
Summary of the Chairperson: Second session of the Consultation on the Thirteenth Replenishment of IFAD's Resources

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1. Members of the Consultation on the Thirteenth Replenishment of IFAD's Resources (IFAD13), IFAD Management and staff, observers and guests met in Rome and virtually on 19 and 20 June 2023 for the second session of the IFAD13 Consultation.
2. Following introductory remarks by the External Chair, the President of IFAD made an opening statement reiterating the challenges that IFAD13 seeks to address, and the opportunities it provides as a global framework to scale up the collective response to food insecurity and climate change and invest in food systems transformation, focusing on small-scale farmers and impoverished rural women and men. The President's remarks were followed by a statement by Her Excellency Dr Rania A. Al-Mashat, Minister for International Cooperation of the Arab Republic of Egypt. The Minister referred to Egypt's partnership with IFAD, emphasizing IFAD's role in improving the lives of more than 1.3 million farmers and empowering rural women and youth by enabling them to lead their own development. The Minister also highlighted that IFAD is leading the food pillar within Egypt's Nexus of Water, Food and Energy programme, based on its capacity and role as assembler of finance and driver of integrated solutions. In closing, she called upon Member States to rally behind IFAD13 to enable IFAD to work towards a more secure and sustainable future.
3. The Chairperson noted that the European Union had requested to follow this and future sessions of IFAD's replenishment consultations as observers, as they do for sessions of the Governing Council and Executive Board. Consultation members confirmed their agreement with remote participation. Representatives of the International Development Association and the Asian Development Fund also attended the session remotely as silent observers.
4. The agenda was adopted with no amendments.

A. IFAD13 Business Model and Financial Framework

5. Management presented an overview of the IFAD13 Business Model and Financial Framework, underscoring how the IFAD13 proposals form a coherent financial and operational package for the 2025–2027 period.
6. Members appreciated the quality of the document and the incorporation of their feedback from the first session, the informal seminar in April and discussions held in preparation for this session. However, delegates noted the importance of making all documents available in the official languages with adequate time in advance of the sessions for delegates' proper review and consideration.
7. Delegates reiterated that they are supportive of the IFAD13 focus on sustainably transforming food systems and enhancing rural livelihoods. They also supported IFAD's ambition to increase the emphasis on climate and biodiversity and on private sector engagement and to strengthen its approach to vulnerability, fragility and resilience. The need to highlight the interlinkages between these themes and IFAD's capacity to deliver across all three was stressed.
8. Many delegates flagged the need for Management to clearly articulate IFAD's comparative advantage and make a stronger investment case for IFAD13, as this would support their outreach to decision makers in their capitals. Delegates welcomed Management's proposal to highlight key aspects of the IFAD13 offer in a

short note, with a focus on the ambition and key comparative advantages of the Fund.

9. Delegates also referred to the need for IFAD to continue focusing on its mainstreaming themes: environment and climate, gender, youth and nutrition, as well as social inclusion, and to strengthen those commitments where possible, including the commitment on working with persons with disabilities.

B. Addressing drivers and impacts of fragility

10. Management then made a presentation on IFAD's renewed approach to fragility. Some members emphasized the need for clarity on the concept of fragility. Management clarified that IFAD's engagement in contexts of fragility had been discussed at a number of previous consultations, that IFAD was already actively engaged in situations of vulnerability and fragility, and that IFAD13 was placing increased emphasis on this area.
11. Delegates took note of Management's clarification that the proposed fragility unit would be integrated into the Programme Management Department. The unit will focus on ensuring capacity and knowledge-sharing on fragility across the IFAD portfolio, and will be modest in size.
12. Delegates welcomed the commitment to dedicate at least 25 per cent of the programme of loans and grants (PoLG) to fragile and conflict-affected situations and called for more ambition given the increased emphasis on fragility. Management responded positively to this request.
13. Several Members noted the importance of working in partnership with other actors working on the Humanitarian-Peace-Development Nexus, including the Rome-based agencies, international financial institutions (IFIs) and other United Nations agencies, in line with the United Nations reform, and requested IFAD to increase its efforts on these partnerships.
14. Delegates welcomed the greater emphasis on, and use of, South-South and Triangular Cooperation (SSTC), including in fragile and conflict-affected situations. Management noted that the IFAD SSTC strategy 2022–2027¹ provided a clear framework for strengthening efforts in this area, and identified fragility and resilience as priority areas for engagement. Management also noted that the SSTC target was consistent with the SSTC strategy.
15. Management would provide further details on the revised operational approach during the informal seminar in July, which delegates were welcome to attend. More detailed information on IFAD's operational approach to fragility would be made available in advance of the third IFAD13 session.

