



Transition Framework

Ruth Farrant

Director, Financial Management Division (FMD)
Financial Operations Department (FOD)

Lisandro Martin

Director, Operational Policy and Results Division, a.i
Programme Management Department (PMD)

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Investing in rural people

A framework with clear principles



Predictability

Awareness of amount, timing and concessionality of financing offer



Transparency

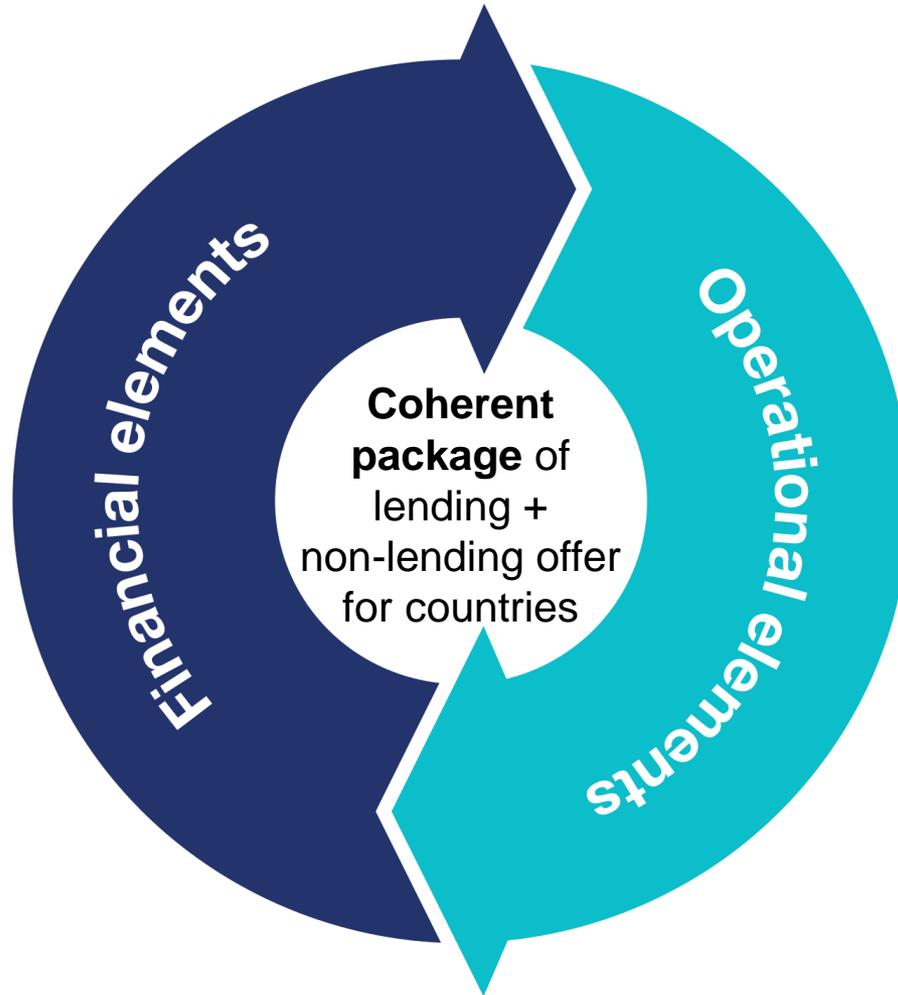
Public and accessible information on aid availability and use of resources for greater accountability



Sustainability

Long-lasting effect of development efforts to avoid backsliding

A holistic package provided to guide programming



Strategic approach

Evolving as countries and IFAD evolve



**Comprehensive
framework**
covering also
future topics



**No stand-alone
prescriptive
policy**



**Evolving
document**



**Framework
to magnify
benefits of
decentralization**

Basis for defining transition

1
Transition based on **GNIpc** and **creditworthiness**, with limited flexibility
Approved by Governing Council in February 2018 in phase I of TF

