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## **IFAD at the midterm of the Twelfth Replenishment**

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## Executive summary

### Background and overview

1. The Consultation on the Twelfth Replenishment of IFAD's Resources (IFAD12) culminated in the Fund's commitment to intensify its efforts to end extreme poverty and hunger and double and deepen its impact by 2030. Accordingly, the IFAD12 business model serves to deliver a more comprehensive financial, policy-oriented and programmatic package that fosters recovery, rebuilding and resilience to promote sustainable rural transformation. IFAD adopted nine specific commitments and 41 monitorable actions (MAs) that outline focus areas of the IFAD12 business model and guide the Fund on its pathway to the 2030 Agenda for Sustainable Development. In addition, IFAD updated its Results Management Framework (RMF) to measure and report on its performance in the IFAD12 focus areas.
2. **As of end-2022, IFAD has already completed 24 of the 41 MAs, or 59 per cent.** The remaining 17 MAs (or 41 per cent) are ongoing. The majority of ongoing actions are on track and many of them can only be confirmed as completed at the end of the IFAD12 period. Delayed areas pertain to the development of agrobiodiversity initiatives, the update of IFAD's Policy on Targeting, the review of IFAD's engagement in fragile situations, the implementation of IFAD's operating model for innovation and the update of the 2015 Operational Framework for Scaling up Results.
3. **Out of the 71 RMF12 Tier II and Tier III indicators, 38 (54 per cent) are above or at target,** while 27 (38 per cent) are below target, and 6 (8 per cent) either have not yet been measured or are tracked for monitoring purposes only (i.e. they do not have IFAD12 targets). These results are based on preliminary 2022 values for some indicators and 2021 values for all other measured indicators. **The IFAD12 midterm review presents the progress achieved and challenges encountered for the three transformational pillars of the business model: country programmes, institutional change and financial framework.**  
**Transformational country programmes: Deepening and expanding impact – leaving no one behind**
4. IFAD has been proactive in approving the policies, strategies and operational guidance tools that set the basis for enhanced focus on inclusive and sustainable rural transformation, with special focus on fragile situations. IFAD adjusted its resource allocation framework and tools to maximize support to lower-middle-income countries (LMICs), low-income countries (LICs) and countries with fragile situations, while ensuring lending to upper-middle-income countries. In addition, IFAD approved a set of policies and strategies to clarify the concept of inclusion in new project designs and ensure embedding of mainstreaming themes. These include: the updated Policy on Engagement with Indigenous Peoples, the Disability Inclusion Strategy 2022-2027, and a new Strategy for Engagement in Small Island Developing States 2022-2027. The updated Policy on Targeting is expected for May 2023, based on the need to incorporate revisions requested by the Executive Board in December 2022.
5. **In addition, IFAD has been mainstreaming climate, biodiversity and nutrition into its country programmes.** The climate finance percentage of IFAD's programme of loans and grants (PoLG) stands at 28 per cent against a target of 40 per cent; supplementary climate finance complements the PoLG, while the climate change perspective is also being incorporated into country strategic opportunities programmes and country strategy notes. Guided by the new Strategy on Biodiversity 2022-2025, IFAD country teams will ensure attention to biodiversity concerns in the investment portfolio. IFAD is also developing specific agrobiodiversity initiatives to improve management and restoration of water or land

ecosystems; however, this activity is delayed, pending the completion of a detailed guidance note. IFAD is also enhancing technical support for projects at the design and implementation stages to sharpen the focus on nutrition, and forging partnerships with technical agencies specialized in nutrition. It is, however, important to note that impact on mainstreaming themes (especially nutrition) will take time to materialize, as the projects designed to incorporate these themes are not yet in the completion phase.

6. Additional boosters for mainstreaming themes are **information and communications technologies for development (ICT4D); the Social, Environmental and Climate Assessment Procedures (SECAP); and South-South and Triangular Cooperation (SSTC)**. IFAD country programmes embed ICT4D as a cross-cutting tool to increase farmers' productivity and incomes, strengthen resilience to climate change and improve access to and participation in markets. In addition, IFAD's updated SECAP promote IFAD's mainstreaming agenda. The stronger focus on SSTC helps IFAD build partnerships, pursue policy engagement and generate innovation and knowledge related to mainstreaming themes and priorities. The new SSTC strategy outlines opportunities to be explored such as partnership mapping, the review/evaluation of projects financed by the SSTC Facility and project-based resource mobilization proposals.
  7. **Achieving IFAD12's ambitious mainstreaming targets is heavily dependent on timely project pipeline delivery, which in turn is influenced by both external and internal factors.** While IFAD monitored its pipeline and possible slippages throughout 2022, some delays occurred, mainly due to the late clearance of performance-based allocation system (PBAS) allocations and Borrowed Resource Access Mechanism (BRAM) funds in 2022. IFAD's internal liquidity limits are a potential constraint to project implementation, but mitigation measures put in place by country teams have helped minimize their effect.
  8. **Mainstreaming commitments were found to be among the drivers of project complexity; the Fund requires additional capacity to deliver successfully on cross-cutting themes.** While it is essential for projects to respond to country priorities, IFAD is also delivering on multiple cross-cutting themes that may result in highly complex designs. The IFAD13 Consultation will need to ensure a balance between any additional commitments in terms of mainstreaming themes, the need to monitor closely ongoing commitments, and the need to reduce design complexity.
  9. **IFAD is preparing an approach paper on its Engagement in Countries with Fragile Situations.** This action has been delayed beyond its December 2022 due date based on the need to better reflect the ongoing discussion on IFAD13 directions. The approach paper will provide a framework for IFAD projects and country strategies to address the root causes of fragility and conflict affected situations on the basis of a thorough analysis of the context and local drivers.
- Operationalizing transformational country programmes**
10. **To strengthen the focus on results and improve its culture of learning, IFAD updated its Development Effectiveness Framework.** Implementation of activities under the framework is ongoing, with actions centred on three main objectives: strengthening the results focus of projects; generating a culture of results in country programmes; and promoting data use, transparency and alignment.
  11. **To address weak areas identified in IFAD11, the Fund has developed dedicated action plans on efficiency and sustainability, and enhanced its guidance and monitoring tools on country-level policy engagement.** In addition, IFAD is leveraging its action plan on project-level monitoring and evaluation (M&E) to improve the M&E capacity of project management units and staff, and enhance data quality and information on project performance to facilitate

informed decision-making and adaptive management. The revised Regular Grants Policy, approved in 2021, will enhance value added and the multiplier effect on the PoLG.

12. **Some deliverables have been delayed in order to align with related processes within and outside IFAD.** The update of IFAD's 2015 framework on scaling up is delayed as it builds on the new sustainability action plan and the 2022 edition of the Evaluation Manual, and is now expected in early 2023. IFAD is also developing a new innovation operating model, based on the adoption of the UN Innovation Toolkit. However, the model requires additional time due to limited available instruments for partnership. Plans for 2024 also include guidelines to formalize multi-phased programmatic approaches, as a tool for adaptive management.

#### **Transformational institutional change**

13. **IFAD's ambitious decentralization plan resulted in 39.6 per cent of total staff positions in country offices against a target of 45 per cent by 2024, and significant gains in terms of efficiency.** The People, Processes and Technology Plan will also have notable effects on loan disbursement and project procurement, two key dimensions for efficiency. IFAD has also adopted a new action plan for the prevention of sexual harassment and sexual exploitation and abuse, while monitoring hate speech, discrimination and racism through dedicated surveys and sharing progress with Member States.
14. **The 2022 Report on IFAD's Development Effectiveness (RIDE) associates setbacks in organizational efficiency ratios with the initial effects of decentralization,** combined with reassignment, high staff turnover and increases in vacancy rates. Most IFAD staff did not perceive decentralization positively, though field-based staff held more positive views than those at headquarters. The upcoming corporate-level evaluation on decentralization (expected for 2023) will help inform Management on how to proceed with decentralization plans.

#### **Transformational financial framework**

15. **IFAD has been adapting its business model to expand its programme of work while ensuring financial sustainability.** IFAD's financial and legal architecture was strengthened with amendments to the basic texts and the adoption of the Governing Council resolution on Market Borrowing Authority. The Integrated Borrowing Framework allows IFAD to broaden its approved investor pool; however, in 2023, Management will be seeking the EB approval of enhancements to the framework to improve predictability and execution of private placements and bilateral loans, based on early lessons learned.
16. **The BRAM has been positively received** with almost all available funds already planned for approval by the end of IFAD12. Management will continue to monitor effective uptake of the BRAM in light of global crises, as debt distress and reduced fiscal space may prevent countries from requesting BRAM resources. It is important to note that core resources are instrumental for reaching LICs and LMICs, therefore achieving the full replenishment target will be fundamental for IFAD to deliver on its commitment to these countries.
17. **Mobilization of cofinancing and supplementary funds has performed strongly in recent years.** Cofinancing is slightly above IFAD12 targets, with US\$1.65 mobilized for each IFAD dollar. The establishment of the Private Sector Financing Programme and enhanced Adaptation for Smallholder Agriculture Programme allows for additional resource mobilization and sharper focus on private sector involvement and climate resilience, two key factors for operational sustainability.

### **Conclusions and the way forward to IFAD13**

18. **Achieving concrete impact at scale requires additional resources from Member States in order to stay on the path towards doubling IFAD's footprint by 2030.** IFAD12 is being implemented in the midst of a challenging global context, with the unforeseen effects of multiple crises (COVID-19, the war in Ukraine and the resulting effect on food/fuel/fertilizer supply) affecting all Member States. In response, IFAD has strengthened its capacity for short-term response; the performance of IFAD's portfolio has proved resilient, as evidenced by portfolio performance indicators remaining above pre-pandemic levels. However, adapting to this new scenario requires fulfilling core replenishment targets to ensure support to LICs and LMICs.
19. IFAD12 has planted many seeds of transformative change to achieve IFAD's mandate to increase the food security and incomes of rural people. In IFAD13, these fundamental changes need to take root in order to continue expanding and deepening IFAD's impact, while also ensuring that impact is sustained over time. **IFAD13 will ensure a high level of continuity with IFAD12, while working to strike a balance between continued progress on thematic priorities, project design quality and financial sustainability.** The focus will be on IFAD's core mandate, universality and areas of comparative advantage, which are especially relevant in the current global context.

# IFAD at the midterm of the Twelfth Replenishment

## I. Overview

### A. Introduction: structure and purpose of the midterm review

1. **The Consultation on the Twelfth Replenishment of IFAD's Resources (IFAD12) culminated in the establishment of an evolved business model for the Fund**, fostering a more comprehensive financial, policy-oriented and programmatic package to bring systemic change for rural people. The IFAD12 business model places an emphasis on expanding and deepening results on the ground. This evolution of the business model builds on financial and institutional reforms, and integrates a sharper focus on the needs of historically marginalized populations and on the drivers of fragility. IFAD12 augments the Fund's role within the international aid architecture while ensuring better financial sustainability.
2. To realize this evolution, IFAD adopted nine commitments with 41 monitorable actions (MAs) that together provide the structural foundations for the **three transformational pillars of the IFAD12 business model: country programmes, institutional change and financial framework**. The time frame for implementing all 41 MAs finishes at end-December 2024. In addition, IFAD updated its Results Management Framework (RMF) to measure and report on its performance in the IFAD12 focus areas. This report outlines the progress in implementing the IFAD12 commitments, with specific reference to MAs and RMF indicators where relevant.
3. **This midterm review presents an up-to-date report on IFAD's progress as of December 2022, one year into implementing the three-year IFAD12 business model**. While the midterm review helps set the direction for the next replenishment cycle and lays out challenges and lessons learned from the first full year of implementation, it is not intended as a strategy document per se, nor a completion report of the previous cycle.<sup>1</sup>
4. **As two thirds of IFAD12 lies ahead, quantitative data on progress against RMF targets are based on a preliminary assessment and forecast**. Appendix I provides a summary of the implementation status of each of the 41 MAs. Appendix II provides preliminary progress data on RMF indicators (where possible), considering the nature of each indicator and the timespan associated with their respective definitions. Lastly, appendix III provides a summary table of progress on IFAD12 MA delivery by pillar.

### B. Global context: implementing IFAD12 amid global challenges

5. **IFAD12 is being implemented in the midst of a challenging global context with multiple crises affecting all Member States**. IFAD's borrowing countries are especially struggling with a reduced fiscal space and increased food insecurity resulting from the combined impacts of the continuation of the COVID-19 pandemic, the war in Ukraine and fragility due to natural disasters and climate change. IFAD is actively responding to this challenging global context.
6. **The COVID-19 pandemic negatively impacted previously improving trends in poverty reduction and food security**. The global poverty rate increased sharply from 2019 to 2020, from 8.3 per cent to 9.2 per cent, erasing more than four years of steady gains. Worldwide, an estimated 720 million to 828 million people faced hunger in 2021. The number of undernourished people has increased

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<sup>1</sup> The 2022 Report on IFAD's Development Effectiveness (RIDE) provided a consolidated account of the IFAD11 cycle.



by about 150 million since the COVID-19 outbreak. Additionally, in 2021, food insecurity affected 33 per cent of the global population.<sup>2</sup>

7. **Furthermore, the COVID-19 pandemic posed considerable threats to the livelihoods and food security of poor rural people and, consequently, to the achievement of IFAD's strategic objectives.** Constraints encountered in accessing inputs and labour led to smaller harvests. Combined with closed or expensive-to-reach markets, this led to cash flow shrinkage, exacerbated by unemployment and reduced remittances. Among the worst-affected by these consequences were women, youth, persons with disabilities, older persons, Indigenous Peoples and other vulnerable groups.
8. **IFAD efficiently launched a comprehensive set of demand-driven measures to mitigate impacts of COVID-19** for its countries of intervention. This response included the repurposing of over US\$170 million from IFAD's core portfolio during 2020 and 2021. In addition, it entailed supporting analyses and policy responses for food security and protecting the rural poor and vulnerable groups in 46 countries. Furthermore, IFAD approved emergency operations within its existing programme of loans and grants (PoLG). Most notably, IFAD established a dedicated response facility – the Rural Poor Stimulus Facility (RPSF). Of the US\$89 million available for the RPSF, 100 per cent was approved across 55 single-country and nine multi-country projects, together with more than US\$23 million in cofinancing. All projects completed in September 2022, with the exception of those in Afghanistan and Yemen.<sup>3</sup>
9. **Food, fuel and fertilizer prices spiked and some key international supply chains were disrupted in early 2022 as a result of the war in Ukraine.** For most poor rural communities and small-scale producers, the crisis triggered a decline in spending power, such as lower capacity to buy primary goods like food and reduced power to invest in planting or operating equipment on their farms. For many governments, efforts to curb inflation and mitigate the tail end of the pandemic have combined to reduce the space for expansive fiscal policies. The effects of climate change and financial, social and political fragility are adding to the burden.
10. **IFAD promptly mobilized country programme staff to analyse the impact of the COVID-19 pandemic on operations** as the crisis unfolded in early 2020. Country teams received guidance on the key elements of IFAD's response.<sup>4</sup> The processes and lessons learned from the RPSF provided a solid foundation for the smaller but highly focused Crisis Response Initiative (CRI)<sup>5</sup> to support IFAD's target group and ongoing operations in severely affected countries.
11. **Inflation is making it costlier to deliver IFAD's expected outputs, outcomes and impacts across sectors and across the portfolio.** IFAD's portfolio is proving fairly resilient, as evidenced by two key supervision and implementation support indicators remaining above pre-pandemic levels.<sup>6</sup> However, the increasing cost of delivering on planned activities (both direct and indirect costs) bear negatively upon annual workplans and budgets (AWPBs). It is not clear to what extent this may impact country programme key performance indicators for 2022.
12. **Overall, the experience of the COVID-19 pandemic and the food/fuel/fertilizer crisis is strengthening IFAD's capacity for short-term response; however, such readiness has limitations.** IFAD is prepared to be an important part of the response to the current crisis, as demonstrated by its

<sup>2</sup> Food and Agriculture Organization of the United Nations (FAO), IFAD, United Nations Children's Fund, World Food Programme (WFP) and World Health Organization, 2022. The State of Food Security and Nutrition in the World 2022. Repurposing food and agricultural policies to make healthy diets more affordable. Rome, FAO.

<sup>3</sup> [EB 2022/136/R.21](#).

<sup>4</sup> For details, see [EB 2022/135/R.39](#).

<sup>5</sup> See section V.A.

<sup>6</sup> See section III.C.

prominent role in the crisis response initiatives launched under the G7 and the European Council in the past months. However, concrete impact at scale requires additional resources from Member States, particularly in order to stay on a path towards doubling IFAD's footprint by 2030.

13. **Attention to fragile and conflict-affected situations (FCAS) is fundamental for IFAD to achieve its goal of eradicating poverty and hunger in rural areas of developing countries.** IFAD defines fragility as a condition of high vulnerability to natural and man-made shocks, often associated with an elevated risk of violence and conflicts. At the beginning of the IFAD12 cycle, IFAD recognized 39 countries as having FCAS.<sup>7</sup> Poverty rates in FCAS rose significantly between 2012 (22 per cent) and 2019 (37 per cent). The share of the global poor living in FCAS was up to 48 per cent in 2019. If current trends continue, two thirds of the global poor will live in FCAS by 2030.<sup>8</sup>
- C. Strategic context for IFAD12: double and deepen impact by 2030**
14. **Projects that completed in the IFAD11 period (2019-2021) achieved greater impact for rural poor people** than those that completed during the IFAD10 period (2016-2018). IFAD projects led an estimated 77.4 million rural people to increase their income, well above the 62 million reported in IFAD10. The number of people impacted in IFAD11 exceeded IFAD10 figures and IFAD11 targets for all remaining dimensions (production, market access and resilience) with the exception of nutrition.<sup>9</sup>
15. **The IFAD12 Consultation culminated in the Fund's commitment to intensify its efforts to end extreme poverty and hunger, and double and deepen its impact by 2030.** Doubling impact implies that over the remainder of IFAD12 and the two following cycles, the Fund's investments must progressively increase impact, with a target of 40 million people per year with higher incomes by the end of IFAD14. In addition to doubling impact in terms of number of beneficiaries, it is important to understand the ways in which IFAD can deepen its impact. Deepening impact means increasing ambition on IFAD's mainstreaming themes; targeting the poorest and most vulnerable rural people, including Indigenous Peoples and persons with disabilities; focusing on the poorest countries and fragile situations; and ensuring that each beneficiary experiences greater and more sustainable improvements in production, income, nutrition and resilience.
- IFAD12 business model: recovery, rebuilding and resilience**
16. **The IFAD12 business model serves to deliver a more comprehensive financial, policy-oriented and programmatic package that fosters inclusive rural transformation.**<sup>10</sup> This reflects IFAD's evolution in recent years from a project-focused organization into a holistically minded one that transforms food systems so that they become inclusive, productive, resilient and sustainable. The IFAD12 theory of change outlines the Fund's objectives and the means to achieve them (figure 1).

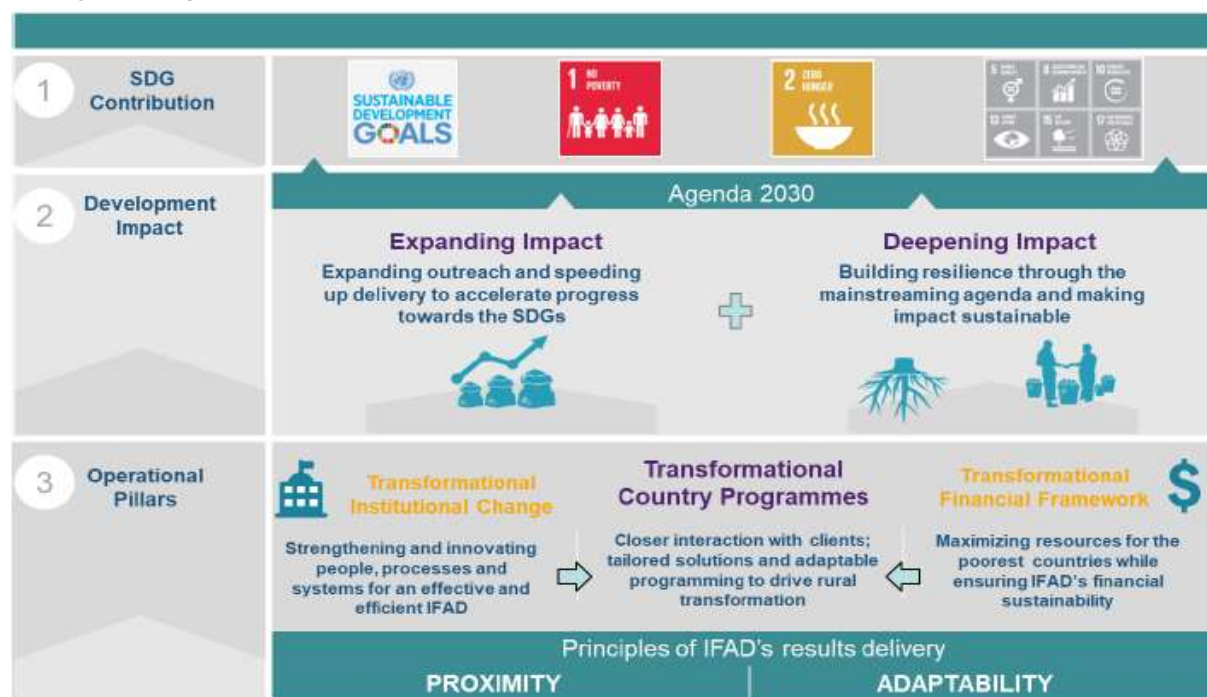
<sup>7</sup> IFAD uses the World Bank's classification of fragile and conflict-affected situations and applies it at the beginning of the replenishment cycle for resource allocation. The World Bank list is updated annually, however allocations necessarily follow the initial list.

<sup>8</sup> Corral, Paul; Irwin, Alexander; Krishnan, Nandini; Mahler, Daniel Gerszon; Vishwanath, Tara. 2020. [Fragility and Conflict: On the Front Lines of the Fight against Poverty](#). Washington, D.C.: World Bank, p. 17.

<sup>9</sup> See section II.C. for further details on IFAD11 impact on nutrition.

<sup>10</sup> For more information on the IFAD12 business model, see [IFAD12/2\(R\)/R.2](#).

Figure 1  
Theory of change for IFAD12



17. **IFAD adopted nine specific commitments that outline focus areas for implementing the IFAD12 business model** and guide the Fund on its pathway to the 2030 Agenda. By tracking the 41 MAs associated with such commitments, IFAD reports to its Member States on the **three transformational pillars of the business model: country programmes, institutional change and financial framework**.
18. **IFAD has already completed 24 of the 41 MAs, or 59 per cent of the total**, as detailed in the following sections. The remaining 17 MAs (or 41 per cent) are ongoing. The majority of ongoing actions are on track and many of them can only be confirmed as completed at the end of the IFAD12 period. **Out of the 71 RMF12 Tier II and Tier III indicators, 38 (54 per cent) are above or at target.** An additional 27 (38 per cent) are below target, and 6 (8 per cent) either are not yet measured or are tracked for monitoring purposes only, meaning they do not have IFAD12 targets.

