Governing Council Report
Forty-second Session
Rome, 14-15 February 2019
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Chapter 1 Inauguration and proceedings

1. The forty-second session of the IFAD Governing Council was held in Rome on 14-15 February 2019. The list of participants is contained in annex IV.

2. The Council held a total of four meetings. The summary records of these meetings are contained in chapter 3, part A.

3. A list of available videos can be viewed through hyperlinks in annex III.

A. Opening of the session and inaugural meeting

4. The session was opened by His Excellency Hans Hoogeveen, Chairperson of the Governing Council and Governor for the Kingdom of the Netherlands.

B. Agenda and documentation

5. The Governing Council adopted the agenda and the schedule for the session, as contained in annex I. The documents placed before the Council are listed in annex V. The resolutions adopted by the Governing Council appear in annex II.

C. Application for non-original membership

6. In accordance with the recommendation of the Executive Board, the Governing Council approved the application of the Republic of Poland for non-original membership of the Fund. The Ambassador and Permanent Representative of the Republic of Poland thanked the Governing Council for its approval of the country’s application.

D. Inaugural meeting of the session


8. Mr Gilbert F. Houngbo, President of IFAD, welcomed His Holiness Pope Francis and His Excellency Giuseppe Conte, President of the Council of Ministers of the Italian Republic, to the inaugural meeting of the session.

9. Mr José Graziano da Silva, Director-General of the Food and Agriculture Organization of the United Nations, delivered a welcoming statement.

10. His Excellency Giuseppe Conte, President of the Council of Ministers of the Italian Republic, delivered a welcoming statement.

11. His Holiness Pope Francis delivered a keynote address.


13. Ms Charlotte Salford, Associate Vice-President, External Relations and Governance, held a conversation with Ms Sherrie Silver, IFAD Advocate for Rural Youth.

14. Mr Gilbert F. Houngbo, President of IFAD, welcomed the keynote speakers to the inaugural meeting of the session.

15. His Excellency Danilo Medina Sánchez, President of the Dominican Republic, delivered a keynote address.

16. Her Excellency Géraldine Mukeshimana, Minister for Agriculture and Animal Resources of the Republic of Rwanda, delivered a keynote address on behalf of the President of the Republic of Rwanda.

17. Mr David Beasley, Executive Director of the World Food Programme, delivered a statement.

18. The full text of the statements delivered during the inaugural meeting are reproduced in chapter 4.
E. **Statement by the President of IFAD**
19. The full text of President Houngbo’s statement to the Governing Council appears in chapter 4.

F. **Conversations with Governors**
20. Conversations were held on the future of IFAD with the themes of: financial architecture; engagement with the private sector; and the repositioning of the United Nations development system and its implications for IFAD. Details of these discussions can be found in the summary records, which are reproduced in chapter 3, part A.

G. **Interactive sessions and special events**
21. Three interactive panel discussions were held on the themes of “Agribusiness value chains: Mind the gap – Gender and Nutrition”, “Empowering social entrepreneurship for inclusive rural transformation”, and “The future of farming – New technologies to transform smallholder agriculture”.
22. A special event was held on “Access to finance for young people”.
24. Ms Katherine Meighan, General Counsel of IFAD, moderated a talk with Dr Gunhild Stordalen, Executive Chair of the EAT Foundation.
25. In addition, the Agribusiness Capital Fund (ABC Fund) was launched. A summary of the statements delivered during this event is included in chapter 3, part A.

H. **General statements**
26. New procedures were introduced at the forty-first session of the Governing Council, whereby general statements no longer feature in the agenda of Council sessions. Under the new procedures, three options are available for Member States to share statements: submission of a pre-recorded video statement; recording of a video statement at the on-site studio during the week of the Governing Council session; and the submission of a text statement.
27. The countries that shared statements are listed in chapter 3, part B.
28. All statements recorded and written statements are available on the web page of the session under “Documents and Country Statements”.

I. **Closure of the session**
29. The President of IFAD presented closing remarks to the Council; these remarks are reproduced in full in chapter 4.
30. The Chairperson of the Governing Council, His Excellency Hans Hoogeveen, summarized the results of the Council’s main deliberations and then closed the forty-second session of the Governing Council. The text of the closing statement is reproduced in full in chapter 4.
Chapter 2 Decisions of the Governing Council

A. Application for non-original membership
31. In accordance with the recommendation of the Executive Board, the Governing Council adopted resolution 205/XLII as contained in page 2 of document GC 42/L.2, approving the membership of the Republic of Poland and tasking the President with notifying the Secretary-General of the United Nations of this decision. The membership of Poland would become effective upon the deposit of its instrument of accession within the United Nations Treaty Section.

B. Consolidated financial statements of IFAD for 2017
32. The Governing Council considered and approved the financial statements showing IFAD’s financial position as at 31 December 2017 and the results of its operations for the year ended on that date, as contained in appendices A to L. These include document GC 42/L.4, the external auditor’s report and the attestation on the effectiveness of internal controls over financial reporting of the external auditor.

C. IFAD’s 2019 results-based programme of work and regular and capital budgets, the Independent Office of Evaluation of IFAD’s results-based work programme and budget for 2019 and indicative plan for 2020-2021, and the Heavily Indebted Poor Countries Debt Initiative and performance-based allocation system progress reports
33. After considering the proposed administrative budget comprising IFAD’s regular and capital budgets for 2019 and the budget of the Independent Office of Evaluation of IFAD for 2019, as presented in document GC 42/L.6, the Governing Council adopted resolution 206/XLII on 14 February 2019.
34. The Council also took note of the information in the progress reports on IFAD’s participation in the Heavily Indebted Poor Countries (HIPC) Debt Initiative and the implementation of the performance-based allocation system (PBAS) at IFAD.

D. Report on the status of the Eleventh Replenishment of IFAD’s Resources
36. The Council was informed that total pledges received for IFAD11, as at 31 December 2018, amounted to US$934.4 million and there had been no additional pledge since the date of the report.
37. Instruments of contribution amounted to US$798.2 million and payments received amounted to US$69.7 million as at 31 December 2018.
38. In addition, pledges of US$31 million had been received through the Debt Sustainability Framework.

E. Amendments to the Policies and Criteria for IFAD Financing
39. In accordance with the recommendation of the Executive Board, the Governing Council adopted resolution 207/XLII, as contained in section III of document GC 42/L.7 on 14 February 2019, approving the proposed revisions.
40. The amendments to the Policies and Criteria for IFAD Financing would take effect from the adoption of the resolution.

F. Proposed Amendments to the basic legal texts of IFAD to facilitate the Fund’s engagement with the private sector
41. In accordance with the recommendation of the Executive Board, the Governing Council adopted the resolutions contained in annex I of document GC 42/L.8 and Corr.1.
42. The amendments to the Agreement Establishing IFAD would enter into force on the date of the approval by the Executive Board of the revised IFAD Private-Sector Strategy.

G. IFAD’s Transition Framework
43. The Governing Council considered and took note of the IFAD Transition Framework document, as contained in document GC 42/L.9, which had been approved by the Executive Board in December 2018.

H. Proposal for an automated voting system at IFAD
44. The Governing Council considered the proposal for an automated voting system at IFAD, as contained in document GC 42/L.5/Rev.1. In line with the decision taken at the forty-first session of the Governing Council in February 2018, as contained in resolution 202/XLI, and the related Report of the Governing Council Bureau (document GC 41/L.9), the Governing Council gave its approval for the Secretariat to assess the feasibility of an automated voting system based on the principles contained in this document.

I. Proposal on the venue for the forty-third session of the Governing Council and the First Session of the Consultation on the Twelfth Replenishment of IFAD’s Resources
45. The Governing Council considered the proposal made by the Governor for India, on behalf of the Government of the Republic of India, to host the forty-third session of the IFAD Governing Council and the first session of the Consultation on IFAD12 in New Delhi.

46. The Governing Council decided to delegate the consideration and decision on the proposal to the Executive Board, ensuring that this decision and its implementation are in compliance with Rule 4 of the Rules and Procedures of the Governing Council, and do not involve additional costs to IFAD.
Chapter 3

A. Summary records

(i) Summary record of the first meeting of the forty-second session held on 14 February 2019 at 9.17 a.m.

Chairperson: Hans Hoogeveen (Netherlands)

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The meeting was called to order early at 9.15 a.m.

OPENING OF THE SESSION (agenda item 1) AND INAUGURAL CEREMONY

His Holiness Pope Francis, His Excellency Danilo Medina Sánchez, President of the Dominican Republic, His Excellency Giuseppe Conte, President of the Council of Ministers of the Italian Republic, Her Excellency Géraldine Mukeshimana, Minister for Agriculture and Animal Resources of the Republic of Rwanda, and the other distinguished guests of the Governing Council, including Mr José Graziano da Silva, Director-General of the Food and Agriculture Organization of the United Nations, and Mr David Beasley, Executive Director of the World Food Programme, were conducted into the room.

OPENING STATEMENT BY THE CHAIRPERSON OF THE GOVERNING COUNCIL

The CHAIRPERSON made a statement, the full text of which is reproduced in chapter 4.

WELCOMING STATEMENT BY THE PRESIDENT OF IFAD TO HIS HOLINESS POPE FRANCIS AND TO THE PRESIDENT OF THE COUNCIL OF MINISTERS OF THE ITALIAN REPUBLIC

Mr HOUNGBO (President of IFAD) welcomed His Holiness Pope Francis and said that his presence brought hope for all. The unprecedented scope and significance of his Encyclical Laudato Si' underlined the pressing need and mission of IFAD to invest in young people, especially in rural areas, and to pursue its activities based on a profound conviction and collective determination to respond to the challenges of the times for and with populations, territories and communities that were rich in cultural diversity. Pope Francis' vision of a fairer world, free of poverty and hunger, rang true for everyone.

In welcoming His Excellency Giuseppe Conte, President of the Council of Ministers of the Italian Republic, he said that IFAD had always been able to depend on Italy as one of its primary partners. Integrated Italian Cooperatives continued to be a source of inspiration for IFAD's work to improve rural livelihoods. Italian support for the reform of IFAD's operational and financial model was therefore particularly vital to promoting the sustainable impact of its investments. Together with the Food and Agriculture Organization of the United Nations (FAO) and the World Food Programme (WFP), IFAD formed part of the key international hub established in Rome to combat hunger and poverty throughout the world.

He also greeted Mr José Graziano da Silva, Director-General of the FAO, and Mr David Beasley, Executive Director of WFP. He thanked FAO for hosting the session of the IFAD Governing Council.

WELCOMING STATEMENT BY THE DIRECTOR-GENERAL OF THE FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS

Mr JOSÉ GRAZIANO DA SILVA (Director-General of the Food and Agriculture Organization of the United Nations) delivered a welcoming statement, the full text of which is reproduced in chapter 4.