Country transition



GNI pc



Creditworthiness

Phasing out/phasing in periods to support smoothened transition

2

Phasing out/in final document endorsed by 2nd TFWG

Phasing-out/phasing-in periods to smoothen transitions to hardened lending terms

Financing terms revised every replenishment cycle instead of annually

Phasing-out, phasing-in applied to replenishment cycle

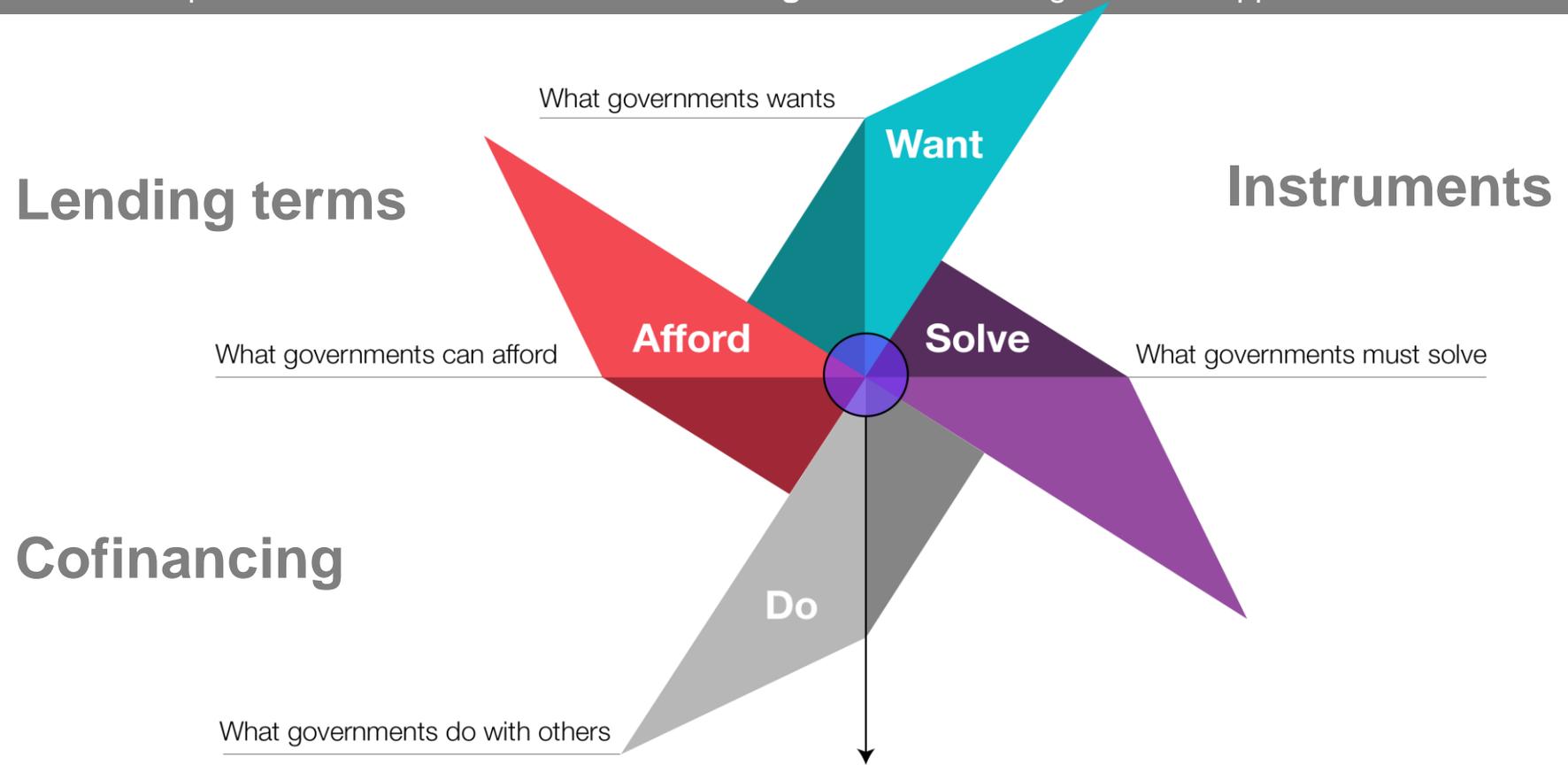
Year	Financing terms		Numerical example Financing of \$60m	
	HC Blend	Blend Ordinary	Old financing term	New financing term
Year 0 (Prior to start of replenishment period)	Discussion with borrower			
Year 1 of replenishment period	67%	33%	\$40m	\$20m
Year 2 of replenishment period	50%	50%	\$30m	\$30m
Year 3 of replenishment period	33%	67%	\$20m	\$40m



Jointly developed transition strategies in COSOPs

3

Revised COSOP procedures – initial document to 2nd TFWG – final draft document to 4th TFWG
Joint development of medium-term transition strategies with IFAD's right mix of support



