



THE GERMANY-IFAD PARTNERSHIP



ABOUT IFAD

An international financial institution and a United Nations specialized agency, IFAD is dedicated to eradicating rural poverty and hunger in developing countries. The Fund is one of the largest sources of financing for agriculture and rural development in the world's poorest countries.

Total IFAD loans and grants*
US\$24.6 billion

Total domestic contributions
US\$20.3 billion

Total cofinancing
US\$15.1 billion

Total programme and project cost
US\$60 billion (1978-2022)

*Includes Debt Sustainability Framework grants but excludes other grants and some special initiatives

With small-scale farmers and rural people – especially women and youth – at the heart of their strategies for achieving a world with no hunger (Sustainable Development Goal 2), Germany and IFAD's partnership priorities are to:

- make small-scale farmers and local food systems resilient to shocks
- achieve food and nutrition security, particularly in Africa and in fragile contexts
- establish equitable and sustainable food systems that are resilient to shocks
- promote socially equitable climate action and compensate local rural communities for the ecosystem services they provide
- create opportunities for rural youth employment, through the promotion of inclusive agrifood value chains – in partnership with private investors.

Germany's leadership has facilitated fundamental reforms to make IFAD fit for purpose by enabling it to engage with the private sector and supporting a prudent and sustainable financial strategy. KfW was one of IFAD's pioneer lenders in 2014. In November 2021, KfW provided IFAD a promotional loan of up to EUR 400 million to help finance the Fund's US\$3.5 billion programme of loans and grants in 2022-2024.

IFAD leverages the core resources it receives from Germany through its regular replenishment: every euro that Germany contributes to IFAD delivers a pro-poor total investment equivalent to EUR 6.

GERMANY'S TOTAL CONTRIBUTIONS AND VOTING POWER

CONTRIBUTIONS

IFAD12: **EUR 88.5 million**
(US\$101.2 million)

TOTAL: **US\$711 million**

LOANS

Up to **EUR 400 million** to IFAD12

SUPPLEMENTARY FUNDS

TOTAL: **US\$177.6 million**, including support for German young professionals at IFAD

VOTES

PERCENTAGE OF TOTAL: **4.16%**

PERCENTAGE OF LIST A: **8.4%**

PARTICIPATION IN IFAD'S GOVERNING BODIES

Executive Board, Consultation on the Thirteenth Replenishment of IFAD's Resources, Audit Committee and Convenor for List A

BUILDING RURAL RESILIENCE THROUGH INNOVATIVE FINANCE, CLIMATE ADAPTATION, STRENGTHENED LOCAL FOOD MARKETS AND INCLUSIVE AGRIFOOD VALUE CHAINS

EUR 10 MILLION
in supplementary funds
and 60 per cent of IFAD12
new investment projects
explicitly prioritize youth
and youth employment

EUR 65 MILLION
in climate finance
(2016-2021) and
40 per cent of IFAD12
new investment with
a focus on climate
activities

EUR 57 MILLION
to address the
development impact
of external shocks

EUR 62 MILLION
in supplementary funds
to support inclusive
agroecological value
chains



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TACKLING POVERTY AND HUNGER TOGETHER

The IFAD-Germany strategic partnership is framed under the partnership agreement between IFAD and BMZ. It includes cooperation with GIZ and KfW as implementing partners. The partnership itself is implemented through regular consultations, cofinancing and joint policy work, for example in international platforms for coordinated action on food security, climate change and land governance. This includes IFAD becoming a core member of the Global Alliance for Food Security; collaboration under other G7/G20 initiatives; the follow-up to the United Nations Food Systems Summit, and the Global Donor Platform for Rural Development.

GENDER AND RURAL YOUTH EMPLOYMENT

The challenges of **youth employment**, with more than 440 million young people expected to enter the rural labour market by 2030 in Africa alone, make investments more critical than ever. Germany and IFAD have joined efforts by financing the establishment of agribusiness hubs in African countries to train rural youth in establishing small enterprises and create employment opportunities for close to 21,000 young people.

Germany cooperates with IFAD, which is recognized leader in empowering rural women, to overcome entrenched norms that perpetuate gender inequality and to support and create employment for rural women. IFAD works with partners to pioneer innovative approaches – such as household methodologies – that generate transformative change from within the family.

MAINSTREAMING CLIMATE AND BUILDING RESILIENCE

As the top donor to the Rural Poor Stimulus Facility and the Crisis Response Initiative at IFAD, Germany has contributed to IFAD's ability to help strengthen the resilience of smallholders against market and agriculture shocks in about 60 countries, thus ensuring that development gains are not being eroded and healthy food can continue to be produced and sold despite shocks such as the COVID-19 pandemic and the effects of the war in Ukraine war. This has facilitated access by rural smallholders to markets, helped rural financial services to provide financing, promoted the use of digital services and strengthened IFAD's own skills in building rural resilience and maintaining long-term development gains.

Mainstreaming climate adaptation is a strategic priority for Germany and IFAD. With Germany's financial support, some 26.3 million poor small-scale farmers increased their **resilience** between 2016 and 2018. Germany has also contributed to the first ever IFAD-funded project in Brazil's Amazon region: the Amazon Sustainable Management Project (PAGES); and to pilot compensation mechanisms in Brazil, Ethiopia and Lesotho to channel climate finance to rural communities for their ecosystem services under ASAP+ and generate knowledge to be discussed within the G7 and COP.

PRIVATE SECTOR ENGAGEMENT FOR RURAL SMALLHOLDERS

Rural smallholders are among the most underserved private economic actors. Private financing is rarely available. Through partnership under the Private Sector Financing Programme, Germany and IFAD strive to scale up private sector investment in inclusive and sustainable agriculture/food system business models to accelerate progress in the fight against poverty, hunger and climate change.

IFAD's private sector strategy (2019-2024) aims to facilitate an increased leverage of private sector investments to strengthen **value chains** and **access to markets** for IFAD target groups. Many IFAD-supported projects work to enable rural people to access and move up value chains so that they can take part in activities where financial returns are higher. In Burkina Faso, Germany partners with IFAD to make rice value chains more inclusive and improve small-scale farmers' access to markets and credit. Germany and IFAD have recently joined efforts to boost agroecological value chains enhancing the impact and viability of environmentally sustainable production systems in India's Himalayan region and in central and western India. In Eritrea, Germany and IFAD support 87,500 marine and inland small-scale fishers to produce and process a surplus for the market, within the maximum sustainable yield of the fisheries.