## II. Transformational country programmes: Deepening and expanding impact – leaving no one behind



### Country programmes are on track for deepened and expanded impact by 2024

#### Milestones achieved

- IFAD has been proactive in approving the **policies, strategies and operational guidance tools** for inclusive and sustainable rural transformation.
- IFAD adjusted its resource allocation to **maximize support to low-income countries (LICs), lower-middle-income countries (LMICS) and countries with fragile situations**, while increasing lending space for upper-middle-income countries (UMICs).
- The climate finance percentage of IFAD's PoLG stands at 28 per cent against a target of 40 per cent, amounting to US\$229 million.
- Fifty per cent of IFAD-approved projects have been validated as gender-transformative at design and 64 per cent are nutrition-sensitive at design, surpassing the respective targets of 35 and 60 per cent.
- IFAD is implementing initiatives in the Sahel and Horn of Africa.

#### Priorities and challenges going forward

- The achievement of mainstreaming targets is dependent on **IFAD's project pipeline delivery**; the Fund will allocate resources to avoid pipeline slippage.
- The IFAD13 Consultation will need to ensure a balance between any additional commitments in terms of mainstreaming themes, the need to monitor closely ongoing commitments, and the need to reduce design complexity.
- **Impact on mainstreaming themes** (especially nutrition) will take time to materialize – until after the completion of the IFAD11 projects.
- IFAD is fostering a systematic and explicit focus on climate issues early in the project scoping stage.
- IFAD's **internal liquidity limitations** constrain project implementation, but country teams are applying mitigation measures to reduce their effect.

Progress against IFAD12 commitments (11 MAs complete, 10 ongoing)	
Commitment	Monitorable actions and targets achieved as of end-2022
Increased ambition on <b>mainstreaming</b> and other priority issues, and enhanced <b>targeting of the most vulnerable rural people</b>	<ul style="list-style-type: none"> <li>• New biodiversity strategy (MA #2)</li> <li>• Updated Indigenous Peoples' Policy (MA #6)</li> <li>• New strategy for persons with disabilities (MA #9) and five new projects that include persons with disabilities as a priority target group (MA #10)</li> <li>• 68 per cent of new investment projects are youth-sensitive at design (MA #4)</li> <li>• 64 per cent of new investment projects are nutrition-sensitive at design (MA #5)</li> </ul>
Strategic focus on <b>fragility, conflict and building resilience</b>	<ul style="list-style-type: none"> <li>• 34.5 per cent of core resources allocated to FCAS (MA #15)</li> <li>• New small island developing states (SIDS) strategy (MA #16)</li> </ul>
Prioritizing IFAD's <b>core resources</b> for the poorest countries	<ul style="list-style-type: none"> <li>• 100 per cent of core resources allocated to LICs and LMICs (MA #17)</li> <li>• New graduation policy (MA #19)</li> </ul>
Strategic <b>partnerships</b> to enhance impact	<ul style="list-style-type: none"> <li>• New South-South and Triangular Cooperation (SSTC) strategy (MA #20)</li> </ul>
Enhancing <b>performance and efficiency</b>	<ul style="list-style-type: none"> <li>• 53 per cent of country strategic opportunities programmes (COSOPs) and country strategy notes (CSNs) approved in IFAD12 (thus far) have identified information and communications technologies for development (ICT4D) opportunities (MA #27)</li> <li>• 8 IFAD projects integrate ICT4D or digital agricultural approaches (MA #28)</li> </ul>

19. **IFAD12's programmatic country approach is ambitious in its targeting to ensure that no one is left behind.** Deepening impact is central to the transformative promise of the 2030 Agenda of leaving no one behind. IFAD is applying more precision and differentiation in targeting approaches to build the resilience of the poorest and most vulnerable rural people. These include not only poor rural women, whose capabilities and welfare are strongly linked to poverty reduction (Sustainable Development Goal [SDG] 5), but also youth, who are key to achieving SDG 8 (decent work and economic growth). It further includes Indigenous Peoples and persons with disabilities to allow for equal opportunities and end discrimination (SDG 10). SIDS merit tailored solutions to address their unique challenges and vulnerabilities.
20. **Deepening impact also entails focusing on the poorest countries and countries with fragile situations.** In these contexts, country programmes need to address the drivers of fragility to build resilience and ensure delivery of sustainable impact. Country programmes also need to support poor rural people in their efforts to adapt to and mitigate climate change, a specific driver of fragility that is closely linked to agriculture and rural development (SDG 13). A key tool in mainstreaming climate change into IFAD's investments is the biodiversity lens. In addition, nutrition remains at the core of the 2030 Agenda, given its close link to SDG 2 and other SDGs. Finally, the adoption and promotion of digital technologies for sustainable agriculture, climate adaptation and resilience will drive rural transformation.

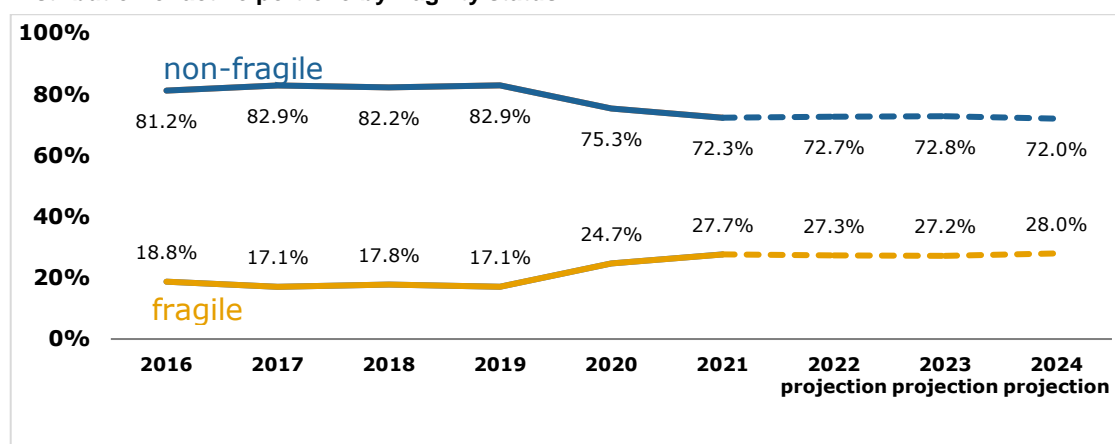
#### **A. Prioritizing IFAD's core resources for the poorest countries**

21. The 2030 Agenda's transformative promise to leave no one behind requires a special focus on the countries that have the fewest resources to eradicate hunger and poverty, i.e. LICs and LMICs; countries dealing with continued exposure to external shocks and often facing limited fiscal space; and FCAS.
22. **At the beginning of IFAD12, IFAD allocated 100 per cent of core resources to LICs and LMICs** through its performance-based allocation system (PBAS). As of December 2022, Africa is receiving over 66 per cent of core resources (surpassing the target of 55 per cent), of which sub-Saharan Africa receives above 62 per cent (well above the target of 50 per cent), thereby completing MA #17.<sup>11</sup>
23. At the same time, support to UMICs must continue in order to address poverty pockets in rural areas. UMICs also disseminate knowledge and expertise through both SSTC and enhancement of the quality of IFAD's capital adequacy ratios and the creditworthiness of the loan portfolio. To balance provision of diversified support for countries' changing needs while ensuring better financial sustainability, the Fund introduced the Borrowed Resource Access Mechanism (BRAM) to rule access to borrowed resources for UMICs (as well as for LICs and LMICs, on top of their PBAS allocations).
24. **Through BRAM, IFAD committed to giving UMICs access to between 11 and 20 per cent of the IFAD12 PoLG (MA #18).** This commitment is ongoing and compliance will be monitored through the IFAD12 cycle and reported to the Executive Board at the end of IFAD12.
25. **In parallel, IFAD's commitment to work in FCAS is confirmed by the allocation of 34.5 per cent of core resources to such contexts,** well above the target of 25 per cent established in MA #15. This allocation is projected to remain between 27 and 28 per cent of the active portfolio over the next few years (figure 2).

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<sup>11</sup> [EB 2022/S12/R.2.](#)

Figure 2  
Distribution of active portfolio by fragility status



26. **IFAD's Graduation Policy represents a further step towards prioritizing resources for the poorest countries.**<sup>12</sup> Approved in September 2021 and marking completion of MA #19, the policy builds on IFAD's revised approach to graduation.<sup>13</sup> According to the policy, IFAD support to graduated Member States excludes access to the Fund's own financing (core and borrowed resources), but maintains access to other forms of support, such as supplementary funds and reimbursable technical assistance. Graduated countries may also participate in regional programmes and partner with IFAD, through SSTC, policy engagement and knowledge-sharing. The policy outlines the detailed set of criteria and process that would lead to a country's graduation and also addresses situations of possible reversal of the socio-economic development of a Member State.
27. To provide concrete guidance to country teams in the application of the Graduation Policy, IFAD updated its COSOP guidelines to reflect the graduation process. As of December 2022, no country had graduated. The annex of the Graduation Policy presents the list of countries that have passed the threshold GDI and that, in turn, need to revise their COSOPs before the end of IFAD12 in 2024.

## B. Inclusion – leaving no one behind

28. To set the basis for its ambitious programme, the Fund kick-started IFAD12 with a set of policies and strategies to clarify the concepts for inclusion in new project designs.

### Targeting

29. **IFAD is expected to issue an updated Policy on Targeting** in May 2023, as opposed to the original commitment due date of December 2022 (MA #11). The delay is due to the need to incorporate revisions requested by Member States. The commitment to update the policy stemmed from the changes in global context since the approval of the previous policy in 2008, and the reversal of hard-won gains in global poverty reduction brought about by the COVID-19 pandemic. The commitment is also driven by the 2030 Agenda's focus on extreme poverty, which continues to be concentrated in rural areas, with nearly 90 per cent of the global extreme poor residing there.
30. The revised policy will provide a clear and unambiguous definition of IFAD's target group and establish a shared and updated conceptual understanding of poverty. It will present general principles to guide operations in identifying, reaching, benefiting and empowering IFAD's target group. The policy will give broad guidance

<sup>12</sup> [EB 2021/133/R.5.](#)

<sup>13</sup> [GC 44/L.6/Rev.1, annex V.](#)



on implementation of its core principles in the context of the Fund's operational instruments and incorporate action and accountability mechanisms.

31. The updated policy will cover the period 2023 to 2032, spanning three replenishment cycles. It is therefore positioned to remain relevant and continue past the 2030 Agenda, and will then be revisited to reflect any changes in context. It will also serve as the overarching guide for IFAD's other people-centred policies such as the Policy on Engagement with Indigenous Peoples, the Disability Inclusion Strategy 2022-2027, the Private Sector Engagement Strategy 2019-2024, the Strategy and Action Plan on Environment and Climate Change 2019-2025, and the Strategy on Biodiversity 2022-2025.

### **Indigenous Peoples**

32. Since IFAD started operations in 1978, Indigenous Peoples living in rural areas of developing countries have been among the explicit target groups of the Fund's investments. Today, IFAD is the sole international financial institution (IFI) to include commitments and targets on Indigenous Peoples in its corporate documents.
33. **IFAD approved an updated Policy on Engagement with Indigenous Peoples** in 2022 to enhance targeting in its projects, thus completing MA #6. The policy presents Indigenous Peoples as "horizontal partners" of IFAD, who co-create strategies, and design and monitor investments that improve their livelihoods. The Indigenous Peoples' Forum at IFAD, established in 2011, will be the main instrument for policy oversight. The forum is a permanent process of consultation and dialogue between representatives of Indigenous Peoples' institutions and organizations, governments and IFAD.
34. **The Indigenous Peoples' Assistance Facility (IPAF) is among the funding instruments implementing the updated policy.** Through small grants that finance projects designed and implemented by Indigenous Peoples and monitored by their organizations at the regional level, IPAF allows for direct financing of community-driven environmental and climate action. IPAF began the IFAD12 cycle equipped with a grant of US\$3.1 million from the Swedish International Development Cooperation Agency (Sida), which enabled the launch of the sixth cycle of the IPAF, focused on Indigenous Peoples' adaptation and resilience to climate change through biodiversity-enhancing solutions. A gap of about US\$12 million remains to be filled under IFAD12. IFAD will submit a proposal to mobilize US\$2.5 million of IFAD regular grant resources to complement the Sida contribution to the IPAF. This activity contributes to progress towards the ongoing effort to replenish the IPAF (MA #8).
35. **IFAD has approved two projects that include Indigenous Peoples as a priority target group,**<sup>14</sup> against the target of 10 projects set forth in MA #7, marking this MA as ongoing. The Indigenous Peoples' team is working closely with their regional colleagues to ensure that eight additional IFAD12 projects include Indigenous Peoples as a priority.

### **Persons with disabilities**

36. **Achieving disability inclusion is a critical goal in the pursuit of IFAD's mission.** In recent years, IFAD has become more disability inclusive, starting with more granular data collection and mapping. For example, it collected data on persons with disabilities in 22 IFAD-supported projects as part of the IFAD11 impact assessment between 2019 and 2021. In line with United Nations Disability Inclusion Strategy (UNDIS) introduced in 2019, IFAD committed to two MAs related to persons with disabilities.

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<sup>14</sup> Based on projects submitted to the Executive Board during 2022.

37. **First, IFAD approved a new Disability Inclusion Strategy** (completing MA #9) in December 2022. The strategy allows IFAD to promote disability inclusion in a coordinated manner while contributing to achieving the goals of the UNDIS. **Second, IFAD has approved five projects with persons with disabilities as a priority target group**, against the target of five projects set by MA #10, marking this MA as complete.<sup>15</sup> To reach the target, design should include a disability-focused poverty and livelihoods analysis, as well as a clear strategy for disability inclusion that adopts a twin-track approach. Other important elements include: forming partnerships with organizations of persons with disabilities; addressing accessibility; allocating dedicated financial resources; and collecting and using disability-disaggregated data.
38. At the organizational level, to facilitate disability inclusion in operations, an IFAD grant is funding the Sparking Disability Inclusive Rural Transformation Programme (SPARK), implemented by Light for the World, the International Labour Organization and PROCASUR Cooperation. IFAD has set up a [disability inclusion helpdesk](#) and is piloting innovative approaches in four countries (Burkina Faso, India, Malawi and Mozambique).

#### **Small island developing states**

39. **Leaving no one behind also entails engaging with poor rural people from the most remote areas.** SIDS form a distinct group of 38 developing countries affected by pronounced vulnerability to economic shocks and natural disasters. SIDS share common characteristics and challenges: smallness (limited land area), remoteness (relative isolation and connectivity problems), insularity (high sensitivity of the economy to external shocks), oceanic (high risk of receding land area), diminishing availability of freshwater for agriculture, coupled with limited off-farm employment opportunities for a growing youth population.
40. **In 2022, IFAD developed a new strategy for its engagement in SIDS** (completing MA #16). The strategy, covering the 2022-2027 period, builds on existing IFAD operational policies and strategies to ensure full coherence of in-country and regional engagements in SIDS. In particular, the strategy is tied to the IFAD Strategic Framework 2016-2025 and identifies the specific challenges and vulnerabilities faced by SIDS. The strategy is also fully consistent with IFAD's approach to engagement in fragile situations as well as factoring in the need for differentiated value propositions for middle-income countries and the associated graduation policy.

#### **Gender**

41. **Gender equality and women's empowerment remain a priority and a strength in IFAD's investment portfolio.** Work in this area has intensified, with increased use of gender-transformative approaches across IFAD-financed projects and programmes. **Fifty per cent of IFAD-supported projects have been validated as gender transformative at design**, thus surpassing the RMF12 target of 35 per cent.<sup>16</sup> Such approaches go beyond traditional gender mainstreaming as they address social norms, practices, attitudes, beliefs and value systems that represent structural barriers to women's and girls' inclusion and empowerment. In Djibouti, for example, the provision of domestic water has transformed community relations, including gender relations, in communities that were very conservative and where previously women had not been involved in public life. Furthermore, there are currently over 80 IFAD projects that make provision for the use of household methodologies used to bring about changes in intra-household gender relations. Ninety-three per cent of ongoing projects are currently rated **moderately satisfactory or above** on gender equality and women's empowerment (making it likely that the RMF12 target of 90 per cent will

<sup>15</sup> Based on projects submitted to Executive Board during 2022.

<sup>16</sup> Based on projects submitted to Executive Board during 2022.



have been surpassed by project completion). However, the share of **satisfactory** projects is lower.

42. **IFAD is partnering with key government institutions and donor agencies to build a shared understanding of the importance of gender equality for transforming agrifood systems.** Technical skills are being strengthened at three levels: first, to mainstream gender concerns into agricultural and rural development initiatives; second, to deliver on aspects of project design and implementation such as gender-sensitive community mobilization, baseline surveys and impact assessments; and third, to draw on these experiences to participate in evidence-based advocacy and policy dialogue. These skills are being strengthened, for example, through gender labs, IFAD's Operations Academy (OPAC) and the development of knowledge products.<sup>17</sup> IFAD is also supporting peer learning and networking through the gender network. Specific attention is devoted to ensuring that projects establish and implement gender action plans.
43. **Initiatives supported by supplementary funds are intensifying efforts to achieve gender-related IFAD12 commitments.** The Joint Programme on Gender Transformative Approaches for Food Security, Improved Nutrition and Sustainable Agriculture is enhancing collaboration and synergies among the Rome-based agencies (RBAs), strengthening competencies and promoting institutional mindset shift. The second phase of the RBA-UN Women Joint Programme on Accelerating Progress towards the Economic Empowerment of Rural Women was launched in 2022 and targets selected SIDS in the Pacific -, Nepal, Niger, United Republic of Tanzania and Tunisia. Another initiative is the gender-transformative mechanism in the context of climate adaptation, aimed at supporting and incentivizing IFAD partner governments to increase investment, upgrade capacities and intensify activities to achieve gender-transformative results at scale in rural areas. Activities have started in Burkina Faso and India.

#### **Youth and youth employment**

44. **IFAD's Strategic Framework 2016-2025 emphasizes the creation of viable opportunities for rural youth** among its core principles of engagement, and recognizes this as key to fulfilling SDGs 1 and 2, and to achieving full employment, as called for by SDG 8.
45. **During the first year of IFAD12, 68 per cent of approved projects were youth sensitive,**<sup>18</sup> surpassing the target of 60 per cent set forth in MA #4. To strengthen youth mainstreaming in projects, design teams have placed emphasis on analysing youth-relevant policies and carrying out relevant background studies; outlined specific challenges and opportunities that take account of the heterogeneity of young people; articulated clear pathways in the theory of change of projects; set clear outreach targets; and allocated human and financial resources. In IFAD12, the Fund has moved towards improving its monitoring and tracking of youth employment and has introduced a core outcome indicator<sup>19</sup> on new jobs created. IFAD also developed a living database for project tracking and prioritization, produced an improved guidance note on youth mainstreaming, and prioritized specific training for project teams.
46. **IFAD has enhanced its youth engagement to systematically facilitate dialogue that connects youth voices to decision-making processes and country programming activities.** This is currently being piloted through the youth grass-roots approach initiative in four countries – Colombia, Morocco, Rwanda and Senegal – and is showing positive results. IFAD is also concentrating

<sup>17</sup> Knowledge products include a how-to-do note on integrating the Gender Action Learning System into IFAD operations and a guide to formulating gendered social norm indicators.

<sup>18</sup> Based on projects submitted to Executive Board during 2022.

<sup>19</sup> Core indicators are predefined indicators for mandatory inclusion in project logical frameworks whenever relevant to the project theory of change. They are aggregated across projects and countries to facilitate corporate reporting. [The latest Core Indicator Framework is available here.](#)

on creating entrepreneurial and wage employment opportunities for youth through its flagship integrated agribusiness hubs programme. Currently active in nine African countries, the programme directs young people's livelihood aspirations towards profitable rural enterprises and labour-competitive skill sets.

47. **Despite these positive trends, some challenges persist, and IFAD will continue monitoring progress on MA #4.** At the design stage, enhancements are needed to clearly outline pathways towards employment that are matched with sub-target groups and account for the heterogeneity of youth. During implementation, the emerging issues of green jobs and decent employment, and the problem of child labour require immediate attention. Additionally, IFAD will systematize data-collection methodologies on jobs, employment and youth aspirations.

## **C. Stepping up efforts on climate, biodiversity and nutrition**

### **Climate finance**

48. **IFAD has a leadership role in ensuring that global climate finance reaches small-scale producers and rural poor people.** Because climate change is critically interrelated with agriculture, and worsening climate variability affects deeply the livelihoods of rural people, IFAD has increased its focus on climate finance through recent replenishments. For IFAD12, the Fund aims to increase the share of climate finance in the PoLG to 40 per cent (MA #1), equivalent to approximately US\$1.4 billion, and slightly above the average share at multilateral development banks (MDBs).<sup>20</sup>
49. **The climate finance percentage of IFAD's PoLG stands at 28 per cent** against a target of 40 per cent, amounting to **US\$229 million, of which US\$219 million is adaptation finance and US\$10 million is mitigation finance** (validated using the MDB methodologies for tracking climate finance).<sup>21</sup> This marks MA #1 as ongoing. The figure is still preliminary as the Fund works on improving the screening process to capture IFAD climate finance from projects implemented by external organizations and smaller projects. Sixty-seven per cent of projects approved in IFAD12 are building adaptive capacity, against a target of 90 per cent.<sup>22</sup>
50. **Country demand is a key determinant of the share of climate finance, causing yearly fluctuations.** IFAD is therefore rethinking its approach to pipeline generation and climate finance in order to ensure systematic and explicit focus on climate issues early in the project scoping stage. Based on the project design pipeline for 2023 and 2024 and the plan to improve the screening process, the Fund is confident that this MA will remain on track and be completed by the end of IFAD12. One limitation of this indicator relates to projects cofinanced with other institutions such as the Global Agriculture and Food Security Program (GAFSP) or the Green Climate Fund (GCF), which may provide a larger share of climate finance, leaving a smaller share attributable to IFAD.
51. **IFAD is also embedding the climate change perspective into COSOPs and CSNs.** In IFAD12, the Fund will continue its mandatory analysis of countries' Nationally Determined Contributions as part of COSOP and CSN design, to inform

<sup>20</sup> According to the [2021 MDB joint report on climate finance](#), IFAD's 2019–2021 climate finance share was similar to the average for other MDBs in 2021. IFAD will be slightly above the average throughout IFAD12 with the new target. However, the comparison is not precise; the MDB climate finance percentage is calculated yearly, while IFAD's percentage refers to three-year replenishment periods. Also, unlike IFAD, the other reporting institutions are not single-sector funds. A more comparable benchmark would be the isolated climate finance shares of MDBs' agricultural sector investments, but these are not readily available.

<sup>21</sup> This covers three approved projects and 21 validated projects/additional financings over US\$25 million. Multiple additional financing approvals under the threshold were not assessed.

<sup>22</sup> Based on projects submitted to the Executive Board during 2022.

IFAD country strategies and keep contributing to countries' efforts to meet national climate commitments.