WELCOMING STATEMENT BY THE PRESIDENT OF THE COUNCIL OF MINISTERS OF THE ITALIAN REPUBLIC

His Excellency Giuseppe Conte (President of the Council of Ministers of the Italian Republic) delivered a welcoming statement, the full text of which is reproduced in chapter 4.

The CHAIRPERSON thanked the President of the Council of Ministers of the Italian Republic for his inspiring words and for all that Italy was doing to promote the achievement of global food security, including its hosting of IFAD, FAO and WFP in Rome, the United Nations hub for food security.
PERFORMANCE BY THE VIOLINIST MIDORI, UNITED NATIONS MESSENGER OF PEACE

56. **Midori, United Nations Messenger of Peace, gave a performance on the violin.**

ADDRESS BY HIS HOLINESS POPE FRANCIS

57. **HIS HOLINESS POPE FRANCIS** delivered an address, the full text of which is reproduced in chapter 4.

58. The CHAIRPERSON expressed thanks to His Holiness Pope Francis for sharing his wisdom and message of hope, which would give IFAD greater strength to deliver to the rural people most in need of its support.

59. **His Holiness Pope Francis and His Excellency Giuseppe Conte, President of the Council of Ministers of the Italian Republic were conducted from the room.**

STATEMENT BY MIDORI, UNITED NATIONS MESSENGER OF PEACE

60. **A video entitled "Midori visits IFAD projects in rural Viet Nam" was screened.**

61. **MIDORI** (United Nations Messenger of Peace) delivered a statement, the full text of which is reproduced in chapter 4.

ADVOCATING FOR RURAL YOUTH: A CONVERSATION WITH SHERRIE SILVER

62. **Ms SALFORD** (Associate Vice-President, External Relations and Governance) introduced Sherrie Silver, the new IFAD Advocate for Rural Youth, describing her as an accomplished actress, dancer and choreographer, entrepreneur and activist. At the age of 23, Sherrie had gained international attention for her contribution to the music video *This is America*, by Childish Gambino, which was recognized for its artistry and powerful social commentary. Born in Rwanda and educated in the United Kingdom, Sherrie gave pride of place in her choreography to African culture and dance. Her belief in the power of young people and her determination to use her newfound fame to give back to society had prompted her to organize dance workshops for African children and start homes for at-risk youth in Kigali and Lagos. As the IFAD Advocate for Rural Youth, she would meet young people in rural areas around the world and help IFAD campaign on the importance of reaching out to young people through investment in agriculture and rural communities.

63. **A video entitled "Sherrie Silver is in Cameroon to support investment in youth" was screened.**

64. **Ms SALFORD** (Associate Vice-President, External Relations and Governance) said that Sherrie's charisma, energy and genuine passion for African culture and the potential of youth were important reminders of the power, energy and innovation that young people had to offer. It was vital to ensure that the world listened to them.

65. **Ms SILVER** (IFAD Advocate for Rural Youth) said that young people around the world should be aware that they could achieve anything if they put their minds to it. She had grown up in Rwanda and her family's roots were in farming, which made it a particular honour for her to take on the role of IFAD Advocate for Rural Youth. There were 1.2 billion young people around the world, of whom 660 million lived in rural areas, and they all deserved to have the resources and opportunities needed to achieve their dreams. They were much more likely to be unemployed than previous generations, however, and those who did have jobs were badly paid and ended up among the working poor.

66. Young people in developing countries knew what they wanted but were not being heard. They needed equal access to education, technology and land distribution in a context of good governance and a fair economic system. They had energy and
were innovative. They were willing to take risks and to learn. They did not want pity or hand-outs but wished to be believed in and backed up with investment, training and opportunity. If that were done, amazing things would happen, as exemplified by those whose lives she had seen transformed thanks to measures taken by IFAD and governments to invest in agriculture and provide training in production and marketing.

67. Young people must be shown that there was a future in farming and be made to feel pride in growing food for their communities and in helping to feed the ever-increasing global population. A movement called Our Future is Here was therefore being launched at the present session as a global youth-led initiative to raise awareness of the importance of investing in youth and agriculture with the aim of feeding nations, boosting economies and creating a fair and sustainable world. In Africa, many millions of young people would enter the job market every year over the next decade, mostly in rural areas, where agriculture was still the biggest source of livelihoods. Together with climate change, the defining challenge of the era would be to secure jobs for those young people. Everyone in the room and around the world, – young and old, artists, athletes and social media influencers – should therefore join her in the effort to transform farming. The future of the world’s youth had already arrived and their time was now.

WELCOMING STATEMENT BY THE PRESIDENT OF IFAD TO THE PRESIDENT OF THE DOMINICAN REPUBLIC AND TO THE MINISTER FOR AGRICULTURE AND ANIMAL RESOURCES OF THE REPUBLIC OF RWANDA

68. In his welcome to His Excellency Danilo Medina Sánchez, President of the Dominican Republic, Mr HOUNGBO (President of IFAD) emphasized that the remarkable reduction in poverty in the Dominican Republic was based on the clear vision of the centrality of rural areas to national growth strategies. That vision was clearly demonstrated by the President’s weekly visits to rural communities.

69. He also welcomed Her Excellency Géraldine Mukeshimanana, Minister for Agriculture and Animal Resources of the Republic of Rwanda, who would be speaking on behalf of His Excellency Paul Kagame, President of the Republic of Rwanda. The excellent results in the reduction of poverty achieved in Rwanda were due to its ambitious policy of rural transformation based on a framework that encouraged value creation, as well as follow-up and implementation capacity.

KEYNOTE ADDRESS BY THE PRESIDENT OF THE DOMINICAN REPUBLIC

70. HIS EXCELLENCY DANilo MEDINA SÁNCHEZ (President of the Dominican Republic) delivered a keynote address, the full text of which is reproduced in chapter 4.

KEYNOTE ADDRESS OF THE PRESIDENT OF THE REPUBLIC OF RWANDA DELIVERED ON HIS BEHALF BY THE MINISTER FOR AGRICULTURE AND ANIMAL RESOURCES OF THE REPUBLIC OF RWANDA

71. HER EXCELLENCY GÉRALDINE MUKEshIMANA (Minister for Agriculture and Animal Resources of the Republic of Rwanda) delivered a keynote address, the full text of which is reproduced in chapter 4.

STATEMENT BY THE EXECUTIVE DIRECTOR OF THE WORLD FOOD PROGRAMME

72. Mr DAVID BEASLEY (Executive Director of the World Food Programme) delivered a statement, the full text of which is reproduced in chapter 4.

73. The CHAIRPERSON thanked all the distinguished guests for their visionary words, which would provide the participants at the present session of the Governing Council with inspiration in discharging their important duties.
ADOPTION OF THE AGENDA (agenda item 2) (GC 42/L.1/Rev.1) and Add.1/Rev.3)

74. The Governing Council adopted the agenda (GC 42/L.1/Rev.1) and the revised schedule for the session (GC 42/L.1/Add.1/Rev.3). The agenda and the schedule for the session were later revised to include the proposal on the venue of the forty-third session of the Governing Council, under Other business.

APPLICATION FOR NON-ORIGINAL MEMBERSHIP (agenda item 3) (GC 42/L.2)

75. The Governing Council adopted by acclamation resolution 205/XLII on approval of the Republic of Poland as a non-original Member of the Fund.

76. His Excellency ARTUR ANDREJ POLLOK (Ambassador and Permanent Representative of the Republic of Poland), thanking the Governing Council for its approval of his country’s application, said that Poland had sought membership of the Fund with a view to engaging more fully with the international community and contributing in turn to the development of rural regions for a better tomorrow, in line with the Sustainable Development Goals (SDGs). In the light of its own experience, Poland was deeply committed to supporting and transforming agriculture in developing countries. Investment in sustainable rural economies was crucial to overcoming rural poverty and hunger. Poland knew what it meant to be a country in need of help and was well aware of the importance of providing aid to people who suffered from hunger and poverty.

STATEMENT BY THE PRESIDENT OF IFAD (agenda item 4)

77. Mr HOUNGBO (President of IFAD) delivered a statement, the full text of which is reproduced in chapter 4.

78. The CHAIRPERSON thanked Mr Hounbo for his statement setting out his vision and mission for IFAD in the coming years and beyond.

CONSOLIDATED FINANCIAL STATEMENTS OF IFAD FOR 2017 (agenda item 6) (GC 42/L.4)

79. Mr LARIO (Associate Vice-President, Chief Financial Officer and Chief Controller, Financial Operations Department) said that, in the opinion of the external auditors of the Fund, the Consolidated Financial Statements of IFAD as at 31 December 2017, as contained in document GC 42/L.4, presented "fairly, in all material respects, the financial position of the ...(Fund)... and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards". He drew attention to the independent attestation on the assertion by IFAD Management that IFAD maintained effective internal controls over financial reporting, which had been issued by the external auditors, together with their opinion on the Consolidated Financial Statements. The assertion demonstrated IFAD’s continued commitment to best financial practices.

80. The Governing Council approved the Financial Statements showing the financial position of IFAD as at 31 December 2017 and the results of its operations for the year ending on that date, as contained in appendices A to L inclusive of document GC 42/L.4; the external auditor’s report thereon; and the attestation on the effectiveness of internal controls over financial reporting of the external auditor.

81. **The CHAIRPERSON** noted that, at its 125th session in December 2018, the Executive Board had approved the programmes of work of IFAD and the Independent Office of Evaluation of IFAD (IOE) for 2018. In so doing, it had also reviewed the proposed budgets for IFAD and IOE and recommended their approval by the Council.

82. **Ms RICHTER** (Vice-President of IFAD) said that the Executive Board, at that same session, had furthermore approved an indicative programme of IFAD loans and grants amounting to US$1.76 billion. She invited the Council to approve that level of loans and grants for planning purposes on the understanding that it would be adjusted as needed during the course of 2019, in accordance with available resources.

83. The Executive Board had also recommended submission of the proposed regular budget for IFAD to the Council for approval. Amounting to US$158.21 million, that proposed budget represented a nominal increase of 1.7 per cent over the approved budget of US$155.54 million for 2018. The result of inflation, exchange rate fluctuations and price increases offset by price reductions, that increase had nonetheless been largely absorbed to produce a zero real growth budget and, in addition, IFAD’s best target efficiency rate. Those two achievements in the first year of the Eleventh Replenishment of IFAD’s Resources (IFAD11) reflected IFAD Management’s commitment to attaining the target set out in the programme of loans and grants of at least US$3.5 billion for the IFAD11 period while also significantly improving organizational efficiency ratios.

84. In addition to regular facilities and information technology infrastructure, the capital budget of US$2.645 million included requirements relating to the automated voting system for the Governing Council and critical investments in IFAD’s financial risk management and treasury systems, which would underpin the strengthened financial architecture. Management’s overarching priority in the process had been to strike a balance between the satisfactory delivery of a zero real growth budget and achievement of the Fund’s ambitions.