C. Private sector and the Private Sector Financing Programme (PSFP)

16. Management gave a short presentation on the proposed enhanced engagement with the private sector. Member States signalled support for IFAD's ambition to strengthen this collaboration in IFAD13.
17. Some members questioned the need for a new financing model for the PSFP and requested clarification on the linkages between the proposed strengthened private sector approach and the revised PSFP and on the specific areas with the private sector that IFAD would focus on. With regard to the revised PSFP funding model,

¹ EB 2021/134/R.8.

Member States asked for clarification on the amount of core and borrowed resources proposed to fund the PSFP.

18. Additional information was also requested on the distribution of resources allocated through the PSFP. Some delegates stressed the importance of focusing IFAD's non-sovereign operations on low-income and lower-middle-income countries, where the need to support private sector investments is higher; however other delegates noted that the PSFP support should be available in all countries, in line with IFAD's universality. Delegates noted the importance of a strong focus on gender equality in IFAD's strengthened private sector approach.
19. Delegates welcomed Management's clarification on the governance of the PSFP, including the Executive Board's oversight of approvals and governments' no objection. Delegates requested further information on the planned next steps for the PSFP and proposed a phased expansion to ensure that adjustments could be made if necessary and that expansion would be aligned with IFAD's own capacity.

D. Climate and biodiversity and additional climate contributions

20. Management presented the key elements of the strengthened approach to climate and biodiversity in IFAD13, including the proposal for additional climate contributions (ACCs).
21. Delegates noted the late submission of the ACC document and requested that documents central to the Consultation be made available in all official languages and with sufficient time for consideration. Delegates requested the opportunity to have a further two weeks to submit detailed comments in writing. Management responded positively to this request and will provide an updated version of the document by the end of July. In addition, dialogue on the ACC proposal would continue both bilaterally and through the Consultation.
22. Many delegates welcomed IFAD's increased ambition for its climate finance target, which had been raised to 45 per cent of the PoLG, including ACCs. Some noted that without the introduction of ACCs, a lower target would be reasonable, while others requested that Management commit to achieving 45 per cent regardless of whether ACCs were included. Clarity was requested regarding the share of climate finance with and without ACCs in order to ensure full transparency on the share of climate finance of core contributions.
23. Member States recognized IFAD's ability to assemble and channel climate finance to the most vulnerable, and its track record in this area. Management specifically underscored IFAD's unique role as one of the few agencies providing climate support in rural areas and to small farmers. This represented a major part of the rationale for a higher climate finance target and creating ACCs.
24. Some Members strongly supported the introduction of ACCs, recognizing that they could provide a win-win solution for Member State borrowers and contributors, and viewed the ACCs as being consistent with IFAD's nature as an IFI. However, others raised significant issues, including the availability of ACC funding for different country income groups, especially upper-middle-income countries (UMICs); substitution risk and impact on voting rights; and the appropriateness of expecting borrowing countries to borrow funds for climate adaptation. Additional details were requested on the relationship between the core contributions, ACCs, the enhanced Adaptation for Smallholder Agriculture Programme (ASAP+) and other climate finance, including supplementary resources received from global climate funds.
25. Management clarified that all country income groups would benefit from ACCs: low-income countries and lower-middle-income countries directly through increased

concessional climate finance, and UMICs indirectly through increased IFAD borrowing capacity, thanks to the increase in equity created by ACCs. Management further clarified that it was working on a programme worth US\$1.5 billion in new climate finance from the climate funds, which would be available to all income categories. Work on this would continue irrespective of ACCs. Several members emphasized the need for IFAD to be fully aligned with the Paris Agreement and enquired about IFAD's progress on its Paris alignment roadmap. Management confirmed that work was ongoing, with a focus on alignment with other multilateral development banks. Management also reported that IFAD was well advanced on Paris alignment due to the nature of its work and its focus on the agriculture sector.

26. Some members raised questions about the use of terminology, especially terms that are not consistent with multilaterally agreed terminology. Management agreed to look at the usage of these terms to ensure the terminology used was conceptually clear.

E. Financing framework, scenarios and impact

27. Management presented the proposed IFAD13 financial framework and scenarios – including the impact that could be achieved under each scenario – emphasizing the importance of increasing core contributions as the foundation of IFAD's financing.
28. Member States welcomed the updated scenarios, and the incorporation of feedback from the April informal meeting. Some noted the importance of clearly showing the role of reflows in the financial scenarios. Several Member States considered Scenarios C and D to be too ambitious, and referred to the challenging budget situations and funding environments that some countries faced; however, others maintained that it was important to remain ambitious in this respect. Members requested clarity on the PoLG across the scenarios and asked Management to describe clearly the consequences of not reaching the higher scenarios. It was also noted that past replenishments had had ambitious scenarios that were not realized. Furthermore, it was felt that more ambitious cofinancing targets could accomplish similar impacts, given the recent very strong performance on cofinancing, and the challenging environment for core contributions.
29. Members agreed on the targets for allocations to regions and country groups, though some suggested increasing the targets for allocations to Africa and sub-Saharan Africa, considering that the percentage achieved at the midterm of IFAD12 was higher than the proposed targets. Members requested details on the resources that countries in debt distress would have received through the normal performance-based allocation system formula to establish a baseline for understanding these scenarios.
30. Several members commented on the proposal to explore market borrowing through public issuance, noting their openness to continuing discussions on the issue, while bearing in mind the need to consolidate experience from private placements and make sure that IFAD's concessionality would not be affected. More information and a detailed cost-benefit analysis on the proposal were requested. Members also asked for more information on the proposed thematic concessional partner loans.
31. The President underscored the importance of core contributions for all income groups. A high replenishment is critical to maintaining concessionality and a large Debt Sustainability Framework (DSF) envelope, following the DSF reform. Management indicated that a revised scenario between current Scenarios A and B would be introduced for further discussion.