52. Supplementary climate finance acts both as a catalyst for programming the PoLG and as a source of additional resources to complement the PoLG itself. For example, in IFAD11, supplementary financing mainly came from the Adaptation Fund, GCF and Global Environment Facility (GEF), totalling over US\$336.5 million. The latest phase of the enhanced Adaptation for Smallholder Agriculture Programme (ASAP+), which was launched in 2020, successfully mobilized US\$92 million towards its overall target of US\$500 million. The IFAD Climate Facility, approved in 2021, paves the way for the Fund to expand its pipeline of projects with financing from the main climate and environment funds, notably the GCF. The Strategy and Action Plan on Environment and Climate Change 2019–2025<sup>23</sup> committed IFAD to mobilizing a further minimum of US\$300 million in IFAD12 from climate and environment funds. IFAD is confident that this will be achieved, aided by its co-leadership role in the GEF-8 Food Systems Integrated Programme.

### **Biodiversity**

53. **Biodiversity is critical in agriculture as small-scale producers depend on the continued health of ecosystems and natural resources for their livelihoods.** IFAD approved its first-ever Strategy on Biodiversity in 2021, completing MA #2 and marking an additional, significant step in mainstreaming climate change into IFAD's investments and activities.<sup>24</sup> Based on the strategy, IFAD country teams will be guided in ensuring attention to biodiversity concerns in the investment portfolio. The strategy also spurred the creation of a new core indicator on biodiversity, to allow data aggregation and analysis at corporate level. In addition, the strategy foresees the hiring of relevant technical expertise. In 2025, when the strategy ends, biodiversity concerns will be integrated into a new environment and climate action plan and strategy. In the meantime, IFAD will engage with governments, donors and other partners to showcase its work on biodiversity and nature-based solutions.
54. **IFAD is developing specific agrobiodiversity initiatives to improve management and restoration of water or land ecosystems.** This MA is ongoing, with a delay from the original 2022 deadline due to the need to prepare a technical guidance note for the development of such initiatives, building on the 2021 stocktake of agroecology practices in IFAD's portfolio and experiences and guidance developed by other partners. The note will provide practical suggestions to project delivery teams and implementing partners for the design and implementation of programmes and projects that support small-scale producers in adopting agroecology practices. The note, to be released and implemented in 2023, will emphasize how agrobiodiversity can support small-scale producers and their communities in strengthening their resilience to climate and other shocks and boost the availability of nutritious and affordable food in local and regional food systems.

### **Nutrition**

55. **IFAD investments aim to advance the nutritional status of rural people,** especially since the ongoing global crises has reduced access to and affordability of healthy diets, even for the smallholder farmers who produce food. **Currently, 64 per cent of projects approved under IFAD12 are nutrition-sensitive at design,<sup>25</sup> surpassing the target of 60 per cent.** IFAD will closely monitor MA #5 to ensure that the target continues to be met based on all IFAD12 approvals at the end of 2024. Leveraging IFAD11 best practices, technical and operational teams are undertaking a joint planning exercise. At the project design and implementation stage, technical staff are providing specialized support to operational staff; in

<sup>23</sup> EB 2018/125/R.12

<sup>24</sup> [EB 2021/134/R.10](#).

<sup>25</sup> Based on projects submitted to Executive Board during 2022.

addition, IFAD is forging partnerships with technical agencies specialized in nutrition such as WFP and FAO, and with NGOs. For each project classified as nutrition-sensitive, the concerned project management unit (PMU) must have staff with terms of reference specifically tailored to nutrition. In addition, IFAD is running enhanced nutrition labs for project staff, and has developed guidance material such as how-to-do notes on nutrition mainstreaming.

56. **Additional time is needed to track results on nutrition at impact level, and this should be considered while setting targets for IFAD13.** Supervision ratings from projects ongoing in IFAD11 and the first year of IFAD12 show good performance on nutrition. The share of projects rated moderately satisfactory or above on nutrition was higher than average in the period 2019 to 2022, with a steady upward trend, from 84 per cent in 2019 to 90 per cent in 2022.<sup>26</sup> However, the IFAD11 impact assessment exercise did not find strong impact on nutrition, which was expected. Given that IFAD began mainstreaming nutrition into its operations only in 2019, the impact may take three to four replenishment cycles to materialize, upon completion of IFAD11 projects. IFAD focuses on dietary diversity and prevalence of food insecurity as its key indicators. All nutrition-sensitive projects have incorporated a nutrition outcome indicator and progress will be measured at baseline, midline and completion.

#### **Boosting mainstreaming with Social, Environmental and Climate Assessment Procedures (SECAP)**

57. **IFAD's updated SECAP is intended as both an enabler and a booster for IFAD's mainstreaming agenda.** The procedures provide guidance on climate change, as well as other emerging issues such as stakeholder engagement and disclosure of documents; sexual harassment and sexual exploitation and abuse (SH/SEA) and gender-based violence; grievance redress; environmental, safety, health and social incidents; social inclusion; labour and working conditions; and procurement. To ensure that projects comply with the more rigorous SECAP standards, IFAD conducts mandatory screening at design to assign the project an environmental and social category and a climate risk classification, and identify the actions to address the associated risks and their expected impacts. During implementation, supervision missions and implementation support missions are undertaken regularly to ensure compliance with SECAP and IFAD policies. Over 90 per cent of IFAD ongoing projects fall into category B (moderate risk for environment and social standards).<sup>27</sup>
58. IFAD also established the Enhanced Complaints Procedure for Alleged Non-Compliance with SECAP, improving alignment with international standards. It also finalized its incident reporting procedure, which ensures timely and effective responses during the implementation of IFAD projects.

#### **D. Addressing the digital gap: IFAD's ICT4D Strategy**

59. **ICT4D has huge potential to increase farmers' productivity and incomes, strengthen resilience to climate change, and improve access to and participation in markets. Therefore, in 2019, IFAD approved its first ICT4D Strategy and action plan (2021–2024)**<sup>28</sup> to harness the potential of ICT to feed into IFAD's strategic objectives. The ICT4D strategy encourages scalable uptake of ICT4D solutions with a focus on access to information, notably on markets and weather; access to services and financial inclusion, based on IFAD's comparative advantage; and cross-cutting priorities (women, climate, nutrition and youth). It also foresees strengthened ICT4D partnerships to enhance delivery of ICT4D solutions. The strategy sets the framework for enhanced knowledge management on ICT4D at IFAD, and for building internal awareness, capacity and leadership.

<sup>26</sup> Preliminary data as of the third quarter of 2022.

<sup>27</sup> As of 30 June 2022.

<sup>28</sup> [EB 2019/128/R.5](#).

60. **Although the ICT4D strategy was initiated in 2019, IFAD projects have been mainstreaming ICT4D initiatives since IFAD6**, with 224 ICT4D initiatives approved, ongoing or completed between IFAD6 and IFAD11. More than half of the initiatives support agricultural productivity and extension, and the majority utilize mobile apps, management information systems and social media. ICT4D initiatives are mainly funded through IFAD loans, grants or a mix of both.
61. **Fifty-three per cent of 2022 COSOPs and CSNs integrated ICT4D opportunities** (against a target of 50 per cent as per MA #27), based on the 2021 ICT4D-related guidelines. MA #27 will be monitored to ensure the target continues to be met based on all IFAD12 approvals in 2024.
62. Furthermore, **eight approved IFAD projects integrate ICT4D or digital agricultural approaches in their design, against a target of five** (MA #28). Operations integrating ICT4D or digital agricultural approaches in their design feature diverse innovations, ranging from digital extension and advisory services, climate adaptation through geographical information systems, value chain digitization and traceability, access to inputs using e-vouchers, market linkages through e-platforms for market information, and digital financial services. The target for MA #28 has been reached, but the Fund plans to approve additional projects along these lines.
63. In spite of the presence of ICT4D activities in IFAD projects for several years, **IFAD needs to establish clear mechanisms and indicators to measure ICT4D portfolio performance**, given the growing demand for digital innovations to support projects. Country teams need additional support in integrating ICT4D initiatives into projects' theories of change and logical frameworks, to better understand their contribution to the development pathways, and ultimately influence performance and project outcomes. **IFAD also needs to continue investing in institutional capacity for ICT4D, both in-house and with government implementing partners.** As digital transformation continues to evolve with newer technologies and business models aimed at increasing smallholder farmers' adoption of digital technologies, IFAD will ensure sound integration of the right technologies and models for inclusive participation and adoption of digital technologies with a focus on small-scale producers.

## **E. Acting upon the drivers of fragility**

64. **The 2030 Agenda recognized that addressing fragility is one of the six essential elements required for delivering the SDGs.** As fragile situations disproportionately affect the most vulnerable people and communities, addressing fragility and building resilience is key to leaving no one behind. In accordance with its goal and mandate, IFAD's area of work needs to remain focused on building resilience and capacity, leaving emergency response to other specialized United Nations agencies.
65. **IFAD is preparing an approach paper on its Engagement in Countries with Fragile Situations** (MA #13). This action is ongoing, building on the Special Programme for Countries with Fragile Situations and the outputs of a dedicated working group on FCAS. However, it was delayed to align with the IFAD13 strategic directions. The approach paper is scheduled for approval by the third quarter of 2023. The approach paper will provide a framework for IFAD projects and country strategies to address the root causes of fragility and conflict afflicted situations on the basis of a thorough analysis of the context and local drivers. The approach paper also identifies areas of investment that may receive IFAD's support: strengthening existing local peacemaking mechanisms that are connected with IFAD's mandate, for example, access to natural resources in cross-border areas; evidence-based programming of investments for peaceful coexistence among communities, equitable access to natural resources and economic opportunities; and addressing land tenure conflicts.

66. In addition, **IFAD is implementing 27 national projects amounting to US\$2 billion in investments across 10 countries in the Sahel and Horn of Africa**, leveraging the Rural Resilience Programme (2RP) to increase resources and strengthen collaboration with partners (marking MA #14 as ongoing). The G5 Sahel countries and Senegal are also the recipient of six ongoing grants, amounting to approximately US\$17 million, which are designed to address regional challenges. Green financing with flagship programmes reinforces the current portfolio.
67. Designed jointly by IFAD, FAO and WFP, the first regional programme in the Sahel is the Joint Programme for the Sahel in Response to the Challenges of COVID-19, Conflict and Climate Change (SD3C). This programme, worth US\$180 million,<sup>29</sup> covers the five G5 Sahel countries (Burkina Faso, Chad, Mali, Mauritania and Niger) and Senegal. The target group is estimated to be 123,000 rural households or 854,750 people, half of whom are women and 40 per cent young people. As an integrated component of SD3C, the grant focuses on policy dialogue, coordination, partnership-building, evidence-based advocacy, harmonization, monitoring and evaluation (M&E) and knowledge management.
68. In addition to SD3C, two GCF programmes also reflect IFAD's strong commitment in the Sahel region. First, the Africa Integrated Climate Risk Management Programme aims to provide greater access to agricultural insurance. Second, the Inclusive Green Financing Initiative will make investments in greening financial institutions to foster climate-resilient and low-emission smallholder farmers in Africa. Other notable initiatives in the Sahel and Horn of Africa are detailed in box 1.

## Box 1

**Initiatives in the Sahel and Horn of Africa****COVID-19 response regional and country-specific grants to the Horn of Africa, financed through the RPSF.**

These covered Djibouti, Eritrea, Ethiopia, Somalia and South Sudan, with the objective of overcoming COVID-19-related challenges in accessing seeds. The regional grant stimulated the production of over 1,000 metric tons of certified seed and improved seed supply for over 100,000 smallholder farmers. Relying on organizations with strong local networks has ensured fast and effective delivery in line with the governments' priorities and wider strategies, in spite of the numerous local challenges. Besides the immediate results, these initiatives are likely to produce sustainable benefits. For example, the Intergovernmental Authority on Development will now use lessons from the grant to inform its policies for improving seed supply across the region moving forward.

**IFAD loan programme in Sudan.** The country programme is composed of four investment projects for a total cost of approximately US\$254.3 million (of which IFAD is cofinancing US\$112 million). The investment projects focus on building smallholders' resilience to climate change and improve their incomes from five main value chains: sorghum, sesame, groundnut, gum Arabic and livestock. As confirmed by the 2020 country strategy and programme evaluation (CSPE), the IFAD programme in Sudan contributed to reduced levels of food insecurity and malnutrition. It has strengthened the capacity of the rural poor and their organizations, empowering them to improve agricultural/livestock productivity and production, and has addressed basic needs (e.g. for water and access roads). The projects' performance in promoting gender equality and women's empowerment in the context of a relatively conservative rural society has also been assessed as significant.

**IFAD's support in Somalia.** Despite the suspension of the country portfolio due to debt arrears, IFAD mobilized funding for the current ongoing projects of approximately US\$10.24 million, through non-country grants in partnership with third parties – financing from Italy and Netherlands – and from IFAD's regular grants programme and the RPSF. Two projects amounting to US\$47.5 million are under design with funding from the CRI, ASAP+, GEF and GAFSP.

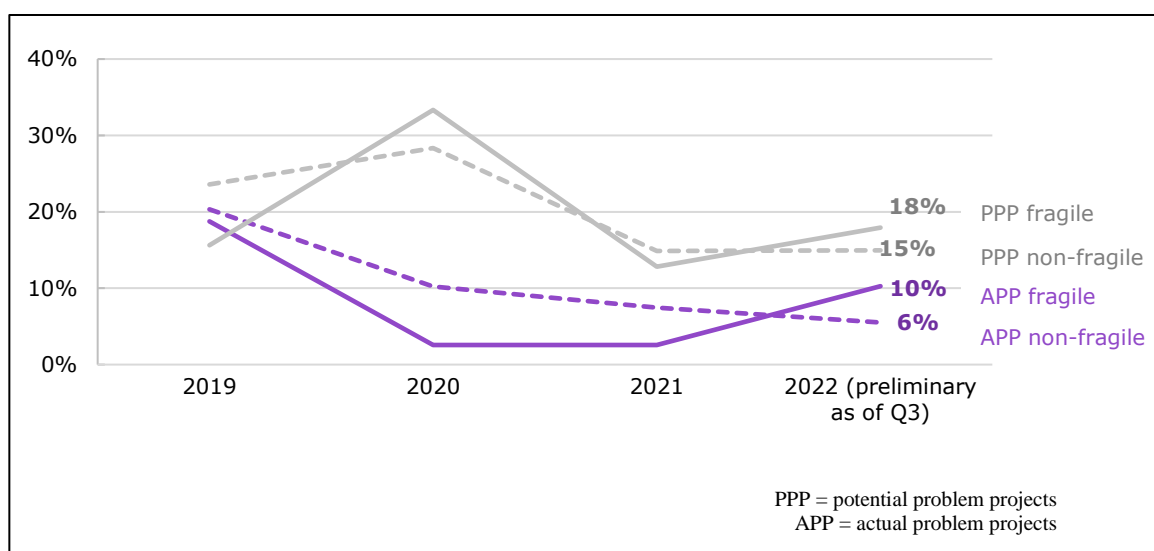
**Emerging challenges in FCAS in the context of the IFAD12 business model**

69. **During implementation, projects in FCAS generally perform as well or better than projects not in FCAS** (see figure 3). Implementation of the IFAD strategy on fragility throughout IFAD11 has raised awareness and equipped country teams with the necessary skill sets to develop more fragility-sensitive and realistic programming. Other factors may drive this good performance, such as robust risk assessments, direct involvement of governments, flexibility in design and implementation, and use of partnerships as a development driver.

<sup>29</sup> The total cost of the programme over a six-year period, including provisions for physical contingencies and price increases, the US\$2 million from a regional grant and parallel financing from the GCF, is approximately EUR 158.2 million, equivalent to approximately US\$180.4 million. See EB 2020/131(R)/R.8/Rev.1 for details.



Figure 3  
Portfolio quality by fragility status



70. **Some weak areas persist in the performance of projects in FCAS.** Notably, operations in FCAS perform worse on quality and timeliness of audit, implementation and coherence of AWPBs, procurement and counterpart funds, which signals the need for ad hoc budget and support in these areas.<sup>30</sup> **In high-intensity conflict situations, implementation performance significantly worsens,** due to lack of adequate resources to mobilize expertise, and lack of specific budget for design, supervision and implementation. These issues are driven by the high costs of operating in conflict-affected situations, which are on average 40 per cent higher than in other countries, according to the World Bank. IFAD will work to tackle situations with high levels of conflict more effectively and increase specific budget for design, supervision and implementation.
71. The 2021 subregional evaluation of countries with fragile situations in West and Central Africa conducted by the Independent Office of Evaluation of IFAD (IOE) found that **complex, ambitious projects with multiple objectives and/or components deliver limited results in situations of fragility.**<sup>31</sup> FCAS projects have become more complex over the past decade in order to meet IFAD's increasing commitments to thematic mainstreaming in project design and to comply with the growing number of corporate policies. To improve effectiveness, IFAD's engagement should therefore begin with simple actions that can progressively become complex as local capacity grows. The updated project design guidelines, released in 2022, address the challenges associated with project complexity in FCAS countries and beyond. The guidelines offer concrete tools to better articulate a project's theory of change and build a consistent logical framework for monitoring. Going forward, **commitments for IFAD13 may focus on consolidating results foreseen at design rather than adding new ones.**
72. **Member States expressed the need for IFAD to mobilize additional resources for countries in conflict-affected situations, possibly by increasing the grant envelope.** In addition to PBAS funding, IFAD also supports FCAS through other instruments such as supplementary funds, facilities and grants. Given rising debt levels, deepening crises and the increasing spread of fragile situations, there is growing demand for grant financing for operations in countries afflicted by fragile situations that are eligible for grant financing. At the same time,

<sup>30</sup> Based on performance for IFAD financing only.

<sup>31</sup> [EC 2022/119/W.P.4.](#)

IFAD's capacity to provide grant resources<sup>32</sup> has decreased in recent years. The amount of grant resources available in IFAD12 is US\$425 million, compared to US\$595 million in IFAD11. Therefore, IFAD's ability to provide additional grant resources will depend on higher contributions from donors.

## **F. Enhancing impact through strategic partnerships**

73. **Stronger focus on SSTC helps IFAD build partnerships, pursue policy engagement** and generate innovation and knowledge related to mainstreaming themes and priorities, all of which are integral components of IFAD's country programmes, in line with the IFAD12 business model.
74. **In 2021, a new SSTC Strategy was approved for 2022-2027**, thus marking MA #20 as complete.<sup>33</sup> The strategy promotes SSTC as an important implementation modality, among other country programme instruments, for pursuing the Fund's mission of enabling poor rural people to overcome poverty. The objective of the strategy is to contribute to doubling and deepening IFAD's impact through: (i) systematically identifying and encouraging innovation within IFAD country programmes; and (ii) supporting policy engagement to increase the productive capacity, market access and resilience of rural people.
75. **More than 20 ongoing country programmes embed SSTC initiatives** (MA #21) and leverage synergies with SSTC Facility grants and IFAD's investment projects to ensure post-project sustainability<sup>34</sup> and support mainstreaming themes.<sup>35</sup> Even though the target of 10 country programmes set in MA #21 has been surpassed, the MA is ongoing. IFAD has entered into formal agreements with the Brazilian Cooperation Agency, the International Poverty Reduction Centre in China, the Alliance for a Green Revolution in Africa (AGRA) and the Islamic Development Bank to source and scale up replicable solutions and increase interregional partnerships. In addition, collaboration was initiated with agencies such as the United States Agency for International Development, the International Centre for Agricultural Research in the Dry Areas, the Thailand International Cooperation Agency, the Saudi Fund for Development, Japan International Cooperation Agency, and more lately, with the German Agency for International Cooperation and the Organisation for Economic Co-operation and Development (OECD). Each of these engagements will be structured around leveraging the comparative advantage of the respective agency to support IFAD's target communities.
76. **However, funding flows to SSTC remain narrow**, with a limited number of Member States providing financing to multilateral institutions to support SSTC. The China-IFAD SSTC Facility is the only mechanism dedicated to SSTC. It has approved 17 projects under three calls for proposals. These projects have brokered knowledge and innovations across the mainstreaming themes, notably on climate-resilient solutions, gender, nutrition in agrifood systems and innovations for rural youth in agriculture and agribusiness.
77. **Lessons learned point to the need to build broader support for IFAD's SSTC agenda**, looking at targeted, demand-driven interventions, a wider range of Member States and partners, and diversifying financial instruments to cater for specific requirements. The new strategy reflects the intention to further integrate

<sup>32</sup> Debt Sustainability Framework (DSF) allocations for IFAD12 have been ring-fenced in order to predetermine the overall DSF level that IFAD can provide under each replenishment scenario.

<sup>33</sup> EB 2021/134/R.8.

<sup>34</sup> For example, the Facility-funded Promotion of Water Conservation and Efficiency of Irrigation Water Use in Ethiopia and Kenya provides technical assistance to selected irrigation sites under the IFAD-funded Participatory Small-Scale Irrigation Development Programme II in Ethiopia. This grant has identified the IFAD-funded Upper Tana Catchment Natural Resource Management Project in Kenya as a strategic partner for cross-learning on efficient irrigation systems, water-harvesting and natural resource management.

<sup>35</sup> An example in the area of nutrition is the Commercialization, Agricultural Productivity and Nutrition Project in Sao Tome and Principe, which is drawing on the lessons learned by other stakeholders; in particular with research institutions from Angola, Brazil, Cabo Verde, Cameroon and Nigeria.



SSTC in IFAD's PoLG and country programme toolkit while providing sufficient room to pursue multiple avenues for funding SSTC, including non-traditional ones. Opportunities to be explored include partnership mapping, the review/evaluation of SSTC projects financed by the facility, and project-based resource mobilization proposals.

## **G. Mainstreaming themes in IFAD12 and beyond: challenges and opportunities**

78. **Achieving the ambitious IFAD12 mainstreaming targets is heavily dependent on IFAD's project pipeline delivery**, which in turn is influenced by both external and internal factors. The 2022 pipeline of investment projects was projected at US\$1 billion, in support of 17 new projects and 21 additional financing proposals. As of December 2022, 14 new projects (including one as part of the SD3C regional lending operation), 19 additional financing proposals and four grants have been approved, amounting to US\$882.27 million in IFAD financing. IFAD continued monitoring its pipeline and possible slippages throughout the year. Design delays were also influenced by the timing of the approval of the IFAD12 PBAS allocations and the BRAM in 2022.
79. **With sustained effort, it is expected that RMF12 targets relevant to mainstreaming will be achieved by the end of 2024; however, IFAD is working to ensure sufficient resources for project design and reviews to avoid pipeline slippage.** The majority of the IFAD12 investment project pipeline is expected to be delivered in 2023, representing US\$1.5 billion of resources available for commitment, which in turn need to be translated into approvals by the end of the year. This bunching of IFAD12 project designs in 2023 will require substantial effort from country teams and all IFAD staff. Internally, budget constraints reduce the space for design quality and for including mainstreaming themes. As of now, budget constraints are managed by designing fewer projects – ideally one per country. Programmatic projects that cover multiple cycles allow for budget savings and also promote sustainability. Using additional financing for well-performing projects also requires less budget and supports the scaling up of existing projects.
80. **Factors such as country-level demand, debt distress and reduced fiscal space may also result in some countries not taking up BRAM resources.** Management will therefore continue monitoring effective uptake of BRAM in light of the global crisis.
81. **Even once design has been approved, IFAD's internal liquidity limitations are a constraint to project implementation.** The 2022 RIDE highlighted how outreach and output-level results were likely to have been affected by liquidity limitations, in addition to the straightforward effects of COVID-19. To mitigate the negative effects of liquidity constraints, country teams and regional teams constantly monitor disbursement to be prepared when a disbursement limit is approaching. Regional teams monitor disbursement progress to ensure that the correct balance of resources is made available to priority projects, i.e. cofinanced projects and projects completing. Regional teams also monitor withdrawal applications and procurement to distribute disbursement allocations within regions more flexibly. Early engagement with PMUs and careful planning at the project level allows projects to programme the financing available for disbursement in the AWPB. Overall, these measures have helped mitigate the effects of liquidity imitations.
82. **Mainstreaming commitments were found to be among the drivers of project complexity in several portfolio stocktakes.** The IOE's 2021 Annual Report on Results and Impact of IFAD Operations highlighted the issue of project designs that were too complex for the capacities of existing institutions in countries, especially in fragile situations.<sup>36</sup> To comply with replenishment commitments that

<sup>36</sup> [EB 2021/133/R.8](#), appendix I, para. 84.

require the inclusion of cross-cutting themes, IFAD project designs have increasingly included multiple thematic priorities. This has resulted in designs that may be relevant, but also overly ambitious in certain institutional contexts, which can compromise overall project achievement. While responding to country priorities, IFAD is also delivering on highly complex designs with multiple thematic priorities requested by different stakeholders. This has meant that IFAD is able to provide one-stop solutions but also requires additional capacities to deliver successfully on cross-cutting themes. The IFAD13 Consultation will need to ensure a balance between any additional commitments in terms of mainstreaming themes, the need to monitor closely ongoing commitments, and the need to reduce design complexity.