85. **Mr GARCIA** (Director, Independent Office of Evaluation of IFAD) said that the proposed IOE programme of work for 2019 was aimed at strengthening accountability and learning in IFAD. The programme included: a corporate-level evaluation of IFAD’s support relating to innovation and productivity growth for inclusive and sustainable smallholder agriculture; five country programme evaluations in Ecuador, Madagascar, Nepal, Sierra Leone and Sudan; and one evaluation synthesis report on IFAD’s approaches and contributions to community-based rural development. IOE would also conduct one impact evaluation and eight project performance evaluations, validate all project completion reports, and prepare the 2019 Annual Report on Results and Impact of IFAD Operations.

86. The proposed IOE budget for 2019 amounted to US$6.18 million, corresponding to 0.36 per cent of IFAD’s expected programme of loans and grants for the year, which was well below the budget cap of 0.9 per cent approved by the Executive Board.

87. **Mr BROWN** (Associate Vice-President, Programme Management Department), recalling that the progress report on the PBAS and the addendum thereto provided information on resource utilization during the IFAD10 period, said that 66 per cent of core resources had been utilized by countries borrowing on highly concessional terms and 55 per cent by African countries. IFAD10 commitments had thus been met.

88. The progress report also provided details on the application of the PBAS formula for the IFAD11 period, which had been revised to better capture the multidimensional nature of rural poverty and to enhance IFAD’s focus on the poorest and most vulnerable countries. Using agreed country selectivity criteria, 80 countries had
furthermore been identified as eligible to receive IFAD11 resources on the basis of that formula. The resulting allocations were in line with the IFAD11 commitments to apportion 90 per cent of core resources to low-income and lower-middle-income countries, and between 25 and 30 per cent to fragile situations.

89. Applying the new formula, 24.6 per cent of total IFAD11 resources would have been allocated to countries in high and moderate debt distress in the form of Debt Sustainability Framework (DSF) grants. As the resulting sum was significantly higher than the 16.7 per cent foreseen in the IFAD11 financial framework, which was based on financial sustainability parameters, Management had proposed to adjust the proportion of DSF grant financing received by each country eligible for such financing in order to achieve alignment with the framework.

90. Using the PBAS formula, the Executive Board had approved the IFAD11 allocations for 2019-2021 for the 80 countries in December 2018. In the case of countries eligible for DSF grants in 2019, an applicable percentage would be agreed at the very latest by May 2019, the date of the next Executive Board meeting.

91. Concerning HIPC, substantial progress had been made since the establishment of the HIPC Initiative, with 92 per cent of countries eligible for debt relief reaching the completion point and qualifying for HIPC assistance. At the same time as giving priority to ensuring that the HIPC Trust Fund was adequately managed, IFAD would continue to encourage Member States to provide additional resources for financing the Fund's participation in the HIPC Initiative.

92. The Governing Council adopted resolution 206/XLII on the administrative budget comprising the regular, capital and one-time budgets of IFAD for 2019 and the budget of the IOE for 2019.

REPORT ON THE STATUS OF THE ELEVENTH REPLENISHMENT OF IFAD'S RESOURCES (agenda item 5) (GC 42/L.3)

93. Mr LARIO (Associate Vice-President, Chief Financial Officer and Chief Controller, Financial Operations Department), providing an update on the report contained in document GC 42/L.3, said that, as at 1 February 2019, pledges for IFAD11 remained unchanged at US$934 million, representing pledges from 82 countries.

94. The instruments of contribution or direct payments received as at 31 December 2018 had amounted to US$798 million. Since 16 January 2019, an additional direct payment of US$100,000 had been received from Rwanda. Payments received as at 31 December 2018 had amounted to US$69.7 million. Since 16 January 2019, further payments had been received from Sweden and Rwanda. Overall payments received as at 1 February 2019 amounted to US$129.5 million.

95. In addition, for IFAD11, the total due in DSF additional compensatory contributions, over and above the regular contributions during that period, was US$39.5 million. Of that amount, US$11 million had been included separately and additionally in Member States' instruments of contribution and US$20 million had been carved out of core contributions from countries that had pledged but had not included any separate and additional DSF contribution in their instruments of contribution. The remaining US$8.5 million had not yet been pledged and could not be carved out for that reason. Under IFAD12, DSF compensation due over and above core replenishment contributions was expected to be almost US$93 million.

96. A delegate from FINLAND said that the vision and objectives set out in IFAD11 provided a strong way forward for the future transformation and strengthening of IFAD. His Government was therefore preparing to make additional financial contributions to IFAD11 in the form of an additional grant contribution of EUR 4.62 million and a concessional partner loan of EUR 50 million.

97. A delegate from INDIA said that he wished to extend an offer from his Government to host the 43rd session of the Governing Council in India, which, as
evidenced by its rural support programmes, shared IFAD’s mission to invest in rural people.

98. The CHAIRPERSON expressed thanks for that generous offer and said that it would be discussed the following day under agenda item 12 (Other business) so as to allow time for consultations on the matter, including in the light of any financial implications that it might entail.


AMENDMENTS TO THE POLICIES AND CRITERIA FOR IFAD FINANCING (agenda item 9) (GC 42/L.7)

100. Mr LARIO (Associate Vice-President, Financial Operations Department), introducing the item, said that IFAD Management had explored options during 2018 for the modernization and expansion of IFAD's financial offers with the aim of providing greater flexibility for borrowers while preserving the Fund's financial sustainability.

101. Five of the eight proposals for updating the IFAD Financing Terms had been approved by the Executive Board. The remaining three of those proposals, however, necessitated an amendment of the Policies and Criteria for IFAD Financing. As explained in paragraph 4 of document GC 42/L.7, they related to: average maturity-based pricing for financing on ordinary terms; currency-specific pricing for highly concessional terms and financing on blend terms; and quarterly interest rate resets. The changes concerned would increase the flexibility and competitiveness of IFAD pricing, align it more closely with the terms of the World Bank Group, and reduce financial risks for the Fund.

102. Concerning the Non-Concessional Borrowing Policy similarly approved by the Executive Board, it was designed to strengthen IFAD's risk framework by increasing creditor harmonization on debt sustainability and addressing the moral hazard that arose from providing grant financing or highly concessional loans to low-income countries borrowing on commercial terms. The remedies described therein, however, also called an amendment of the Policies and Criteria for IFAD Financing, which was set out in paragraph 6 of the draft resolution contained in document GC 42/L.7.


THE FUTURE OF IFAD – FINANCIAL ARCHITECTURE: A CONVERSATION WITH IFAD’S GOVERNORS

104. The CHAIRPERSON drew attention to the five guiding questions that had been prepared for the conversation with Governors on the topic of financial architecture. The questions can be found in document GC 42/INF.3.

105. Mr LARIO (Associate Vice-President, Chief Financial Officer and Chief Controller, Financial Operations Department), introducing the topic, said that, with three quarters of the world's poor and food insecure living in rural areas, investment in agriculture, rural development and food security was critical for achieving the SDGs. Progress towards Goal 2 (Zero hunger) had stalled owing to the continuing rise in global food insecurity driven largely by conflict and climate change. The persistently high poverty rates in many countries also made it unlikely that Goal 1 (No poverty) would be met.

106. Given those trends, there had been calls to expand development finance to address the problem of rising food insecurity. With many billions of dollars needed to end hunger, international multilateral organizations recognized that, in order to achieve the SDGs, government funds must be supplemented not only by additional official
development assistance but also by resources leveraged from the private sector and global initiatives, including those focused on climate change adaptation. Emphasis should also be placed on the need for, among others, supportive market environments, local capacity-building, technology transfer and various types of risky financing instruments, such as in support of start-ups. The development finance community needed to be ambitious and innovative in creating opportunities where most needed. Finance must be the servant and not the master of that transformation.

107. IFAD had a unique mandate and role within the agriculture and food security architecture. Its highly focused loans were designed to complement broader efforts by other actors to promote growth and transformation. The international development landscape was evolving rapidly, however, with less reliance on multilateral development banks and more private investment in emerging and developing markets. In that changing world, IFAD must remain relevant to its stakeholders, including by leveraging its balance sheet more efficiently and updating its financial architecture to make it a more robust and financially sustainable institution with a bigger impact.

108. To that end, under a more mature development finance institution model, IFAD was shifting from using liquidity as its main risk control to looking at both capital and liquidity through the development of a capital adequacy framework. It had also updated its lending terms to introduce greater flexibility and options for borrowers, proposed DSF reform to strengthen its sustainability, and mobilized additional resources through its first concessional partner loans.

109. Commitments made for IFAD included a road map for the development of IFAD’s financial architecture, the obtainment of a credit rating, and preparation for the IFAD governing bodies to consider approval of increased borrowing. The aim of revising the financial architecture was not to earn additional income from IFAD’s assets and grow but to strengthen its long-term financial sustainability, efficiency and relevance while focusing on improving the quality of delivery, enhancing business processes and improving country-level policy engagement. Under that transformation, IFAD would redouble its efforts to provide opportunities to the poorest rural people and lead the achievement of Goal 2 by 2030.

110. The CHAIRPERSON invited a delegate from Canada to launch the discussion on the topic of financial architecture.

111. A delegate from CANADA said that, in the context of growing food insecurity, IFAD was more important than ever. Particularly welcome were its efforts to mobilize resources for enhancing equality and empowering rural women, which was key to sustainable rural development. The Governing Council and Management had committed to making IFAD bigger, better, smarter and more responsive to the needs of rural communities.

112. The achievement of a sound and resilient but innovative financial architecture would be hugely challenging. IFAD’s path to financial resilience was quite narrow compared to some other development finance institutions. Its core clients were among the poorest, most vulnerable and most indebted countries, yet it needed to generate sustainable development impact and financial returns from its investments.

113. IFAD must first maintain and refine its comparative advantage in the sector by diversifying products and services tailored to the evolving needs of its clients while remaining faithful to its rural development mandate. Given its specialization and the risks associated therewith, the scope was limited for some of the new financial instruments used by other international financial institutions with more diversified portfolios. It was perhaps therefore more appropriate to develop new partnerships and funding modalities, such as blended finance and impact investing, which would
leverage IFAD’s expertise, networks and market knowledge. The ABC Fund was an interesting example of that idea. Private resources seeking environmental, social and governance impact were on the rise, making IFAD well-placed to deliver results in an attractive niche while providing assurance of sound management and risk systems.

114. Secondly, better management of risk and resource allocation was essential for progress. IFAD must therefore continue to tighten management systems to control risk, enhance impact and maximize cost effectiveness. The recent recalibration of PBAS had increased both investor and donor confidence in resource investment and deployment. A plan for the responsible management of DSF challenges must be urgently finalized and followed through in view of the limitations those challenges might place on resource mobilization, including potential for market borrowing. Also critical was the need for IFAD’s risk management performance approaches to evolve as instruments diversified, given the implications for sustainability.

115. IFAD’s capacity to raise and deploy cost-effective new tools for rural development impact depended on confidence. It was taking the right approach by strengthening management practices to align with more complex financial architecture and by enabling itself to further innovate while managing risk. Indeed, IFAD’s efforts to diversify its approach to better meet the needs of its client base were commendable.