IFAD mix of instruments



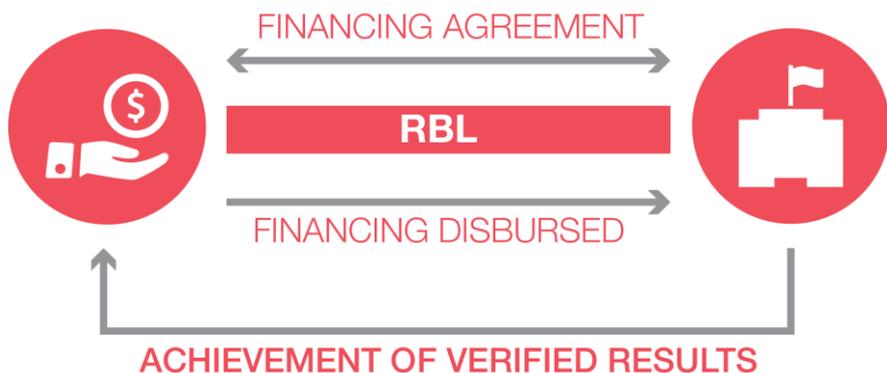
Broadened menu of products

Results based lending and regional operations

4

More **diversified** menu of lending and non-lending products

Piloting Results Based Lending – document to 3rd TFWG. **Regional Operations** – initial document to 1st and 2nd TFWG – final document to 4th TFWG. **Enhancing RTA** – ppt to 4th TFWG



Supports **results**

Finances **outputs** and **outcomes**

Uses and improves **country systems**
(in programmatic RBL)

Financing further regional integration



Regional grant
Strengthening regional integration

Financing core activities



Country 1
IFAD PBAS

Country 2
IFAD PBAS

Country 3
IFAD PBAS

Systematized efforts for resource mobilization

5

Domestic resource mobilization as primary funding source for rural transformation
Cofinancing analysis, strategy and action plan – initial document to 1st and 2nd TFWG
– final document to 5th TFWG

TODAY	IFAD11
Single corporate target	Differentiated targets with focus on domestic resource mobilization
High-level directive	Mainstreamed priority in COSOPs and projects
Multiple measurement methodologies	One measurement approach
High-level directives	Strategic approach by source
Light accountability	Defined roles and responsibilities

Coordinated approach to transition

6

More **coordinated approach** within and outside the Fund

Coordination with IFIs and other development partners on **multi-dimensional poverty analyses** – ongoing

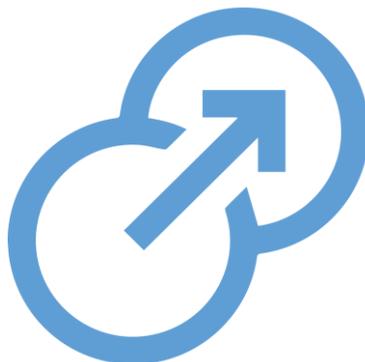


Enhanced **coordination** with development partners on multidimensional transition measures

Strengthened internal **links** between financial and operational aspects



Increased **communication** with borrowers



Report on lessons learned

7

Report lessons learned and progress in implementation of Transition Framework
Report to IFAD11 mid-term review on implementation of TF

