



IFAD and Italy: partnering to end hunger and poverty



Investing in rural people



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IFAD enables indigenous peoples and other marginalized groups to improve their livelihoods. *Philippines*

IFAD is unique in being both an international financial institution and a specialized United Nations agency. It is also unique in mandate – the only institution exclusively dedicated to eradicating hunger and poverty in rural areas of developing countries. IFAD provides low-interest loans and grants to developing countries to finance innovative agricultural and rural development programmes and projects, and is among the top multilateral institutions working in agriculture in Africa.

The decision to create IFAD was made in 1974, in the wake of the great droughts and famines that struck Africa and Asia in the preceding years. At the 1974 World Food Conference, world leaders agreed that “an international fund ... should be established immediately to finance agricultural development projects”.

From the beginning, IFAD and Italy have worked closely together to eliminate hunger and poverty by empowering rural people through investments that enable people to improve their lives and livelihoods.

A focus on food security

Italy has continued to keep agriculture and food security high on its development agenda, and especially after 2008 with the launch of the L’Aquila Food Security Initiative in the framework of the G8. Along these lines, the 2014 high-level Italy-Africa conference and Expo Milano 2015, on the theme “Feeding the Planet, Energy for Life”, are key advocacy

platforms for the inclusion of food security and rural development on the post-2015 development agenda.

There are more than 500 million small farms, which are key to food security. With the right support – in terms of both investment and an enabling policy environment – they can make an enormous contribution to solving the problems of poverty and hunger. Hence mobilizing investment in rural transformation will be essential for post-2015 implementation. Without investment in rural people, we will not achieve a world in which every human being can fulfil their aspirations to a good education, adequate nutrition, a decent job, and a voice in the public decisions that impact their lives.

Investing in results, scaling up impact

Italy is the fifth largest financial contributor to IFAD, with a cumulative pledge of US\$549 million to the organization’s resources. This constitutes 7 per cent of total pledges to the Fund and includes a contribution of US\$40 million to the Special Programme for Africa launched by IFAD in 1985 to revive small-scale farming.

Since 1994, through an additional US\$53 million in supplementary funds contributed to IFAD, Italy has supported more than 220 initiatives leveraging a further US\$470 million: each dollar from the Italian voluntary contribution mobilizes eight additional dollars through IFAD.

Piloting innovative initiatives and scaling up successful approaches for greater impact are priorities for Italy and IFAD. There are numerous examples of how the partnership has leveraged Italian contributions to further this work:

- US\$1.9 million from Italy was invested in the Regional Cassava Processing and Marketing Initiative for sub-Saharan Africa, with an additional US\$12 million leveraged from IFAD, the Global Environment Facility, the OPEC Fund for International Development and FAO.



EXPO Milano 2015 “Feeding the Planet, Energy for Life” is a universal exhibition whose primary objective is to foster international dialogue on global challenges involving food security, nutrition and natural resources. It takes place as world leaders and the international community are facing major humanitarian challenges, and at a crucial time for the United Nations system as the Millennium Development Goals come to an end and the post-2015 global development agenda is launched. The participation of the Rome-based agencies - the Food and Agriculture Organization of the United Nations (FAO), IFAD, and the World Food Programme (WFP) - is an opportunity to raise the image of Rome as a global centre of excellence for rural development and food security issues. The agencies are working in synergy to coordinate events that will raise awareness of food security and malnutrition issues among civil society.

Contributions to IFAD’s Replenishments (1977-2018)



Innovative financial services in Sierra Leone

In Sierra Leone, Italian resources were used to introduce a new model of rural finance, providing demand-driven services to poor rural people, including women and youth. A total of six financial services associations in four districts were initially established with US\$450,000 from Italy. The network of rural financial institutions has grown to 54 FSAs and 17 community banks, providing invaluable financial services accessible to the rural poor, with more than 39,186 shareholders, with a total capital worth of US\$1 million and loans outstanding of US\$1.27 million.

- US\$450,000 under the Italy-IFAD Facility to Support Rural Finance (RuralFin) supported the introduction of innovative financial services in Sierra Leone, and an additional US\$38 million was mobilized from the national government. RuralFin was established in 2005 as a mechanism to enable IFAD-financed programmes in selected priority countries to enhance rural finance and value chains. The facility received US\$6 million in Italian supplementary funds. Burkina Faso, Ghana and Mauritania also benefited from the facility.
- Italy funded US\$1.4 million of the US\$1.6 million project on Food Security and Ecosystem Management for Sustainable Livelihoods in Arid and Semi-Arid Lands in Kenya beginning in 2010. In this collaboration between Italy, IFAD and the Africa Harvest Biotech Foundation International (Africa Harvest), the project targeted the Eastern Province, where 80 per cent of the households were food-insecure and relied on food aid for half the year. Some 80 households groups consisting of 13,111 people were established, through which beneficiaries were trained in livestock and agroforestry practices, water management and conservation, and the use of sorghum to increase food availability.
- US\$1.2 million of Italian supplementary funds supported farmers' organizations in sub-Saharan Africa and the Farmers' Forum process in 2005, which laid the groundwork for the establishment of the Forum (see box), and IFAD's regional Support

IFAD empowers rural women and men to develop new businesses and diversify their incomes. *Guatemala*





IFAD works with rural women to help them gain secure access to land, finance, knowledge and other resources. *Mali*

to Farmers' Organizations in Africa Programme, today funded with US\$40 million from the European Commission, the Government of Switzerland and the Government of France.

