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Opening statement by President Alvaro Lario

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Excellencies,

Distinguished guests,

Welcome to the 148th session of IFAD's Executive Board.

Let me start by extending a special welcome to the newly accredited representatives to our Executive Board:

- for Argentina, Ms Alicia Silvana Barone;
- for Belgium, Her Excellency Evie Ruymbeke;
- for China, Mr Liu Weihua;
- for Japan, Mr Kondo Makoto; and
- for Mexico, Her Excellency Laura Elena Carrillo Cubillas.

I would also like to welcome the Ambassadors and representatives that are participating in the IFAD Executive Board for the first time.

Welcome also to our silent observers from the Rome-based agencies, the European Union and all other delegates who are following our proceedings remotely or from the *salle d'écoute*.

Let me begin by thanking Board members for the constructive informal exchange we had over breakfast. It was a valuable opportunity to reflect openly on the current environment and the important issues before us. I look forward to today's discussion and count on your continued guidance and support.

We meet at a time of continuing pressure on food systems, public budgets and financing of official development assistance. Fiscal space remains constrained, continuous shocks are the new normal, and expectations on the role and impact of multilateral institutions are increasing.

In this context, the question for IFAD and other multilateral organizations is practical: how do we use limited public resources to mobilize more finance, reduce risk and generate measurable development results where investment is still too scarce?

That is the question before us as IFAD14 moves forward towards the December pledging session.

I want to thank all Member States that are engaging actively in this process and to acknowledge the early momentum we are seeing. We have already received a good number of early pledges that are significantly higher than in IFAD13, including important increases of up to tenfold, especially from least developed countries.

These early pledges demonstrate confidence in IFAD's role and in achieving expanded economic opportunity, strengthening food systems and investing in the resilience of rural economies.

Today, in my opening remarks I will elaborate further on IFAD's mission and on the transformation of the operational and business model, which positions IFAD as a key institution in decreasing poverty and hunger across the world. I want to set out today why IFAD has the mandate, the financial model and the delivery capacity to make that case credibly.

IFAD was created in response to a global food crisis. Nearly 50 years later, food security remains closely linked to economic stability, employment, natural resource management and the functioning of rural markets.

As the international financial institution of the agricultural first mile, IFAD invests where rural economies connect to food systems and value chains, and where productive potential is still constrained by risk, distance, weak infrastructure and limited access to finance.

This is where IFAD’s mandate is most relevant. Well-structured investment at the first mile can increase production, connect producers to markets, strengthen value chains and reduce the risks that hold back private capital.

We are delivering these returns at scale. Over the past 10 years, IFAD-financed investments have reached 215 million rural people around the world.

Our impact assessments show that these investments are achieving deeper results. Under IFAD12, they increased production among project participants by an average of 35 per cent, while incomes and market access rose by 34 per cent. These results are significantly stronger than those achieved in the previous replenishment cycle.

The evidence also helps us understand why some investments achieve greater impact than others. We have learned that value chain investments perform better when they address several constraints together. Increasing production is important, but it is not sufficient. Rural producers also need storage, processing, finance, technology and reliable access to markets.

This is where IFAD’s experience is particularly valuable. We do not finance isolated activities. We work with governments, rural organizations and businesses to strengthen the conditions in which rural economies can become more productive, better connected and more resilient.

We have also learned that private sector engagement can be a powerful multiplier of impact. Where the private sector is engaged, income gains can reach 64 per cent, around four times higher than in projects without such engagement.

This means using public finance strategically to reduce risk, unlock other resources, and bring capital, technology and market opportunities to places that commercial investors do not yet reach.

Over the years, IFAD has been building the partnerships and financial architecture needed to take this work to scale. For example, in 2025, our climate and environment cofinancing portfolio, supported by stronger partnerships with major global climate and environment funds, surpassed US$1 billion.

In a constrained fiscal environment, it is important to have a sharp focus and clear priorities. This is why IFAD14 doubles down where IFAD can have a stronger impact: strengthening productive rural economies with more integrated value chains and private sector development, creating employment in rural areas and strengthening resilience in various dimensions.

Member State contributions remain the foundation of IFAD’s financial model. Our evolution from a primarily replenishment-funded institution to a more diversified, multi-instrument financial institution has increased the impact of Member State contributions.

Our successful entry into international capital markets is an important part of this evolution. In less than four years, IFAD has raised more than US$1 billion.

Confidence in our model is also reflected in our credit standing. Last November, S&P reaffirmed its AA+ rating and revised IFAD’s outlook from neutral to positive due to governance improvements and sound risk management. This is an additional step towards becoming a AAA institution in the future.

Furthermore, IFAD was also selected by its peers as the best issuer of ESG-linked medium-term notes for 2025. Five years ago, IFAD was largely unknown within this investor community. Today, our financial strength and development mandate are increasingly recognized.

We are also in the middle of a major institutional, financial and operational transformation to engage and invest more systematically with the private sector. This will also require a gradual institutional evolution of IFAD's mindset and risk appetite.

Alongside our long-standing financing through governments, IFAD now invests directly in agribusinesses, investment funds and financial institutions that reach rural enterprises and small-scale producers. We can now combine finance to the private sector with policy engagement, technical assistance and risk-sharing instruments.

This expansion of instruments and engagement with the private sector allow us to strengthen how rural markets function, take risks that commercial investors are not yet ready to take and demonstrate where investable opportunities exist. The objective is to move from individual partnerships towards rural investment ecosystems, where public and private finance reinforce each other and where producers and enterprises can grow on sustainable commercial terms.

