



SPOTLIGHT

ASSEMBLING DEVELOPMENT FINANCE

Investing in rural development and rural people is strategically important to accelerate progress in achieving the SDGs. This has become even more apparent in the midst of the range of threats disrupting food systems in recent years – climate change, conflict, the COVID-19 pandemic, and higher food and fuel prices.

FINANCIAL INNOVATION HAS BEEN CENTRAL TO HOW IFAD HAS RISEN TO THESE CHALLENGES, AS HAS THE FURTHER STRENGTHENING OF PARTNERSHIPS WITH OUR MEMBER STATES.

In 2022, the first year of the IFAD12 replenishment cycle, IFAD started to implement the Integrated Borrowing Framework. To secure the highest amount to date of borrowed funds in support of IFAD's loan portfolio, and provide the necessary security of funds for the Borrowed Resource Access Mechanism, IFAD endeavoured to pre-fund a significant share of the total amount needed – that is, approximately US\$1.2 billion.

By December 2022, IFAD had been successful in securing US\$675 million, 56 per cent of the overall borrowing for IFAD12. A major milestone on the way to this success was IFAD issuing two inaugural private placement transactions for an aggregate amount of US\$150 million in June. This was the first time IFAD had approached financial markets as an issuer, becoming the first United Nations fund and the only United Nations body and specialized agency other than the World Bank Group to enter capital markets.

SIERRA LEONE

Lucy and her husband, Julius, have benefited from a loan through the Rural Finance and Community Improvement Programme, which has helped them expand their honey business.

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Another milestone was a groundbreaking borrowing agreement with the European Investment Bank (EIB), signed during COP27. Under the agreement, the EIB will lend IFAD EUR 500 million in support of IFAD's programme of loans.

In 2022, both Fitch Ratings and S&P Global Ratings confirmed IFAD's AA+ rating with a stable outlook. This reflected the ongoing work to support IFAD's high credit rating, in particular through state-of-the-art loan credit risk financial reporting.

WE ALSO WORKED CLOSELY WITH OUR MEMBER STATES TO FINANCE THE IFAD12 PROGRAMME. NEW AND ADDITIONAL PLEDGES WERE RECEIVED FROM MEMBER STATES, WITH 111 MEMBER STATES CONTRIBUTING TO IFAD12 AT THE END OF 2022, BRINGING THE TOTAL PLEDGED TO US\$1.28 BILLION.

In addition, IFAD sought initial feedback from Member States on their priorities for the IFAD13 consultations commencing in February 2023. At the IFAD13 pre-consultation meeting in November 2022, Member States highlighted IFAD's important role in strengthening the long-term resilience of small-scale farmers and rural producers in the context of climate change, fragility and food insecurity, and reaffirmed their support to IFAD.

Over and above core contributions, we are also mobilizing additional, supplementary resources to respond to the multiple crises that beset the world in 2022 – including war, climate change and the continued impact of the COVID-19 pandemic. In total, we mobilized US\$377.4 million of supplementary resources in 2022. One priority for this funding was the Crisis Response Initiative, which we set up to protect livelihoods and build resilience in rural communities. With support from Germany, Ireland, the Netherlands and the United States, we raised over US\$51 million to address the disruptions caused by the war in Ukraine in the countries most affected.

During 2022, we mobilized additional contributions for the Enhanced Adaptation for Smallholder Agriculture Programme (ASAP+) (approximately US\$25 million from Germany and Norway) and the Private Sector Financing Programme (US\$23 million from Finland and Germany). Supplementary funds were also received from Denmark, Germany and Italy for cofinancing of IFAD investments in Bangladesh, India and Mauritania. In addition, Italy's Cassa Depositi e Prestiti and IFAD entered into a cofinancing agreement aimed at unlocking substantial parallel cofinancing for selected IFAD investment projects.

FIJI

With support from the Pacific Islands Rural and Agriculture Stimulus Facility, young farmers from Fiji's highlands have established a nursery where they grow cash crops.

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