



## Uganda

Training young people in non-farm activities such as woodworking, construction and hairdressing opens up opportunities for finding work and earning an income.

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# Catalysing donor investment for rural areas

## Working towards a successful replenishment

IFAD13 comes at a time when it has become clear that the SDGs are unlikely to be achieved by 2030. Poor rural communities are among the most severely hit by multiple crises – such as climate change, conflict and economic instability. To galvanize progress towards the SDGs, investment in rural people must be scaled up significantly.

Against this background, IFAD Member States met during 2023 to agree on priorities and targets for the IFAD13 cycle (2025–2027).

Throughout the year, engagement with Member States was high. IFAD President Alvaro Lario met with several ministers, heads of state and government representatives to discuss priorities and ambitions for IFAD13. IFAD also collaborated closely with partners at all levels to involve them in discussions – for example, civil society organizations, parliamentary groups, regional roundtables and Friends of IFAD.

These discussions came to a broad consensus on the need to invest in ambitious solutions for today's challenges and the importance of thriving rural areas for achieving a food-secure future for all. Delegates supported the call for US\$2 billion in new financing. If realized, this will enable IFAD to deliver nearly US\$4 billion in new IFAD investment during IFAD13, and mobilize a further US\$6 billion in domestic and international cofinancing – a strong return on investment for Member States.

**If we can achieve these targets, IFAD will strive to double its impact by 2030 and to improve the lives of over 100 million rural people.**

Momentum towards these targets has been strong, with early announcements of record-high pledges from countries across all lists at key global events during 2023, including the United Nations General Assembly and COP28.

With strong engagement from Member States, there are high hopes that the IFAD13 ambitions are within reach. IFAD13 has been prominent in global events, especially the G20 summit in India and the International Monetary Fund/World Bank autumn meeting in Marrakesh, leading up to the final IFAD13 replenishment meeting held in Paris in December. By the end of the year, a total of 52 countries had announced US\$1.16 billion in financing for IFAD13. In 2024, we expect that this momentum will drive us towards our targets in time to begin delivering IFAD13 investments in 2025.

## Mobilizing supplementary funds

Supplementary funds are an important means of mobilizing concessional resources to enable IFAD to fulfil its mandate. Supplementary funds offer unique opportunities to foster innovation and enable IFAD to engage in new and emerging work areas that can yield new knowledge, tools and best practices to feed into its programme of work.



**In 2023, IFAD signed a total of 59 new supplementary fund contribution agreements and 10 top-up agreements with 26 donors for a total of US\$357 million.**

A significant number of the agreements signed in 2023 were for contributions to support crises provoked by the impact of the war in Ukraine. For example, donors such as the European Union and Norway made major contributions to IFAD's Crisis Response Initiative, with donations of EUR 52 million and US\$27 million, respectively.

During the year, many supplementary funding agreements were signed to support innovative work on specific themes, from agroecology and remittances to initiatives unlocking carbon markets and reducing methane emissions.

In addition, IFAD's Executive Board worked with the United States to establish the Vision for Adapted Crops and Soils (VACS) initiative as a pillar of its existing Rural Resilience Programme multi-donor trust fund. During the 139<sup>th</sup> Executive Board session, an amendment to the existing 2RP trust fund instrument was created to allow for the receipt and administration of contributions to the VACS initiative. This initiative will channel funds into innovative agricultural adaptation efforts, such as improved soil health, better supply chains, crop adaptation, and empowering farmers with technology and knowledge for improved crop production.

## Financing development through remittances and diaspora investments

Migrant remittances are a significant and ever-growing source of investment for rural development. In 2022 alone, migrants sent more than US\$647 billion in remittances to their families in low- and middle-income countries.

In light of this, IFAD, through its Financing Facility for Remittances, has continued maximizing remittances through the digital and financial inclusion of migrants and their families and the diaspora impact investment for rural development. Several milestones were achieved in 2023.

Among these was the implementation of 19 innovative projects with private sector partners, aimed at promoting digital remittances, financial inclusion and diaspora investment in Africa. Prominent among the private partners for these projects were money transfer operators, mobile network operators, banks, fintechs and aggregators – as well as impact investment funds – which will ensure greater local ownership and support the smooth flow of funds to where they are needed. In each country of intervention, the Financing Facility for Remittances set up National Remittance Stakeholder Networks and communities of practice.

## Hosting the Global Donor Platform for Rural Development

IFAD is a proud host of the Global Donor Platform for Rural Development, a network of 41 development organizations that includes key bilateral and multilateral donors. Its aim – of great relevance to IFAD's work as an assembler of development finance for rural development – is to provide a safe, informal space to promote dialogue within the donor community for rural development, enhanced coordination and harmonization of policies and strategies.

In 2023, the Donor Platform celebrated its twentieth anniversary, producing a special 20-year review: *Understanding the new agriculture and food agenda: How is the past shaping the future?* The review examines to what extent, and how, donor approaches in agriculture, rural development and food systems have changed over two decades, and what should be done to address emerging issues.

During the year, the Donor Platform launched two major reports that will help inform the work of IFAD and our partners as we assemble investment for food systems transformation. The first of these – *From Rhetoric to Reality: Donor coordination for food systems transformation* – provides practical guidance on how to improve coordination and alignment in approaches to food systems and rural development. The second – *Unleashing the Catalytic Power of Donor Financing to Achieve Sustainable Development Goal 2* – was launched by the Donor Platform at its 2023 Annual General Assembly in October. It provides donors with options and recommendations to fill the investment gap for SDG 2, including through commercial loans from multilateral development banks and blended finance from both public and private sectors.