32. It was also noted that in the past, IFAD had not always reduced the PoLG when contributions targets were not met, but this ended in IFAD12. The President confirmed that going forward the PoLG would always be adjusted to align with contributions actually received.

F. IFAD13 Results Management Framework

33. Member States welcomed the presentation of the proposed Results Management Framework (RMF) and the reduced number and streamlining of commitments; increased focus on operational impact; and the continuity of many indicators across replenishments. Members asked for information on the commitments that had been removed or adjusted, as well as a timeline for delivery of the proposed commitments.
34. Some Member States highlighted the challenge of balancing a reduction in commitments with an increased ambition on financial scenarios. More details were requested on the level of commitments and results that could be achieved under different scenarios. Some delegates sought further information on specific indicators and suggested additional indicators for the framework.
35. Management confirmed that the suggestions made would be carefully reviewed when refining the RMF and explained that IFAD routinely collects sex-disaggregated data and, where applicable, also disaggregates results for persons with disabilities and youth. In response to a member's suggestion, Management will consider introducing an "end of replenishment report".

G. Evaluative evidence for IFAD13

36. Member States appreciated the presentation by the Independent Office of Evaluation of IFAD and welcomed the update on the programme of work and overview of recent evaluations.

H. Feedback from the engagement with the Steering Committee of the Global Farmers' Forum, the Steering Committee of the Indigenous Peoples' Forum at IFAD, and IFAD Youth Grassroots Approach

37. Management provided a short update on engagement with the Steering Committee of the Global Farmers' Forum, the Steering Committee of the Indigenous Peoples' Forum at IFAD and IFAD's Youth Grassroots Approach. Representatives from the three groups – Fernando Lopez Rodriguez, Secretary-General, Confederación de Organizaciones de Productores Familiares del Mercosur; Tunda Margaret Lepore, Indigenous Peoples' representative, Maasai, Kenya; and James Kellon Rwabwera (Chairperson, Friends Effort to Support Youth, Rwanda) addressed the Consultation and indicated their respective priorities for IFAD13. These included strengthening their engagement in country strategic opportunities programme development, project design and supervision; increasing access to resources; and supporting capacity-building of organizations representing the interests of farmers, Indigenous Peoples and youth.
38. Member States welcomed their input to the discussion and appreciated Management's efforts to strengthen the consultative approach with these stakeholders. Delegates welcomed the additional information provided by Management on the engagement with these stakeholders in the design and development of projects and country strategic opportunity programmes. However, some delegates emphasized the need to manage expectations arising from the engagement.

I. Update on IFAD13 workplan

39. Management presented an update on the IFAD13 workplan, confirming that the third session of the Consultation would take place at IFAD headquarters in Rome on 2 and 3 November. Information was also provided about the fourth session, which will take place in Paris on 14 and 15 December. Management referred to the agreement reached at the first session (in February), which is recorded in the Chairperson's summary, regarding hosting the fourth session in Paris, including ensuring no additional costs for IFAD beyond what had already been approved in the IFAD13 special replenishment budget. Delegates once again welcomed France's agreement to host the fourth session, noting the workplan and the possibility of providing further comments, including on potential additional costs for Member States' participation.

J. Concluding statements

40. The Chair summarized the highlights of the discussions and outlined the following next steps that Management would take to refine the IFAD13 package: (i) prepare a short note outlining a strong case for investment for IFAD13; (ii) provide further information on the approach to fragility; (iii) provide more details on the strengthened engagement with the private sector; (iv) refine the proposal on ACCs through continued engagement with Member States and a revision of the ACC document; (v) provide an update on the implementation of the Graduation Policy; (vi) present revised scenarios to respond to Member States' feedback; and (vii) refine the proposed IFAD13 commitments and Results Management Framework in line with the discussions, and include additional information about the evolution of the RMF and more specifics on the targets.
41. The Chair thanked Member States, the interpreters and IFAD staff for their contribution to making the session a success. The President also thanked Member States for their participation and underscored the need for all Member States to rally behind IFAD's mission.