In addition to investing directly through our non-sovereign operations, IFAD is also working on how to connect global value chains to local value chains to create employment in rural areas. We are already putting this approach into practice. Through Agri-Link, for instance, an initiative created by IFAD with France and Japan, we are building structured partnerships between rural producers and local and international agribusinesses. These partnerships combine IFAD's existing investments with private sector expertise, technology, market access and co-investment to strengthen value chains and make them commercially sustainable.

We are also contributing our first-mile expertise to broader partnerships such as AgriConnect where IFAD is working with the World Bank and other partners. Specifically, IFAD has committed to improve incomes, production and market access for at least 70 million small-scale producers by 2030 through its investment programmes.

Together, all of these developments have positioned IFAD as a strong leader in rural investments in the first mile with a distinctive business model. We combine the discipline and financial capacity of an international financial institution with decades of country-level experience in rural development. We use public finance to reduce risk, assemble capital and direct investment to the first mile.

And we have combined this evolution and financial innovation with disciplined operational and institutional execution. For example, at the close of IFAD12, we achieved a disbursement ratio of 18.8 per cent, well above the target of 15 per cent.

Even more importantly, over these last years we have also been strengthening IFAD's governance and operational delivery model. The review of the Independent Office of Evaluation of IFAD (IOE) that we will be discussing today is the last of the reviews on audit, investigation, ethics, evaluation and governance arrangements that we have been doing together under independent scrutiny. This work was highlighted by S&P in its 2025 outlook improvement.

Since 2022, the investigation function of the Office of Audit and Oversight (AUO) has undergone a positive external quality review by external independent experts, while AUO's internal audit function was assessed in 2023 by an external firm against Institute of Internal Auditors standards, receiving the highest possible rating, "Generally Conforms". In 2023, the Executive Board also confirmed IFAD's first Ethics Charter and since then we have extended protection to external whistleblowers and strengthened safeguards in line with Joint Inspection Unit recommendations.

Finally, during these years, we have also reinforced the independence of IFAD's ethics, audit and investigation architecture, by setting term limits for their leaders, in line with IOE leadership.

Today's discussion on the IOE review concludes this set of external independent reviews of these important independent functions at IFAD. I look forward to continuing strengthening the governance of this institution with the support of all Member States.

In terms of operational delivery, IFAD has become more decentralized, more focused and more results-oriented over these past years. In 2017, only 17 per cent of our staff were based outside headquarters. Today, 48 per cent of IFAD positions are in country and regional offices. In 2023, only two regional offices were fully operational. By 2025, our four regional offices – including for Asia and the Pacific and for Latin America and the Caribbean – became fully operational.

This brings operational capacity and decision-making closer to governments, partners and the rural economies in which IFAD invests. It enables us to respond more quickly when conditions change, support implementation more effectively and maintain a clearer focus on country priorities.

Our recent recalibration is intended to reinforce these improvements. We have aligned our structures and expertise more closely with country delivery. We have brought sovereign and private sector operations closer together and we have put development effectiveness and evidence at the centre of investment design, strengthening our institutional capacity in several areas including fragility, resilience, evidence and innovation.

The objectives are (i) less fragmentation, (ii) clearer accountability, and (iii) stronger support for the teams delivering results on the ground. We have also been aligning resources and processes more closely with results, keeping a flat and slightly decreasing workforce since 2023 and having brought down the vacancy rate – down from 16 to 7 per cent.

In addition, we have been working to reduce unnecessary complexity and make IFAD more agile through our operational agility initiative. This is helping us simplify operational workflows and reduce the required paperwork while modernizing the institution through the responsible use of artificial intelligence. For example, AI-supported tools are increasingly supporting project design reviews – they identify portfolio risks and draw lessons from evidence more quickly – while we keep human oversight, transparency and accountability at the centre.

The need for an agile and responsive institution is particularly clear in fragile and recovery contexts. The Syrian Arab Republic is one example. IFAD has worked in this country since 1982, but our regular investment programme has been on hold for many years. Following a request from the Government, we are now preparing a phased re-engagement focused on agricultural recovery and rural economic activity.

The proposed programme will invest in productive assets, market access and climate-resilient agriculture, so that rural households and enterprises can resume production and reconnect to local markets.

This illustrates the role IFAD can play in fragile contexts: investing in productive capacity, reducing risk and supporting country-owned pathways from recovery to long-term development.

Finally, delivery at scale also depends on partnership. Working with governments, international financial institutions, climate funds, the private sector and our Rome-based sister institutions, FAO and WFP, as well as other development partners with whom we can align investment, knowledge and implementation capacity behind country-owned priorities. The conversation we will be having this Thursday on the RBA blueprint and reducing duplications among RBAs will be particularly important. I will provide a brief update on RBA collaboration before we break for lunch.

Excellencies, distinguished colleagues,

We have made important progress. We have strengthened our impact, diversified our financing, moved closer to our countries and built a more responsive institution. We have also learned where our investments can deliver the deepest and most lasting results.

IFAD13 demonstrates what this collective effort can achieve. It was the largest replenishment in IFAD's history, with 113 Member States pledging US$1.57 billion. This will enable us to programme US$3.4 billion of new IFAD investments and a targeted programme of work with our partners of more than US$9 billion from 2025 to 2027.

Precisely because resources are even more scarce now, they must be directed where they can generate the greatest leverage and also the most lasting returns.

IFAD14 gives us the opportunity to build on the foundation we have built together and expand what works for rural economies. This next cycle is about more than increasing resources. It is about strengthening a development finance model that reaches the first mile, mobilizes additional capital and delivers through country-owned investments.

It is an opportunity to invest in a country-owned institution with a clear mandate, a strong financial model and the capacity to deliver where it matters most, in the first mile.

Thank you for your attention.