116. A delegate from CHINA said that the conduct of the present discussion in the first year of IFAD11 would help to further enhance the capacity of IFAD to mobilize resources and fulfil its mandate. IFAD relied on core contributions, and new sources should be proactively explored. The IFAD11 Replenishment target had not yet been reached, increasing the uncertainty of IFAD operations in the coming years. The Fund must therefore encourage Member States, particularly developed countries, to fulfil their international development responsibilities and actively increase their contributions to achieve the funding target as soon as possible.

117. IFAD should moreover encourage complementary and supplementary contributions from Member States and other partners. In accordance with the agreed road map, it could steadily pursue market borrowing and improve its financial architecture to ensure long-term financial sustainability. IFAD should also strengthen cooperation with the private sector, promote domestic and international cofinancing, and leverage more funds for joint investment in rural agriculture development projects, which would additionally help low-income countries to alleviate their public debt burdens.

118. IFAD’s recent efforts to create more innovative financial vehicles, including the ABC Fund, were welcome. Given its institutional capacity and the heavy task of preparing for market borrowing and reform, however, IFAD should further explore such vehicles on a gradual basis only.

119. In addition to providing increased support to low-income countries, IFAD should continue strengthening cooperation with upper-middle-income countries with a view to maintaining its financial sustainability, obtaining a higher credit rating, reducing funding costs to provide more concessional resources for developing countries, and enhancing the Fund’s effectiveness. It should also diversify its products and services and help to introduce innovative technologies and business models into developing countries.

120. IFAD should work prudently to ensure reasonable loan pricing and budget expenditure, using solid analysis and consultation. In particular, it must consider its mandate, comparability with other international financial institutions, effective demands, higher loan pricing and the financial impact on borrowing countries to ensure that price-setting was reasonable, well-funded and in line the principle of
cost recovery. The Fund should continue exploring cost-saving measures, provided that they were not detrimental to the delivery and quality of operations.

121. IFAD should furthermore improve its financial and risk management capacity, in line with the conclusion of two independent, comprehensive financial evaluation reports conducted in 2018. It still had far to go in meeting the capital market requirements on financial governance and risk management, to which end it could learn from other international financial institutions. It was nonetheless taking appropriate action and should be positively supported in that endeavour by Member States.

122. A delegate from INDIA, agreeing that finance was fundamental to the delivery of any mission, said that all discussion of the financial architecture of institutions should centre on what to finance and how to raise and subsequently deliver the financial resources needed to achieve the intended objective. With static prices of food and other agricultural produce at the international level now pointing to the ability of many countries to meet domestic demand for agricultural produce, IFAD should seek to invest more broadly in additional uses of agricultural land and non-farming activities that would improve rural communities and increase farmers' incomes. Examples included the introduction of solar power systems on farms and the deployment of new information technologies, such as 3D printing and artificial intelligence, that could benefit local production.

123. With regard to private-sector participation, caution should be exercised insofar as IFAD was perhaps not yet sufficiently prepared to enter capital markets. Given the Fund's accumulating operational deficit, it was important to invest wisely in countries and projects while continuing to invest in countries that borrowed on ordinary terms, and to evaluate and manage carefully the risks of loan-based financing. The proposed introduction of private-sector financing was clearly justified but needed to be carefully structured.

124. Fund-based opportunities, such as those to be provided by the ABC Fund, should in fact be the preferred option. IFAD might wish to explore the possibility of partnering with countries to establish funds to which the private sector would contribute over one half of the amount available for investment. Ambitions must be kept realistic, however, taking into account what IFAD's comparatively modest resources could achieve. The focus should be on finding niches or critical areas where investment would make a difference.

125. A delegate from GERMANY, in commending IFAD on its ambitions and achievements in working to deliver on its promises, said that the introduction of a separate grant window was an excellent idea, as it would help the Fund to tap into the private capital market by effectively dispelling any notion that the Fund's loans and grants were fungible. It would be necessary, however, to agree a cap on DSF grants, for although indebted countries certainly needed IFAD's support, an increase in those grants would reduce the ability to leverage funds from the private capital market. Furthermore, in using the loan portfolio as securitization for input from that market, care must be taken to avoid mission drift.

126. With respect to grant additionality, in the present climate of predicted slowing global growth, trends towards nationalism, and scepticism towards multilateralism and multilateral institutions, there was a risk that IFAD would not succeed in obtaining additional public funds. It was therefore important to have a back-up plan for dealing with that eventuality.

127. A delegate from FRANCE said that rising public debt in developing countries threatened to hamper attainment of the SDGs. IFAD's role in the DSF and in enabling vulnerable countries to access funding was therefore crucial. Important reforms were under way within IFAD, including in relation to the financial risk management model. Similarly important was the Fund's realistic aim of diversifying
its funding resources for IFAD12 with a view to obtaining the best financial rating. The end goal must always be to serve the poorest countries, especially in sub-Saharan Africa. As to the DSF reform commitments, they were conducive to a targeted solution that would ensure the long-term sustainability of IFAD while also helping the most vulnerable countries.

128. Other important approaches included innovation, concessional partner loans, and exchanges to improve budgets and reduce portfolio risks. Care must also be taken to protect IFAD’s preferred creditor status, avoid any dilution of IFAD’s work as a result of allowing too many actors to benefit from that status, and prevent the growth of vertical funds, which could lead to fragmentation and create silos. Given its essential role in agriculture and rural development, IFAD must find its niche in working with multilateral development banks.

129. A delegate from MEXICO said that IFAD should diversify its tools to include, for example, public/private partnerships, but only after first analysing the associated risks. It could also explore the rapid disbursement operations used at such institutions as the Inter-American Development Bank, which consisted in directly supporting the budget within the strategic programmes for the Fund’s target population. Some areas would fall within the approved country strategic opportunities programmes. Projects should also be clearly aligned with the SDGs with the aim of gaining leverage with other development agencies mandated to support specific SDGs, thereby enhancing the impact of IFAD’s resources.

130. A delegate from the UNITED KINGDOM said that she was interested in understanding more about how the grant window would work, particularly alongside the DSF or any proposals to amend the DSF. She also wondered what mechanisms IFAD could put in place to ensure that a grant window would be additional to IFAD’s existing business model; how a grant window could be used to support and enhance loans made from the existing loan arrangement; and what voting rights contributions to a grant window would attract.

131. A delegate from ANGOLA said that IFAD needed to seek new funding sources and that the incorporation of the private sector into the updated financial architecture would require suitable risk management and internal organization to ensure results. Having increased its contributions to IFAD, his Government was playing its part and would continue to do so, in accordance with its means. Solutions must be found to ensure a role for private investment in IFAD’s work.

132. A delegate from ARGENTINA said that she welcomed the strategic review of IFAD’s financial architecture and encouraged IFAD to continue its work with middle- and upper-middle-income countries. The possibility of IFAD entering the capital market to increase its funding was also welcome. Countries borrowing on ordinary terms nonetheless remained crucial in supporting IFAD’s financial sustainability.

133. Mr LARIO (Associate Vice-President, Chief Financial Officer and Chief Controller, Financial Operations Department), welcoming the support expressed for the reform process, particularly with regard to the financial architecture and proposed innovations, said that the views expressed would be taken on board. IFAD was already working on some of the issues raised, including with respect to leverage and risk management. A chief risk officer was already in post and three additional risk officers were to be appointed in 2019.

134. Concerning complementarity with respect to the grant window and the DSF mechanism, the Executive Board would explore further the important points raised during the discussion, together with the intended strategy, at its next retreat in April 2019 with a view to providing greater clarity. At the same time, it would finalize the proposals made concerning the DSF mechanism, which posed the biggest risk for IFAD’s future, and consider Members’ views as to the way forward.
135. Mr HOUNGBO (President of IFAD), expressing appreciation for the comments aired during the discussion, with regard to the grant window that the Executive Board was expected to produce a formal paper for decision in September - or earlier if necessary. An appropriate mechanism must be established to ensure that the grant window was complementary. Before investing in that window, for example, Members might be required to provide an assurance of commitments to the loan window or concerning a set percentage of their contribution to the previous Replenishment. Voting rights would also be discussed by the Executive Board. The fact that IFAD’s current business model prevented it from being effective in many countries was problematic, as was the choice between investment in adaptation or mitigation. Prompt action was vital to ensuring that collective efforts did not suffer.

136. The CHAIRPERSON thanked Member States for their input and said that it would form part of the follow-up to the discussion. IFAD must remain faithful to its mandate of supporting the most vulnerable countries. It was crucial to have a sound financial base, adopt a realistic and balanced approach, and evaluate and manage risks.

137. The meeting rose at 1.35 p.m.
Summary record of the second meeting of the forty-second session held on 14 February 2019 at 4.24 p.m.

Chairperson: Hans Hoogeveen (Netherlands)
Later: Andin Hadiyanto (Indonesia)
Hans Hoogeveen (Netherlands)

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138. **The meeting was called to order at 4.25 p.m.**

PROPOSED AMENDMENTS TO THE BASIC LEGAL TEXTS OF IFAD TO FACILITATE THE FUND’S ENGAGEMENT WITH THE PRIVATE SECTOR (agenda item 10) (GC 42/L.8 and Corr.1)

139. **The CHAIRPERSON** drew attention to the draft resolutions on the proposed amendments to the basic legal texts of IFAD, which were annexed to document GC 42/L.8 and which the Executive Board had recommended for adoption by the Governing Council.

140. **Ms MEIGHAN** (General Counsel of IFAD), introducing those proposed amendments, said that they had been formulated with a view to fulfilling IFAD’s specific commitment under IFAD11 meaningfully to increase its engagement with the private sector in support of rural development. Aimed at allowing IFAD to provide financing directly to the private sector or through appropriate facilities, they would come into force only after the revised Private-Sector Strategy had been approved by the Executive Board, which would also be required to review and approve any project or programme subsequently funded by that new financing method.

141. **A delegate from INDIA** said that the revised Private-Sector Strategy should focus equally on obtaining resources from, and providing funding to, the private sector. It should furthermore clearly state whether resources thus obtained were core resources or additional resources, as resources could currently be obtained from the private sector in the form of contributions only.

142. While agreeing that IFAD needed to expand into private-sector investment, he cautioned that the specific proposal to allow investment “to, or through, private-sector organizations and enterprises” might give the impression – at considerable risk – that such investment need not involve the government or country concerned. Investment to or through the private sector should always be construed to mean that the country concerned had concurred with the investment or had raised no objections to it.

143. **A delegate from EGYPT** concurred with that point of view and asked what safeguards would be established to ensure that funding provided directly to the private sector benefited the smallholders who were the priority targets for IFAD. On that score, the most efficient and effective approach would be to channel such funding through governments to guarantee that the amount corresponded to needs and would also eventually be returned to IFAD.

