Building the Elements of a Transition Framework

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IFAD
Investing in rural people
Proposed approach

Principles
• Predictability
• Sustainability
• Transparency

Goal
Enhance resource mobilization/allocation/utilization/ transformation with innovative approaches

Means
• Reengineering programmatic and tailored approach to country
• Broader offer of financing instruments and match to demand
Proposed approach

Concept based approach

Coherent package of offer and requirements for countries

Financial elements
Operational elements
Proposed hierarchy

Current status

Series of financial and operational policies/documents

Proposed status

Transition Framework

Implementing financial and operational procedures

PCIF

EB and EMC

EB

EMC

GC
Having a longer term view increases effectiveness on the short term

Country strategies to facilitate **sustainable transitions**

**ASSESSMENT**
- Country scenarios

**MENU**
- Lending terms
- Operational instruments
- Cofinancing targets
- Amount of financing
- Special policies and strategies

**RE-ASSESSMENT**
- Results and risks
- Exogenous factors
- Special policies and strategies

**RECALIBRATED MENU**
- Change of lending terms, revised pricing
- New instruments and products
- Review of cofinancing
- Special windows
- Updated policies and strategies
Deeper understanding of country characteristics to better define toolkit
Deeper understanding of country characteristics to better define toolkit
Understanding the drivers of country’s transitions to tailor strategies

Lending Terms
2007-2008 DHC
2009-2012 D
2013-2015 DHC
Understanding the drivers of country’s transitions to tailor strategies
Having a longer term view increases effectiveness on the short term.

Country strategies to facilitate **sustainable transitions**

<table>
<thead>
<tr>
<th>COSOP</th>
<th>COSOP Results Review</th>
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<td><strong>ASSESSMENT</strong></td>
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- **COSOP Results Review**
  - Results and risks
  - Exogenous factors
  - Country variables
  - Change of lending terms, revised pricing
  - New instruments and products
  - Review of cofinancing
  - Special windows
  - Updated policies and strategies
Distinct regional trends must be accounted for
Tailoring cofinancing requirement with country characteristics in addition to GNI

All countries’ characteristics must be evaluated when setting realistic targets.
Domestic cofinancing vs project size
Project size drives cofinancing

Focus on partnerships with other agencies and private sector
In-kind cofinancing

**OECD definition**

Goods, works, use of services and facilities, professional services or expertise in the form of staff time, provision of or access to equipment, special materials and space or facilities which otherwise would need to be paid for by the project in order to carry out or complete its activities and outputs.

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<th>Amount</th>
<th>Actors involved</th>
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| • Around 13% of project costs based on case studies | • Households  
• Farmers  
• Government |

Measurement must be at **“fair market value”**
Contribution from Private sector

- Actions aimed at **stimulating positive change** financial or non-financial
  - Technical assistance
  - Positive signal to the market
  - Policy reforms

- Mobilization
  - Fee-based financial services
  - Syndicated loans
  - Equity investments
  - Guarantees

- Leverage

- Ratio

- Private finance made available for a **specific project** and an official intervention

- 5% to 15% of project costs
Having a longer term view increases effectiveness on the short term.

Country strategies to facilitate sustainable transitions.
Addressing cross-border development through Regional Operations

Providing regional public goods

- **Disease and pest management**
  - E.g. coffee rust in Central America

- **Management of natural resources**
  - E.g. sustainable forestry in South-East Asia

- **Management of fisheries resources**
  - E.g. fishery in major inland lakes in Africa

- **Nomadic pastoralists**
  - E.g. pastoralism in the Sahel

- **Resilience and emergency response to weather events**
  - E.g. SIDS, including the Caribbean and Pacific islands

- **Multi-country value chains**
  - E.g. value chain development in MICs
Percentage of satisfactory operations financed by AfDB (2000-2010)

Factors of success

- Solid project design
- Strong country ownership
- Assessed capacity of executing agencies

### Allocating funds to Regional Operations

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<th>IFAD11</th>
<th>IFAD12 and beyond</th>
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<td><strong>Pilot and learning phase</strong></td>
<td><strong>Enhanced approach</strong></td>
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<tr>
<td>Use <strong>current PBAS allocation</strong></td>
<td>Special window with <strong>additional financing</strong> for RO</td>
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<td>Include <strong>regional grants</strong> to finance public goods</td>
<td>Multi-country <strong>COSOPs</strong></td>
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<td>Pilot <strong>subregional strategies</strong></td>
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Thank you