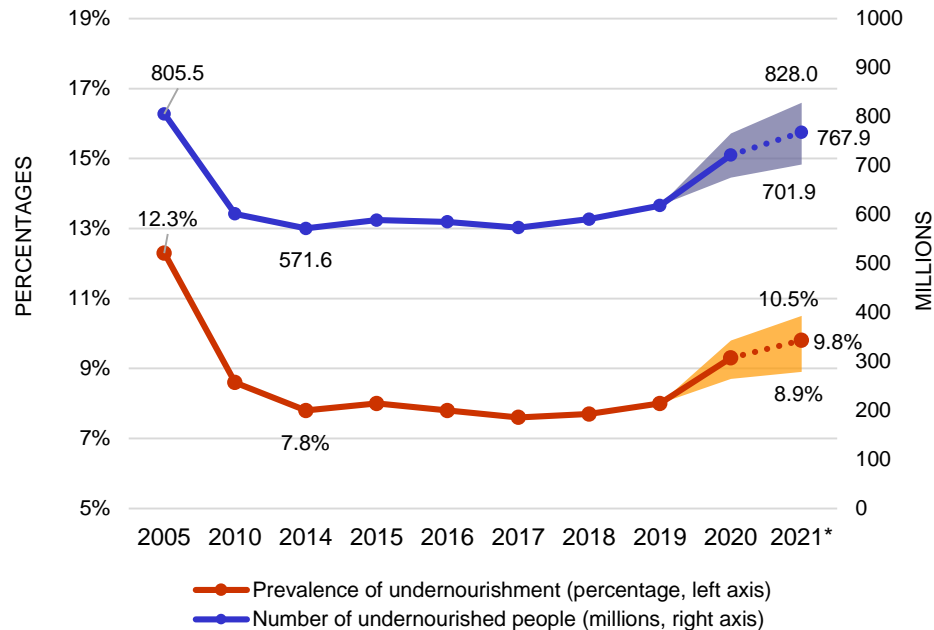# IFAD13 Directions

First Session of the Consultation on the Thirteenth Replenishment

17 February 2023

IFAD13 REPLENISHMENT

Unprecedented food crisis and increasing poverty

19%
17%
805.5
15%
12.3%
13%
571.6
11%
10.5%
9%
9.8%
7%
7.8%
8.9%
5%

2005 2010 2014 2015 2016 2017 2018 2019 2020 2021*

828.0
767.9
701.9

PERCENTAGES — MILLIONS

1000
900
800
700
600
500
400
300
200
100
0

● Prevalence of undernourishment (percentage, left axis)
● Number of undernourished people (millions, right axis)

Note: Projected values for 2021 are illustrated by dotted lines. Shaded areas show the lower and upper bounds of the estimated range.

Source: Food and Agriculture Organization of the United Nations (FAO), *The State of Food Security and Nutrition in the World 2022*, p. 13.

- More than **3 million** people could not afford a healthy diet in 2020

- **Up to 828 million** people were going hungry in 2021

- **Extreme poverty on the rise**, reversing a long downward trend

- **Poverty** remains **concentrated** in fragile and conflict affected situations, sub-Saharan Africa and in **rural areas,** that account for **over 80 per cent** of people living in extreme poverty worldwide

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Investments urgent for climate and food systems

Climate change and **biodiversity loss** are impacting agriculture and food production: need to increase **climate finance** for small-scale agriculture (currently **only 1%**)

Debt burdens and fiscal pressures are increasing for developing countries: **additional concessional financing** is urgent, including **grants**

5.2% 5.7% 5.3% 5.4% 5.2%

After decades of underinvestment, agriculture's share of ODA is stagnant at **4 to 6 per cent:** ODA to agriculture **needs to increase**

Investing in a resilient future

Investment in **agriculture** is **2-3x more effective in reducing poverty** than other sectors

In 2021, IFAD's ongoing portfolio had reached about **100 million of the world's poorest and most marginalized** rural people

Successful **Food System Transformation** can

create **120 million** decent **rural jobs**

unlock **US$4.5 trillion** in **new business opportunities** each year

save **US$12 trillion** in **costs** and **waste** generated by food systems today

help **limit global warming**

Source: World Bank Group. *Food Finance Architecture: Financing a Healthy, Equitable, and Sustainable Food System.*

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4

IFAD's unique role in the global architecture

"*to **mobilize additional resources**…to **improve food production systems** and to **strengthen related policies and institutions**…taking into consideration: the need to increase food production in the poorest food deficit countries; the potential for increasing food production in other developing countries; and the importance of **improving the nutritional level of the poorest populations in developing countries and the conditions of their lives***."
Article 2, Agreement Establishing IFAD

