





SPOTLIGHT

# LEADING ON TECHNICAL EXPERTISE

With its investments in rural areas, IFAD brings the accumulated knowledge of more than four decades of working with rural people to support them to improve their livelihoods and overcome poverty. Our technical knowledge in key thematic areas – such as rural finance, markets and biodiversity – is part of what makes us unique. In 2022, we continued to strive to use this expertise to support rural people to strengthen their livelihoods and find solutions to today's challenges.

## ADVANCING TAILORED FINANCIAL SOLUTIONS FOR RURAL PEOPLE IS A CRUCIAL PART OF OUR WORK.

Through our Financing Facility for Remittances, work continued to maximize migrants' remittances and diaspora investment for the benefit of rural communities. For example, through the PRIME Africa initiative, in 2022 the Facility selected 15 innovative projects to be implemented in The Gambia, Ghana, Kenya, Morocco, Senegal, South Africa and Uganda. These projects – now being implemented – will enable rural communities to receive remittances through mobile and digital financial services. Supplementary financing for the projects provided by private sector partners is bringing in technological innovations and business models tailored to the needs of rural households that are receiving remittances.

2022 was a significant year in the continued development of IFAD's engagement with the private sector in general. In September, the Executive Board approved a loan of US\$5 million to a microfinance institution in Cambodia – the first-ever non-sovereign operation (NSO) project in the country. This adds to the list of NSOs that have been approved over the past two years for projects in Bolivia, Madagascar, Mozambique, Nigeria and Uganda. More are planned in 2023.

While these engagements with the private sector are new, innovative and offer much transformative potential, lending to private partners entails new risks and challenges that require careful management. With this in mind, IFAD's legal team organized internal training on NSOs and provided guidance on the development of an NSO Disclosure Policy that reflects IFAD's commitment to ensuring transparency. Among other steps taken under the guidance of IFAD's legal team was ensuring that this policy was consistent with our revised Social, Environmental and Climate Assessment Procedures (SECAP), and developing Guidelines for the Review of Non-Sovereign Private Sector Operations. For SECAP, we also developed an enhanced complaints procedure, which is now in force, to ensure people are able to contact IFAD directly in the event of concerns over non-compliance with the Procedures.

In addition, we developed a Quality Assurance Tool for Non-Sovereign Private Sector Operations, which is fully consistent with the guidelines.

Financial innovation has also been at the heart of the success of the Insurance for Rural Resilience and Economic Development (INSURED) technical assistance programme implemented by IFAD through the [Platform for Agricultural Risk Management](#). Through INSURED, as of 2022, an estimated 88,000 small producers have been covered by climate risk insurance in Guatemala, Kenya, Uganda and Zambia.

In 2022, INSURED successfully completed a multistep insurance intervention in Uganda in cooperation with the IFAD country programme and the Government of Uganda, and with the support of a private sector agricultural insurance and technology company. The customers targeted were small producers in northern and north-western Uganda, who benefited from an area yield index insurance product. During the initial pilot, a total of more than US\$23,000 was paid out to farmers. The project was then extended until September 2022, during which time a further 7,000 farmers received a payout from the insurance. About 270,000 farmers were already signed on for the next season by the end of INSURED's support.

**BASED ON THIS KIND OF WORK, DURING 2022, THE INSURED TEAM RELEASED MULTIPLE PUBLICATIONS THAT SHARE LESSONS AND KNOWLEDGE ON KEY TOPICS SUCH AS [ENGAGING SMALL-SCALE FARMERS IN DEVELOPING INSURANCE PRODUCTS](#).**

2022 also saw the completion of other major studies on key topics. These included a comprehensive analysis of IFAD's value chain development project portfolio. Results show that the vast majority of IFAD-supported projects follow a value chain approach, with 90 per cent of these focusing on bringing in private sector partners. Another major study published in 2022, in collaboration with the International Finance Corporation, was focused on [how to develop and scale innovative solutions to improve the livelihoods of small-scale farmers](#).

IFAD's technical expertise informed our participation in global debates and helped us provide leadership on issues relevant to our mandate. Highlights of our global engagements during the year included participation in the first-ever G20 Joint Finance and Agriculture Ministers' Meeting, a high-level opening from the IFAD President at the 50<sup>th</sup> plenary session of the Committee on World Food Security and co-leadership of the first-ever Global Forum of the United Nations Decade of Family Farming.

We also shared knowledge globally through initiatives such as IFAD's first [Innovation Day](#), which presented lessons on how to originate, pilot, test, scale and fund innovative solutions for rural development.