83. **During IFAD12 and beyond, the Fund will continue implementing the results-oriented approach outlined in the Development Effectiveness Framework (DEF) and DEF 2.0** to make sure that results on the ambitious commitments on mainstreaming themes are properly tracked and quantified.<sup>37</sup> The increased focus on mainstreaming themes is substantiated in MA #12, committing IFAD to develop a stand-alone annual report to complement the RIDE. The MA is ongoing and the report will be launched in September 2023, presenting results achieved in 2022 as the first year of implementation of IFAD12.

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<sup>37</sup> See section III for further details on DEF and DEF 2.0.

### III. Operationalizing transformational country programmes



#### New operational tools are supporting the IFAD12 business model

##### Milestones achieved

- IFAD has synthesized learning from operations, evaluations and on-the-ground experience in a set of **action plans and guidance tools** to improve traditionally weaker areas of country programmes.
- The updated **Development Effectiveness Framework** resources the focus on results, country-level approaches, transparency, adaptive management and learning.
- IFAD has enhanced guidance to achieve **country-level policy impact** and the tools to measure it.
- IFAD adopted a new definition of and approach to **innovation**.
- IFAD released a new **Procurement Manual** and is developing a new **end-to-end procurement system**.

##### Priorities and challenges going forward

- The innovation operating model requires a longer time span to be integrated with other mainstreaming priorities.
- The update of IFAD's 2015 **framework on scaling up** is delayed and is expected in early 2023.
- IFAD will introduce a **multi-phased programmatic approach** by the end of IFAD12.
- The **sustainability and efficiency action plans** will be key to ensuring that IFAD projects reach RMF targets by the end of IFAD12.

Progress against IFAD12 commitments (9 MAs complete, 4 ongoing)	
Commitment	Monitorable actions and targets achieved
Enhancing performance and efficiency	<ul style="list-style-type: none"> <li>• Efficiency action plan (MA #22)</li> <li>• M&amp;E action plan (MA #23)</li> <li>• Updated Development Effectiveness Framework (MA #24)</li> </ul>
Sustainability and scaling up results	<ul style="list-style-type: none"> <li>• Companion tools to existing guidelines for country-level policy engagement (CLPE) and OPAC materials (MA #29)</li> <li>• Indicators for CLPE integrated into new COSOP guidelines/templates (MA #30)</li> <li>• Sustainability action plan (MA #31)</li> </ul>
Expanding IFAD's toolkit for supporting rural poor people	<ul style="list-style-type: none"> <li>• New policy for grant financing (MA #33)</li> </ul>

84. **In order to operationalize transformational country programmes, IFAD takes a programmatic approach**, that is, a long-term, holistic approach that ensures that the package of its support at the country level has a transformational impact. IFAD's programmatic approach enables long-term resilience of target groups. This is important, because while IFAD aims to deepen impact through increased incomes, it needs to ensure that these income gains are maintained in the face of shocks such as the current global food crisis and COVID-19. By fostering lasting resilience, IFAD projects support the nexus between development and emergency work.
85. **Since the approval of the DEF in 2016, IFAD has been able to monitor performance more effectively and proactively identify implementation**

**bottlenecks** for quick adjustments at project level and also systematically weaker performance areas where a medium-term approach is needed. These include: managing the operations portfolio effectively and efficiently, building the capacity of development partners in the field, promoting innovation and knowledge use, and engaging with partner governments on a broader scale to help shape policy priorities for inclusive and sustainable rural transformation.

86. **The Fund has kicked off IFAD12 with coordinated efforts and instruments to support a programmatic approach and enable the delivery of deepened and expanded impact**, resulting in a set of policies, strategies, frameworks and operational guidance tools. This section outlines the operational elements that IFAD is putting in place to deliver its transformational country programmes.

## A. Using a programmatic approach

### Country-level policy engagement

87. **In the context of the IFAD12 business model's programmatic approach, CLPE promotes systemic change for IFAD's target group.**<sup>38</sup> IFAD conducts CLPE by collaborating directly and indirectly with partner governments and other country-level stakeholders to influence policy priorities or the design, implementation and assessment of formal policies that shape the opportunities for inclusive and sustainable rural transformation.<sup>39</sup> IFAD has a unique role to play in CLPE in specific thematic areas (e.g. climate adaptation in smallholder agriculture). Furthermore, IFAD has a comparative advantage in terms of supporting the participation and inclusion of poor rural people in the policy space to achieve better results at the country level.<sup>40</sup>
88. **CLPE was one of the weak performance areas identified under IFAD11**, evidenced by missed IFAD11 targets as measured by COSOP completion reports (72 per cent against a target of 80) and the external stakeholder survey assessment (81 per cent against a target of 90) (figure 4). However, IOE's CSPE ratings have increasingly improved since 2018 (figure 5), nearly achieving the same level as these aforementioned ratings in 2021 at 71 per cent.

Figure 4  
CLPE ratings, 2021 (2010–2021)

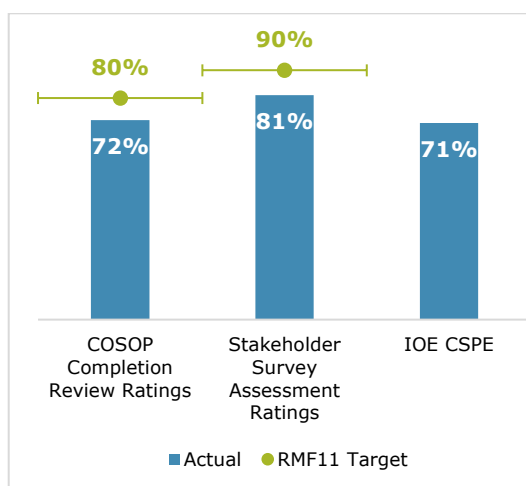
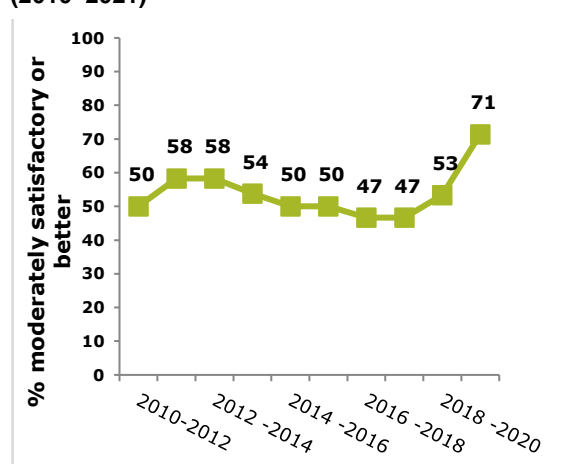


Figure 5  
IOE CSPE ratings for non-lending activities (2010–2021)



Sources: COSOP completion reports and stakeholder feedback survey 2021 results.

Source: IOE – CSPE.

89. **The main challenge in implementing CLPE during IFAD12 is identifying new financing.** During IFAD11, because the grant financing window shrank

<sup>38</sup> GC 44/L.6/Rev.1, para. 28.

<sup>39</sup> IFAD's Approach to Policy Engagement.

<sup>40</sup> GC 44/L.6/Rev.1, para. 121.

considerably, CLPE was mainly financed through loans (96.2 per cent), with the remainder financed by grants (3.2 per cent) and administrative budget (0.5 per cent).

90. **To strengthen its capacity to engage in policy processes, the Fund committed to two initiatives in IFAD12.** First, the Fund has enhanced tools and approaches to achieve policy impact related to IFAD's strategic objectives, completing MA #29. IFAD published four companion tools to the CLPE guidebook (covering CLPE definitions, rationale and outcomes, planning and M&E) in 2022. A number of consultations and reflections across operational and technical staff informed implementation of these tools and approaches. These practical, user-friendly companion tools will improve awareness and use of the existing toolbox, particularly in a context of staff turnover. In addition, IFAD produced the curriculum for one OPAC course introducing staff to CLPE at IFAD, and will introduce a second, practice-focused course by early 2023.
91. **Second, IFAD introduced country programme level indicators on measuring policy impact** related to IFAD's strategic objectives, completing MA #30. An interdepartmental working group facilitated the introduction of indicators to measure policy impact in country programmes. The group introduced these indicators in the context of the revision of templates and guidelines for COSOPs, COSOPs for countries approaching graduation and CSNs. Building on the guide book, the group integrated into the new templates and guidelines a set of model indicators for CLPE to be used in COSOP RMFs, while acknowledging that the choice of specific indicators should be guided by the specific objectives and strategies of each country programme and cannot, accordingly, be standardized.
92. While working towards improving tools and indicators for country programme teams has been a relatively simple undertaking, the next months will **require continued efforts on IFAD's part to support actual use of tools in the practice of CLPE, in a context where limited resources for non-lending** activities in country programmes is often cited by staff as a primary constraint in delivering better on this critical area of work.

#### **Development Effectiveness in the Decade of Action: An update to IFAD's Development Effectiveness Framework**

93. **Implementation of the first DEF in 2016 radically changed the Fund's approach to evidence-based decision-making, but weaknesses have remained in its learning culture.** The DEF led to the use of real-time data for managing results at the project level and making course adjustments (which brought about a decline in problem projects)<sup>41</sup> as well as improving corporate and public reporting (e.g. RIDE and the RMF dashboard). The evaluation function in IFAD – both that of IOE and self-evaluation by Management – uses data collected according to the DEF to assess performance and gather lessons to improve development effectiveness. Despite progress under the DEF, external evaluations showed weaknesses in IFAD's culture of learning.<sup>42</sup> In addition, because IFAD's business model and practices are evolving in light of the combined challenges of the 2030 Agenda and COVID-19, the DEF must also keep pace with these challenges.
94. **To develop a more robust culture of learning, IFAD reviewed and updated its DEF in 2021,** completing MA #24.<sup>43</sup> The updated DEF, coined DEF 2.0, maintains the goal of DEF 2016, but shifts the focus from the production of evidence to the utilization of evidence for quality decision-making and enhancing development effectiveness. Since the approval of DEF 2.0 in December 2021, IFAD

<sup>41</sup> See [RIDE 2022](#) for an analysis of the decline in problem projects.

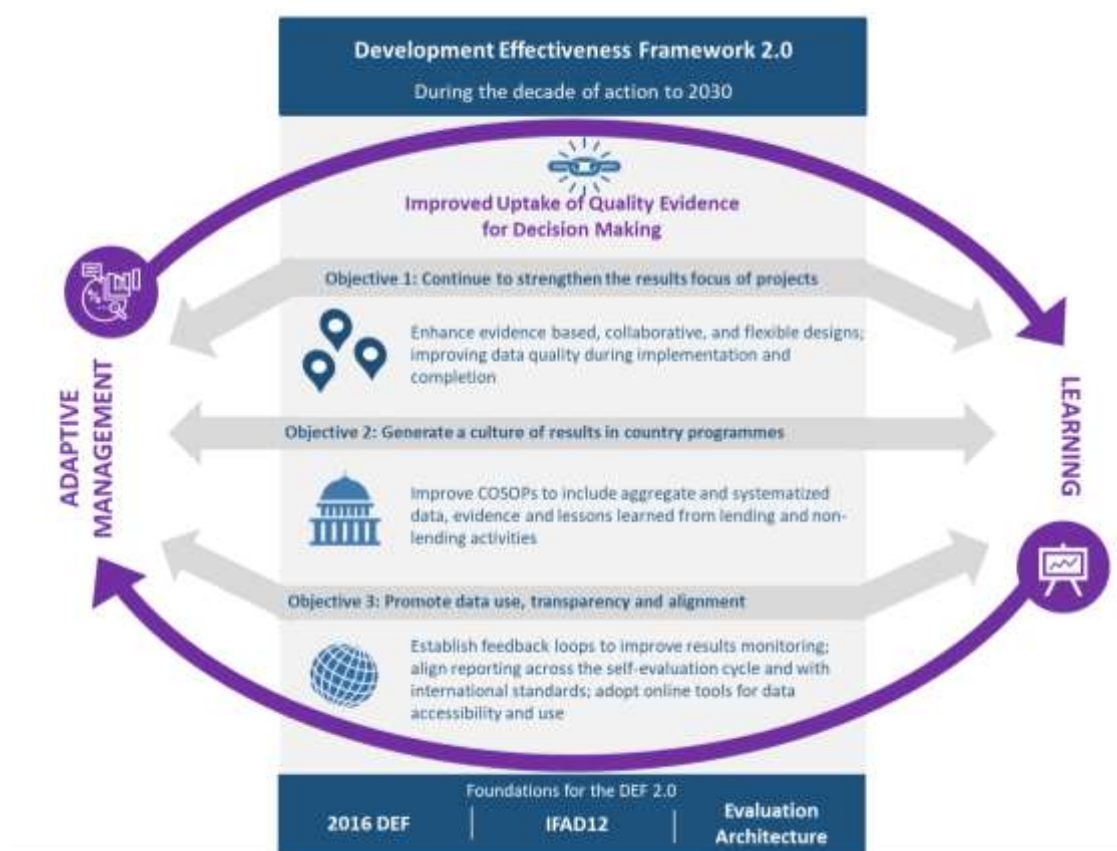
<sup>42</sup> See the [2017-2018 MOPAN assessment of IFAD](#).

<sup>43</sup> [EB 2021/134/R.24](#).

has carried out a number of activities to fulfil its three objectives outlined in figure 6.

Figure 6

**DEF 2.0 foundations, objectives and cross-cutting areas**



95. **Strengthen the results focus of projects.** IFAD's upskilling programme – the Operations Academy – is providing training to PMU staff on operational competencies, technical capacities and cross-cutting skills. OPAC released a capacity-building course on M&E in late 2022. The action plan on M&E (see MA #23) includes a section on creating institutional capacity to support project-level M&E; and a different section on rolling out training on project-level M&E. Also, IFAD continued to implement its comprehensive grant-funded capacity-building programme (including the Program in Rural M&E [PRiME] grant and the Results-based Management for Rural Transformation [RESOLVE] grant), targeting PMU and government staff at different levels.
96. **Generate a culture of results in country programmes.** IFAD is integrating a module dedicated to COSOPs into its Operational Results Management System (ORMS). The module will allow for greater capture, access and use of country portfolio analytics, lessons and knowledge generated from COSOP results reviews and COSOP completion reports for the formulation of new country strategies. Moreover, IFAD updated its COSOP guidelines to incorporate analysis needed for graduation (see also MA #19), and to ensure that investment projects are implemented in response to priorities and objectives outlined in COSOPs.
97. **Promote data use, transparency and alignment.** IFAD approved its first Data Governance Policy in 2022, to foster its efforts in collecting, analysing and using data to meet its strategic objectives and mission, including on agriculture, climate, gender, youth, persons with disabilities, Indigenous Peoples and vulnerable groups in its operations. Furthermore, IFAD has systematically mapped its contribution to SDGs as shown in the RIDE, and is working on an automatized reporting system. In



addition, IFAD is working to create an online tracker for the President's Report on the Implementation Status of Evaluation Recommendations and Management Actions (PRISMA), to increase the visibility of IOE recommendations and allow for real-time follow-up. The [2021 RIDE](#), [2022 RIDE](#) and [IFAD11 Impact Assessment Report](#) have been digitized to allow for wider viewership and results dissemination. To improve its learning culture, IFAD updated the lessons learned module in ORMS, to gather lessons stemming from ongoing and closed projects and make them more usable for future designs.

### **Improving M&E**

98. **Instrumental to implementing the results-oriented approach outlined in the DEF and DEF 2.0, IFAD approved its project-level M&E action plan in 2022**, thereby completing MA #23. This action plan identifies priority areas for enhancing M&E capacity and improving data collection, with actions envisaged to be completed by 2025. Successful implementation of the M&E plan will require adequate resources, for example in the development of training modules or ICT tools. The action plan covers six areas: (i) ensure that M&E in project designs is well defined and well resourced; (ii) provide operational standards and guidelines for project-level M&E; (iii) provide operational M&E training; (iv) employ a structured approach to M&E implementation support; (v) enhance institutional capacity to support project-level M&E; and (vi) improve systems for data collection and processing.
99. Improved M&E capacity in projects will lead to higher quality data about the implementation of planned activities, delivery of outputs and achievement of outcomes; and improve information on the performance of project components and implementers. This will facilitate informed decision-making and adaptive project management, which is an outcome to be achieved during implementation. Finally, effective and adaptive project management will increase the likelihood that project objectives are achieved.

## **B. Expanding IFAD's toolkit for supporting rural poor people**

100. The operational tools developed to support transformational country programmes include: guidelines to formalize multi-phased programmatic approaches, as a tool for adaptive management; a revised Regular Grants Policy, to enhance value added and the multiplier effect on the PoLG; and an operating model and guidelines for innovation, which will help IFAD better address rural development challenges.

### **Multi-phased programmatic approaches**

101. **Learning lessons from the experiences of other IFIs, IFAD is seeking to develop guidelines and pilot multi-phased programmatic approaches in IFAD12.** In some countries, IFAD is already following a phased approach. It has committed to formally introducing a multi-phased programmatic approach (MA #34), which will better facilitate this practice and allow for smoother start-up of subsequent phases. The action is ongoing. IFAD began the drafting and consultation process for the guidelines and pilot in the fourth quarter (Q4) of 2022, with the goal of meeting MA #34 by Q4 2024.
102. **Importantly, the flexibility of phased approaches strengthens the sustainability of benefits for IFAD project target groups.** It allows for adaptive management of projects as rural institutions evolve over time. It also allows for enhanced policy dialogue between IFAD and governments, and alignment between IFAD-supported interventions and the long-term objectives of governments. Finally, it allows for partnership-building through expanded opportunities to work with a range of implementing partners.

### **IFAD's Regular Grants Policy**

103. **The revised Regular Grants Policy introduces fundamental changes to align the regular grants programme with the evolution of IFAD's business and**

**operating models and its financial architecture.** Approved in April 2021,<sup>44</sup> hence completing MA# 33, **the new policy outlines two strategic objectives.** First, to leverage better impact on the ground for IFAD's programme of work (PoW), including through improvement of in-country capacity for greater sustainability of benefits. Second, to foster a more conducive policy and investment environment for smallholder agriculture and rural development, including at the regional and global level. Regular grants will thus support the delivery of transformational country programmes by providing catalytic financing for non-lending activities that create an enabling environment for scaling up.

104. **The policy will ensure sustainable allocation of resources to the programme, channel more resources to countries with greater needs, and enhance the programme's value addition and value for money (VfM).** Grant proposals will be competitively assessed to determine their suitability for funding; priority will be given to proposals with the highest potential to catalyse country-level impacts that contribute to the delivery of sustainable results through IFAD's core PoLG. Strengthened frameworks for programme monitoring and oversight, knowledge capitalization and risk management have been introduced. To operationalize the Regular Grants Policy, the Fund approved the Financing Procedures for IFAD Regular Grants in 2022.<sup>45</sup>

#### **Driving innovation in IFAD**

105. **Innovation spurs new actions to improve performance and address problems,** including novel practices, approaches, methods, processes, tools and guidelines.<sup>46</sup> Innovation is therefore central to the IFAD12 business model, bringing about catalytic impact to progress on the 2030 Agenda.
106. **IFAD is developing an operating model and guidelines for innovation to boost the tools available for improving project performance and doubling and deepening impact.** This action (MA #26) is ongoing, with a delay in the original deadline (Q3 2021). As mentioned in the 2022 PRISMA, the incorporation of a renewed innovation concept into IFAD's business model requires, by nature, additional time to be considered fully implemented, accompanied by adequate resource allocation.
107. **IFAD updated its definition and approach to innovation in 2022.** Innovation is now defined as "a new process, product or approach that adds value and delivers a sustainable, equitable, inclusive and/or new contextual solution to rural development challenges." This definition will drive country teams in identifying innovation opportunities for IFAD projects, placing renewed emphasis on equity, sustainability and inclusion: all key dimensions in the transformative promise of leaving no one behind.
108. **IFAD has been promoting the adoption of the [UN Innovation Toolkit](#),** as part of the broader effort led by the United Nations System Staff College (UNSSC) to systematize innovation within the United Nations. The toolkit provides the methodology, guidelines and tools to guide all IFAD employees in their innovation journey. One of the key elements of the toolkit is the 27-question diagnostic process, which then provides insight regarding users "readiness to innovate" across five critical pillars for innovation: strategy, partnerships, architecture, culture and evaluation (SPACE). IFAD has applied this model to the Innovation Challenge,<sup>47</sup> IFAD's grant-awarding programme for innovative small project proposals, and accompanied it with the "Silicon Valley lean and agile approach" to entrepreneurship. Teams who participate in the challenge receive training in lean

<sup>44</sup> [EB/2021/132/R.3.](#)

<sup>45</sup> [EB 2022/137/R.47.](#)

<sup>46</sup> IOE. Corporate-level evaluation on IFAD's support to innovations for inclusive and sustainable smallholder agriculture. 2020.

<sup>47</sup> <https://www.ifad.org/innovation-challenge/>.



innovation, behavioural design and coaching on the adoption of the UN Innovation Toolkit.

