IFAD

Enabling poor rural people to overcome poverty

DISCUSSION NOTE

Governors' round table: Partnerships for financing agricultural and rural development

Thursday, 14 February 2013
10.00 a.m. – 12.00 p.m.
Italian Conference Room

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Executive summary

IFAD Governors are invited to participate in the inaugural Governors' round table on *Partnerships for Financing Agricultural and Rural Development*. At a time of changing climate and rapidly growing demand for agricultural products and investment, new types of partnerships are needed to finance and transform the agricultural sector and to ensure that smallholder farmers are included in the financing equation. This high-level event will serve as a forum for Governors to exchange experiences and share insights into building and financing the types of partnerships that can best support smallholder farmers and the transformation of agricultural systems and rural economies to achieve greater prosperity, sustainability and equity.

Increasing demand

By 2050, the world's population is projected to grow to over 9 billion. Feeding that population will mean increasing developing country agricultural production by 60 per cent and making other needed improvements in the global food system.[1] An estimated net annual investment of US$83 billion will be required to support this effort.[2] Climate change is further complicating the challenge of meeting the rising global demand for food, fuel and fibre. Agricultural investments with a strong focus on increasing the sustainability and resilience of agriculture and food systems must be mobilized to satisfy this growing demand. Such investment is also essential for supporting agriculture as a critical driver of economic growth, job creation and poverty alleviation for growing rural populations.

Smallholders: the key to transformation

Today, rural economies are hampered by widespread inequality, under-production, poverty, malnutrition and environmental degradation. Smallholder farmers – nearly half of them women – supply up to 80 per cent of the food in developing countries, generate the largest share of rural employment, and manage vast areas of land. At the same time, they also account for the largest proportion of the developing world's undernourished people. Smallholders are therefore critical agents for pushing forward greater gains in food production, faster poverty reduction and measurable improvements in environmental sustainability. Strategic changes to the 'business as usual' development model can help transform rural economies into more prosperous, sustainable and equitable systems where farmers and their communities are more empowered and enjoy greater overall well-being.

1 *Looking Ahead in World Food and Agriculture: Perspectives to 2050* (http://www.fao.org/docrep/014/i2280e/i2280e.pdf).
2 High-Level Expert Forum on How to Feed the World in 2050, October 2009 (see www.fao.org).

Indeed, to satisfy the rapidly expanding demand for agricultural products and investment and to shift into a 'business as *unusual*' gear, agricultural systems and rural economies must be transformed.

IFAD recognizes that partnerships play a critical role in catalysing more effective investment in agriculture to improve smallholder farmers' access to markets, natural resources and financial services. As such, **it is essential for investment stakeholders to understand both the centrality and the interests of smallholder farmers to ensure that these interests do not become sidelined as greater volumes of capital flow into agriculture**.

Redefining roles

A systemic and coordinated approach is needed to achieve the transformation of agriculture and rural economies. The drivers of this transformation must be sensitive to the changing landscape of rural development finance and to the increasingly important role that private actors and funds are playing within the development architecture. Public financing plays a crucial role in agricultural investment: not only must it support the production and distribution of public goods such as research and development and infrastructure, but it must also foster an investment climate that can usher in more and better-quality private investment. Public-sector support is particularly crucial to strengthening the investment capacity of those who are by far the largest on-farm investors in developing country agriculture – smallholder farmers. Indeed, **research shows that on-farm investments in developing countries are three times greater than all other sources of investments combined, exceeding domestic public investment by a factor of four**.[3]

Beyond the farmers' own investment, there have been major increases in the volume of funds flowing into developing country agriculture since the 2008 food price crisis. For example, the amount of **official development assistance (ODA)** spent on agriculture more than doubled from US$3.1 billion in 2006 to US$6.6 billion in 2010 and the sector's share of total ODA rose from 1.8 per cent to 4.5 per cent over the same period.[4] **Public expenditure** in agriculture in low- and middle-income countries has risen in real terms as well, as has **private foreign direct investment** (FDI) in agriculture, though data are limited in this regard.[5] While increases in FDI for agriculture in low- and middle-income countries may bring complementary benefits such as employment generation and infrastructure, such investments may also result in negative environmental and social impacts – particularly for smallholders. Only by working in partnership can these adverse consequences be avoided. Although these upward trends in agricultural investment are encouraging, significant gaps still exist for reaching the projected US$83 billion needed annually to keep pace with population projections.