144. **Ms MEIGHAN** (General Counsel of IFAD) said that the proposed amendments were indeed worded so as to incorporate financing both to and through the private sector. IFAD nevertheless followed best practices in country ownership of projects and planned to cooperate closely with Member States throughout the funding process, the guiding principle being that private-sector investment should complement IFAD’s core mission to support Member States in their efforts to promote inclusive and sustainable rural development.

145. **A delegate from UGANDA** said that he wholeheartedly supported IFAD’s engagement with the private sector but cautioned that the sector varied from country to country and was itself in need of support in some developing countries. IFAD must develop an appropriate strategy if it wanted private-sector engagement to bring inclusive and sustainable growth.

146. **A delegate from NIGERIA** said that, as indicated in past Reports on IFAD’s Development Effectiveness, engagement with the private sector was not a new development at IFAD. It could, however, be enhanced. In Nigeria, instances of successful engagement with the private sector showed how properly designed programmes were able to leverage private-sector funding. Such funding could take
the form of voluntary donations or arise from dedicated arrangements with private institutions such as the Bill & Melinda Gates Foundation.

147. The proposed amendments to the basic documents of IFAD were a step in the right direction, but it would be impossible, over the course of one meeting at the Governing Council session, to discuss all potential strategies and arrangements. He therefore suggested the organization of a brainstorming session on ways of obtaining private-sector contributions. He also suggested that IFAD should highlight its success stories. If the African private sector, for example, were persuaded that IFAD programmes helped reduce poverty and generate employment, it would be encouraged to put up funds.

148. Mr HOUNGBO (President of IFAD) said that the views expressed concerning the role of governments in direct investment were particularly useful, bearing in mind that the revised Private-Sector Strategy would be presented to the Executive Board for approval in May. Further guidance on the subject from Members would therefore be sought at that time. IFAD planned, however, to adopt a balanced approach to private-sector engagement, one that involved national ownership of investments and cooperation with government programmes. In countries where the private sector was unfamiliar with the terrain in which IFAD operated, IFAD would partner with the sector, prompting it to invest without giving money to IFAD and without IFAD drawing on its own resources. The aim in that case was not to mobilize resources but to have an impact on the ground. In other cases, IFAD would endeavour to involve the private sector in successful projects that required scaling up.

149. Agreeing that engagement with the private sector should always involve the government concerned, he confirmed that IFAD did not intend to start using the allocation process to approach the private sector, as opposed to a country, for decisions on funding. The Executive Board would exercise its responsibilities of due diligence and oversight at two levels: when it approved the revised Private-Sector Strategy, which would necessarily focus on both resource mobilization and resource utilization, and when it approved any decision to invest in a private-sector entity.

150. IFAD did not intend to allocate to private-sector investment the core resources put up by governments, which would give the impression of a conflict of interest. It planned instead to use those core resources to leverage private-sector investment for the benefit of smallholders. The new ABC Fund, for example, would provide financing in amounts of between US$50,000 and US$1 million to smallholders too big to be eligible for microfinance but too small to attract investment by the private sector or the International Finance Corporation – young people and cooperatives, for instance.


152. Mr Hadiyanto (Indonesia) took the Chair.

THE FUTURE OF IFAD – ENGAGEMENT WITH THE PRIVATE SECTOR

153. The CHAIRPERSON drew attention to the five guiding questions that had been prepared for the conversation with Governors on the topic of engagement with the private sector. The questions can be found in document GC 42/INF.3

154. Mr WINTERS (Associate Vice-President, Strategy and Knowledge Department), introducing the topic, said that the objective of the present conversation was to provide input for the Private-Sector Strategy. Addressing the global challenges of food insecurity and youth unemployment would require a significant scale up in resources beyond overseas development assistance and government budgets. It would also require transformational solutions and bold and quick action from
development institutions such as IFAD, along with private-sector investment, knowledge and expertise.

155. The private sector created the vast majority of the world’s jobs and offered valuable and viable opportunities to link farmers to markets, technology, services and innovation. It would play an increasingly important role in rural areas as economies grew and urbanized, rural areas transformed and agriculture shifted from being a primary employer to a driver of rural economic growth. Activities dominated by the private sector, such as food processing and packaging, logistics and transport, and input production and supply, would become more important in rural areas.

156. IFAD had long recognized that reality: almost three quarters of its projects included a value chain component that sought to link famers to high-value markets. To date, IFAD had focused on the farm level, but recent research showed that the midstream segment of agrifood chains – between farms and retailers – represented over one third of farm value. That midstream segment had not benefited from investment; it remained largely the domain of the agrifarm private sector and of small and medium-sized enterprises, and yet it offered significant employment opportunities for rural people, including youth. IFAD had therefore worked with its partners to establish the ABC Fund, which was intended to enable smallholder farmers and rural small and medium-sized enterprises to access capital and move up the agrifood value chain.

157. IFAD could not, however, work with the private sector in isolation. To achieve success, it would need to work closely with governments and to incorporate private sector activities into its broader policy engagement.

158. Given the potential benefits of private-sector engagement for achieving the SDGs, it was clear that IFAD must strengthen its engagement with the private sector. It should develop instruments that ensure additionality and leverage funding from companies and philanthropy motivated by financing initiatives that promoted entrepreneurship and the private sector in the field.

159. Formulated with a view to answering the remaining matter of how IFAD should engage with the private sector, the prepared guiding questions touched on funding, instruments, types of beneficiary and partners. The responses would be used to enhance understanding of Members’ views and provide input for IFAD Private-Sector Strategy.

160. The CHAIRPERSON invited delegates from Germany and Nigeria to launch the discussion.

161. A delegate from Germany said that IFAD brought added value in the form of sector expertise, especially with regard to rural areas, and broad expertise in countries with large rural communities. IFAD had in fact set itself the two separate but interlinked challenges of tapping private funds and fostering private enterprises. Crucial to mobilizing local enterprises was access to capital. In that respect, IFAD should focus on microenterprises, start-ups, and small and medium-sized enterprises, which called for funding in local currencies and the involvement of intermediaries for the sake of avoiding micromanagement. Entities with robust experience of structured funds that IFAD should consider contacting included the German KfW Development Bank, the Netherlands Development Finance Company and the International Finance Corporation. By creating structured funds, IFAD could tap into private finance that would not go into IFAD’s budget but could be leveraged with a view to intensifying its overall impact, especially in rural areas.

162. Financial literacy was another concern to be addressed. To prevent over-indebtedness, those offered private-sector financial products would need to be educated in their use, as well as in the use of collateral and in the creation of enterprises. Vocational training would probably be a further requirement, as new
enterprises established thanks to such products were likely to generate jobs and would therefore need a well-trained potential workforce.

163. Concerning the mobilization of international investors, the continued need for cofinancing was being addressed through such processes as the G20 Compact with Africa initiated under the German G20 Presidency to promote private investment in Africa. Bearing in mind that many enterprises also required guarantees, IFAD might wish to leverage private investment by offering a risk-sharing mechanism, especially for investors entering IFAD target countries, which tended to be listed as high risk.

164. A delegate from NIGERIA, responding to the first of the guiding questions, said that Nigeria afforded IFAD many opportunities to partner with the private sector at numerous points along the agricultural value chain: production, storage, post-harvest loss reduction, processing and marketing. Nigeria indeed already provided many examples of successful IFAD engagement with the private sector, which included IFAD funding of the equipment needed to process all staple crops, most notably cassava, of which Nigeria had consequently become the world's top producer.

165. Commercial institutions in Nigeria had always been reluctant to lend to farmers because of the perceived risk. Thanks to the implementation of its Rural Finance Institution-Building Programme, however, IFAD had capacitated commercial banks, microfinance banks, village saving groups, financial NGOs and financial cooperatives, which had in turn made assets available to small-scale farmers.

166. Another success story was the IFAD Value Chain Development Programme under which IFAD provided one half of the material for planting. As to the other half, instead of being contributed by farmers, it was supplied by big rice mills and ethanol producers, which thereby indirectly obtained access to the farmers' produce.

167. Reacting to the second guiding question, he said that structured financing for the private sector would allow IFAD to support Member States' efforts to promote rural transformation that included smallholder farmers, women and young people. In most African countries, the delivery of inputs to farmers in remote areas was a major problem. IFAD could assist private agro-dealers by providing regular funding, or enhancing their capacity to access funding with the aim of enabling them to stock and supply inputs such as seed, fertilizer and other agrochemical products.

168. Concerning the third and fourth guiding questions, he said that the Nigerian Government had introduced two types of funds to counter the inability of big banks to support farmers. Both were examples of funds that IFAD could support and participate in with a view to financing its activities with the private sector. The first, known as the Micro, Small and Medium Enterprises Development Fund, made funding accessible to farmers, who furthermore received relevant financial training under the IFAD-assisted Rural Finance Institution-Building Programme. The second fund, the Commercial Agriculture Credit Scheme, offered minimum loans of US$500,000 to large private companies for the procurement of raw materials.

169. As to the fifth guiding question, the development of agriculture in Nigeria was well supported by other international financial institutions, United Nations agencies and development partners already engaged with the private sector. IFAD had proven that working with partners delivered results. It must therefore intensify its work with entities such as national agriculture research institutes, international research institutes and development partners.

170. A delegate from CAMEROON said that the rural world had long been held back by a lack of financing resulting from production requirements and standards imposed by the formal sector. The informal sector, on the other hand, had been able to muddle through, thanks to alternative solutions and forms of financing. The
mobilization of resources at national level with private-sector involvement should continue as the main approach to private-sector investment. IFAD should mobilize funds from other partners or private entities, avoiding all types of conflict of interest in order to expand its financing.

171. **A delegate from MALAYSIA** said it was important to involve governments in private-sector engagement and to take account of each country’s domestic legislation when reviewing the Private-Sector Strategy. Similarly important was the involvement of each country’s private sector, which had the best understanding of how the system operated in the country concerned. Once discussed and thoroughly reviewed, the Strategy should be submitted for final approval by the governing bodies, as it would determine the shape of future IFAD financing and should therefore be agreed by all Member States.

172. **A delegate from FRANCE** welcomed the launch of the ABC Fund and said that it was particularly well adapted to respond to needs that the market was unable to meet. The Private-Sector Strategy should focus on consolidating partnerships and strengthening coordination between the private sector and IFAD. Crucially, all partners must work towards the same objectives of assisting rural populations and reducing hunger and poverty.

173. Governments should be IFAD’s primary partners for expanding private-sector investment, providing greater legal security for corporate activities. IFAD must support the corporate environment through reform and frameworks serving as levers for the private sector, such as secure transactions, trade registry reform and registration of small and medium-sized enterprises.

174. Lastly, it would be interesting for IFAD to work with other international financial institutions and United Nations bodies that already had experience of private-sector cooperation. Although IFAD had a specific and unique mandate, it would be useful for it to learn about other experiences and existing tools that could help it develop its Private-Sector Strategy.