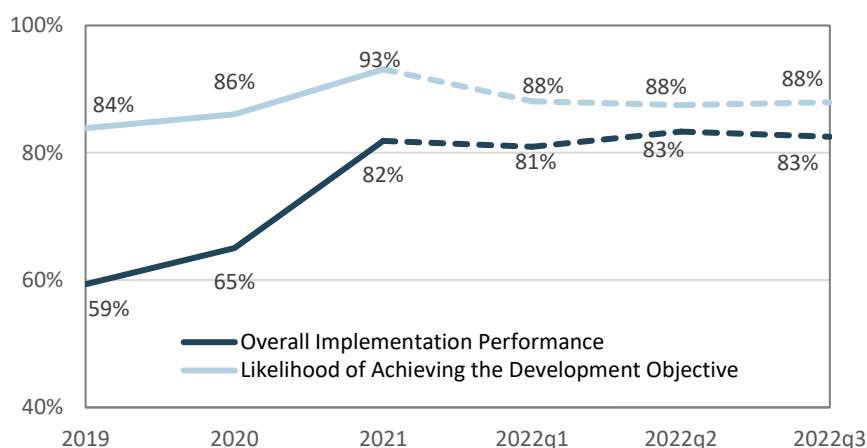
109. IFAD also benefited from the [UNSSC mentoring partnerships initiative](#), which was renewed at the end of 2022. IFAD and UNSSC partnered to launch the new innovation for impact e-learning pathway which seeks to accelerate and foster innovation in the United Nations system by supporting capacity development to increase impact and enhance future resilience in the United Nations workforce.
110. **To monitor progress and document lessons, IFAD and UNSSC have agreed to implement a yearly diagnostic on innovation** by tracking usage of the Innovation Toolkit. The 2021 usage report indicates an increase in the number of IFAD users applying the toolkit with the ifad.org domain. Given such increase, IFAD and UNSSC have agreed to enhance the partnership to deliver usage reports every year to help the Fund identify strengths and weaknesses as reported by staff. Furthermore, and to enhance the capacity of IFAD staff, IFAD and UNSSC are working on a training course for the IFAD Learning Management System platform, to be delivered in January 2023.
111. **The IFAD innovation challenge provided key lessons related to processes for partnering with external actors.** One recurring issue related to the 2019–2020 and the 2022 Innovation Challenges is the difficulty that teams face to partner with external actors due to the lack of an effective and timely process in developing agile partnerships in the innovation space. Most notably, the lack of appropriate legal instruments prevents IFAD from fully engaging with intended partners. To address the issue, IFAD is working on the due diligence of potential partners engaged in Innovation Challenges. For the future, IFAD ought to look into developing flexible and appropriate processes, including identifying or creating new legal instruments that support partnerships in the innovation space.

### **C. Enhancing project performance and efficiency**

112. **Despite global challenges, the performance of IFAD's portfolio has proved resilient, as evidenced by key indicators remaining above pre-pandemic levels** (figure 7). IFAD's supervision reports assess the performance of ongoing projects according to 26 criteria, grouped under two indicators: the likelihood of achieving the development objective (including technical aspects linked to effectiveness and the mainstreaming themes); and overall implementation progress (including operational aspects).
113. **Regional quarterly performance reviews from Q3 2022 have confirmed that performance is overall stable, in spite of the lingering effects of COVID-19 and liquidity limitations that contributed to the tapering trends observed since 2020.** In addition, they have provided additional qualitative insight on specific factors. Limited capacity in implementation support and M&E, and staffing delays at the level of PMUs affected project management. Also, gaps in the use of accounting software affected financial management. These two dimensions are closely linked to efficiency. In addition, lack of knowledge management and use contributed to low ratings on policy engagement.

Figure 7

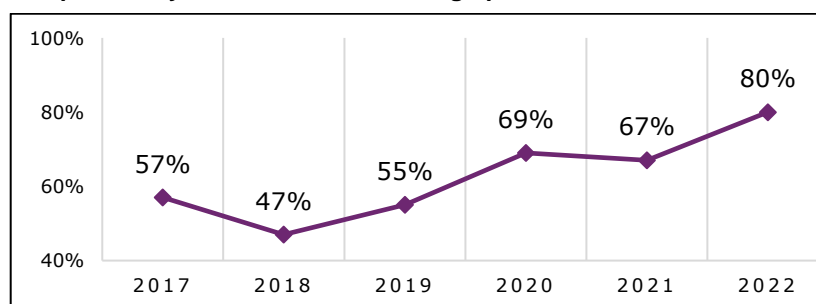
**Percentage of ongoing projects rated moderately satisfactory or better**



114. **IFAD continues to proactively support its ongoing portfolio.** Remedial measures adopted to tackle the above issues include: conducting implementation support missions; making training mandatory for PMU staff on financial management procedures and reporting; supporting PMUs in setting up accounting software; setting up a management information system to improve M&E; and implementing region-specific action plans on M&E and knowledge management.
115. **Proactive portfolio management is one of the Fund's priority areas under the IFAD12 business model.** IFAD's portfolio proactivity has steadily increased in recent years, reaching 80 per cent in 2022 compared to 47 per cent in 2018 (figure 8).<sup>48</sup> This may be partly linked to the decrease in the number of problem projects, but was mainly driven by IFAD's restructuring policy. The policy provides significant incentives for borrowing countries to adapt the design of their operations in case some or all of the components are not working as an alternative to cancellation, which implies losing the financing. This is an example of how IFAD has fostered adaptive management in its day-to-day portfolio management tools.

Figure 8

**The proactivity index has been trending upward since 2018**



### Improving efficiency

116. **Efficiency was a weak area during IFAD10 and IFAD11**, notwithstanding the substantial improvement observed from 2019.<sup>49</sup> During IFAD11, the Fund put into place several initiatives including the disbursement action plan, greater support for project procurement, the Faster Implementation of Project Start-up initiative, capacity-building efforts for PMUs, and a number of new and streamlined procedures like facilitating remote design and supervision in the light of COVID-19.

<sup>48</sup> The proactivity index is the percentage of ongoing projects rated as "actual problem" in the previous approved performance ratings that have been upgraded, restructured, completed/closed, cancelled or suspended in the most recent approved performance ratings.

<sup>49</sup> See the 2022 RIDE.

117. **To address this weakness, IFAD approved an efficiency action plan in 2022** (which marks MA #22 as complete). Through the action plan, IFAD identified remaining actions to improve efficiency, in order to reach the targeted 80 per cent of projects rated moderately satisfactory or better at completion by the end of IFAD12. The action plan groups these activities, to be completed by 2024, according to the project cycle:

- **Planning at design for implementable and timely projects.** The design stage relies on good planning that takes into consideration contextual factors and accurate analysis of project stakeholder capacity, and also the need to deliver development outcomes and achieve timely start-up.
- **Facilitating implementation efficiency.** This requires fulfilling the commitments made at design, and ensuring the capacity to identify needed changes and enable timely course correction, including project restructuring if necessary, to improve project efficiency and monitor other performance criteria such as effectiveness in achieving project objectives, which has a strong bearing on project efficiency.
- **Improving assessment at project completion and incorporating lessons learned.** Developing a complete picture of projects' development outcomes and incorporating lessons learned at completion are essential for IFAD to deliver effective and efficient country programmes.

**Procurement: a key element to improve efficiency**

118. **Efficient procurement processes are essential for successful, transparent and efficient project implementation;** furthermore, they are key to enforce SECAP standards. Approximately 85 per cent of project expenditure goes through procurement systems and processes. Since its inception in 2019, IFAD's project procurement team has undertaken a wide-ranging reform focused on three pillars (policy, systems, capacity), supplemented by external partnerships.
119. **Policy.** IFAD released a new Procurement Manual in 2022, featuring innovations such as the integration of SECAP in procurement, a quality-at-entry rating for procurement and a mandatory review of contract data prior to supervision. In early 2022, IFAD introduced Methodology for Assessing Procurement Systems (MAPS), designed by the MDBs and OECD to specifically assess country procurement systems.
120. **Systems.** IFAD launched the contract monitoring tool (CMT) in 2021, an outward-facing system for borrowers to register awarded contracts. Based on registered data, the CMT offers a comprehensive overview of how financing is being used by projects. This wealth of data and analytics supports evidence-based decision-making and can be used to forecast projects' disbursement needs, addressing one of IFAD's most urgent operational priorities. The CMT can also provide insight into where IFAD is getting the best value for money in competitive procurement methods versus where less transparent, non-competitive contracts have been awarded.
121. Additionally, under the People, Processes and Technology Plan (PPTP), IFAD is developing a new end-to-end procurement system, with a few modules already rolled out in 2022. Currently IFAD's largest ongoing IT development, this system will provide a single workflow for IFAD borrowers, replacing the separate disconnected systems and offline documents that are currently in use. Starting from 2024, this will greatly strengthen the transparency of public spending under IFAD's financing and increase operational efficiency for IFAD and its borrowers.
122. **Capacity.** At organizational level, 100 per cent of IFAD country directors (CDs) are now certified through OPAC's 8-hour training course on project procurement. At PMU level, through the BUILDPROC grant, IFAD has been offering rigorous training to strengthen the procurement capacity of PMUs. As of September 2022, 272 PMU

staff had been trained and 754 additional training participations are foreseen before the grant ends in December 2023. Based on the success of this capacity-building initiative, the Asian Development Bank (ADB) has decided to scale up IFAD's BUILDPROC to its entire project portfolio.

123. **Partnerships.** IFAD has used partnerships to advance best practices in project procurement. In 2020, the MDBs' heads of procurement (HoP) group reviewed IFAD's new Procurement Handbook and standard bidding documents; IFAD was then admitted as a member of the HoP group and hosted the HoP conference in 2022. In support of transparency and competition, IFAD made its online project procurement page publicly available, advertising tenders and contract awards from IFAD's borrowers.

### **Value for money**

124. **IFAD has incorporated VfM into its business model**, as agreed in 2018 during the IFAD11 Consultation. IFAD developed a corporate VfM scorecard, fostering the "4Es" model: economy, efficiency, effectiveness and equity. Starting from 2020, IFAD began to report on its VfM scorecard in the RIDE. In 2021, during the IFAD12 Consultation, IFAD stated that it would consolidate its country-level programme approach and adopt a close focus on increased sustainability, efficiency and VfM. As part of this proposition, a specific IFAD12 commitment was created to update the VfM scorecard and continue reporting on it as part of the RIDE (MA #25). This action is ongoing. The RIDE 2023 will feature a dedicated annex with the updated VfM scorecard adapted to the IFAD12 business model and priorities, and related progress.

### **Sustainability**

125. **IFAD approved its action plan on the sustainability of results in 2022**, marking MA #31 as complete. Ensuring the durability of IFAD's project benefits and project-level sustainability are critical to achieving development outcomes that lead to inclusive and sustainable rural transformation at the country level.
126. The sustainability action plan identifies key sustainability challenges and provides actions to address them. For IFAD to reach its objective of stronger long-term impacts in terms of rural transformation, it must improve the sustainability of project benefits, as measured by sustainability ratings at completion. However, given its limited scope, the action plan focuses on a smaller number of achievable outcomes. These are: (i) improved capacity of IFAD staff and PMUs to plan and deliver sustainable programming; (ii) enhanced project ownership of governments, beneficiaries and community-led institutions; (iii) consistent and evidence-based monitoring of sustainability across project lifecycles; and (iv) high-quality sustainability and exit strategies implemented at completion.
127. **As interventions to enhance sustainability of project benefits are context-specific, a key output of this action plan is an artificial intelligence-enhanced repository on sustainability.** The repository offers a rich, interactive and visual interface for country teams to explore IFAD's resources on sustainability. Users will be able to extract information from curated publications on sustainability, according to the criteria and dimensions detailed in the sustainability action plan. The repository will allow country teams to develop a tailored approach to increasing sustainability and developing sound exit strategies for better ownership in a wide variety of contexts.<sup>50</sup> The PPTP is funding the piloting of this tool, which is already under way.

### **Scaling up**

128. **Since 2015, IFAD has been strengthening operational instruments, policies and procedures that can support scaling up.** Not only does the IFAD12 business model emphasize adaptive management and decentralization; the DEF 2.0

<sup>50</sup> As described in the RIDE 2022.

also fosters evidenced-based decision-making and use of knowledge and data for better design. Moreover, IFAD's cofinancing strategy includes metrics for crowding in financing from government, private sector and other actors. IFAD's revised Evaluation Manual brings together self- and independent evaluation for enhanced and more comprehensive learning.<sup>51</sup> IFAD ensures accountability with a Framework for Operational Feedback from Stakeholders, which enhances ownership, a key component for sustainability and scaling up. Country-level results will soon be collected in ORMS, offering additional metrics to support scalability with quantitative evidence from the field.

129. **In the absence of a fully fledged scaling up strategy, the Fund is working on updating its 2015 framework on scaling up** (MA #32).<sup>52</sup> In 2022, IFAD endorsed a detailed approach paper, which proposes to build on the existing framework and the body of work of the global community of practice, in order to better integrate scaling up in light of IFAD's current business model and relevant policies, strategies and action plans. In addition, the approach paper foresees the adaptation of the 2015 framework to make it more user-friendly and develop a pragmatic way to apply a scaling-up lens. Focus areas of the update will include: clarifying the definition of scaling up and its linkages with sustainability; defining pathways for scaling up at the COSOP level and throughout the project lifecycle; and learning from self- and independent evaluation, thematic toolkits and portfolio reviews.
130. **The update of the scaling up framework was delayed** to reflect the content of the revised Evaluation Manual (released in March 2022) and ensure consistency with the action plan on sustainability (finalized in November 2022). The updated version of the scaling up framework is expected to be finalized for the first quarter of 2023.

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<sup>51</sup> [Revised Evaluation Manual](#) (Part I).

<sup>52</sup> <https://www.ifad.org/en/-/document/ifad-s-operational-framework-for-scaling-up-resul-1>.

## IV. Transformational institutional change



**IFAD is strengthening and innovating people, processes and systems for an effective and efficient organization that is fit for purpose**

### Milestones achieved

- The **PPTP came to an end in 2022**. The resulting improved work culture, new ways of working and streamlined businesses processes have contributed to making IFAD fit for purpose. For example, IFAD is implementing technology to improve loan disbursement and project procurement processes. The PPTP will have a significant impact on loan disbursement and project procurement, two key dimensions for efficiency and other areas.
- Progress on **decentralization** allows for closer proximity to IFAD clients.
- IFAD adopted a new **sexual harassment/sexual exploitation and abuse (SH/SEA) action plan**.
- **Hate speech, discrimination and racism are being monitored** through dedicated surveys, and results are shared with Member States.

### Priorities and challenges going forward

- **Recruitment** is taking longer due to the growing number of vacancies.
- The 2022 RIDE noted a **dip in efficiency** linked to the short-term effects of institutional reforms (decentralization, reassignment).
- The upcoming **corporate level evaluation (CLE) on decentralization** (2023) will help inform Management about how to proceed with decentralization plans.

Progress against IFAD12 Commitments (1 MA complete, 2 ongoing)	
Commitment	Monitorable Actions and targets achieved
Increase IFAD's decentralization, while strengthening institutional safeguard mechanisms and risk management	<ul style="list-style-type: none"> <li>• IFAD-wide survey on anti-hate speech conducted (MA #37)</li> </ul>

131. **The Fund has been consolidating institutional changes initiated in previous replenishment cycles to enhance the delivery of transformational results** and ensure the right capacities to deliver the services, products and expertise foreseen in the IFAD12 business model. Institutional reforms include the ongoing decentralization process, geared to increasing proximity to clients. They also include the upgrading of institutional safeguard mechanisms, as well as the newly introduced risk management mechanisms. Finally, they include a major reform that has been critical to enabling corporate processes and technology solutions to deliver effective development results, namely PPTP.

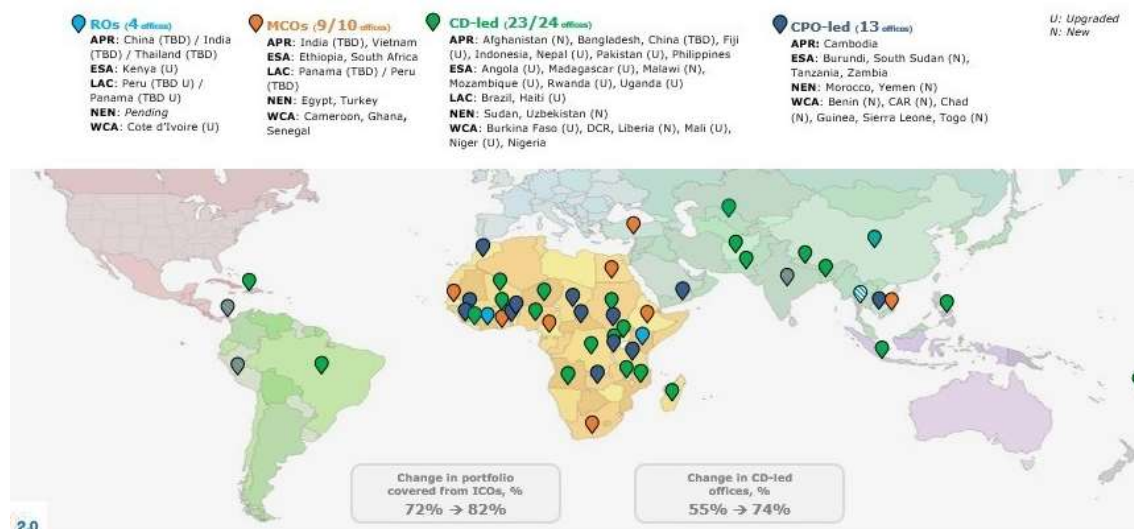
### **A. Increasing IFAD's decentralization: benefits, challenges and way forward**

#### **Implementing Decentralization 2.0**

132. **Proximity to the field is at the heart of the IFAD12 business model, which calls for the decentralization of 45 per cent of IFAD budgeted staff positions** – that is, based in IFAD country offices (ICOs). This new decentralization phase – known as D2.0 – capitalizes on the lessons learned from Operational Excellence for Results (OpEx), an 18-month exercise that ended in 2018 and accelerated IFAD's organizational decentralization. With a higher percentage of staff in the field (as opposed to 36 per cent in 2021), D2.0 can further enhance the capacity of delivery teams by situating them closer to the rural clients they serve. Three key elements of D2.0 are:

- (i) **Increasing CD-led presence “in-country,”** rather than “near-to-country” (12 offices were upgraded from country programme officer (CPO)-led to CD-led, and there are four new CD-led offices, for a total of 23/24 CD-led offices);
  - (ii) **Establishing regional offices (ROs) led by a regional director** to allow for a critical mass of technical staff who are not spread too thinly across the globe as under the hub model. This ensures cross-fertilization of knowledge and greater integration of technical staff, who previously felt intellectually isolated and heavily absorbed by the operations; and
  - (iii) **Focusing on countries in fragile or conflict situations,** with a proposed 10 out of 22 ICOs to be opened or upgraded in such countries.
133. **The D2.0 ICO and position map was approved in 2022, with a plan of having 50 ICOs by 2025.** There are four types of ICOs in the D2.0 metrics-based approach: CPO-led, CD-led, multi-country office (MCO), and RO. Each type of ICO has a particular staffing structure and portfolio allocation. The approved plan includes 4 ROs, 9/10 MCOs, 23/24 CD-led offices and 13 CPO-led offices (figure 9). This means 22 new/upgraded ICOs by 2025.<sup>53</sup>

Figure 9

**New D2.0 ICO Map**

134. **D2.0 implementation is currently in full swing, with the first results of IFAD’s transition towards the regional office model and its expanding country presence** leading to a total of 42 ICOs as of December 2022. In particular, the regional offices in Nairobi (East and Southern Africa [ESA]) and Abidjan (West and Central Africa [WCA]) are fully operational.
135. Plans for the entire IFAD12 period envisage establishing:
- (i) Asia and the Pacific (APR) RO in 2024. This was initially expected in 2023 but has been deferred, pending the results of the CLE on decentralization, to be released in early 2023. Its location will be decided in 2023;
  - (ii) Latin America and the Caribbean (LAC) RO in 2024, with its location to be decided in 2023;
  - (iii) Eight new ICOs (three CD-led and five CPO-led), of which five ICOs by the end of December 2022; and

<sup>53</sup> The 22 new/upgraded ICOs will include 10 new offices (4 new CD-led + 6 new CPO-led) and 12 upgraded CD-led offices.

- (iv) Upgrading 11 ICOs from CPO-led to CD-led offices, of which 7 ICOs by December 2022.
136. Host country agreements have been finalized or are near finalization for most of the above ICOs, with minor delays anticipated in one to two countries owing to the requirements of the government approval process.
137. IFAD committed to increasing staff decentralization from 32 per cent to 45 per cent by 2023, according to MA #35, which is ongoing. Fully operationalized ROs led to the location of 39.6 per cent of total staff positions outside headquarters in 2022, with 43.3 per cent expected in 2023.
138. **The implementation of D2.0 supports IFAD's proximity to clients.** Having technical staff and the regional team in ROs addresses weaknesses noted in the IOE 2016 CLE by ensuring easy access to knowledge resources and substantive technical capacity to support policy engagement and advisory activities. Establishing WCA and ESA ROs also enabled the Fund to launch IFAD12 with a stronger footprint in two regions with FCAS. The RO model also brings decision-making and delegated authorities closer to the field, empowering the front line of IFAD's operational model. For this reason, IFAD has continuously updated its Delegation of Authority Framework, introducing bold new changes to empower staff, improve workplace culture and further delegate authority to CDs and unit heads.
139. **Notwithstanding, the 2022 RIDE associates setbacks in organizational efficiency ratios with the initial effects of decentralization,** combined with reassignment, high staff turnover and an increase in vacancy rates. IFAD has been proactive in addressing issues related to the learning curve of new staff by rolling out the D2.0 field staff upskilling programme.<sup>54</sup>
140. Many IFAD staff do not view decentralization positively – though field-based staff hold more positive views than those at headquarters. The results of the 2022 Global Staff Survey<sup>55</sup> indicate that 28 per cent of IFAD staff (headquarters and field-based) had a positive view of decentralization, based on their perception of three benefits: (i) increased cooperation between headquarters and ICOs; (ii) the degree of leveraging of lessons learned and IFAD's comparative advantage; and (iii) the impact on staff motivation and engagement. According to the 2022 Decentralization Effectiveness Survey on Field Client Satisfaction, 72 per cent of the ICO workforce considers IFAD staff and field offices well-equipped, able and adequately empowered to deliver the expected outcomes. The results of this pilot survey are intended as a baseline against the RMF12 target of 80 per cent.
141. The findings and recommendations stemming from **the new CLE on decentralization, expected in April 2023, will be pivotal in adapting D2.0 plans** for IFAD12 and shaping those for IFAD13. The CLE will assess whether decentralization contributed to IFAD delivering better development results in an effective and efficient manner.

## **B. People, Processes and Technology Plan implementation update**

142. **The first year of the IFAD12 period marks the final year of implementation of the three-year PPTP.** The plan sought to equip IFAD with the appropriate human resource skills, as identified through the workforce analytical review (human resources study) by McKinsey, and the efficient corporate processes and technology solutions required to deliver effective development outcomes to enable IFAD to maximize its contribution to the 2030 Agenda and better support a decentralized

<sup>54</sup> See section IV.B.

<sup>55</sup> Questions about decentralization were introduced for the first time in the 2022 Global Staff Survey.



organization. The PPTP is key to driving transformational institutional change during IFAD12 and beyond.