Improving the *quality* of investments to support the needed transformational change is perhaps as important as increasing investment flows into agriculture. This can be accomplished through better channelling, coordination and alignment, with a special focus on strengthening farmers' investment capacity. Indeed, partnerships that leverage the investments of smallholders alongside the technical, financial and institutional capacities of other stakeholders mean greater progress towards meeting the growing demand for sustainable agricultural production and towards alleviating poverty. A focus on gender must also play a key role in the transformation of rural economies. Data continue to point to the increased propensity for savings and investment by women, yet they consistently have less access to the land, credit and new technologies needed for improved productivity.[6]

3 The State of Food and Agriculture, FAO, 2012.
4 Ibid.
5 Ibid.
6 The Role of Women in Agriculture, FAO, 2011.

Partnerships as the lever for change

Fostering partnerships that bring together and align the interests of the various investors in agricultural and rural development – government, donors, the international private sector and farmers – is essential for ensuring that agricultural investments produce the highest possible economic, social and environmental returns. These are partnerships that lead to inclusive and sustainable development outcomes for smallholder farmers while also creating financial incentives sufficient to attract larger private actors operating along different points in the agricultural value chain.

Successful partnerships simultaneously leverage the core competencies of each partner and satisfy their particular needs for a return on investment. Specifically, the objective should be to broker partnerships that are **sustainable**: partnerships that build on the private sector's business acumen for **productivity** and **profitability**, and on the public sector's expertise in designing **inclusive** models for agricultural development.

Defining success

Among the key factors present in partnerships that are **productive**, **inclusive**, **profitable** and **sustainable** are: (i) *access to knowledge*; (ii) *risk-sharing*; (iii) *an enabling investment climate*; (iv) *strengthened farmers' institutions and capacity*; and (v) *trust among partners*. For example, through the Rural Markets Promotion Programme in Mozambique, IFAD supported the Government in its goal to better connect smallholders to market opportunities by strengthening the technical knowledge of farmers' organizations to negotiate with agribusiness companies, and by mitigating risk exposure for private-sector partners through a matching grant facility for investments in smallholder-inclusive value chains. In the Sudan, the Agricultural Bank of Sudan Microfinance Initiative created enabling public policies to increase the level of microfinance reaching farmers at the

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bottom of the economic pyramid by de-capping profit margins and recognizing group guarantees. This resulted in greater trust between businesses and the public sector.

At the global level, IFAD's Adaptation for Smallholder Agriculture Programme (ASAP) is a dynamic multilateral partnership designed to deliver much-needed climate change adaptation support to smallholder farmers. Working to scale up proven approaches to rural development for delivering resilience benefits to smallholders, ASAP will contribute to partners' knowledge on how best to deliver and measure the impact of climate finance. Also at the global level, an innovative bilateral partnership between the Spanish Government and IFAD created an on-lending trust fund to invest in scaling up IFAD-supported projects and programmes. In Colombia, for example, funds from the Spanish Food Security Cofinancing Facility Trust Fund are being deployed to support a project that connects 250,000 rural individuals to critical business services such as telecommunications, insurance and financing and that emphasizes trust-building between these stakeholders and the public partners involved.

These experiences, detailed further in the annexes to this discussion note, underline the importance of designing partnerships to maximize agricultural productivity, inclusiveness, profitability and sustainability. The case examples also provide insights into the opportunities and challenges that have characterized IFAD's private/public partnership experience to date.

Discussion questions

In thinking about the case examples annexed to this discussion note and about examples from your own countries, please consider the following questions to help stimulate a dynamic discussion during the Governors' round table:

1. What has been the experience of IFAD's Member States in building public-private partnerships in agriculture that address the four key characteristics of productivity, inclusiveness, profitability and sustainability?
2. What was the role of the public sector in these experiences and how was this role managed? What challenges were encountered and what were the results?
3. How can IFAD improve its role as a broker and catalyst of these partnerships?
4. How can trust be strengthened between the main agricultural investor groups (government, donors, the international private sector and farmers)?

Rural Markets Promotion Programme (PROMER), Mozambique

The challenge

In rural Mozambique, although the situation is changing slowly, there is in general limited interest among private-sector actors in involving smallholder farmers in the growing agribusiness trade activities. As a consequence, a large portion of the population is not able to capitalize adequately on market opportunities and is only marginally involved, if at all, in the market economy. Information asymmetries are prevalent between buyers and sellers, with buyers having much better knowledge of seasonal and geographic price differences than the smallholder sellers, thus leaving the smallholders generally disadvantaged.