175. **A delegate from SUDAN** said that his Government encouraged cooperatives between smallholders and those engaged in animal husbandry. For individuals, it provided funding in the form of microcredit, while for cooperatives it provided collective funding. In addition, it provided funding through the private sector. With the aim of increasing agricultural productivity, it had organized training at model farms. The training had been so successful as to inspire young men and women alike to pursue or indeed return to an agricultural career. His Government was interested in all forms of financing – private or public – and in entrepreneurship. It was also well-placed to cooperate with IFAD in the area of irrigated and rainfed agriculture.

176. **A delegate from JORDAN** said that, in Jordan, the private sector was not highly structured but played a large role nonetheless: almost three quarters of loans to smallholders for production and marketing were channelled through private-sector mechanisms, while businesses importing inputs, including fertilizers and seeds, likewise received almost three quarters of their funding from the private sector. Price control was a potential risk, however.

177. Smallholders in Jordan faced many challenges linked to armed conflict in the region and the arrival of numerous refugees. How would those smallholders benefit from the ABC Fund? Would the Fund have regional branches and would it help facilitate loans for smallholders?

178. **A delegate from the GAMBIA**, noting that rice was both a staple food and a cash crop in the Gambia, said that his Government wished to engage with the private sector with a view to mechanization and the production of sufficient quantities of rice for consumption. It also wished to support farming families, who could make a major contribution to the country’s food self-sufficiency if they were empowered.
The private sector was involved in agricultural production, helping to market vegetable crops, as it had greater leverage in terms of agricultural marketing systems.

179. He appealed to IFAD to maintain its support for his country’s small-scale farmers, and in particular its horticultural activities, which were primarily carried out by women. That support should be provided under the Value Chain Development Programme, as many elements of processing were currently absent in the country. Support was required in terms of energy, machinery, technology and capacity-building.

180. The Gambia currently faced a heavy debt burden and its land-tenure system was under review. IFAD could help by providing financial assistance in the form of grants or concessional loans that were affordable for Gambian farmers. The provision of grants rather than loans, however, would go a long way towards helping the country solve its problems on its own.

181. A delegate from INDONESIA said that a partnership forged in 2010 among his Government, IFAD and Mars, Inc. – a multinational food producer operating in numerous countries – was a good example of IFAD engagement with the private sector. Initiated under the IFAD Rural Empowerment and Agricultural Development Programme, the partnership had implemented a four-year project targeted mainly at cocoa farmers in the Central Sulawesi region with the aim of sustainably improving poor rural livelihoods in selected villages. The project had achieved impressive results in raising smallholder revenues and agricultural productivity, as well as in reducing food and nutrition insecurity.

182. The partnership had focused on promoting technical development and knowledge transfers, creating market links and ensuring higher prices for remote smallholder cocoa farmers. In some cases, farmers had seen a fifty-fold increase in their monthly profits thanks to improved productivity, greater market access and higher prices for better-quality cocoa. Building on that success, the partnership was currently being scaled up to cover all of Sulawesi and would be further expanded, including with a view to promoting private-sector participation.

183. In working to strengthen its engagement with the private sector, IFAD should be guided by the principle of ensuring that such engagement was in line with programmes in the country concerned. Its role was to build trust among multiple stakeholders and to work with small rural producers in a socially and environmentally responsible manner, securing a clear set of responsibilities and accountabilities for its partners and ensuring a sustainable impact even after its contribution to the partnership had ended.

184. A delegate from CHINA said that he welcomed IFAD's effort to deepen its engagement with the private sector at a time when many developing countries were exploring the possibilities for private-sector growth. As a development institution, IFAD had to ensure that its investment in any project had a reasonable return. It should also consider how to enhance its added value through private-sector projects. To that end, it must support smallholder farmers in rural areas in developing countries and work with the private sector.

185. IFAD should likewise consider how best to develop synergies between its country strategic opportunities programmes and its Private-Sector Strategy. With risk reduction in mind, it must work with those more experienced in private-sector engagement, such as other international financial institutions and United Nations agencies. It should furthermore draw on South-South cooperation with a view to attracting support from the external private sector in addition to that of the domestic private sector. IFAD must also develop its in-house capacity by recruiting more staff able to deal with private-sector projects and more risk management experts.
186. **A delegate from BANGLADESH** said that some of her country’s domestic resources offered a huge potential if IFAD were to incorporate the private sector. Bangladesh produced bumper crops of tropical and subtropical fruits, for example, but fell short in such areas as processing, packaging, cold storage and supply chain management. IFAD should therefore explore private-sector partnerships with a view to developing small, medium- and large-sized companies to address the shortcomings in those areas.

187. **A delegate from BRAZIL** said that, by working more closely with the private sector on entrepreneurship and innovation, IFAD would diversify the means for achieving its mission and enhance its capacity to make resources available where most needed. In order to move forward in that respect, IFAD must cooperate with other financial institutions, including regional institutions, that could able to help identify relevant stakeholders and transformative projects that matched its priorities. It should analyse how to obtain viable solutions that were compatible with its mission. For its part, the Executive Board should give due consideration to IFAD’s engagement with the private sector to ensure that cooperation in that essential area was built on solid foundations.

188. **A delegate from SIERRA LEONE** said that his Government’s decision to focus on agriculture as the driver of the country’s economic recovery had prompted the need for proposals on working with the private sector, especially smallholder farmers. IFAD had supported the Apex Bank Sierra Leone, which was meant to provide loans to farmers, in particular smallholders. It had transpired, however, that farmers were not receiving loans and that any loans they did receive were essentially at commercial interest rates. IFAD should cooperate with his Government to rectify that situation so that farmers received loans and were enabled to produce more.

189. Agreeing with the views expressed by the delegate from Nigeria on smallholder financing, he said that his Government wished to work with IFAD and model its activities in that regard on what Nigeria had done.

190. **A delegate from ERITREA** said that engagement with the public sector was of the utmost importance for all developing countries. In Eritrea, agriculture was based on low-input and -output production by subsistence farmers and small and medium-sized holdings. The country’s many technical school graduates were migrating in search of better lives, however. That trend was furthermore set to continue unless job opportunities were created, which implied a line of credit from IFAD or another partner for development activities in agriculture or for the construction of dams.

191. His Government had introduced a capital-building system that successfully enabled small- and medium-scale farmers to own land and livestock and engage in horticultural activities. IFAD should focus more on equipping such farmers to produce scientifically and on exploring options for value addition.

192. **Mr WINTERS** (Associate Vice-President, Strategy and Knowledge Department), summing up the conversation, said that the remarks made had clearly highlighted the need for government involvement in any IFAD engagement with the private sector and for the integration of private sector involvement in IFAD country strategies. On that score, coordination with governments and local firms was clearly considered essential.

193. Another clear message was the importance of learning from those with experience of private-sector engagement, which included other international financial institutions. A group from the International Financial Corporation would in fact be visiting IFAD in early March to discuss possibilities for working together in the field and to identify what IFAD might learn from the Corporation’s experience.
194. Lastly, the conversation had underscored the need for IFAD to maintain its comparative advantage and add value. IFAD had to work more closely with small and medium-sized enterprises, always with a view to achieving its ultimate objective of helping the rural poor. It would ensure that all its efforts to engage with the private sector complemented what it was already doing to that end.

195. **The CHAIRPERSON** sharing the highlights of the discussion, said that first IFAD needed to ensure its comparative advantage to engage with the private sector. Second, there was a need to look at specific country contexts and to take into account the local private sector as well. Third, similarly, national and local partners should be involved in each country. Fourth, governments should also be involved in IFAD's partnership with the private sector. Fifth, given the number of actors, there was a significant need for coordination. Sixth, it was important to ensure inclusiveness and sustainability. Seventh, there was need to work with intermediaries on this effort, and also for integrated approaches. He also underscored other elements such as professional training, financial literacy, and business development services.

**SPECIAL EVENT: ACCESS TO FINANCE FOR YOUNG PEOPLE**

196. **The CHAIRPERSON** invited the Council to proceed with the special event. The special event was moderated by Ms Hlami Ngwenya, Special Facilitator, Emerging Ag Inc. The panellists included:

- Mr Jim Leandro Cano, Country Representative, Young Professionals for Agricultural Development (YPARD) (Philippines)
- Ms Annie Nyaga, farmer, agriculture transporter, and the youngest County Minister of Agriculture, Irrigation, Livestock and Fisheries in Kenya. Co-Director, 4-H Kenya (Kenya)
- Ms Dalí Nolasco Cruz, Member of the Nahua peoples of Tlaola, Puebla. Director of the Timo’Patla Intercultural Organization A.C. and Mopampa, a network of social and solidarity economy companies of indigenous women (Mexico)
- Mr Ntiokam Divine, Managing Director, Climate Smart Agriculture Youth Network (CSAYN). African Continental Vice-President of Youth in Livestock, Fisheries and Aquaculture Incubation Network (Cameroon)

197. The discussion can be viewed through this link.

**SYNTHESIS OF THE DELIBERATIONS OF THE FOURTH GLOBAL MEETING OF THE INDIGENOUS PEOPLES FORUM AT IFAD**

198. **Mr Hoogeveen (Netherlands)** resumed the Chair.

199. At the invitation of the **CHAIRPERSON**, **Ms THIN YU MON** (Chin Human Rights Organization) delivered a synthesis of the deliberations of the Fourth Global Meeting of the Indigenous Peoples Forum, held on 12 and 13 February 2019 in conjunction with the forty-second session of the Governing Council. The full text of the synthesis is reproduced in chapter 4.

200. **The meeting rose at 7.20 p.m.**
Summary record of the third meeting of the forty-second session held on 15 February 2019 at 9.18 a.m.

**Chairperson:** Hans Hoogeveen (Netherlands)

**Later:** María Cristina Boldorini (Argentina)

Hans Hoogeveen (Netherlands)

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201. The meeting was called to order at 9.20 a.m.

202. At the invitation of the Chairperson, Ms Boldorini (Argentina) took the Chair to preside over the dialogue with IFAD's Governors.

A DIALOGUE WITH IFAD'S GOVERNORS: THE REPOSITIONING OF THE UNITED NATIONS DEVELOPMENT SYSTEM AND ITS IMPLICATIONS FOR IFAD

203. Ms SALFORD (Associate Vice-President, External Relations and Governance), introducing the topic of the dialogue with the aid of a slide presentation, said that the broad process of United Nations reform initiated in 2017 included the United Nations development system. In that regard, the aim was to make the system more fit-for-purpose by turning it into a more effective, efficient, accountable and coherent development partner in the efforts to deliver on the commitments of the 2030 Sustainable Development Agenda.

204. Adopted in May 2018, General Assembly resolution 72/729 on the repositioning of the United Nations development system had identified six areas for transformation under the headings of: a new generation of United Nations Country Teams; reinvigorating the role of the resident coordinator system; revamping the regional approach; strategic direction, oversight and accountability for system-wide results; funding the United Nations development system; and following up on the repositioning efforts of the United Nations development system at the global, regional and country levels. Much work had already since been achieved by the Transition Team overseeing all aspects of the repositioning.