143. **The PPTP is on track to complete on time and within budget across all three workstreams (i.e. People, Process and Technology).** After a suitable bedding-in period, the benefits derived from the improvements will become apparent, giving IFAD a one-time boost to its staff's skills, the efficiency of its processes and its technological capacity and capabilities.
144. **People. The Upskilling for Operational Excellence Programme has contributed to equipping staff with the knowledge and tools needed for better performance and to fill critical skill gaps,** including specific training to support decentralization efforts. To date, 514 staff have participated in more than 1,800 training sessions. The revised performance management procedures have helped bring about a culture change, increasing interactions with managers and managing performance based on evidence. The targeted mutually agreed separation programme has also supported strategic workforce needs with a focus on furthering IFAD's diversity agenda. For example, the RMF12 target for women in P-5 posts and above has been exceeded, reaching 42.6 per cent against a target of 40 per cent. Efforts to maintain this indicator are ongoing to continue this positive trend.
145. **Processes. IFAD reviewed nine of its business processes,**<sup>56</sup> leading to improvements in the systems and procedures under review and saving an estimated 9,400 hours of staff time. Qualitative benefits include improved process awareness and user experience and clearer roles and responsibilities.
146. **Technology. IFAD has been looking into opportunities for automation and greater use of data,** with robotic process automations created for operations and non-operations teams across the organization. For example, the Omnidata platform enables self-service analytics machine learning services. Technology also underpins the people and processes workstreams. For the latter, work is continuing on loan disbursement, with the move to digital-only withdrawal agreements, and procurement, with a new end-to-end procurement system expected to yield operational efficiencies of up to 3,500 hours per year. Finally, the technology workstream has led to the establishment of a talent management platform for the people-focused initiatives, ensuring that the recruitment and management of talent at IFAD is streamlined and client-focused.
147. **Recruitment is taking longer than planned.** As noted in the 2022 RIDE, the Fund missed IFAD11 targets. The benefits of the PPTP's re-engineering of the recruitment process will begin to be seen in 2023. In addition, the increase in number of recruitment days is the result of various factors connected with significant growth in the number of vacant posts, a high number of new positions created in recent years, an increase in the number of resignations in the organization and the finalization of a number of mutually agreed separation agreements. IFAD is working on a major plan to reduce the vacancy rate and make the recruitment process more efficient.
148. **Additional challenges include staff engagement and staff hours saved per year.** While overall, the staff engagement index measured in the 2022 Global Staff Survey published was positive at 74 per cent, staff drew attention to key issues such as workload, staff empowerment and the overall workplace environment. This indicator is unlikely to meet the target of 80 per cent within the PPTP implementation timeframe.<sup>57</sup> In addition, regarding staff hours saved per year, the

<sup>56</sup> Travel, recruitment, consultant management, corporate procurement, loan disbursement, supplementary funds, document processing, project procurement and internal and external communication.

<sup>57</sup> Highlights of the Global Staff Survey relate to IFAD's mandate and staff pride in their work and sense of personal accomplishment. Some of the critical issues identified in the survey refer to workload and work-life balance, as well as continuous reforms, including D2.0 and implications for staff and workload.

timing of benefit realization will occur over a longer period than originally envisioned. Management is fully aware of these challenges and committed to resolving them in the medium term.

## **C. Strengthening institutional safeguard mechanisms and risk management**

### **Enterprise risk management**

149. **IFAD continues to transition from “a developing” to an “established” level of risk maturity** to improve its risk management culture and practices. As part of the Enterprise Risk Management Framework, IFAD has introduced comprehensive structured risk assessment processes and effective governance systems that promote a clear definition of roles and responsibilities. Through its Office of Enterprise Risk Management (RMO), IFAD will continue to prioritize risk awareness and the risk management activities embedded in its workplan, facilitating the transition towards a higher level of risk maturity to support IFAD’s credit rating and full implementation of IFAD’s hybrid financing model. IFAD will continue to focus on embedding a stronger enterprise risk management framework and related pillars in the organization and supporting the Fund’s strategic vision and mandate, including continuous monitoring and clear reporting of IFAD’s risk profile.
150. **A key governance instrument, the risk committees operating since Q3 2021 are expected to support and increase the effectiveness of enterprise risk management.** These committees ensure implementation of the established risk appetite, the continuous monitoring of risk trends and exposure through the Corporate Risk Dashboard and constantly serve to better embed risk in decision-making. IFAD has recently begun to operationalize the newly established operational risk management procedures and deployment of the incident and loss data collection and reporting database to effectively monitor and evaluate the effectiveness of the Internal Control Framework on which to build increasingly effective risk assessment and impact analysis. IFAD will continue to support full operationalization of the BRAM and the maintenance and confirmation of the AA+ rating, with effective risk oversight and guidance from RMO. Finally, IFAD conducts scenario analysis on how to support strategic priorities and at the same time adopt realistic objectives for the Fund’s commitment capacity.

### **Sexual harassment and sexual exploitation and abuse**

151. **For SH/SEA, IFAD committed to developing biennial action plans** (MA #36) to: (i) prevent and respond to SH/SEA in alignment with the United Nations Sustainable Development Group, and (ii) provide regular implementation updates to the Executive Board on progress, challenges and risks, including on victim/survivor-centred approaches and action at the headquarters and country level. Since the release of the Policy for Preventing and Responding to Sexual Harassment, Sexual Exploitation and Abuse ([SH/SEA policy](#)) in 2018, IFAD has implemented its 2018–2019 and 2020–2021 SH/SEA action plans, and the 2022–2023 action plan is under way.<sup>58</sup> Thus, MA #36 is still ongoing.
152. **IFAD has worked on strengthening policies, procedures, contracts and letters of appointment.** Training is systematically provided to both the IFAD workforce and implementing partners. In 2022, 785 IFAD staff and non-staff (or personnel) completed the mandatory SEA online training as well as the stand-alone module on SH in the workplace, and nearly 1,300 project staff attended trainings on SH/SEA held by the Ethics Office during workshops. The Fund also extended the obligation to abide by the IFAD SH/SEA policy to borrowers/recipients through amendments to the General Conditions for Agricultural Development Financing and

<sup>58</sup> [EB 2022/136/R.16](#) provides the most recent update on the 2022-2023 action plan.

the IFAD Project Procurement Guidelines; in January 2021, it released a dedicated guide.<sup>59</sup>

153. **Safeguards are also enforced through the use of dedicated systems.** Since 2019, IFAD has been participating in both the United Nations "Clear Check" secure database system, which serves as a reference tool for screening applicants for sexual misconduct, and the United Nations Secretary-General's SEA tracking system. The Fund is the only organization with a confidential system for prompt reporting of credible SH/SEA allegations, accessible to Member States through a dedicated interactive platform.
154. **IFAD has expanded its SEA focal points programme.** More than 70 staff members were trained to act as SEA focal points/alternates in all country offices where IFAD funds operations. The focal points also ensure closer collaboration with local United Nations SEA networks and resident coordinators. Support to victims and other affected persons is available in IFAD through various sources, including the Ethics Office and the staff counsellor, a qualified psychologist. Support to project beneficiaries who are victims of SEA is provided through services, programmes and networks that operate in alignment with the United Nations Comprehensive Strategy on Assistance and Support to Victims of SEA by United Nations Staff and Related Personnel.

#### **Hate speech, discrimination and racism**

155. The Fund committed to undertake an organization-wide survey, building on IFAD's anti-hate speech action plan and including questions on racism, and report the results to the Executive Board (MA #37). The survey was carried out in the fourth quarter of 2021 to gather information from across IFAD on the prevalence and sources of hate speech, discrimination and racism in relation to IFAD and the work environment. The survey results were shared internally and with the Executive Board at its 135<sup>th</sup> session, which completes this MA.
156. The above-mentioned institutional changes are key enablers for both transformational country programmes and the transformational financial framework. Decentralization allows IFAD staff to better meet the needs of client governments and target groups. Its increasingly diverse and decentralized staff require institutional safeguards to foster a safe and inclusive workplace across IFAD offices. A strengthened enterprise risk architecture, in turn, is critical for ensuring the sustainability of IFAD's rapidly transforming financing framework, as outlined in section V.

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<sup>59</sup> [IFAD Policy to Preventing and Responding to Sexual Harassment, Sexual Exploitation and Abuse.](#)

## V. Transformational financial framework



### IFAD is adapting its business model to expand its PoW while ensuring financial sustainability

#### Milestones achieved

- 109 Member States contributed US\$1.278 billion for IFAD12 core resources as of December 2022, representing IFAD's highest replenishment of core contributions.
- Borrowing needs to sustain the IFAD12 PoLG are projected to be about US\$1.2 billion; the Fund's borrowed resource agenda is on track, with 59 per cent secured as of December 2022.
- The **BRAM was successfully introduced**, with 92 per cent of the funds already planned for approval in 40 countries by the end of IFAD12. The three-year targeted amount for the BRAM is US\$1.09 billion.
- IFAD **strengthened its financial and legal architecture** with amendments to the basic texts and the adoption of the Governing Council resolution on the Market Borrowing Authority.
- Finally, the **establishment of the PSFP and ASAP+** allows for additional resource mobilization and a sharper focus on climate resilience and private sector involvement.

#### Priorities and challenges going forward

- There is a gap of US\$22.3 million for mobilization requirements for the IFAD12 PoLG target of US\$3.5 billion.
- **Challenges with private placements and bilateral loans** arose due to flawed governance processes and the unpredictability of the timing and execution of such instruments.
- Also, debt distress and reduced fiscal space has led **some countries not to take up BRAM resources**.

Progress against IFAD12 Commitments (3 MAs complete, 1 ongoing)	
Commitment	Monitorable Actions and targets achieved as of end-2022
Increase resources by integrating borrowing to achieve a target PoLG of US\$3.5 billion and introducing two new programmes – ASAP+ and PSFP – with a view to an overall PoW of approximately US\$11 billion.	<ul style="list-style-type: none"> <li>• PSFP established (MA #38)</li> <li>• ASAP+ established (MA #39)</li> <li>• BRAM established (MA #40)</li> <li>• Cofinancing ratio of 1:1.65 surpassed target of 1:1.5 (RMF12 3.4.3)</li> <li>• MDB debt management working groups (MA #41) (ongoing)</li> </ul>

157. **The IFAD12 business model is based on a comprehensive institutional financial structure** underpinned by a risk framework, designed both to maintain long-term financial sustainability and to ensure sustainable development financing. The Fund's financial framework continues to be based on core resources but includes diversified sources of funding for a PoLG of US\$3.5 billion and a PoW of US\$8.75 billion, approximately. In particular, IFAD is expanding its borrowing programme to increase financing to all eligible countries. In IFAD12, the Fund is also leveraging cofinancing and supplementary funds, given the strong performance achieved during IFAD10 and IFAD11. Moreover, IFAD has institutionalized private sector financing by establishing the Private Sector Financing Programme (PSFP). On the resource allocation side, the BRAM ensures that IFAD will continue to serve UMICs while prioritizing core resources for LICs and LMICs.
158. **IFAD is applying the two pillars of capital and liquidity to monitor and actively manage its commitment and financing capacity.** To accompany PoLG delivery and the adoption of diversified funding sources, financial reforms

introduced in previous years are becoming fully effective during IFAD12. They include: (i) the Debt Sustainability Framework (DSF) reform; (ii) the new methodology on resources available for commitment (RAC); (iii) the new Liquidity Policy; (iv) full implementation of the Integrated Borrowing Framework (IBF); (v) the Capital Adequacy Policy; and (vi) the creation of an independent risk management function. These reforms, together with continued compliance with best industry financial reporting standards, strengthened IFAD's sound position, including through more active management of IFAD's disbursement capacity, and are key to smooth implementation of the newly introduced BRAM.

159. In addition, IFAD strengthened its compliance function by introducing integrity due diligence procedures with regard to sanctions and anti-money laundering/countering the financing of terrorism. It also introduced an industry-standard automated software solution, allowing for daily screening and ongoing monitoring of all IFAD's vendor/partner/staff master files and downstream counterparties. This demonstrates the application of best practice and alignment with high integrity standards, to which financial counterparts pay growing attention.
160. **These reforms and enhancements were instrumental in several negotiations, including bilateral loans.** IFAD monitors implementation of the new policies through a set of dedicated key performance indicators, whose progress is tracked through newly established risk committees and reports. Implementation of the new policies and reforms was instrumental for rating agencies, confirming IFAD's AA+ rating with stable outlook in 2021. IFAD's issuer rating also served as the basis for the rating of IFAD's Euro Medium-Term Note (EMTN) Programme, established in December 2021.
161. **To support the renewed financial framework, the Governing Council also amended IFAD's basic texts in February 2021.** The amendments had the following three objectives: (i) to codify existing practices, including those related to borrowing and lending to subnational, national development banks, and similar entities; (ii) to implement previously approved policies and strategies, including the DSF and the Accelerated Repayment and Voluntary Prepayment Framework; and (iii) to implement the strategic objectives of IFAD12 in relation to the IBF and the early encashment mechanism. Finally, to complement the express borrowing authority in the amendments to the Agreement Establishing IFAD, the Governing Council adopted a resolution clarifying the Market Borrowing Authority.

## **A. Resource mobilization trends**

162. In line with IFAD's role as an assembler of development finance, resource mobilization in IFAD12 covers the full spectrum of the PoW and the three major pillars of IFAD's financing: (i) core contributions; (ii) borrowing; and (iii) supplementary resources and other cofinancing. While the PoLG target for IFAD12 is US\$3.5 billion, the overall, and broader, PoW target is US\$8.75 billion, highlighting IFAD's value added as an assembler of country programmes, financed by a range of sources.

### **Core resources**

163. **IFAD has received pledges from 109 Member States totalling US\$1.278 billion in contributions to IFAD12** as of December 2022. In addition, IFAD has received a special contribution of US\$20,000 from the Holy See. This represents IFAD's highest replenishment in terms of core contributions, potentially reversing the downward trend observed since IFAD10.
164. **The increase in core contributions to IFAD12 was supported across all Lists,** highlighting the strong support from Member States across both donor and borrowing countries. Of the total Member States that pledged, 19 have at least doubled their contribution to IFAD11, 18 that did not pledge in IFAD11 pledged in

IFAD12, and 51 pledged in line with scenario D (increasing their contribution by at least 40 per cent).

165. **IFAD has received payments and instruments of contribution towards IFAD12 totalling US\$1.079 billion**, equivalent to **84 per cent** of the pledges received. This demonstrates Member States' strong commitment to IFAD's vision and mandate. At the same time, payments accounting for **39 per cent** of pledges have been received, a positive outcome, considering that IFAD is only one year into the IFAD12 cycle.
166. **The current level of resource mobilization for IFAD12 leaves a gap of US\$22.3 million** towards the mobilization requirements for the revised PoLG of US\$3.5 billion. As core resources are instrumental to reaching LICs and LMICs, meeting the full replenishment target will be essential, given IFAD's commitment to these countries (see MA #17). If the target is not reached, IFAD may have to manage the gap by evenly reducing the PoLG of the remaining unapproved PBAS allocations.

**Borrowed resources: status of implementation of funding plan and opportunities to unlock IFAD's credit rating potential**

167. **To sustain the IFAD12 PoLG, the latest projections show borrowing needs of around US\$1.2 billion**, to be secured under the IBF.<sup>60</sup> This figure includes concessional partner loans (CPLs) of US\$93 million, with the remainder to be secured through sovereign loans and private placements. The borrowing agenda is on track. IFAD signed two CPLs, one with Finland (2021) and the other with India (2022), for a total of US\$93 million, thus meeting the requirements for the revised PoLG of US\$3.5 billion. Progress on sovereign loans is also on track: in November 2021, IFAD concluded a sovereign partner loan for US\$454.2 million with KfW Development Bank, and in November 2022, an umbrella agreement for up to EUR 500 million with the European Investment Bank, to be drawn based on needs over IFAD12 and IFAD13. Progress in private placements is also on track. IFAD issued two private placements in June 2022, for a total of US\$150 million. These first two issuances had significant resonance and triggered the interest of several investors.
168. **Consequently, as of December 2022, the Fund had secured 59 per cent of the estimated US\$1.2 billion needed during IFAD12.** It is currently broadening its approved investor pool by submitting other sets of potential investors and transactions to the Executive Board for pre-approval. Having a large pool of potential investors will be essential for securing the additional funds needed for IFAD12 at the most favourable funding cost.

**Drawing lessons from the full implementation of the IBF**

169. IFAD has drawn several initial lessons from issuance of the first two private placements, and the funding mix now available:
- (a) **Private placements spread awareness of IFAD's name within a new arena of players**, which can result in new areas of collaboration. They are not only a vehicle for additional financing but allow for IFAD's mission to be presented to a new audience of impact investors and dealer banks, whose worlds are extremely interconnected.
  - (b) **Operating under a pre-agreed EMTN platform is useful.** The execution of private placements is extremely fast once the commercial terms are agreed upon with investors.
  - (c) **IFAD needs to revise the governance process for private placements.** The current process requires investor names to be pre-approved by the Executive Board; due to timing challenges, it exposes IFAD to potential losses

<sup>60</sup> Projections reassessed yearly in the RAC.

of emerging opportunities in a context of volatile markets, where investment windows can open and close very rapidly. Therefore, creating a large pool of approved investors with flexibility in terms and execution is key to minimizing funding risk under the current policy. IFAD has developed an efficient and thorough internal due diligence process for new investors using sophisticated screening tools that is executed by dedicated teams. IFAD could explore revising the governance process to inform the Board post-execution.

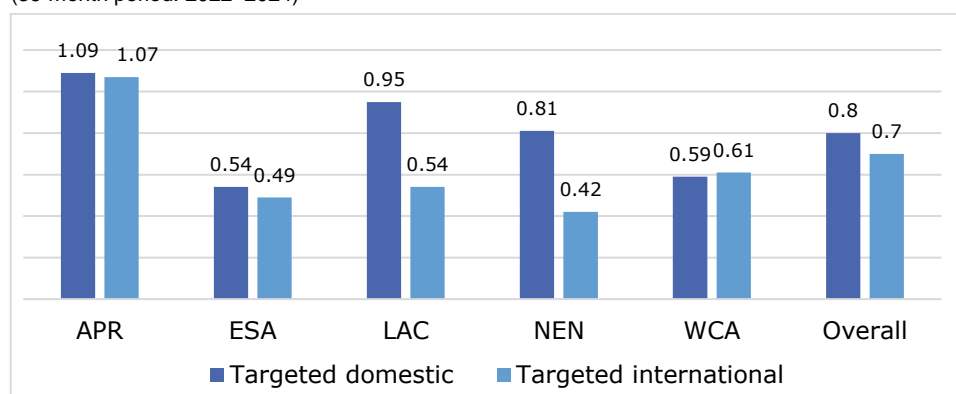
- (d) **Opportunities for private placement are limited in volatile markets.** The extreme volatility and uncertainty surrounding interest rates, coupled with fluctuating foreign exchange and a strengthening United States dollar, are especially challenging for long-dated private placement. In such market conditions, investors have a strong preference for liquid, short-dated bonds, which can potentially affect the timeliness of the funding plan's execution.
  - (e) **Opportunities for bilateral loans (CPLs and sovereign) are also limited.** These instruments have long maturity amortizing structures that are beneficial for IFAD's liability profile and are also the basis for long-lasting partnerships. However, negotiating periods are lengthy (sometimes as long as 12 months). In addition, IFAD follows a non-earmarking policy to ensure that such loans fund the totality of IFAD's PoLG, while development banks typically provide bilateral loans earmarked for specific projects that they pre-approve to ensure eligibility based on their policies.
170. **In sum, financial reforms, together with financial reporting that meets the best of industry standards, enhanced IFAD's financial architecture through borrowing.** Challenges with private placements and bilateral loans lie in their governance process and the unpredictability of their timing and execution – for private placements, due to volatile market conditions; and for bilateral loans, due to reduced offer and lengthy negotiation periods. To a certain extent, this unpredictability reduces the efficiency of IFAD's liquidity planning and financial forecasting. This issue would be exacerbated should IFAD need to significantly increase its borrowing envelope in IFAD13.

#### **Cofinancing**

171. **Building upon the expansion of IFAD'S role from direct financier to assembler of development finance in IFAD11, the Fund is delivering the IFAD12 investment pipeline with cofinanced projects.** Based on a 36-month rolling average, domestic cofinancing is meeting expectations at a ratio of 1:0.88 (against the IFAD12 target of 0.80). Mobilizing domestic cofinancing will continue to be a priority for the remainder of IFAD12. Top domestic cofinanciers include national governments and domestic financial institutions.
172. **International cofinancing is also on track at 1:0.77 versus the 0.70 target,** which was raised from the IFAD11 target of 0.60. IFAD's performance against this higher IFAD12 target once again shows that international partners view IFAD as a leading institution in agriculture and rural development. IFAD's international cofinanciers include the International Bank for Reconstruction and Development, ADB, African Development Bank, GCF, and the Islamic Development Bank. Cofinanced projects in the APR region drive IFAD's global cofinancing ratios, aligning with APR's high targets among the five regions (figure 10). Still, IFAD aims to create more level distributions of cofinancing across countries. This may be challenging, however, given the pressure of shrinking government fiscal spaces following the economic downturns post pandemic and recent rises in food prices.



Figure 10  
**Domestic and international cofinancing targets in IFAD12**  
 (36-month period: 2022–2024)



Note: NEN = Near East, North Africa and Europe.

173. **Mobilization of IFAD-managed cofinancing has been performing strongly in recent years**, with growing interest from Member States and other partners. Under these arrangements, the partners provide cofinancing to IFAD-financed investment projects through direct loan agreements with the recipient government and enter into a separate agreement with IFAD to provide certain financial, administrative and technical services. This way, the government benefits from additional cofinancing, while IFAD ensures that the financing is well integrated within the overall investment project and minimizes additional transaction costs for the borrower from having multiple financing partners. The financing partner benefits from access to IFAD's financial, administrative and technical capacities and the greater impact its funds can achieve when delivered as part of an IFAD-led investment project, as opposed to a stand-alone initiative. **IFAD's unique status as a development finance institution that is both a United Nations specialized agency and an IFI, now with a strong credit rating and fully pillar-assessed by the European Union, facilitates these kinds of arrangements.**
174. The resources provided to cofinance IFAD projects and programmes are channelled directly from the financing partner to the borrower, with IFAD providing various services – which typically include design, project supervision, the review of procurement documentation and financial administration – at a cost agreed on by IFAD and the provider of the funds/financing partner. IFAD has signed cofinancing framework agreements with the Government of Spain and Cassa di Depositi e Prestiti, both of which enable the partner to provide cofinancing for the IFAD portfolio during IFAD12 and beyond, with financing envelopes of EUR 200 million each. In both cases, IFAD is contracted to provide specific services (e.g. design, project supervision, the review of procurement documentation and financial administration) for each project cofinanced. IFAD anticipates more such arrangements with other partners in the future.