The partners

The partnership consists of various public and private actors, including IFAD, European Union, farmer organizations, local farmers, NGOs, the Ministry of State Administration, the Ministry of Agriculture, the National Road Authority, and the private sector. The main coordinating unit is the National Directorate for the Promotion of Rural Development (DNPDR) of the Ministry of State Administration.

How the partnership began

The IFAD-supported Agricultural Markets Support Programme (PAMA) implemented from 2001 to 2008 demonstrated that implementing poverty-targeted market support activities can result in sustainable improvements for smallholder livelihoods.

Based on these experiences, the IFAD-supported Rural Markets Promotion Programme (PROMER) was designed to take to scale the successes of PAMA. In 2010 a scoping study for the programme was carried out to identify potential private-sector partners with an interest in collaborating with the programme and the capacity to do so. In 2011, PROMER recruited service providers to build the farmer organizations' capacity to negotiate with agribusiness companies, and established a value chain facility with matching grants as a tool to reduce risk and to incentivise private investments in pre-selected value chains that facilitate increased participation by smallholder farmers. The matching grants are made to private partners, and can cofinance investments in the businesses' software or hardware, such as machinery to clean produce purchased from smallholders, or training for private extension agents in smallholder-relevant technology and farmer organization strengthening. After further dialogue with potential partners, those interested were invited to submit concept notes for matching grants. In addition, the government has begun to focus on the facilitating environment, including improving infrastructure, and increasing access to information and rural financial services.

Partnership in action

PROMER's goal is to improve the livelihoods of poor rural households by enabling smallholder farmers to market their surpluses profitably. This is done by: (i) developing more dynamic market intermediaries; (ii) supporting enterprise-led value chain initiatives, such as matching grants; (iii) improving the market environment; and (iv) policy and institutional support and management.

The programme is working to overcome the low level of interest among private-sector actors and their limited capacity to develop concrete proposals that would trigger support from the matching grant facility. IFAD is providing direct support to the Programme Coordination Unit to ensure that the value chain facility is pro-poor, and strengthen its capacity to support private partners' development of sustainable investment proposals that engage small-scale producers. The partnership centres on risk-sharing to create a more enabling investment climate for smallholder inclusion. The vision being that proposals cofinanced by agribusiness companies will more likely lead to long-term and sustainable market opportunities for smallholders.

As a result of the general capacity-building activities, farmers have already reported improved access to markets and a better position in negotiations. Moreover, a first matching grant has been approved for a sesame outgrowing operation involving some 5,700 smallholder farmers. As private sector awareness of the programme increases, interest among potential participants has grown, and further cofinanced investments are expected in 2013.

The project has begun to also raise interest from other development partners; the European Union is planning to make a cofinancing contribution to PROMER's resources to increase its outreach and accelerate progress towards MDG1c in Mozambique.

The Agricultural Bank of Sudan Microfinance Initiative (ABSUMI): An example of successful partnership in the Sudan

The challenge

Microfinance has a long history in the Sudan, but results have been limited, particularly in rural areas. Recently the Government of Sudan initiated several measures to address this gap. The Microfinance Unit of the Central Bank of Sudan (CBS-MFU) and the Sudanese Microfinance Development Facility were established with funds dedicated for microfinance sector development. Enabling public policies were put in place, such as lifting set caps on bank profit margins, recognition of group guarantees as collateral, and requirements that 12 per cent of commercial bank portfolios go to fund microfinance activities.

Despite these measures, only an estimated 20 per cent of the available microfinance resources were reaching rural areas, although they account for 80 per cent of the microfinance market. Among the factors responsible were a perception of delinquent repayment, high rural operation costs, lack of appropriate intermediaries and limited rural microfinance infrastructure, which discouraged formal financial institutions from engaging in rural microfinance ventures fearing losses and unsustainable operations.

How the partnership began

Historically, IFAD-supported rural finance initiatives in the Sudan also suffered from unsustainable operations. In 2005, IFAD supported the Western Sudan Resources Management Programme (WSRMP), which aimed to provide target households with access to productive services and fair terms of trade through proper regulation and use of natural resources. Finance was also provided through the project's marketing and rural finance component with the creation of village *sanadiq* – village-based savings and lending funds – and their formal financing through credit lines from the private-sector Agricultural Bank of Sudan (ABS). However, a mid-term review of WSRMP in 2008 revealed that this approach still was not able to attract significant formal financial investment into rural areas.

