

## **45th Session of the IFAD Governing Council (February 2022)**

Mr President,

Governors,

Delegates,

As was the case last year and in the context of our G7 and EU Presidencies, Germany and France will deliver a joint statement for this 45<sup>th</sup> Session of the IFAD Governing Council, in order to emphasise our strong support and our shared priorities for IFAD.

It is not without some sadness that we participate for the second time in a row in a virtual Governing Council session, and we look forward to meeting in person again in Rome.

The health, economic and social effects of the pandemic and of the crisis are still being felt in rural communities and by smallholder farmers. More than ever, SDGs 1 and 2 are facing clear threats and inequality must be expected to be on the rise. The climate crisis is also more acute than ever and its impact is particularly severe on rural communities. Strengthening climate adaptation and the economic security and resilience of smallholders and giving them a greater share of climate resources are imperative in a just transition towards climate neutrality and achieving the SDGs.

In this context, the unique work that has been carried out by IFAD for almost 50 years is of paramount importance. IFAD's focus on smallholder farmers and remote rural communities and its ever stronger focus on women and youth make it a crucial institution for developing countries in the context of these multiple crises. Being open for and integrating innovation, including on digitalisation, and involving the private sector – including increasing mobilisation of private sector financing and engagement, for example in value chain development – remains crucial. Giving a voice to and facilitating the participation of poor smallholders, women, youth and their associations are key for food security and a more just transformation of the food system. This was called for in the Food Systems Summit discussions, in which IFAD played a very important role. Food system transformation will not happen with a project approach alone, it needs to be pushed forward at the policy and political level, too. We would like to applaud IFAD's related work through the wider UN system and we encourage strong and efficient follow-up through enhanced RBA-collaboration.

In 2021, IFAD was greatly strengthened. The IFAD-12 replenishment reached a record level, thanks to the contributions both from traditional contributors and from beneficiary countries. We also welcome the implementation of the Integrated Borrowing Framework, which allows IFAD to access more diverse resources while adhering to its mandate. The mechanisms and resources to kick-start the implementation of IFAD12 from day one are in place, thanks to our joint efforts. IFAD also strongly displayed its ability to meet new challenges by announcing that it would dedicate 30% of its climate finance to nature-based solutions and develop a promising biodiversity strategy, based, among other things, on a review of the agro-ecological approaches in its current portfolio.

As we start a new cycle of financing with IFAD-12, we therefore look forward to IFAD continuing on this path and delivering on the following important priorities.

IFAD should continue focusing on the poorest people in the poorest countries, especially in sub-Saharan Africa, as they are most severely affected by poverty and hit by multiple crises.

This is the basis for strong replenishments in the future, too. We therefore urge members that have not yet done so, or can afford more, to support IFAD core resources, which are the basis for this. We also urge IFAD and all member states to commit to delivering on IFAD's mandate and on the ambitious geographical targets that were set for IFAD-12.

We fully support IFAD's climate agenda, and especially the higher climate finance target that was agreed for IFAD-12. IFAD's strong engagement in the Great Green Wall initiative and the bold commitments that IFAD made alongside the Green Climate Fund and the African Development Bank during COP26 on that initiative as well as its Rural Resilience Programme and ASAP+ are showcases of its strong involvement in climate and environmental issues. IFAD should continue to use its comparative advantage on strengthening climate adaptation and the resilience of smallholders. In this context we welcome IFAD's continued engagement with the Green Climate Fund and the Global Environment Facility, which make it possible to dedicate climate-specific resources to smallholder farmers and communities, including indigenous groups. We look forward to ambitious yet realistic implementation of the biodiversity strategy, well linked up with IFAD's climate agenda. In particular, we expect a strong focus on adaptation, resilience and nature-based solutions, especially agro-ecology, in the context of the upcoming COP27 in Egypt. IFAD could also play a greater part in forest restoration programmes that depend on the participation of small-scale farmers and their associations and of indigenous people. We firmly believe that IFAD can be one of the leading institutions on these crucial issues, as also exemplified by its leading role in coordinating a cluster of international financial institutions and public agricultural development banks as part of the Finance in Common initiative. We commend IFAD's role in this respect, as did the G20 Foreign Affairs and Development Ministers in the declaration entitled "Matera Declaration on Food Security, Nutrition and Food Systems" adopted on 29 June 2021.

Of course, these priorities also need to be harmonised with IFAD's financial sustainability. We strongly support and commend the work that has been accomplished by IFAD these past few years and the systematic efforts to address challenges from the past like the DSF, which received approval in the form of the excellent credit rating granted at the end of 2020. This is also part of IFAD becoming a role model of good institutional and financial governance. While this means that more diverse sources of financing will be available, it also highlights the responsibility of the Fund to follow through on the priorities set in IFAD-12 and the necessity for the institution to remain focused on its strengths and avoid any mission drift. Unfortunately, despite the high replenishment, the amount of grant and highly concessional resources in particular is too limited for the targets we have. Thus, a thorough look at affordability and prioritisation of budget resources is imperative. In this context, we look forward to catching up on taking a more systematic look at, and discuss, the scope, expected results vis-à-vis overall resources and capacities needed for decentralisation. This is an issue that a yearly budget discussion cannot properly address.

All these priorities need to be the bedrock of the IFAD-13 discussions, which will start next year and which we are looking forward to, hoping that they will be no less successful than IFAD-12.

France and Germany wish you a fruitful and successful 45<sup>th</sup> session of the Governing Council. We look forward to working with Management and with all member states throughout 2022 to reaffirm our goals of promoting the sustainable development of rural communities and eradicating world hunger.