#### **Supplementary resources and other cofinancing**

175. **To strengthen IFAD's capacity as an assembler of development finance, new internal guidance on the mobilization and management of supplementary resources was developed** and approved during 2021–2022. A Resource Mobilization Committee was also established to strengthen interdepartmental coordination in resource mobilization, particularly for supplementary funds and cofinancing. Future directions being explored for IFAD's broader resource mobilization during IFAD12 and IFAD13 include: (i) continued consolidation of thematic initiatives into multi-donor initiatives and trust funds (i.e. ASAP+, PSFP); (ii) maximizing the mobilization of vertical funds and other multilateral resources (e.g. GEF, GCF, European Union, GAFSP); (iii) focusing more on non-grant-based supplementary resources, such as managed loan cofinancing,

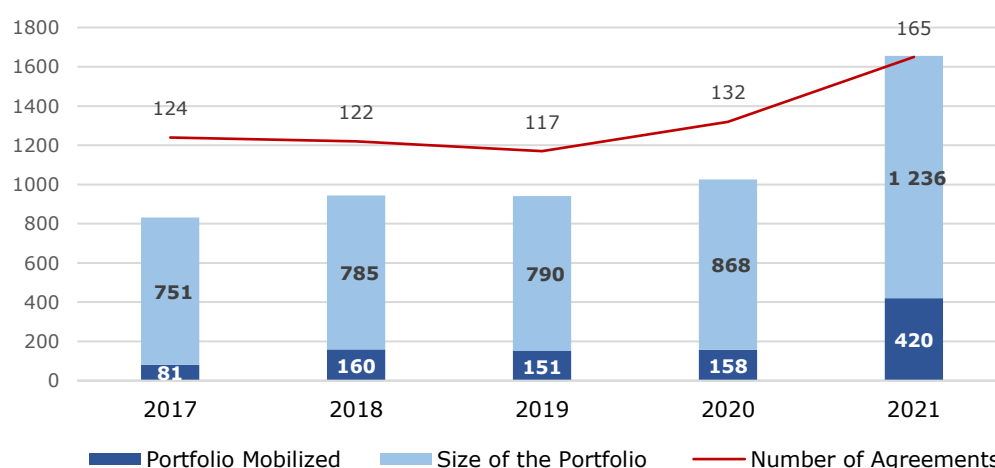
by positioning IFAD as a relevant partner for financiers interested in providing loan cofinancing to IFAD projects or benefiting from IFAD's loan administration capacity and design, supervision and implementation support; and (iv) elevating IFAD's position in the development financing architecture (e.g. possibly hosting financial intermediary funds relevant to IFAD's work).

176. **Supplementary resource mobilization has exhibited a strong positive trend in recent years**, driven by IFAD's role as an assembler of development finance, strong demand from partners to work with IFAD under such arrangements and the positive experiences of financing partners. The ongoing portfolio evolution during the period 2017–2021 reveals a positive trend since 2019 for new funding mobilized during the respective year (figure 11). The overall portfolio grew by approximately 42 per cent from 2020 to 2021, representing a significant increase over the gradual increases of previous years.

Figure 11

**Trends in supplementary resource mobilization (2017–2021)**

(Millions of United States dollars)



177. **Global climate and environment funds largely drove the spike in new supplementary funds mobilized in 2021**, providing a total of US\$224.9 million in supplementary funds (an increase of 469 per cent over 2020). The largest proportion of the growth in funding from climate and environment funds came from the GCF, with new contributions of US\$191.5 million for programmes in Brazil and the Sahel. IFAD has recently been reaccredited as an executing entity with the GEF and is undertaking all reaccreditation procedures with the GCF.

**Partnership with European Commission**

178. **IFAD successfully completed the European Commission assessment of the new mandatory pillars.** IFAD is currently the only United Nations agency that is fully pillar-assessed across each of the nine European Union pillars.<sup>61</sup> This achievement is critically important, given that the European Union is the largest donor of supplementary funds, with more than EUR 650 million provided to cofinance IFAD investments and support IFAD's work with farmers' organizations, agricultural research, remittances and the mainstreaming agenda.
179. **IFAD and the European Commission (Directorate-General for International Partnerships) engaged in a strategic dialogue.** The purpose of the dialogue was to (i) take stock of the results and experiences of past cooperation; (ii) share ideas on thematic policy and operational priorities; and (iii) strengthen and intensify

<sup>61</sup> This includes the mandatory pillars of internal controls (pillar 1), accounting systems (pillar 2), external audit (pillar 3), grants (pillar 4), exclusion from access to funding (pillar 7), publication of information on recipients (pillar 8) and data protection (pillar 9), as well as the optional pillars of procurement (pillar 5) and financial instruments, including budgetary guarantees (pillar 6).

the partnership between IFAD and the European Union to address global challenges in rural poverty, food insecurity and food systems. In April 2022, IFAD and the European Commission agreed on:

- (a) **Themes for cooperation between the two institutions:** (i) innovative financing for inclusive agrifood systems; (ii) conducive conditions for innovation and youth employment; and (iii) climate change, resilience, carbon sequestration and smallholders, identifying areas for future collaboration and highlighting the need to consolidate the continuing collaboration in IFAD's thematic work through existing programmes/projects.
- (b) **Modalities of collaboration:** (i) (co)financing of projects and programmes; (ii) collaboration on knowledge products; and (iii) advocacy around joint policy priorities.

### **Private sector**

180. **IFAD's evolved engagement with private sector partners** aims to address the lack of funding and market and value chain access, focusing on the most underserved segments. IFAD's Private Sector Engagement Strategy (PSS) 2019–2024 aims to: (i) mobilize private funding and investments in rural small and medium-sized enterprises (SMEs) and small-scale agriculture; and (ii) expand markets and increase incomes and job opportunities for IFAD's target groups. These objectives are meant to serve the IFAD12 three strategic objectives: productive capacity, market access and resilience of rural people.
181. **IFAD's PSFP serves as a key instrument for implementing the PSS.** The PSFP aims to mobilize private funding and investments that deliver economic, social and environmental benefits to rural poor and small-scale producers – in particular, in LICs, LMICs and countries in fragile situations, with a focus on job creation for youth, women's empowerment and strengthened resilience to climate change. In addition, the PSFP will contribute to IFAD's long-term financial sustainability by generating income that will contribute to the expansion and diversification of its resource base, in line with the ongoing efforts with the new financial architecture.
182. **The PSFP crowds in private sector investments, know-how and innovation for the benefit of small-scale producers.** The creation of this programme in February 2021 marked the completion of MA #38. IFAD designed the PSFP to complement other actions implemented by the Fund and its development partners. The PSFP's crowding-in effect is achieved by de-risking private sector investments in two ways: first, by utilizing IFAD's extensive expertise and know-how in the agricultural sector and working in the poorest areas of developing countries; second, by leveraging PSFP resources, which IFAD seeks to mobilize from various types of donors and impact investors. **Thus far, IFAD has mobilized EUR 25 million from Finland, Germany and Luxembourg.** There are also advanced discussions on significant grant and returnable capital with various donors and partners.
183. **To date, IFAD has delivered six non-sovereign operations (NSOs) through the PSFP** in Cambodia, Madagascar, Mozambique, Nigeria, Plurinational State of Bolivia and Uganda, plus an equity investment of EUR 8.49 million in the Agribusiness Capital Fund.<sup>62</sup> The total IFAD investment in the six NSOs came to US\$25.5 million, which catalysed an additional US\$140.7 million, for a total project cost of US\$166.2 million and a leverage effect of 6.5. Based on their respective logical frameworks, these six NSOs are expected to generate outcomes in terms of: (i) increased income and revenues for small-scale producers involved in food systems; (ii) increased production and farmer productivity; (iii) improved access to finance for small-scale producers, rural poor people and agri-SMEs involved in food

<sup>62</sup> The equity investment was IFAD's first NSO, with a contribution from the Swiss Agency for Development and Cooperation.

systems; and (iv) strengthened resilience of small-scale producers against the impacts of climate change. These investee operations have an estimated 403,000 direct beneficiaries and 1.4 million indirect beneficiaries.

#### **ASAP+**

184. **IFAD established the ASAP+ programme to assist closure of the climate finance gap** for small-scale producers, strengthening the resilience of vulnerable populations, and to mobilize additional resources through the 2RP. ASAP+ was formally established in October 2020 (completing MA #39). It aims to channel US\$500 million in additional climate finance to cover the estimated additional cost of mitigation and adaptation to climate change under the PoLG and to scale up climate finance for the most vulnerable populations. Resource mobilization for ASAP+ was formally launched in 2020, with approximately US\$92 million mobilized to date from seven bilateral donors (Austria, Denmark, Germany, Ireland, Qatar, Norway and Sweden) and the German Presidency of the G7. Four ASAP+ projects have been approved (Brazil, Ethiopia, Malawi and Niger), and six additional designs are under way (Brazil CompensACTION, Burkina Faso, Ethiopia CompensACTION, Lesotho CompensACTION, Somalia and Yemen). In 2022, ASAP+ entered into an innovative collaboration with Germany's G7 Presidency to pilot payment for ecosystem services and carbon market schemes in three countries (Brazil, Ethiopia and Lesotho).

#### **Enhanced Heavily Indebted Poor Countries (HIPC) Initiative**

185. In April 2022, the 135<sup>th</sup> session of the Executive Board approved debt relief under the HIPC Initiative for Somalia and Sudan. It also called on Management to explore additional sources of funding to reduce the burden of debt relief compensation on IFAD's resources for new commitments. In response, Management explored the option of benefiting from higher compensation from the Debt Relief Trust Fund (DRTF) administered by the World Bank.<sup>63</sup> Negotiations resulted in the Bank's willingness to provide IFAD with a higher level of compensation.

#### **Supplementary resources for IFAD's CRI and the RPSF**

186. **IFAD has mobilized additional funds to support its crisis response initiatives.** These initiatives are closely integrated with the action taken under the ongoing programmes to reallocate funding and reprioritize expenditure in the AWPBs. The RPSF and CRI mobilized approximately US\$83.7 million overall and demonstrated donors' interest in supporting IFAD in this kind of work. However, the experience also highlighted the need for a more structured institutional approach to crisis response funding that is less reactive and reliant on unpredictable supplementary funding and facilitates speedier action in times of crisis.

### **B. BRAM implementation update**

187. **The BRAM is a critical element of the transformational financial framework of the IFAD12 business model.** It allows the Fund to grow its PoW and sharpen its focus on the poorest and the most vulnerable countries, while simultaneously making adequate resources available to countries with higher levels of per capita income. Critically, the BRAM contributes to the financial sustainability of the Fund. The BRAM was established with the approval of the Executive Board in April 2021, completing MA #40, and became effective in January 2022, when the relative amendments to the Policies and Criteria for IFAD Financing entered into force.
188. **The BRAM is now the sole financing mechanism in the PoLG through which the Fund is providing financing to UMICs,** in compliance with MA #18, which requires IFAD to make between 11 and 20 per cent of IFAD's PoLG available to UMICs through borrowed resources (see section II.A for further details). As of September 2022, 90 per cent of eligible countries had formally expressed interest

<sup>63</sup> Since 2006, IFAD has benefited from financial support from the DRTF, which has made it possible to cover up to two thirds of the overall debt relief entitlements of countries at completion point.

in accessing BRAM resources. In addition to UMICs, eligible LICs and LMICs are also able to access these resources. Further dialogue with BRAM-eligible countries – and in particular, with eligible LICs and LMICs – is ongoing through bilateral meetings between IFAD teams and country representatives to ensure that counterparts are aware of the sources of IFAD financing available to them.

**189. The overall three-year targeted amount for the BRAM is US\$1.09 billion.**

Table 1 shows the size of the BRAM juxtaposed with the size of PBAS resources in IFAD12. To date, 92 per cent of the available BRAM resources (equivalent to US\$1 billion, out of a total US\$1.09 billion BRAM resources) have already been planned for approval by the end of 2024. This financing is associated with 40 countries. A total of US\$147 million for the BRAM was approved in 2022.

Table 1

**PBAS and BRAM resources in IFAD12**

(Millions of United States dollars)

<i>Type of resources</i>	<i>IFAD12 amount</i>	<i>Difference with IFAD11</i>
DSF (core)	425	(170)
Non-DSF (core)	1 860	(388)
BRAM/borrowed	1 090	660
<b>Total</b>	<b>3 375</b>	<b>102</b>

**190. Management balances the need for portfolio stability with the equally important need to ensure that borrowed resources are allocated to maximize development impact.** The selection of countries eligible for BRAM is based on the general criteria for IFAD12 countries,<sup>64</sup> as well as an additional eligibility criterion based on their level of indebtedness. Furthermore, distribution of BRAM resources requires compliance with IFAD's target of maintaining a minimum average credit rating equivalent to BB for the BRAM portfolio. The eligibility of individual countries is subject to change, based on the International Monetary Fund (IMF)-World Bank Debt Analysis. Thus, the 52 countries identified as BRAM-eligible at the beginning of the IFAD12 cycle decreased to 48 as of September 2022 (9 LICs, 27 LMICs and 12 UMICs). **Management will continue to monitor effective uptake of BRAM in light of the global crisis, as debt distress and reduced fiscal space may discourage some countries from requesting BRAM resources.**

**C. IFAD engaging with MDB partners on debt**

**191. IFAD is committed to participating in MDB debt management working groups**

and seeking to engage with other global forums on debt monitoring, transparency and debt management as per MA #41 (ongoing). During IFAD12, the Fund continues to raise its profile as a fully fledged member of the MDB meetings on debt vulnerability and sustainable development financing. These activities led to IFAD's participation in the first in-country creditor outreach conference, organized by the World Bank, as one of the major pillars of the Sustainable Development Finance Policy in 2022. In this regard, IFAD will continue engaging with other multilateral institutions, including the IMF, on discussions around the DSF arrangements, exacerbation of the debt vulnerabilities of specific countries and the joint-harmonized response of MDBs.

**192. The adherence to the core principles of sustainable financing will require an update of the 2018 Non-Concessional Borrowing Policy (NCBP).** At the time of approval, Management had committed to reporting to the Member States about the implementation and proposed way forward. Currently, several MDBs/IFIs have adopted new arrangements and modalities, which in the main are promoting debt

<sup>64</sup> Other principles governing access to borrowed resources through BRAM are: the supply of borrowed resources; risk-based country limits; differentiated financing conditions; and demand-based access. See EB 2022/S12/R.2 for detailed BRAM eligibility criteria.

transparency, better sustainable debt management and creditor outreach, rather than the disincentive approach (volume cut or hardening of the terms of the previous NCBP). Yet, if eligible borrowers fail to put adequate and monitorable measures in place or exceed their non-concessional borrowing threshold, they are subject to a set-aside allocation during the cycle. **Management proposes to articulate high-level principles to embed in the overall replenishment discussion, with a commitment to updating the policy prior to the start of IFAD13.**

193. Finally, as part of institutional fit-for-purpose changes, Management introduced a development finance function. The new team coordinates with departments and divisions responsible for resource mobilization, planning and the allocation of financial resources and ongoing programme delivery in operations. It plays a convergence role between the development, financial and strategic dimensions of IFAD's sovereign and non-sovereign operations.

## **VI. Looking ahead: Implementing IFAD12 and preparing for IFAD13**

194. **The Fund is on track to deliver its IFAD12 commitments by the end of 2024.** IFAD has been proactive in approving the policies, strategies and operational guidance tools that serve as the basis for a sharper focus on inclusive and sustainable rural transformation, with a special focus on fragile situations. IFAD has also adjusted its resource allocation framework and tools to maximize concessional space for LMICs and LICs while ensuring lending to UMICs. The four current cross-cutting themes are now largely mainstreamed in terms of their integration in COSOPs and projects, although measurable impact will continue to take time to fully materialize, given the time lag from project design to impact assessment after completion. IFAD has synthesized learning from operations, evaluations and on-the-ground experience in a series of action plans and guidance tools to improve traditionally weaker areas of country programmes. In addition to the mainstreaming themes, action plans on efficiency, sustainability and M&E are now available; the revised scaling-up strategy is still under development. A new innovation operating model was launched, but this is an area that requires a longer timespan to combine with other mainstreaming priorities. ICT4D is also a new area for IFAD, and while integration in country programmes is under way, it requires better monitoring.
195. **To support and accompany transformational country programmes, IFAD has undergone significant institutional change.** Decentralization continues to be a high-performing area, backed by the PPTP. The latter will have marked effects on loan disbursement and project procurement, key dimensions for efficiency. IFAD also adopted a new SH/SEA action plan, while hate speech, discrimination and racism are being monitored through dedicated surveys and shared with Member States. Recruitment is taking longer, however, due to the growing number of vacancies from high staff turnover. The upcoming CLE on decentralization (2023) will help inform Management on how to proceed with decentralization plans over the remainder of IFAD12 and in IFAD13 and beyond. Outcomes of this CLE will inform the IFAD13 Business Model and Financial Framework paper to be presented at the second session of the IFAD13 Consultation in mid-2023.
196. **Furthermore, IFAD has adapted its financial framework to adapt to a new business model, expand its PoW and ensure financial sustainability.** The establishment of the PSFP and the ASAP+ allows for additional resource mobilization and a sharper focus on climate resilience and private sector involvement, two key factors for sustainable rural transformation and resilience-building of IFAD's target groups. The BRAM has elicited high demand from borrowers, with almost all available funds already planned for approval by the end of IFAD12. Under the IBF, IFAD made progress in securing roughly half of the

resources needed for the entire period; however, private placements and bilateral loans are challenged in terms of their governance process and the unpredictability of timing and execution. Moreover, debt distress and reduced fiscal space have kept a few countries from seeking BRAM resources. Mobilization of core resources is key to reaching LICs and LMICs. If the full target of US\$1.55 billion in core resources is not met, continuing to provide the same level of PBAS funding will be a challenge, particularly for LICs in debt distress. In IFAD13, the Fund's ability to act as an assembler of development finance will become even more important for the support it can offer these countries.

197. **However, delivery of the PoLG with embedded mainstreaming commitments depends heavily on government demand.** Mainstreaming commitments were found to be among the drivers of project complexity and may reduce IFAD's agility in responding to emerging needs. The current approach of broadly embedding mainstreaming themes across all or almost all projects should be reviewed in IFAD13. As ambitions increase and focus is placed on delivering more transformative outcomes, IFAD must also ensure flexibility to adapt to country contexts and focus on the agreed priorities of different country programmes. Without reducing ambition, this could entail considering different levels of progress across the four themes over recent cycles and how best to intensify impact within and across them in the future. The increasingly central role of climate and climate finance in IFAD's business model, the growing ambitions in gender-transformative approaches, the need to ensure a greater impact on nutrition and the opportunity to leverage new instruments such as PSFP to strengthen IFAD's activities targeting youth should all be considered, as could the need to find appropriate ways of integrating other priorities, such as environment and biodiversity, broader social inclusion, private sector and ICT4D, as well as fragility. The IFAD13 Directions paper will include proposals on how these thematic agendas can be strengthened.
198. IFAD12 has planted many seeds of transformative change to achieve the Fund's mandate to increase the food security and incomes of rural people. In IFAD13, these fundamental changes need to take root to continue expanding and deepening impact, while ensuring that the impact is sustainable over time. To do so, **IFAD13 will ensure a high level of continuity with IFAD12, while working to strike a balance between continued progress on thematic priorities, project design quality and financial sustainability.** The focus will be on IFAD's core mandate, universality and areas of comparative advantage, which are especially relevant in the current global context. IFAD's ability to deliver on its core mandate is central to addressing climate and food security challenges and building resilience to future shocks in all country contexts. The more IFAD focuses on this, the more ambitious it can be. Through the remainder of IFAD12 and moving into IFAD13, the Fund will work to keep ambitions high and secure the resources to deliver on them.



## Status of IFAD12 Commitments

Key	Complete	Ongoing – on track	Ongoing - delayed
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Category	Commitment	Monitorable Action (MA)	MA Committed End Date	MA Status	MA Status Description
<b>1. Transformational country programmes - Deepening and expanding impact – leaving no one behind</b>	1.1. Increased ambition on mainstreaming and other priority issues, and enhanced targeting of the most vulnerable rural people	1. Increase target for climate finance to 40 per cent of the IFAD12 PoLG	Q4 2024	Ongoing	Currently the climate finance percentage of IFAD's approved IFAD12 PoLG stands at 28 per cent. IFAD is confident that this MA will be achieved by the end of IFAD12.
		2. Present a strategy on biodiversity to the Executive Board	Q4 2021	Complete	IFAD's first-ever Biodiversity Strategy (2022-2025) was presented to the EB in at the 134th session of the Executive Board (EB 2021/134/R.10)
		3. Develop specific agro-biodiversity initiatives to improve management and restoration of water or land ecosystems	Q4 2022	Ongoing - delayed	IFAD has prepared a technical guidance note "Enhancing Agrobiodiversity through Agroecology – How to do agroecology projects that enhance agrobiodiversity". In the second half of IFAD12 focus will be on the use of this guidance note complemented by other actions linked to the implementation of IFAD's Biodiversity Strategy to increase IFAD's support to agrobiodiversity.

Category	Commitment	Monitorable Action (MA)	MA Committed End Date	MA Status	MA Status Description
		4. Ensure that 60 per cent of new investment projects explicitly prioritize youth and youth employment	Q4 2024	Complete	As of December 2022, 68 per cent of IFAD12 approved projects are youth sensitive. IFAD will continue to monitor this MA to make sure the target is met once all IFAD12 approvals are completed.
		5. Ensure that 60 per cent of new investment projects are nutrition sensitive at design	Q4 2024	Complete	Currently 64 per cent of IFAD12 approved projects are nutrition sensitive. IFAD will continue to monitor this MA to make sure the target is met once all IFAD12 approvals are completed.
		6. Present an updated policy for IFAD's work with indigenous peoples for approval to the Executive Board	Q2 2022	Complete	IFAD presented the updated Indigenous Peoples Policy at the 137th session of the Executive Board (EB 2022/137/R.6).
		7. Ensure that at least 10 new projects include indigenous peoples as a priority target group	Q4 2024	Ongoing	So far 2 projects have been approved that include indigenous peoples as a priority target group.
		8. Replenish the Indigenous Peoples Assistance Facility including through mobilization of additional resources from other partners	Q4 2022	Ongoing	A proposal to mobilise US\$ 2.5 million of IFAD regular grant resources to complement the Sida contribution to the IPAF will be submitted.

Category	Commitment	Monitorable Action (MA)	MA Committed End Date	MA Status	MA Status Description
		9. Present a strategy for persons with disabilities to the Executive Board	Q2 2022	Complete	IFAD presented a new Disability Inclusion Strategy to the December 2022 Executive Board (EB 2022/137/R.7).
		10. Ensure that at least five new projects include persons with disabilities as a priority target group	Q4 2024	Complete	So far 5 projects have been approved that include Persons with Disabilities (PwD) as a priority target group.
		11. Revise IFAD's targeting policy to better reflect mainstreaming and social inclusion priorities (indigenous peoples, persons with disabilities)	Q4 2022	Ongoing - delayed	The updated Targeting Policy will be presented to the Executive Board in May 2023
		12. Strengthen reporting on mainstreaming themes and commitments through a stand-alone annual report to complement the RIDE	Q3 2023	Ongoing	This mainstreaming-focused companion report to the RIDE will be launched in September 2023, reporting on 2022 as the first year of implementation of IFAD12.

Category	Commitment	Monitorable Action (MA)	MA Committed End Date	MA Status	MA Status Description
	1.2. Strategic focus on fragility, conflict and building resilience	13. Review IFAD's engagement in fragile situations, including the special programme on fragility, to improve performance in building resilience, reducing humanitarian need and engaging effectively in conflict-affected situations	Q4 2022	Ongoing - delayed	An approach paper will be approved in Q3 2023.
		14. Develop specific initiatives for enhanced IFAD engagement in the Sahel and Horn of Africa, leveraging 2RP (including the 3S and the GGWI initiatives) to increase resources and strengthen collaboration with partners	Q4 2023	Ongoing	As of October 2022, there were 27 ongoing projects and six ongoing grants in the Sahel and the Horn of Africa.
		15. Allocate at least 25 per cent of core resources to countries with fragile situations	Q4 2021	Complete	Core resource allocations programmed for IFAD12 are on-target as presented to the EB in February 2022 (EB 2022/S12/R.2).
		16. Develop a new strategy for IFAD's engagement in Small Island Developing States	Q4 2022	Complete	The SIDS Strategy was approved by the EB in the 136th session of the Board (EB 2022/135/R.5).