IFAD modified the rural finance component of the WSRMP programme to create an independent microfinance component within the ABS called the Agricultural Bank of Sudan Microfinance Initiative (ABSUMI). ABSUMI was piloted within the ABS first in two localities, and then was developed into a semi-autonomous, scalable and sustainable vehicle for rural finance delivery across rural Sudan.

The partners

The pilot phase was financed in tripartite by IFAD, private and public sources, namely IFAD/WSRMP, ABS and CBS-MFU. The rural finance component of WSRMP supported ABSUMI's infrastructure development and technical assistance needs, while portfolio and operations gap financing were supplied by CBS-MFU and ABS.

Partnership in action

IFAD has provided key support throughout the ABSUMI development process.
It (i) conceptualized the ABSUMI idea and generated the buy-in among different stakeholders;

(ii) developed a joint vision with all partners and strategic plan for ABSUMI; (iii) provided technical assistance to develop ABSUMI's business plan, operations manuals and key management systems; (iv) provided general guidance during the implementation process; and (v) undertook supervision leading to capacity-building suggestions and their implementation.

Starting in 2010, ABSUMI incorporated a range of innovative strategic, management and operational features by offering sharia-compliant credit, savings and microinsurance, particularly to women. It entered the microfinance market at the bottom layers of the economic pyramid, providing much smaller loans (on average US$130) than those of other microfinance programmes in the country (in which loans average US$650) and thereby serving the most disadvantaged segments of the population. It did so by successfully building upon a proven model (the village *sanadiq*), which created trust among partners and encouraged a stronger investment by ABS. Further, ABSUMI introduced unconventional business practices that work for rural poor people, such as group guarantees, and by providing training for smallholders that resulted in better organization and business management skills. Thus, the increased information and training, coupled with confidence in the model and enabling public policies, have resulted in the programme's success.

As of 31 September 2012, ABSUMI had reached more than 60,000 people in 10,000 households in 579 groups across 97 villages. It has mobilized a total of around SDG 550,000 (roughly US$125,000) from its members in the form of savings, which translate into an average saving of almost SDG 56 (US$13) per member. The volume of savings has grown nearly eight-fold over the last 10 months. ABSUMI's portfolio of approximately SDG 4.4 million (US$994,000) is spread among approximately 10,000 women clients. The average loan size is SDG 517 (US$117), which indicates that the programme is reaching people in the lowest economic strata. The credit-to-deposit ratio is approximately 13 per cent. This indicates that almost 87 per cent of the loans are backed by alternative collateral through the group guarantee system, now recognized under the new microfinance policy of the Central Bank of Sudan. ABSUMI has achieved excellent credit performance: a repayment rate of 100 per cent, portfolio of risk (>0 days) at 0 per cent, and 75 per cent of total costs are met by its own revenue.

In response to this excellent performance, the IFAD Executive Board in December 2012 approved a three-year grant of US$925,000 to scale up ABSUMI to improve the livelihoods of 150,000 poor households by increasing income and savings in a sustainable manner through access to a diversified range of agricultural and non-agricultural investments. This constitutes 20 per cent of the budget required to expand the model across a wider geographical area by establishing six new ABSUMI units in five states, while the remaining 80 per cent of funds will come from ABS and the Central Bank of Sudan. It is projected that, over the next ten years, ABSUMI will provide sustainable rural microfinance services to 1 million poor women across the Sudan at the bottom layers of the economic pyramid. The programme is successfully demonstrating that rural poor people are both bankable and creditworthy.

Case example: Adaptation for Smallholder Agriculture Programme (ASAP)

The challenge

Climate change is transforming the context of smallholder agriculture. Over centuries, smallholders have drawn on indigenous knowledge and historical observations to manage the effects of a variable climate. Today, the speed and intensity of environmental change is outpacing their capacity to do so. Historical averages are no longer a reliable guide for the future, and losses and damage from extreme weather events keep increasing as the patterns of droughts, floods and tropical storms are becoming more unpredictable. At the same time, rural livelihoods are undermined by the creeping effects of water stress, land degradation and loss of biodiversity. This poses a series of new challenges to international development cooperation.