Reporting on



Number of transitions and **tailored support**



Uptake of **new instruments** and products



Resource mobilization efforts



Global trends in supporting transitions

Choice to non-access

8

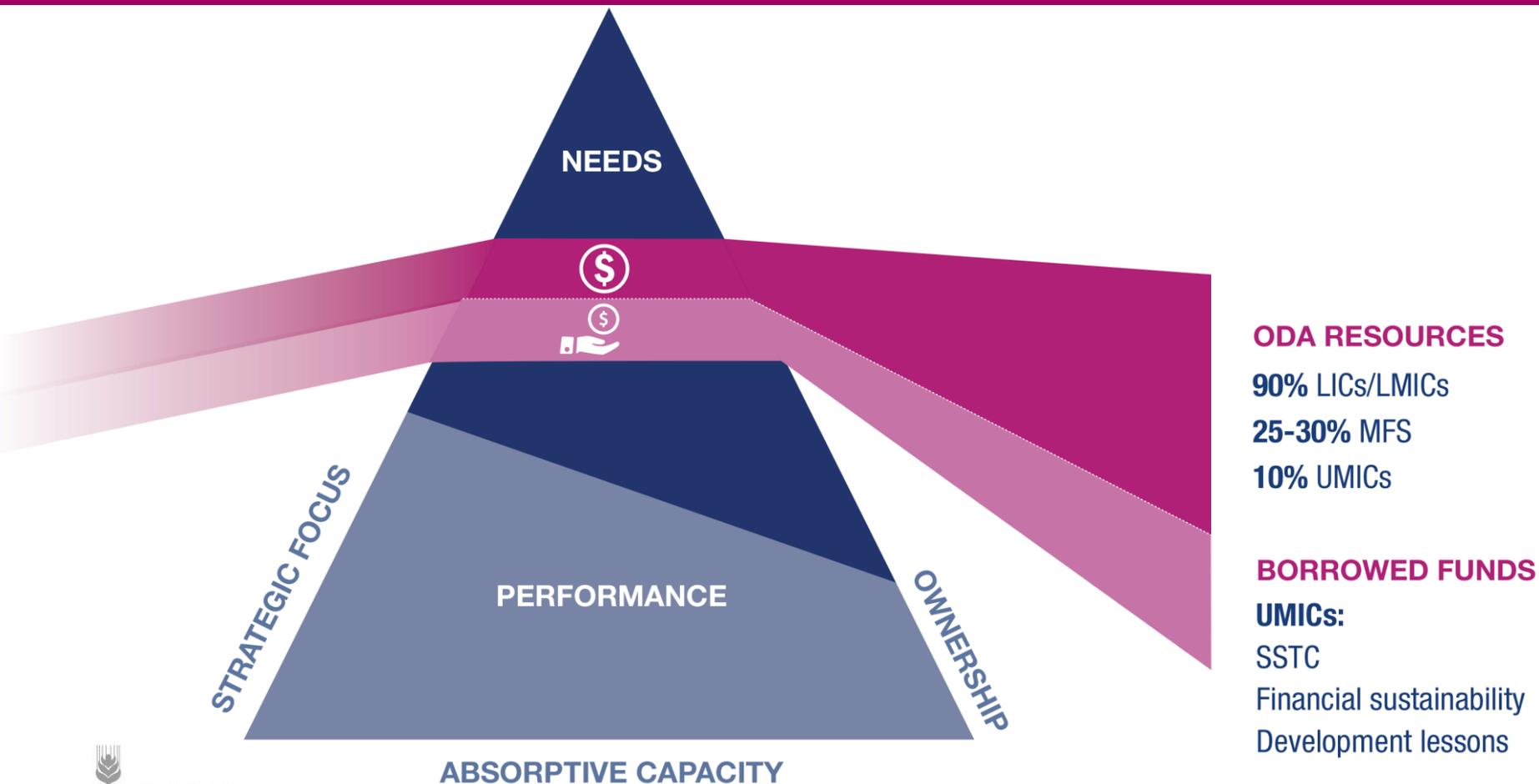
Possible approaches for **planned** voluntary **non-access** (after phase II)