Category	Commitment	Monitorable Action (MA)	MA Committed End Date	MA Status	MA Status Description
	1.3. Prioritizing IFAD's core resources for the poorest countries	17. Allocate 100 per cent of core resources to LICs and LMICs, ensuring that 55 per cent are allocated to Africa, and 50 per cent to sub-Saharan Africa	Q4 2021	Complete	Core resource allocations programmed for IFAD12 are on-target as presented to the EB in February 2022 (EB 2022/S12/R.2).
		18. UMICs access between 11 per cent and 20 per cent of the IFAD12 PoLG through the use of borrowed resources	Q4 2024	Ongoing	Compliance with commitment 18 will be monitored through the IFAD12 cycle and it will be reported on to the Board at the end of IFAD12.
		19. Present a graduation policy for approval to the Executive Board	Q3 2021	Complete	IFAD's graduation policy was approved by the EB at the 133rd session of the Board (EB 2021/133/R.5).
	1.4. Strategic partnerships to enhance impact	20. Present a new SSTC strategy to the Executive Board	Q4 2021	Complete	The SSTC Strategy for 2022-2027 was approved by the EB at the 134th session of the Board (EB 2021/134/R.8).
		21. Expand the SSTC Trust Fund and develop new SSTC initiatives in at least ten country programmes	Q4 2024	Ongoing	The period under review saw progress in partnership building around SSTC. Feedback from regional divisions indicates more than 20 ongoing IFAD country programmes that include SSTC components or activities.
<b>2. Transformational country programmes -</b>	2.1. Enhancing performance and efficiency	22. Develop an action plan on project-level efficiency	Q4 2021	Complete	The Efficiency Action Plan was approved by PMC on 1 November 2022.

Category	Commitment	Monitorable Action (MA)	MA Committed End Date	MA Status	MA Status Description
Operationalizing transformational country programmes		23. Develop a project-level M&E action plan	Q4 2022	Complete	The project-level M&E action plan was approved by PMC on 6 December 2022.
		24. Review and update IFAD's Development Effectiveness Framework	Q4 2021	Complete	The Development Effectiveness in the Decade of Action: An update to IFAD's Development Effectiveness Framework was presented at the 134th session of the Executive Board (EB 2021/134/R.24).
		25. Update IFAD's value for money scorecard for IFAD12 and continue reporting on it as part of the RIDE	Q3 2023	Ongoing	The RIDE 2023 will feature a dedicated annex with the updated VfM scorecard, adapted to the IFAD12 business model and priorities, and related progress.
		26. Develop an operating model and guidelines for innovation in IFAD	Q3 2021	Ongoing - delayed	A new definition of innovation was approved on 9 March 2022. IFAD and UNSCC have adopted the UN Innovation Toolkit, and the two organizations will sign a letter for intent for partnership.
		27. Ensure that 50 per cent of COSOPs and CSNs approved in IFAD12 have identified ICT4D opportunities	Q4 2024	Complete	15 COSOPs and CSNs were approved in 2022, out of which 8 or 53 per cent have identified ICT4D opportunities. IFAD will continue to monitor this MA to make sure the target is met once all IFAD12 approvals are completed.

Category	Commitment	Monitorable Action (MA)	MA Committed End Date	MA Status	MA Status Description
		28. Ensure that at least five projects integrate ICT4D or digital agricultural approaches	Q4 2024	Complete	As of December 2022, 8 Projects have integrated ICT4D or digital Agriculture approaches. Approval of additional projects is foreseen until 2024.
	2.2. Sustainability and scaling up results	29. Enhance tools and approaches to achieve policy impact related to IFAD's strategic objectives	Q4 2022	Complete	In 2022, four companion tools (covering CLPE definitions, rationale and outcomes, planning, and M&E) were published and the curriculum for one OPAC course introducing staff to CLPE at IFAD was established. A second, practice-focused course will be produced by early 2023.
		30. Introduce country programme level indicators on measuring policy impact related to IFAD's strategic objectives	Q4 2022	Complete	A dedicated inter-departmental working group integrated into the new templates/guidelines for COSOPs, COSOP-Gs and CSNs a set of model indicators for CLPE to be used in COSOP RMFs.
		31. Develop and implement an action plan on the sustainability of results	Q4 2021	Complete	The Sustainability Action Plan was approved at PMC on 8 November 2022.
		32. Update IFAD's scaling up strategy	Q4 2021	Ongoing - delayed	The PMC endorsed the approach paper in June 2022 and a first draft of the update has been prepared for wider consultations. It is expected that the final draft update would be ready for review and approval during Q1 2023.



Category	Commitment	Monitorable Action (MA)	MA Committed End Date	MA Status	MA Status Description
	2.3 Expanding IFAD's toolkit for supporting rural poor people	33. Present a new Policy for Grant Financing for the approval of the Executive Board	Q2 2021	Complete	IFAD's Regular Grant Policy was approved by the EB at the 132nd session of the Board (EB/2021/132/R.3).
		34. Develop guidelines and pilot multi-phased programmatic approaches	Q4 2024	Ongoing	The drafting and consultation process began in Q4 2022.
<b>3. Transformational institutional change</b>	3.1. Increase IFAD's decentralization, while strengthening institutional safeguard mechanisms and risk management	35. Increase decentralization from 32 per cent to 45 per cent of staff	Q4 2023	Ongoing	39.6 per cent of staff positions are in the field. The RO in APR, initially expected to be operationalized in 2023, has been deferred to 2024. The establishment of the LAC RO remains on track for 2024, with its location to be decided in 2023.
		36. Develop biennial IFAD action plans to prevent and respond to SH/SEA aligned with United Nations Sustainable Development Group strategies and best practices, and provide regular implementation updates to the Executive Board on progress, challenges and risks, including on victim/survivor-centred	Ongoing	Ongoing	IFAD has implemented its 2018–2019 and 2020–2021 SH/SEA action plans, and the 2022–2023 action plan is under way (EB 2022/135/R.14 and EB 2022/136/R.16).

Category	Commitment	Monitorable Action (MA)	MA Committed End Date	MA Status	MA Status Description
		approaches and action at HQ and country level			
		37. Building on IFAD's anti-hate speech action plan, undertake an IFAD-wide survey, including questions on racism, and report the results to the Executive Board	Q3 2021	Complete	The survey was carried out in the fourth quarter of 2021 in order to gather information from across IFAD on the prevalence and sources of hate speech, discrimination and racism in relation to IFAD and the working environment. The results of the Survey were shared internally, and with the EB at its 135th session (EB 2022/135/R.3).
<b>4.Transformational financial framework</b>	4.1. Increase resources by integrating borrowing to	38. Establish the PSFP to crowd in private sector investments, know-how and innovation for the	Q4 2021	Complete	The PSFP was established by the IFAD12 Replenishment consultation in February 2021 (IFAD12/4(R)/INF.1).

Category	Commitment	Monitorable Action (MA)	MA Committed End Date	MA Status	MA Status Description
	achieve a target PoLG of US\$3.5 billion and introducing two new programmes – ASAP+ and PSFP – with a view to an overall PoW of approximately US\$11 billion	benefit of small-scale producers			
		39. Establish ASAP+ to assist in closing the climate finance gap for small-scale producers and strengthening the resilience of vulnerable populations, and mobilize additional resources through 2RP	Q4 2021	<b>Complete</b>	ASAP+ was established at the Consultation on the Twelfth Replenishment of IFAD's Resources — Third Session (IFAD12/3/R.2/Add.3). Resource mobilization for ASAP+ was formally launched in 2021, with ca. US\$ 92 million mobilized to date from seven bilateral donors (Austria, Denmark, Germany, Ireland, Qatar, Norway and Sweden) and the German Presidency of the G7.
		40. Present a proposal for establishment of an access mechanism for borrowed resources to the Executive Board	Q2 2021	<b>Complete</b>	The creation of the BRAM was approved by the EB at the 132nd session of the Board (EB 2021/132/R.9/Rev.1).
		41. Participate in MDB debt management working groups and seek to engage with other global forums on debt monitoring, transparency and debt management	Ongoing	<b>Ongoing</b>	IFAD is a full member of MDB Meetings on debt vulnerabilities and sustainable development financing. IFAD will continue engaging with other multilateral institutions on discussions around Debt Sustainability Framework arrangements, exacerbation of debt vulnerabilities of

Category	Commitment	Monitorable Action (MA)	MA Committed End Date	MA Status	MA Status Description
					specific countries and joint-harmonized response of MDBs.

## IFAD12 Results Management Framework indicators

[these indicators will be reported on holistically in the 2023 RIDE]

### Tier I – Goals and Context

<i>Impact</i>		<i>Source</i>	<i>SDG Sub-indicator</i>	<i>Baseline (year)</i>	<i>Results (year)</i>
<b>1.1</b>	<b>SDG 1: No poverty</b>				
1.1.1	Proportion of population below the international poverty line of US\$1.90 a day (SDG 1.1.1)	UNSD	1.1.1	N/A	9.2 (2020)
<b>1.2</b>	<b>SDG 2: Zero Hunger</b>				
1.2.1	Prevalence of food insecurity (SDG 2.1.2)	UNSD	2.1.2	N/A	33 (2020)
1.2.2	Prevalence of malnutrition among children under 5 years of age (SDG 2.2.2)	UNSD	2.2.2	N/A	6.7%(W); 5.7% (O) (2020)
1.2.3	Productivity of small-scale food producers (SDG 2.3.1) <b>(new)</b>	UNSD	2.3.1	N/A	-
1.2.4	Average income of small-scale food producers (SDG 2.3.2)	UNSD	2.3.2	N/A	-
1.2.5	Government expenditure on agriculture (index) (SDG 2.a.1)	UNSD	2.A.1	N/A	0.28 (2020)

<b>Key</b>	Above Target	Below Target
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### Tier II – Development Impact and results<sup>65</sup>

<sup>65</sup> All persons-based indicators will be disaggregated by sex (M – Male; F - Female) and youth status (young – Y; not young - NY) and where feasible to include persons with disabilities.

<i>Impact</i>		<i>Source</i>	<i>SDG Target</i>	<i>Baseline (IFAD10 2016-2018)</i>	<i>IFAD11 target (end-2021)</i>	<i>Current<sup>66</sup></i>	<i>IFAD12 target (end-2024)</i>
<b>2.1</b>	<b>Impact indicator</b>						
2.1.1	Number of people experiencing economic mobility (millions)	IFAD11 Impact Assessment (IFAD11 IA)	2.3, 1.2	N/A	44	77.4	68
2.1.2	Number of people with improved production (millions) (SO1)	IFAD11 IA	2.3	N/A	47	62.4	51
2.1.3	Number of people with improved market access (millions) (SO2)	IFAD11 IA	2.3	N/A	46	64.4	55
2.1.4	Number of people with greater resilience (millions) (SO3)	IFAD11 IA	1.5	N/A	24	38.2	28
2.1.5	Number of people with improved nutrition (millions)	IFAD11 IA	2.1	N/A	12	0.6	11
<b>2.2</b>	<b>Outreach, outcomes and outputs</b>						
2.2.1	Number of persons receiving services promoted or supported by the project (millions)	Core indicators	1.4	110	120	91.2 (M49/F51) (Y22/NY78)	127
2.2.2	Number of hectares of farmland under water-related infrastructure constructed/rehabilitated	Core indicators	2.3	450 000	70 000	599 300	610 000
2.2.3	Number of persons trained in production practices and/or technologies (millions)	Core indicators	2.3	2.7	3.5	2.9 (M53/F47)	3.25

<sup>66</sup> Figures are taken from RIDE 2022 (end-2021)

	<i>Impact</i>	<i>Source</i>	<i>SDG Target</i>	<i>Baseline (IFAD10 2016-2018)</i>	<i>IFAD11 target (end-2021)</i>	<i>Current<sup>66</sup></i>	<i>IFAD12 target (end-2024)</i>
						(Y12/NY88)	
2.2.4	Number of persons in rural areas accessing financial services (savings, credit, insurance, remittances, etc.) (millions)	Core indicators	2.3	18	23	8.3 (M42/F58) (Y19/NY81)	22.5
2.2.5	Number of rural enterprises accessing business development services	Core indicators	8.2	600 000	100 000	1 965 250	900 000
2.2.6	Number of persons trained in income-generating activities or business management (millions)	Core indicators	4.4	2.7	3.2	3.2 (M31/F69) (Y28/NY72)	3.1
2.2.7	Number of supported rural producers that are members of rural producers' organizations	Core indicators	2.3	0.7	1.2	1.2 (M61/F39) (Y13/NY87)	1
2.2.8	Number of beneficiaries with new jobs/employment opportunities ( <b>new</b> )	Core indicators	8.5	N/A	N/A	-	Tracked <sup>67</sup>
2.2.9	Number of kilometres of roads constructed, rehabilitated or upgraded	Core indicators	9.1	12 000	20 000	11 650	19 000
2.2.10	Number of hectares of land brought under climate-resilient management (millions)	Core indicators	2.4	1.5	1.5	1.8	1.9
2.2.11	Number of groups supported to sustainably manage natural resources and climate-related risks	Core indicators	2.4	10 000	10,000	46 370	11 500

<sup>67</sup> Outcome indicators are "Tracked" when they are new, because they are without any historical data, and employing new calculation methodologies.



<i>Impact</i>		<i>Source</i>	<i>SDG Target</i>	<i>Baseline (IFAD10 2016-2018)</i>	<i>IFAD11 target (end-2021)</i>	<i>Current<sup>66</sup></i>	<i>IFAD12 target (end-2024)</i>
2.2.12	Number of households reporting adoption of environmentally sustainable and climate-resilient technologies and practices	Core indicators	13.1	300 000	300 000	220 550	350 000
2.2.13	Number of tons of greenhouse gas emissions (carbon dioxide equivalent [CO <sub>2</sub> e]) avoided and/or sequestered (million tons of CO <sub>2</sub> e over 20 years)	Core indicators	13.1	65	65	-112 million tCO <sub>2</sub> e over 20 years	95
2.2.14	Number of persons/households provided with targeted support to improve their nutrition (millions)	Core indicators	2.1	5	5	2.1 (M40/F60) (Y33/NY67)	6
2.2.15	Percentage of women reporting minimum dietary diversity (MDDW)	Core indicators	2.1	20	N/A	14	25
2.2.16	Number of beneficiaries gaining increased secure access to land <b>(new)</b>	Core indicators	1.4	N/A	N/A	-	Tracked
<b>2.3</b>	<b>Project-level development outcome ratings at completion</b>						
2.3.1	Overall project achievement (ratings 4 and above) (percentage) (PCR ratings)	PCR ratings	-	N/A	90	91	90
	Overall project achievement (ratings 4 and above) (percentage) (IOE ratings)	IOE ratings	-	N/A	N/A	75	Tracked
2.3.2	Government's performance (ratings 4 and above) <b>(new)</b>	PCR ratings	-	80	80	84	80
2.3.3	IFAD's performance (ratings 4 and above) <b>(new)</b>	PCR ratings	-	N/A	N/A	92	90

<i>Impact</i>		<i>Source</i>	<i>SDG Target</i>	<i>Baseline (IFAD10 2016-2018)</i>	<i>IFAD11 target (end-2021)</i>	<i>Current<sup>66</sup></i>	<i>IFAD12 target (end-2024)</i>
2.3.4	Efficiency (ratings 4 and above)	PCR ratings	-	67	80	76	80
2.3.5	Sustainability of benefits (ratings 4 and above)	PCR ratings	-	71	85	82	85
2.3.6	Scaling up (ratings 4 and above)	PCR ratings	-	88	95	86	95
2.3.7	Gender equality (ratings 4 and above)	PCR ratings	-	88	90	90	90
	Gender equality (ratings 5 and above)	PCR ratings	-	N/A	60	53	60
2.3.8	Environment and natural resource management (ratings 4 and above)	PCR ratings	-	84	90	94	90
2.3.9	Adaptation to climate change (ratings 4 and above)	PCR ratings	-	83	85	92	90

**Tier III – Delivering Impact**

	<i>Impact</i>	<i>Source</i>	<i>Baseline (2019)</i>	<i>IFAD11 target (end-2021)</i>	<i>Current<sup>68</sup></i>	<i>IFAD12 target (end-2024)</i>
	<b>Transformational country programmes</b>					
<b>3.1</b>	<b>Performance of country programmes</b>					
3.1.1	Relevance of IFAD country strategies (ratings of 4 and above)	Stakeholder survey	93	90	94	90
		COSOP completion reviews (CCRs)	N/A	80	100	80
3.1.2	Effectiveness of IFAD country strategies (ratings of 4 and above)	Stakeholder survey	89	90	89	90
		CCRs	N/A	80	72	80
3.1.3	Partnership-building (ratings of 4 and above)	Stakeholder survey	91	90	91	90
		CCRs	N/A	80	94	80
3.1.4	Country-level policy engagement (ratings of 4 and above)	Stakeholder survey	83	90	81	90
		CCRs	N/A	80	72	80
3.1.5	Knowledge management (ratings of 4 and above)	Stakeholder survey	93	90	93	90
		CCRs	N/A	N/A	72	80

<sup>68</sup> **Bolded figures** have been updated with preliminary 2022 progress. All others were last updated in the RIDE 2022 (end-2021).

<i>Impact</i>		<i>Source</i>	<i>Baseline (2019)</i>	<i>IFAD11 target (end-2021)</i>	<i>Current<sup>68</sup></i>	<i>IFAD12 target (end-2024)</i>
3.1.6	COSOPs integrating private sector interventions complementing the PoLG <b>(new)</b>	Quality assurance review	N/A	N/A	89	50
<b>3.2</b>	<b>Designing for impact</b>					
3.2.1	Overall rating for quality of project design (ratings 4 and above)	Quality assurance ratings	93	95	100	95
3.2.2	Overall rating for quality of grant-funded projects at entry (ratings 4 and above)	Quality assurance ratings	100	90	100	95
3.2.3	Projects designed to be gender transformative	Corporate validation	32	25	50	35
3.2.4	Climate finance: Climate-focused PoLG	Corporate validation based on <i>MDB Methodologies for Climate Finance Tracking</i>	34	25	28	40
3.2.5	Climate capacity: Projects designed to build adaptive capacity	Corporate validation	N/A	N/A	67	90
3.2.6	Appropriateness of targeting approaches in IFAD investment projects	Quality assurance ratings	93	90	100	90

<i>Impact</i>		<i>Source</i>	<i>Baseline (2019)</i>	<i>IFAD11 target (end-2021)</i>	<i>Current<sup>68</sup></i>	<i>IFAD12 target (end-2024)</i>
3.2.7	Quality of project target group engagement and feedback (ratings 4 and above) <b>(new)</b>	Supervision ratings	N/A	N/A	<b>90</b>	80
3.2.8	Overall quality of SSTC in COSOPs (ratings of 4 and above) (percentage) <b>(new)</b>	Quality assurance ratings	N/A	N/A	<b>100</b>	90
<b>3.3</b>	<b>Proactive portfolio management</b>					
3.3.1	Disbursement ratio	Oracle FLEXCUBE	17.9	17	15.8	15
3.3.2	Overall implementation progress (ratings 4 and above)	Supervision ratings	89	N/A	<b>83</b>	85
3.3.3	Proactivity index	Corporate databases	55	N/A	<b>80</b>	70 <sup>69</sup>
	<b>Transformational financial framework</b>					
<b>3.4</b>	<b>Resources</b>					
3.4.1	Debt-to-equity ratio	Corporate databases	8.1	Tracked	<b>29</b>	Tracked
3.4.2	Deployable capital	Corporate databases	40.3	Tracked	<b>38</b>	Tracked
3.4.3	Cofinancing ratio	GRIPS	1:1.37	1:1.4	<b>1:1.65</b>	1:1.5
3.4.3	Cofinancing ratio (international)	GRIPS	1:0.61	1:0.6	<b>1:0.77</b>	1:0.7
3.4.3	Cofinancing ratio (domestic)	GRIPS	1:0.76	1:0.8	<b>1:0.88</b>	1:0.8

<sup>69</sup> The target reflects a new definition in line with other international financial institutions, which includes restructuring of ongoing projects

<i>Impact</i>		<i>Source</i>	<i>Baseline (2019)</i>	<i>IFAD11 target (end-2021)</i>	<i>Current<sup>68</sup></i>	<i>IFAD12 target (end-2024)</i>
3.4.4	Leverage effect of IFAD private sector investments <sup>70</sup>	Corporate databases	N/A	N/A	6.5	5
<b>3.5</b>	<b>Institutional efficiency</b>					
3.5.1	Ratio of IFAD's administrative expenditure to the PoLG (including IFAD-managed funds)	Corporate databases	11.2	12.9	13.52	12.5
3.5.2	Ratio of the administrative budget to the ongoing portfolio of loans and grants	Corporate databases	2.1	2.1	2.06	2.1
<b>3.6</b>	<b>Decentralization</b>					
3.6.1	Ratio of budgeted staff positions in ICOs/regional hubs	Corporate databases	32	33	39.6	45
3.6.2	Decentralization effectiveness (new)	ICO Survey	N/A	N/A	72	80
<b>3.7</b>	<b>Human resource management</b>					
3.7.1	Percentage of women in P-5 posts and above	Corporate databases	33.9	35	42.6	40
3.7.2	Time to fill Professional vacancies	Corporate databases	94	100	102	90
3.7.3	Percentage of staff completing SH/SEA online training	Corporate databases	N/A	N/A	98	98
3.7.3	Percentage of PMUs completing training on SH/SEA for new projects	Corporate databases	N/A	N/A	73	50
3.7.4	Performance management (new)	Corporate databases	N/A	N/A	-	50
<b>3.8</b>	<b>Transparency</b>					

<sup>70</sup> This is defined as the aggregate size of public and private sector resources mobilized thanks to IFAD's own investment and support to non-sovereign projects, across the portfolio.

<i>Impact</i>		<i>Source</i>	<i>Baseline (2019)</i>	<i>IFAD11 target (end-2021)</i>	<i>Current<sup>68</sup></i>	<i>IFAD12 target (end-2024)</i>
3.8.1	Percentage of PCRs submitted within six months of completion, of which the percentage publicly disclosed	PMD	67/74	85/90	85/77	85/90
3.8.2	Comprehensiveness of IFAD's publishing to IATI standards	IATI	86	75	86	75

## IFAD12 Commitments Summary

IFAD12 Business Model Pillar	MA Status (as of 31 December 2022)				
	Complete		Ongoing		Total
	#	%	#	%	#
Transformational country programmes – Deepening and expanding impact – leaving no one behind	11	27%	10	24%	21
Transformational country programmes – Operationalizing transformational country programmes	9	22%	4	10%	13
Transformational institutional change	1	2%	2	5%	3
Transformational financial framework	3	7%	1	2%	4
<b>Total</b>	<b>24</b>	<b>59%</b>	<b>17</b>	<b>41%</b>	<b>41</b>