World's Fund for transforming agriculture, rural economies and food systems - Universal, but with 100% of core resources targeted at poorest countries

Pioneer of locally led development – empowering rural people to take charge of their own development; investing in resilience and lasting results

Partner of choice – forging alliances and providing leadership at global, regional and country level

Assembler of Finance – leveraging AA+ rating and cofinancing to turn every $1 of core into $6 dollars on the ground

Driven by results and impact – most effective and efficient multilateral development organization globally (2021)

IFAD13: Focus and ambition

Overarching Priority: Sustainable, Inclusive & Resilient Local Food Systems and Rural Livelihoods

IFAD's investment focus: Climate-smart agricultural production and inclusive value chains for small-scale producers

Priority Areas:

Addressing Drivers and Impacts of Fragility

Climate and Biodiversity Financing

Engagement with the Private Sector

Gender, Youth, Social Inclusion & Nutrition

Enhance agricultural production and inclusive value chains

IFAD13 will increase **climate-smart local production** through…

availability and quality of inputs, technology and capacity building to **enhance agricultural productivity** of small-scale producers

access to inclusive rural financial services for agricultural **value chain development**, and to boost the rural non-farm economy

last-mile rural infrastructure to improve **production** and increase **market access**

supporting the engagement of **producers' organizations in inclusive value chains**

Combat drivers and impacts of fragility

86 percent of people in extreme poverty are projected to live in **fragile contexts by 2030**

Address drivers and impacts of fragility by **focusing on resilience**:

(i) strengthening resilience of production, markets and livelihoods

(ii) accelerating climate adaptation and strengthening natural resource governance

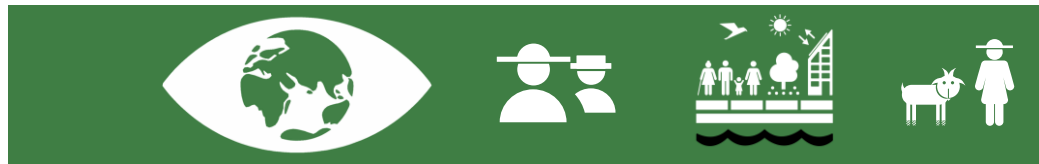(iii) fostering inclusiveness and empowering marginalized and conflict-affected rural communities

Maximise resources available for investment with strategic use of **supplementary funds** and **cofinancing** to complement IFAD's **core resources**

Work in close coordination **with partners** in the **humanitarian-development nexus:** complement relief actions with focus on recovery, rebuilding, resilience

Move the needle on climate and biodiversity

Expand IFAD's role as assembler of **climate and biodiversity finance**

enhance integration of climate and biodiversity finance into IFAD's programme of loans and grants and broader programme of work

maintain **climate mainstreaming** across IFAD's investment portfolio

biodiversity included in IFAD's approach on climate and environment

ensure **climate finance reaches** small scale-producers and rural areas

Integrate and boost climate finance: Additional Climate Contributions

Key features of **Additional Climate Contributions (ACCs):**

- **Additional** contribution to **core resources**
- Provided on **countries' regular lending terms**
- **Fully integrated** from **COSOP design** through **project implementation**
- Clear **measures** to **avoid substitution risk**

A **sustainable approach** to **integrating additional climate finance** in IFAD's Business Model and Financial Architecture

Contributors

+ **100% climate finance** for **small-scale agriculture**
+ Eligible for **voting rights**

Recipients

+ Increase availability of climate funding **for most vulnerable countries**
+ Aligned with PBAS/BRAM for **increased efficiency**

Benefits

Reach next level with private sector engagement

The **private sector must be a stronger part of the solution** to:

- transform food systems sustainably
- increase multiplier effects
- address broader challenges such as migration

Deeper and more **structured private-sector engagement,** with greater focus on the mid-stream

Focus on sustainable **production**, **access to markets and technology**, and **enhanced resilience** to climate change

Strengthened **PSFP financing model**, for greater and more predictable funding

Strategic approach to **pipeline development** to ensure synergies between PSFP and PBAS/BRAM investments

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Deepen focus on gender, youth, social inclusion and nutrition

IFAD remains strongly committed to gender, youth and social inclusion, and to growing impact on nutrition

Focus on **targeting for nutrition** and promoting diversified local food production, value addition and consumption

Strengthen **youth employment** and increase **youth participation** in decision making

People-centred approach focused on Indigenous Peoples, Persons with Disabilities and other groups at risk of marginalization

Intensifying **efforts on gender to ensure equal access** to assets, services, employment and markets

