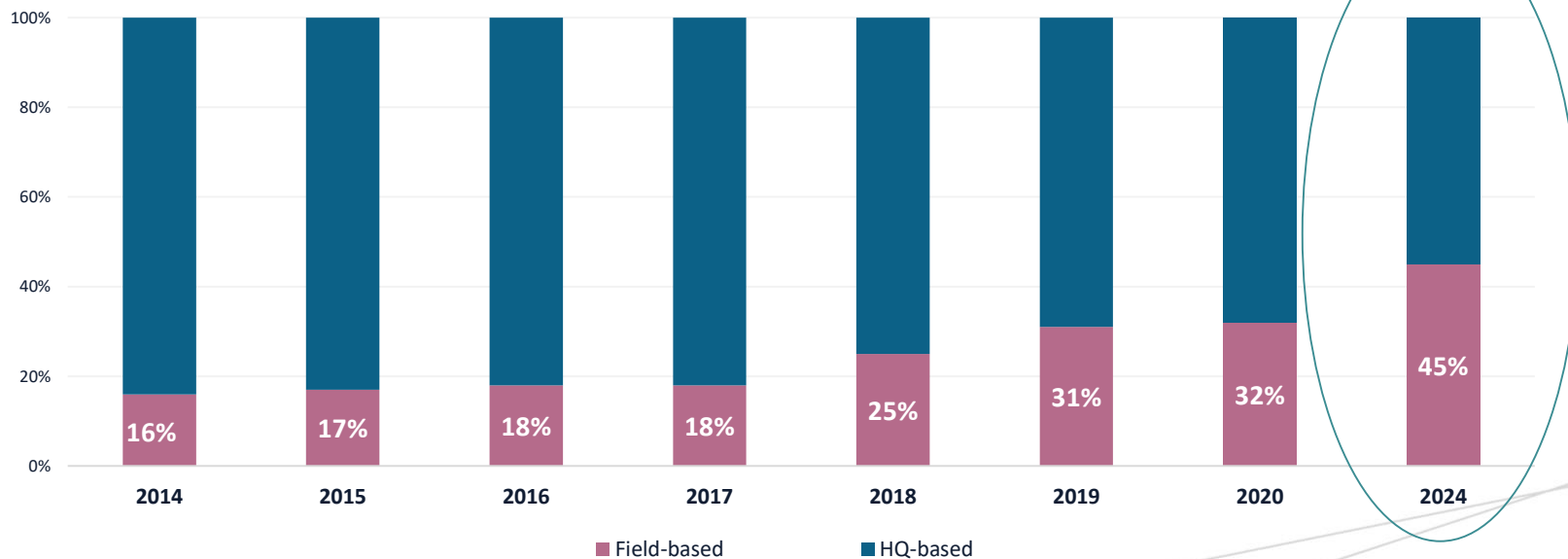


Build upon SEA /SH policy adopted in April 2019 and actions taken to improve reporting, checks, and training

Will increase prevention measures including outreach

Continued focus on decentralization

Continued focus on Decentralization





Results Management Framework and Commitments Matrix

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

IFAD12 RMF key messages



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



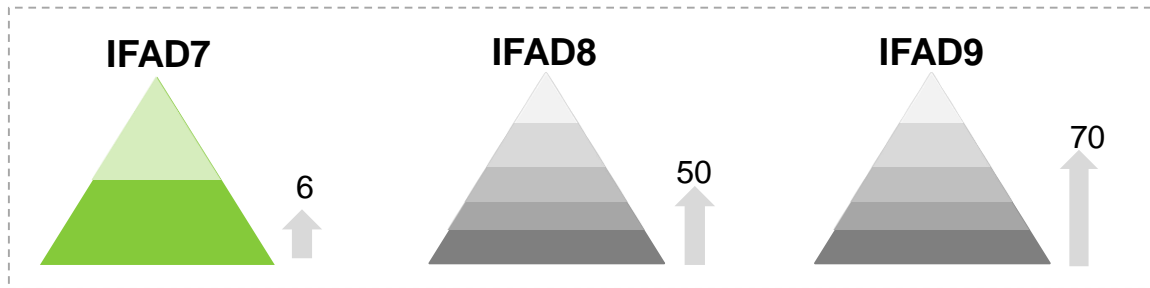
The RMF allows members to track IFAD's contribution to high level objectives – like the SGDs – and indicators which are more in IFAD's direct control, like institutional efficiency



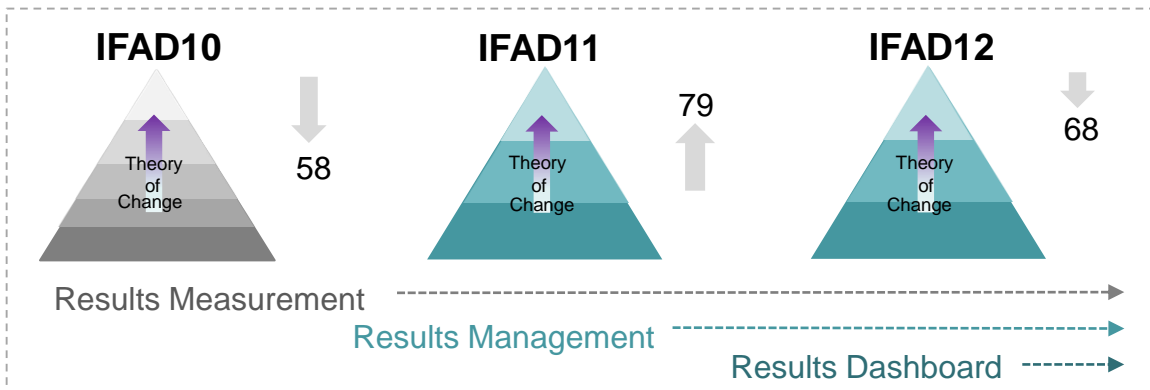
The RMF reflects the IFAD12 business model, and takes into account synergies between the PoLG and new mechanisms (ASAP+, PFSP)