First, there is the challenge of understanding and managing evolving risks in a rapidly changing environment. Today's development programmes need to pay greater attention to the assessment and management of climate risks, and to the capacities of institutions to deal with uncertainty and unexpected change in the natural and economic environment. The second challenge is related to the effective delivery of climate finance: donor countries have committed to providing new and additional sources of financing to address the challenges of climate change in the developing world, and with an ambitious international target of providing US$100 billion of climate finance annually by 2020, there is increasing pressure to show that climate finance is being used effectively to build resilience.[7]

The new paradigm of climate finance requires institutions such as IFAD to develop effective investment programmes to make climate finance work for smallholder farmers. These programmes need to be structured in such a way that the dominant drivers and root causes of smallholder vulnerability can be better understood, and the impacts of climate and environmental finance on vulnerability reduction can be reliably measured.

The partners

The Adaptation for Smallholder Agriculture Programme (ASAP) was launched in 2012 as part of IFAD's Ninth Replenishment to scale up actions to reduce and diversify climate risk for smallholders, while improving production. It provides a mechanism to make climate and environmental finance available to smallholder farmers. A multi-year and multi-donor financing facility, ASAP provides a new source of grant financing to scale up and integrate climate change adaptation across IFAD's approximately US$1 billion per year of new investments. The programme is integrated with IFAD's regular investment processes and benefits from rigorous quality control and supervision systems.

So far, Belgium, Canada, the Netherlands, Sweden and the United Kingdom have provided complementary contributions to ASAP as part of the IFAD9 Replenishment. For these donor partners, ASAP represents a systematic entry point to integrate climate finance with large-scale baseline investments in agricultural development. This is expected to increase the resilience of these investments to climate-related risks.

At the level of programme implementation in developing countries, ASAP is establishing numerous partnerships – including with public-sector institutions (government ministries, departments and agencies engaged in natural resources management, agriculture, forestry, coastal zone management, hydro-meteorological services), community-based organizations (such as farmer cooperatives, water-user groups, commune councils, women's groups, farmer field schools), agricultural extension services, and private-sector entities. The main objective of these partnerships is to increase institutional learning and knowledge management about investment and decision-making in a rapidly changing environment.

How it began

The first stage of development was the establishment of a clear approach to climate change by IFAD with full support from IFAD Governors and the Executive Board, with leadership from IFAD management. The 2010 Climate Change Strategy set out how IFAD could help poor smallholder farming communities build resilience to climate change by integrating climate issues throughout IFAD's operations and by helping smallholder farmers access dedicated climate and environment finance.

Second, in late 2010 Canada approached IFAD to explore whether there was a way that the Fund could receive resources earmarked for climate change. In partnership with Canada, IFAD consulted with other possible donors to assess the scope for setting up a financing partnership to help smallholders adapt to climate change and demonstrate the value of investing climate change finance in smallholder farming. ASAP was launched in 2012.

7 As agreed by parties to the United Nations Framework Convention on Climate Change (http://unfccc.int/2860.php).

Partnership in action

ASAP is driving a major scaling up of successful 'multiple-benefit' approaches to smallholder agriculture, which improve production while reducing and diversifying climate-related risks. It differs from regular development programmes through a more explicit and systematic appraisal of climate risk; a long-term planning focus which integrates traditional knowledge of smallholders with projections from climate models and scenarios; and a systematic approach to institutional learning and adaptive capacity.

ASAP's first principle is to scale up those approaches to rural development that have proven successful in delivering resilience benefits to smallholders. IFAD has a strong track record of working with communities on a broad range of climate-smart approaches. These include drought and flood risk management, drought and salt-tolerant crop varieties, mixed crop-livestock systems, integrated water resource management, land regeneration, agroforestry and improving post-harvest storage. IFAD has the capacity to support more of these tried and trusted approaches.

Secondly, climate change also requires that new ingredients be introduced in rural development programmes to improve their impact in an increasingly risky and uncertain environment. These approaches include the use of climate models for long-run scenario planning, community-based climate vulnerability and capacity analysis, and empowering local institutions to engage with national climate policy. They also involve improving the collection, analysis and dissemination of meteorological data, establishing evidence-based monitoring systems for climate resilience, providing access to risk transfer and insurance schemes, and re-assessing infrastructure and land-use plans, taking into account new and emerging risks such as sea-level rise. ASAP is financing the integration of such components into rural development programmes, thereby enabling them to reduce climate-related shocks and stresses for smallholder farmers.