Working with **community-based organizations** to promote inclusive development

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Deliver through enhanced operational pillars

Institutional Framework

Decentralisation, **diversity, digital transformation**, with strong **risk management, smart budgeting** and the **people, processes & systems** to deliver

Transformative Country Programmes

Integrated investment, policy engagement and **partnerships** for **sustainability, scale & transformational change**

Assembling Development Finance

Maximizing resources and **concessionality** for **the poorest countries** through IFAD's **universality** and **assembling of development finance**

Expanding Impact
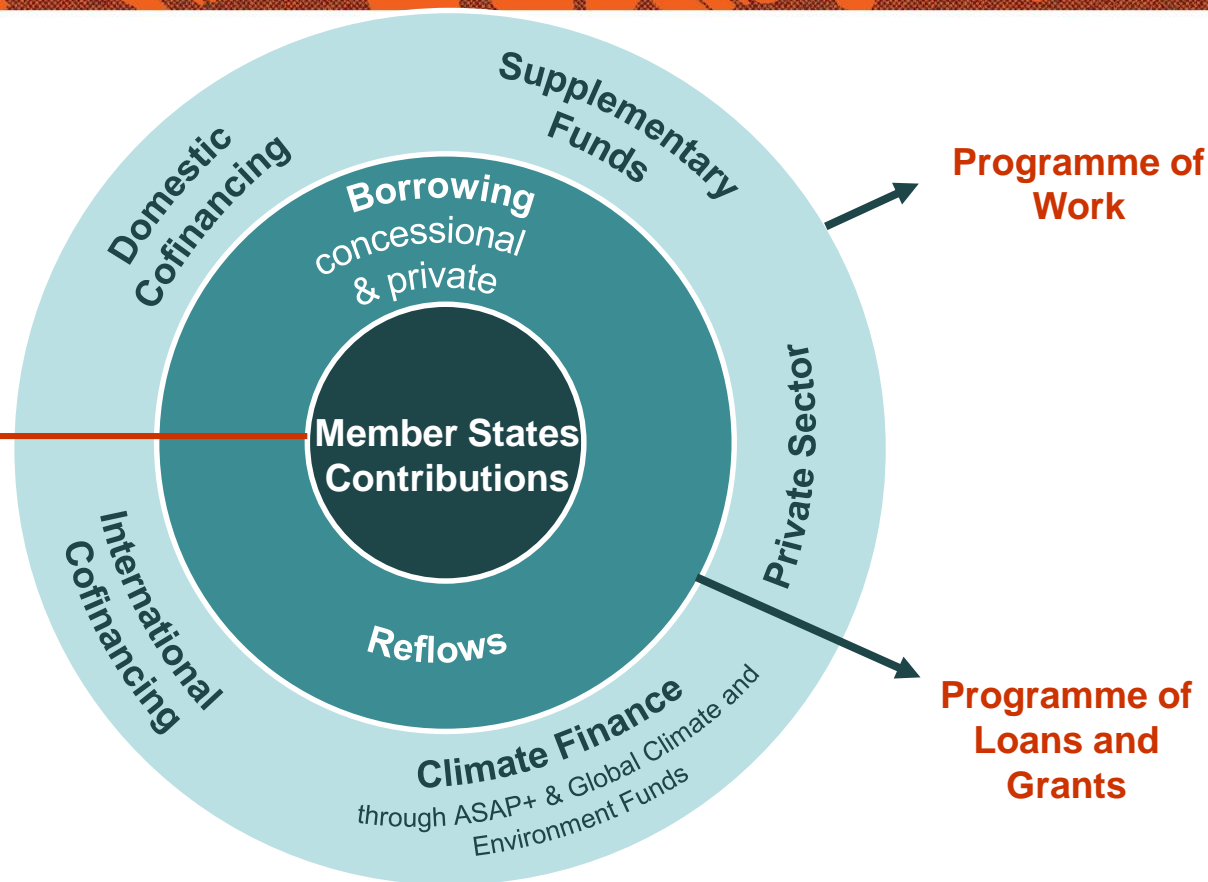
Sustaining Impact

Deepening Impact

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Strong core funding enables expanded impact

Crowding-in public and private resources through and **integrated programme of work** (PoW) to maximise impact for **LICs & LMICs** and **ensuring universality**

IFAD13 core funding:
- Core Replenishment Contributions
- Concessional Partner Loans grant element
- Climate Additional Contributions

Domestic Cofinancing

Supplementary Funds

Borrowing concessional & private

Member States Contributions

Private Sector

International Cofinancing

Reflows

Climate Finance
through ASAP+ & Global Climate and Environment Funds

Programme of Work

Programme of Loans and Grants

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