Voluntary non-access to financial resources accompanied by non-lending support



Recalibrated resource allocation

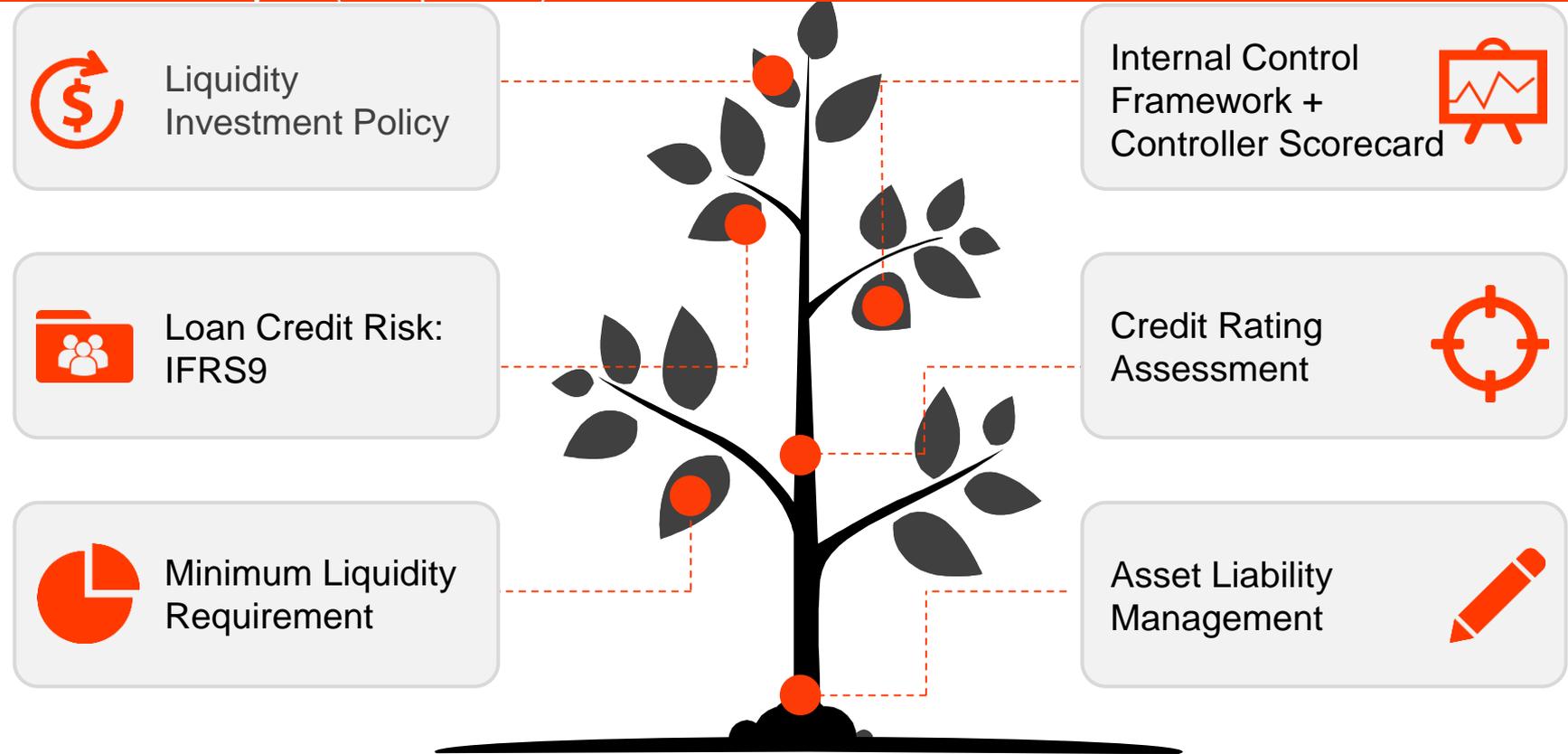
9
Review of PBAS ahead of IFAD12 (PBAS WG)
Periodical recalibration of resource allocation as countries transition



Enhanced IFAD's financial architecture and risk management

10

Continuous enhancement of IFAD's financial architecture and risk management practices
Transformation of IFAD's business model and financial architecture – presentation to 4th TFWG.
IFAD cost of capital (after phase II)



Progress toward completion of TORs

Approach Paper	TORs	Working group
Phasing out/in	7 (i)	WG 1
Cofinancing analysis	7 (ii)	WG 1, WG 2 and WG 5
Regional lending operations	7 (iii)	WG 1 and WG 2
Results-based lending	7 (iv)	WG 3 and WG 4
Revised RB-COSOP guidelines and procedures	7 (iv)	WG 4
Strengthen non-lending (RTA)	7 (v)	WG 4
Transition Framework		WG 3, WG 4 and WG 5

Ten elements of transition framework

Phase II

- 1** Transition based on **GNIpc and creditworthiness**, with limited flexibility
Approved by Governing Council in February 2018 in phase I of TF
- 2** **Phasing-out/phasing-in periods to smoothen transitions to hardened lending terms**
Phasing out/in final document endorsed by 2nd TFWG
- 3** Joint development of medium-term **transition strategies** with IFAD's right mix of support
Revised COSOP procedures – initial document to 2nd TFWG – final draft document to 4th TFWG
- 4** **More diversified menu of lending and non-lending products**
Piloting Results Based Lending – document to 3rd TFWG. **Regional Operations** – initial document to 1st and 2nd TFWG – final document to 4th TFWG. **Enhancing RTA** – ppt to 4th TFWG
- 5** **Domestic resource mobilization as primary funding source for rural transformation**
Cofinancing analysis, strategy and action plan – initial document to 1st and 2nd TFWG – final document to 5th TFWG

Ten elements of transition framework

6 More **coordinated approach** within and outside the Fund

Coordination with IFIs and other development partners on **multi-dimensional poverty analyses** – ongoing

7 **Report lessons learned** and progress in implementation of Transition Framework

Report to **IFAD11 mid-term review** on implementation of TF

After phase II

8 **Voluntary non-access** to financial resources accompanied by non-lending support

Possible approaches for **planned voluntary non-access** (after phase II)

9 Periodical recalibration of **resource allocation** as countries transition

Review of **PBAS ahead of IFAD12** (PBAS WG)

10 **Continuous enhancement of IFAD's financial architecture and risk management practices**

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Thank you