Funding rural entrepreneurship in Colombia with support from the Spanish Food Security Cofinancing Facility Trust Fund

The challenge

IFAD Member States are committed to reducing rural poverty and have established the performance-based allocation system so that IFAD loans proportionately reach the countries in greatest need. Concurrently, middle-income countries, while making great strides towards improving the lives of their rural populations, continue to need support to consolidate progress. Moreover, most of the world's poor people currently reside in middle-income countries, constituting a significant need.

The Government of Colombia, a middle-income country, has made a renewed commitment to improving the lives of its roughly 7 million rural poor people, in part by expanding business opportunities for small- and medium-scale farmers, who are widely viewed as important engines of growth for the overall economy. The Colombian Government has called upon IFAD to provide financial resources, knowledge and expertise in working with rural communities and farmers' organizations to support this commitment. As a middle-income borrower, however, Colombia receives a smaller allocation of IFAD core resources through the performance-based allocation system, despite its high rate of rural poverty. Thus, in this case and in others, it is a challenge for IFAD and its Member States to adequately meet the requests for support from middle-income countries, while still delivering on the Fund's mandate to support those in greatest need.

At the same time, many IFAD Member States, including Spain, have recently renewed their commitment to supporting global agriculture and food security at donor conferences such as the G8 Summit in L'Aquila in 2009. These Member States seek to fulfil their pledges in line with their own development strategies in a manner that complements IFAD's targeted lending programmes.

The partners

The partnership involves actors at the global through to the local level. It began with an agreement between IFAD and the Government of Spain, supported by IFAD's Executive Board, to establish an innovative funding mechanism, and extends to the Government of Colombia and poor rural populations who are project beneficiaries in Colombia. The partners are collaborating on the project Building Rural Entrepreneurial Capacities: Trust and Opportunity Programme (TOP) to address the unmet needs of rural poor people for a range of financial services including credit, savings and life insurance, and increase access to internet and mobile networks to foster a more conducive business environment.

How the partnership began

In 2010, IFAD and the Government of Spain established the Spanish Food Security Cofinancing Facility Trust Fund, which Spain then endowed with a loan of EUR 285.5 million to deliver on its G8 L'Aquila and other food security commitments. The loan funds are onlent to IFAD Member States through IFAD's regular lending operations, benefiting from cost efficiencies and IFAD's existing processes of programme design, due diligence, and monitoring and evaluation. The Spanish cofinancing provides incremental resources for countries in which resources allocated by the performance-based allocation system do not fully meet demand. Of particular importance for Colombia, the Trust Fund provided US$20 million to augment the six-year project funding envelope for TOP, which has a total budget of US$70 million. This Spanish Trust Fund financing constitutes nearly one third of total financing for TOP.

Partnership in action

The TOP project is building on more than two decades of IFAD-supported rural development activities in Colombia. The Government of Colombia requested IFAD's help in scaling up and consolidating the successful approaches they have jointly supported over the years, including savings schemes for rural communities. In addition to financing business plans prepared and proposed by cooperatives and communities of farmers, the project is building partnerships with telecommunications and life insurance companies as well as selected commercial banks to expand their presence in rural communities. The Government of Colombia has a critical role to play in enabling the participation of private-sector actors by adopting policies and incentives to encourage them to expand their presence in remote project areas. At the end of the six-year project implementation, it is expected that 50,000 additional families (250,000 individuals) will be operating in an improved business environment.

Deepening its long-standing relationship with IFAD – characterized by trust, collaboration and risk-sharing – the Government of Colombia has asked IFAD to act as a catalyst in establishing new financial and non-financial partnerships that will better support the country's rural poor people. Thus IFAD has been challenged to mobilize resources beyond those available through its Replenishment process to expand and scale up innovative and successful initiatives in Colombia, which it has done through the establishment of the Trust Fund. At the same time, the multi-level Trust Fund partnership has allowed a donor country, Spain, to operationalize its commitment to food security and rural poverty reduction through an innovative mechanism that benefits from existing IFAD structures and procedures, while helping to continue critical support to middle-income countries. The Spanish Trust Fund has made a substantial additional contribution to scaling up IFAD-funded projects and programmes.

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