Evolution of IFAD's RMF

MDGs:



SDGs:



 = No. of Tiers
  = No. of indicators

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



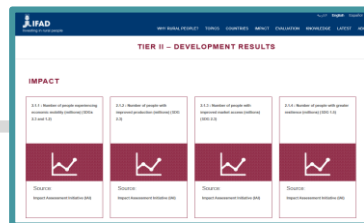
Principles of IFAD12 RMF

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:



IFAD12 Results & Commitments - Highlights

Issues/Priorities

IFAD12 Commitments and RMF Targets



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

	End IFAD11	IFAD12 Financial Scenarios		
		Scenario C	Scenario D	Scenario E
Replenishment Target	1 100	1 350	1 550	1 750
Total PoLG	3 500	3 400	3 800	4 200
Total PoW*	8 400	8 275	9 275	10 275
Sustainable Total Grants	790	600	750	840
<i>DSF grants</i>	595	450	600	690
<i>DSF reserve</i>		50	50	50
<i>Regular grants</i>	195	100	100	100
Total new IFAD12 debt**		1 275	1 225	1 200

- ✓ 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



For increased impact

+100%

+12 million people with increased income (per year)

+8 million people with increased income (per year)

IFAD13/14

IFAD12

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**.

Concessional Partner Loans

Conditions – remain unchanged from 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 straight line
→	Coupon/interest	All-in SDR equivalent up to 1% (excess covered through up front grant payment)
→	Currencies	SDR or any currency in the SDR basket
→	Drawdown	3 equal instalments over maximum 3 years
→	Minimum amount	US\$ 20 million
→	Discount rates	updated in line with approved formula based on most updated market rates

Exchange rates for IFAD12

Currency	IFAD11 rates	IFAD12 rates	Appreciation/Depreciation vs US\$ from 11 th 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

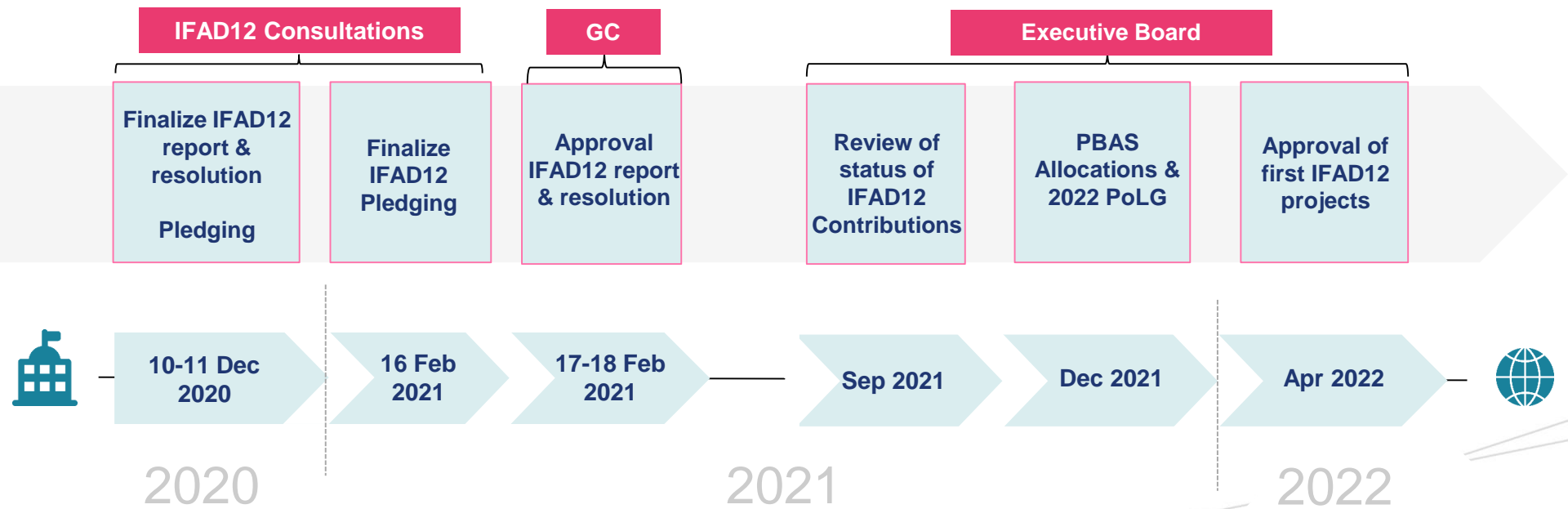
Note:

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 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





Thank you