- US\$330,000 in supplementary funds enabled IFAD to develop a EUR 20 million concessional loan from Italy to the Government of Niger for the financing of the five-year project on rural infrastructure and market access to support the implementation of the new national strategy for food security and sustainable agricultural development (the 3N Initiative, *les Nigériens nourrissent les Nigériens*), which aims to eradicate rural poverty and hunger by improving the sociological and economic conditions of farmers in Niger. An additional EUR 750,000 in supplementary funds were channelled to support IFAD technical assistance to the project. IFAD cofinanced the 3N Initiative with a US\$50 million concessional loan.

Accessing markets, managing risk

Italian support has furthered the shared development goals of Italy and IFAD in many other ways as well. For example, in 2008, in response to the food crisis, Italy channelled US\$6 million of voluntary contributions through IFAD to increase food security in Kenya, Liberia and Mauritania.

The Farmers' Forum, established in 2005 with Italian supplementary funds, is an ongoing, bottom-up process of consultation and dialogue among small farmers' and rural producers' organizations (FOs), IFAD and governments focused on rural development and poverty reduction. The Forum meets every two years for global consultation, in conjunction with IFAD's Governing Council.

Direct support for capacity-building has reached 80 national FOs in 60 countries, enabling them to engage independently on policy dialogue, strengthen their institutional and operational capacities, and become more effective partners for engagement in investment projects. Italy continues to be a key partner in the process.

NEPAD cassava processing and marketing initiative

As a response to a call from African leaders through the New Partnership for Africa's Development (NEPAD) in 2006, with US\$1.9 million of Italian supplementary funds, IFAD launched the Regional Cassava Processing and Marketing Initiative. Cassava is a major source of dietary energy for more than 500 million people. Women take a leading role in the processing and marketing of cassava. In collaboration with private operators, the programme has succeeded in identifying and disseminating know-how across IFAD-supported projects in Benin, Cameroon, Ghana and Nigeria, and promoting policy dialogue with regional and national policymakers to enhance public-private sector partnerships.

Italy has long been a strategic partner in value chain development, with a large part of its supplementary funds dedicated to enhancing access to markets and financial services for smallholder farmers and their organizations in sub-Saharan Africa. Supported by the Italian grants, IFAD programmes have helped raise prices at the farm gate; build strong, inclusive farmers' organizations; and reach out to women and the poorest social groups.

Smallholder farmers need more than access to inputs, services, technology and markets. Because agriculture is a naturally risky enterprise, they also need tools to help them avoid and manage risk, which is both a survival strategy for poor rural households and a prerequisite for moving out of poverty.

Italy and IFAD have collaborated to increase the resilience and risk management capacity of rural people in a number of ways. For example, with US\$1.1 million of Italian supplementary funds, projects in Niger and Sudan have helped increase the climate resilience of smallholders through the use of tolerant or resistant crop varieties, ecosystem restoration, and sustainable land management practices. Under the RuralFin Facility, warehouse receipt schemes were introduced in Burkina Faso and Mauritania to address food crop and agricultural input price fluctuations over the year.

IFAD-supported projects have helped farmers improve processing and marketing of cassava – a major source of dietary energy for half a billion people. *Gabon*



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With US\$650,000, Italy was the first donor to the US\$7 million multi-donor Platform for Agricultural Risk Management (PARM). PARM grew out of G8 and G20 discussions on food security and agricultural growth, and is a four-year initiative focusing initially on sub-Saharan Africa. The Platform acts as a broker between the private and public sectors to foster responsible investment in rural areas and in agriculture, increase awareness of agricultural risk management and facilitate a common understanding of the risk management system. The PARM secretariat is hosted at IFAD in Rome.

Strengthening the partnership

In 2001, Italy's Directorate General for Development Cooperation of the Ministry of Foreign Affairs and IFAD signed a partnership agreement to pursue mutual development objectives. This enduring partnership has been renewed twice, bringing its duration to 15 years.

The agreement provides IFAD with a key instrument to pilot innovative approaches to be scaled up within IFAD-supported programmes. It primarily focuses on helping smallholder farmers and other poor rural people move their small-scale livelihood activities up the economic ladder. It supports measures such as developing value chains, expanding access to markets and financial services, developing local technical capacity, improving access to agricultural inputs and innovations, and sustainable natural resource management.

Working together

Italy is a key partner for IFAD, not just as the host country and a top donor but also as a long-standing leader in financial innovation, agriculture and food security. Since IFAD's establishment, Italy has played a crucial role in contributing to the organization's resources as well as in welcoming 520 staff from IFAD's 176 Member States. Every year during the IFAD Governing Council, Italy facilitates delegations from all around the world, and representatives of farmers and indigenous peoples' organizations to convene in Rome. With US\$1.7 million in Italian supplementary funds, IFAD has hired 58 Italian experts through 142 contracts over the period 2009-2015.

IFAD helps rural people and their organizations connect to value chains to increase their incomes. *Moldova*



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IFAD invests in rural people, empowering them to reduce poverty, increase food security, improve nutrition and strengthen resilience. Since 1978, we have provided nearly US\$16.6 billion in grants and low-interest loans to projects that have reached about 445 million people. IFAD is an international financial institution and a specialized United Nations agency based in Rome – the UN’s food and agriculture hub.

“IFAD, with its strong performance, is concretely contributing to reducing poverty in rural areas. It also plays an important role in keeping food security and nutrition high on the post-2015 agenda.”

- Pier Carlo Padoan, Minister of Economy and Finance of Italy, 2015

“Italy’s contributions to IFAD have been crucial in helping us expand the work we do in developing countries. We are, truly, united in our efforts to feed the world.”

- Kanayo F. Nwanze, IFAD President, World Food Day, 2013



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Cover photograph: One key input for improving the lives of rural people is knowledge. In farmer field schools, participants learn new techniques that can improve yields and sustainability. These Rwandan farmers are using integrated pest management practices on test plots in the highlands. *Rwanda*