205. IFAD was fully committed to the overall United Nations reform process, to which it was contributing actively through its unique voice, experience and perspective. The hope was that the new generation of resident coordinators and United Nations Development Assistance Frameworks (UNDAFs) would offer countries a unique development partner that provided support across all dimensions of sustainable development, resulting in an expansion and deepening of the collective impact.

206. In the light of the rapidly approaching 2030 deadline, IFAD, in conjunction with the other Rome-based agencies, would continue to streamline its back-office functions and identify common premises for country offices, which would provide opportunities for increased collaboration at both the operational and programmatic levels. The Rome-based agencies had agreed to launch three joint country strategy pilots in 2019, for example, and were also preparing to host the United Nations Food Systems Summit in 2021. IFAD was furthermore developing its partnership with other agencies, including the United Nations Entity for Gender Equality and the Empowerment of Women, also known as UN Women, the United Nations Children's Fund, the World Health Organization (WHO) and the United Nations Network for Scaling up Nutrition.

207. Challenges nonetheless facing IFAD with regard to the implementation of General Assembly resolution 72/729 related to, among others: the alignment of IFAD country programmes with UNDAFs; the doubling of IFAD's financial contribution in support of the resident coordinator system; the 1 per cent levy on third-party non-core contributions; and the dual reporting to resident coordinators. IFAD was working closely with other partners in the system to develop a coordination method that created new opportunities while enhancing impact, but without creating new and overly onerous structures or inefficiencies. It would continue to follow the reform agenda closely through updating of the Fund's tracking matrix, which identified the action required by IFAD, including deadlines, roles and responsibilities. It would furthermore be guided by the views expressed during the present session concerning the way forward.

208. The CHAIRPERSON drew attention to the four guiding questions that had been prepared on the topic of the dialogue. The questions can be found in document GC 42/INF.3.
209. **The CHAIRPERSON** invited delegates from Mexico and the United Kingdom to launch the discussion.

210. A delegate from MEXICO said that the basic premise of the reform was to avoid duplication and reinforce the system through improved effectiveness and efficiency, bringing an end to obsolete elements and responding to country needs. That was important, as in the past there had sometimes been a certain arrogance by development partners when dealing with national authorities. Better coordination in support of the needs and priorities of developing countries, through neutral and independent resident coordinators, was therefore key to ensuring the effectiveness of the reform. At the national level, potentially clientelistic relations between certain stakeholders, governments and United Nations bodies must be eschewed so as to make the most of the comparative advantages of the various United Nations agencies, including IFAD. United Nations agencies would thus need to demonstrate their added value by improving their capacity to respond to national needs and provide clear results.

211. In that context, country-level reform was also needed to coordinate requests for assistance and support but raised issues associated with, among others, costs and levies. The patience of countries to cover such costs was not infinite. If good results were not achieved in a timely manner, doubts might arise concerning the reform and the value of multilateralism as a key development tool. Given that the reform sought to strengthen the capacities of the communities that were most vulnerable, isolated and exposed to disasters, its main aims were closely aligned with the objectives of IFAD, which consequently stood to gain much through that reform in terms of visibility within the United Nations system in its areas of core expertise.

212. A further issue related to the measurement of progress as a result of the reform. Consideration might be given to the adoption of a methodology to compare results before and after the completion of the reform at the country level based on indicators of relevance, effectiveness and sustainability. Lastly, IFAD must seize the opportunity to overcome the paradox highlighted by Pope Francis that many of those suffering the greatest poverty and hunger in the world were smallholders living in situations of vulnerability.

213. A delegate from the UNITED KINGDOM, expressing full support for the United Nations development system reform as a key part of strengthening the rules-based international system, said it was important to recognize that Member States and the United Nations system itself each had major roles to play in the reform. IFAD’s commitment to implementing the reform were especially welcome, as were its efforts to collaborate with other partners, notably the Rome-based agencies, including through the three joint country strategies. The reform was essential to multilateralism, which was all about collective action and coordination. Competition among different United Nations agencies for the available funding obstructed collective action. Improved coordination was especially important for the promotion of agricultural development and food security, the reduction of rural poverty and the achievement of the SDGs.

214. The United Kingdom looked forward to the rapid achievement of certain results, including an increase in the proportion of United Nations common premises to 50 per cent, the setting of targets for shared services, and the cost savings associated therewith. In that respect, IFAD must be congratulated on the transparency of its costs, which essentially qualified it to work with other partners in agreeing on the common cost classifications required to promote shared services.

215. As to funding gaps, the United Kingdom was the second largest contributor to the United Nations system as a whole and would also be contributing to the reformed resident coordinator system through the levies and its contribution to the system-wide trust fund. Other Member States should be encouraged to pay their share.
Lastly, UNDAFs were a fundamental tool for helping to improve coordination. All Governors should therefore ensure that their work with IFAD was included in UNDAFs as a matter of priority.

A delegate from CAMEROON said that he favoured multilateralism in international relations, especially within the United Nations system, and that the reform would contribute to its enhancement. In that context, focus must be placed on the measures proposed to secure funding for the resident coordinators system. A frank and open discussion was needed in the Executive Board and in informal meetings concerning IFAD's contribution to the reform process, bearing in mind its unique mandate to target the poorest populations in the world. Particularly important was the need to ensure that the model chosen did not run counter to IFAD's new financial architecture.

A delegate from FRANCE said that her country was fully committed to the reform and welcomed IFAD's commitment to ensuring its utmost effectiveness. The reform was instrumental to strengthening multilateralism through improved coherence, greater accountability and better efficiency among United Nations agencies. It would be essential however, to avoid useless red tape and to respect national priorities through the involvement of national authorities to the greatest extent possible. The mandates and specificities of United Nations funds, programmes and specialized agencies must also be taken into account while, for their part, the Rome-based agencies must fully endorse the UNDAF priorities relating to food and nutrition security.

Challenges included the need to align IFAD's country strategy opportunities programmes (COSOPs) and country programmes as closely as possible with UNDAFs, in accordance with the recently reformed COSOP guidelines, in addition to alignment of the COSOP and UNDAF cycles. IFAD had several strengths to bring to the reform in the light of its strategy targeting the poorest and most vulnerable populations, its cross-cutting strategies on climate, gender, nutrition and youth, its close partnerships with governments, and its dual role as a specialized agency and an international financial institution, which could help to build bridges between multinational development banks and the United Nations system. Funding gaps for the implementation of the reform posed another challenge. France had recently made a voluntary contribution of EUR 2 million in support of the reform of the resident coordinator system and appealed to other countries likewise to provide voluntary assistance. More sustainable funding would be required in the longer term, however. Lastly, IFAD should report back on the efficiency gains achieved through economies of scale and the improved effectiveness of the system.

A delegate from KENYA, welcoming IFAD's commitment to supporting the reform of the United Nations development system, said that United Nations agencies should interact on issues of common concern and build closer relations with governments to develop synergy among the different programmes under way across the board. Implementation of the United Nations development system would vary at the national level in accordance with the priorities and strategies identified by the governments concerned. The reform was expected to enhance substantially the synergy and coordination of the system on the ground.

A delegate from SPAIN said that IFAD had a crucial role to play in improving coordination and efficiency within the United Nations development system to which it was so strongly committed. IFAD's recent decentralization experience would enable it to work closely with the resident coordinator teams for the success of the reform. IFAD's contribution would be measured through the cooperation among the three Rome-based agencies, which was increasing in such areas as information and communication technology (ICT) and gender-related issues. Examples included the economic empowerment programme for rural women undertaken with UN Women.
and a new proposal by the Committee on World Food Security to introduce a thematic workstream on gender equality and women’s empowerment.

222. His country's strong commitment to the United Nations development system and its reform was demonstrated by its contribution of US$10 million to the Joint Fund for the 2030 Agenda for Sustainable Development and its recent contribution of US$2.5 million to the Special Purpose Trust Fund for the resident coordinator system.

223. A delegate from NORWAY said that time was needed to achieve the essential United Nations reforms under way. The pressure to implement them should therefore kept up over the coming two years, particularly as it would be extremely detrimental if the United Nations development system proved unable to deliver efficiently on the ground. IFAD should be encouraged to maintain its focus and commitment to the reform process. While the compromise solution adopted for the financing of the reform might lead to problems in relation to cost sharing and the 1 per cent levy, a way of maximizing revenue from those two streams must be found in order to finance an efficient system. The system might survive in the short term through direct support from donors, but a more sustainable system of burden-sharing must ultimately be found. Norway would provide US$7.5 million in 2019 for the resident coordinator system. More donors should make contributions, however, and all United Nations Member States had a responsibility to help finance the system. Further dialogue was needed to ensure that the reform of the system offered benefits for IFAD.

224. A delegate from NETHERLANDS said that the reform of the United Nations development system would make a positive contribution to the multilateral approach to food security, based on greater coordination, increased value for money and more effective support for the SDGs. The role of IFAD would include the provision of knowledge and expertise at the country level to serve the entire United Nations system within the UNDAF context. Reinforced by a stronger role for resident coordinators and joint country planning, all United Nations agencies, including the World Bank, should work together more closely at the country level to reduce fragmentation. The added value of IFAD, namely its specific knowledge of and expertise in rural development issues in the poorest countries and regions, was a crucial asset in the light of the principle of leaving no one behind. Although aware of the funding gaps that currently existed, the Netherlands was paying its share and other Member States should do the same. With regard to the SDGs, consideration must be given to the promotion of multi-stakeholder partnerships and greater private investment.

225. A delegate from IRAN (Islamic Republic of), said that he welcomed and fully supported the United Nations reform and repositioning, particularly in respect of the important role of the resident coordinators in improving inter-agency coordination. The three Rome-based agencies were responsible for the important issues of agriculture and food security, as well as rural development, in the context of the SDGs. While they had been coordinating their work for several decades, the time had come to focus more on the manner of their coordination to ensure that, in implementing their respective mandates and missions, each played a complementary role based on a single vision. The aim was to harmonize their understanding and translation into practice of the SDGs in different settings.

226. Greater coordination was also required in determining targets and target groups, although the specific approach adopted in each national situation would need to be contextualized to take into account its specific geographical and other characteristics. Such coordination should provide a stronger basis for strategic synergy among the Rome-based agencies.

227. A delegate from CHINA, reaffirming Chinese support for the efforts to reform the United Nations development system and improve its efficiency in helping countries
achieve the SDGs, said that the reform was particularly urgent in view of the approaching deadline for attainment of the SDGs. In that context, the United Nations development system needed vital improvement to ensure that it followed more closely the principles of development, taking into account common but differentiated responsibilities.

In terms of funding, China had already made a substantial contribution to the United Nations system and encouraged other countries to play their part. If further financing were required, it would be necessary to investigate cost sharing between countries and the various agencies. At the country level, greater coordination was needed between the United Nations and the other international financial institutions, as well as with the private sector and civil society. Without broader partnership, coordination efforts could be unsuccessful. While there was a strong case for coordination between IFAD and the other Rome-based agencies, greater coordination was also required with other international agencies and in particular with countries themselves, which should have ownership and take the lead in relation to coordination.

Success had been achieved in that respect in certain countries with strong leadership that held regular meetings on national development issues involving the respective United Nations agencies and international financial institutions. Already there were many good practices that left countries in the driving seat. For its part, IFAD Management had done much to contribute to the eventual success of the reform, notably in the areas of decentralization, the regional approach, and South-South and triangular cooperation, but it should be encouraged to do more. China would certainly contribute to that process.

A delegate from VENEZUELA (BOLIVARIAN REPUBLIC OF) said that the world was characterized by increased conflict and war, which was increasingly compromising the 2030 Agenda for Sustainable Development. Venezuelan leaders, in particular Hugo Chávez, had long ago called for a United Nations reform based on strengthened cooperation through an integrationist platform and a humanistic approach. The growing relevance of that approach in the current era called for measures to raise awareness of the dangers facing the peoples of the world.

Subject to hegemony for many years, the United Nations had failed to serve humanity adequately and to seek conflict resolution with a view to consolidating global peace and sustainability. It now sought to be inclusive but was not giving sufficient importance to its deliberative nature. IFAD was a unique agency specializing in the provision of financing for rural development. In that regard, all of IFAD’s activities to improve coordination with other United Nations agencies working in the field of development were to be welcomed. He pointed out that very few donor countries fulfilled the objective of contributing 0.7 per cent of their GDP to development assistance.

A delegate from INDIA said that the review of the reform process to be conducted in 2021 was likely to conclude that the reform had been successful. The question nonetheless remained of how the reform and the coordination system could be leveraged and economies of scale optimized. While at the macro level there was some alignment of COSOPs with UNDAFs, at the micro level shortcomings and challenges in the implementation of specific projects in particular countries were almost to be expected. In that context, coordination with other agencies, such as with WHO concerning health issues in a particular village, would improve efficiency and the outcomes of IFAD operations.

A delegate from ICELAND said that he fully supported the United Nations reform efforts and welcomed the plans of the Rome-based agencies to forge closer cooperation in the Sahel, which could act as a catalyst for the United Nations system as a whole. There was still room for doubt, however, insofar as not all field personnel considered that the new resident coordinator system would be helpful in
providing assistance to those in need. The reform effort possibly did not go far enough. The current situation in Yemen exemplified the difficulties encountered by a multiplicity of agencies in exercising their mandate under extremely difficult conditions. Careful consideration must therefore be given as to how the assistance provided in such situations could be improved and how to go further in the reform process.

234. A delegate from NIGERIA said that there appeared to be broad agreement concerning IFAD’s proposed approach, notwithstanding the previous speaker’s remarks concerning the need to think more deeply and take into account the views of those in the field. While it was clearly correct to adopt the strategic position that United Nations reform was required, reform at the New York Headquarters might also be needed, together with action to address any overlapping among the large number of United Nations agencies. Assignments and commitments should be realigned, as necessary, while the issue of funding should not be left solely to donors. Developing countries must also make a contribution, however low, as the amounts combined would have an impact. IFAD’s work was critical to the achievement of the SDGs but could not be based on a few isolated cases of success. It had to be country-wide, country-based and focused on rural areas. It also called for close collaboration with national authorities, as local knowledge was important for success.

235. A delegate from the REPUBLIC OF KOREA, in expressing full support for the United Nations reforms, including the strengthening of UNDAFs, said that his country was willing to participate actively towards improving the United Nations development system in the agricultural sector. It could be useful to organize a seminar on that subject, including a discussion of innovative business results and the work of the Rome-based agencies. Shortcomings in coordination should be resolved by, for example, increasing the number of regular management meetings and coordination activities among the managements of those agencies. Another useful measure would be for each of the three to publish their success stories. Although independent evaluations had found that a high proportion of the projects undertaken were successful, the Korean experience of individual pilot projects tended to cast doubt on the figures. Outlining candid cases of success, cross-checked in cooperation among the three agencies, and also with the involvement of agencies active in such areas as health and education, could provide important guidance for the United Nations system as a whole.

236. He asked whether the three countries in which joint country strategies were to be developed by the three Rome-based agencies had yet been identified. If not, the Republic of Korea would be pleased to participate actively in selecting and implementing a joint strategy in an Asian country. He also asked about the difference between United Nations Country Teams and the country-level coordination carried out by the United Nations Development Programme (UNDP).

237. Lastly, noting that ICT application in agricultural development promised a dimensional change and could be introduced at the individual project level, he asked what role ICT might play in the reform of the United Nations development system.

238. Over the past three years, the Republic of Korea had made significant efforts to improve the effectiveness of development cooperation and to increase its support for the Rome-based agencies. The Republic of Korea supported the efforts made by IFAD to improve the effectiveness of agricultural projects and had pledged US$12 million for the Eleventh Replenishment of IFAD’s Resources, with a 50 per cent increase compared to the Tenth Replenishment. It would also increase its contribution to IFAD12. It was contributing US$10 million a year to the Food and Agriculture Organization of the United Nations (FAO), and, for the first time, would be making a contribution of US$14 million to WFP for emergency food aid.
239. **A delegate from RWANDA** said that United Nations agencies mostly provided assistance to countries that were seeking partnerships to speed up the implementation of their existing development plans through, for example, financing and the introduction of best practices. The agencies concerned must be willing to break with their traditions and harmonize their actions not only among themselves but also with the ambitions of the countries concerned. Countries were aiming in particular to introduce greater efficiency and effectiveness in terms of time and quality, as well as minimize transaction costs.

240. **Ms SALFORD** (Associate Vice-President, External Relations and Governance), reacting to the discussion, said that she welcomed the broad agreement expressed concerning IFAD’s adopted approach to the reform of the United Nations development system. IFAD would now focus on the work under way at the national level to ensure the sound implementation of the resident coordinator system. It would also maintain its focus on rural transformation and rural people, in accordance with its mandate. As to collaboration among the Rome-based agencies, it would be further enhanced by the work on United Nations reform being undertaken by a senior consultative group.

241. **Mr HOUNGBO** (President of IFAD), expressing appreciation for the input and the suggestions put forward, as well as for the contributions made by Member States to the operating costs of the resident coordinators system, said that IFAD Management reported regularly on the subject to the Executive Board.

242. Concerning the points raised concerning efficiency gains, IFAD was not anticipating many savings in terms of operating costs, partly because it had already been functioning in the manner proposed by the United Nations reform. It had, for instance, been sharing office premises with FAO, WFP and UNDP for many years. While there were other areas where sharing could lead to cost savings, a certain level of investment might be required before such savings could be realized. There were three different IT systems in the three Rome-based agencies, for example, and undoubtedly many more within the United Nations system as a whole. Real efficiency gains could be achieved through the adoption of a single system, but that would first necessitate investment in the short and medium term which would require a decision by the Executive Board.

243. With regard to efficiency gains at the national level, it was important not only for COSOPS to be aligned with UNDAFs but also for UNDAFs to be closely coordinated with national development strategies. The United Nations system should not impose its agenda on countries.

244. As to the situation in Yemen, the operational difficulties encountered by United Nations agencies in such extreme cases could be seen as part of the unfinished business of the reform and raised difficult questions about the added value of the system as a whole. Concerning the difference between UNCTs and the role of UNDP, the two were completely separate now that UNDP no longer managed the resident coordinator system. Resident coordinators came under the authority of the Deputy Secretary-General of the United Nations.

245. **The CHAIRPERSON**, after summarizing the discussion, said that IFAD had much to gain from the United Nations reform process. All the issues raised would be followed up by IFAD Management and the proposals made would be analysed by the appropriate IFAD bodies.

**LAUNCH OF THE AGRIBUSINESS CAPITAL FUND**

246. **Ms SALFORD** (Associate Vice-President, External Relations and Governance), introducing the launch of the ABC Fund, said that she was honoured to invite the President of IFAD to make welcoming remarks.
247. **Mr HOUNGBO** (President of IFAD), noting that the support of partners was among the elements needed to bring a good idea to fruition, said that he wished to thank the Government of Luxembourg, the European Commission, the African, Caribbean and Pacific Group of States (ACP Group) and the Alliance for a Green Revolution in Africa (AGRA) for bringing their strong commitment, expertise and resources to the ABC Fund initiative. Only an estimated one quarter of the massive global demand for financing for smallholder farmers was currently satisfied by financial institutions and value chain actors. While returns in that context remained key for the financial community, they were no longer the only incentive now that investors were increasingly seeking investments with impact. Many millions of young rural persons were arriving on the job market every year, especially in Africa. The growing demand for food – and indeed for more diverse food – offered opportunities, but rural small and medium-sized enterprises (SMEs), young people and agribusinesses required access to capital in order to invest, grow and create jobs.

248. The aim of the ABC Fund was to remedy that situation by offering loans to SMEs and farmers’ organizations, none of which were currently covered by financial services, as they were considered too remote, small, risky and costly for investment. It was essential, however, to trust in their hard work, entrepreneurship and appetite for success. They could drive development in their communities and generate work for young people, particularly young women. The ABC Fund would be managed by experienced impact investors Bamboo Capital Partners and Injaro Investment, with which IFAD would work closely to identify attractive investment opportunities with promising SMEs. The launch of the ABC Fund was an important step forward and would serve a group of actors that had huge potential but were too often left out, namely, small farmers, cooperatives, their organizations and rural SMEs.

249. **Mr MIMICA** (European Commissioner for International Cooperation and Development), emphasizing the importance of the launch of the ABC Fund, said that it would be impossible to end global hunger by 2030 without focusing on agriculture and rural development. Action was therefore required to overcome the complex challenges faced by smallholder farmers. Both they and rural agricultural businesses were failing to obtain the investment needed from financial institutions and the private sector to sustain livelihoods, maintain productivity and persuade youth to stay in rural areas. The ABC Fund would help to address that investment gap by “de-risking” small investments, making them less expensive and creating a better flow of capital to smallholders. That was part of a broader commitment under the Africa-Europe Alliance for Sustainable Investment and Jobs to unlock private investment and explore the huge opportunities for both African and European economies.

250. With the potential to generate millions in investment and benefit hundreds of thousands of households in rural areas, the ABC Fund was the result of collective efforts based on funding from the Government of Luxembourg, AGRA and the European Commission, and leadership by the ACP Group and IFAD. The Commission’s new joint programme to strengthen farmers’ organizations and cooperatives was well funded and consistent with the objectives of the ABC Fund to help farmers’ organizations obtain capital for the benefit of their members. Agriculture and rural development were fundamental to the attainment of all SDGs. Without food, there could be no health, equity, equality, stability, sustainable development or dignity. The ABC Fund was therefore of great importance. It would invest not only in agribusiness but also in rural youth, rural communities and a better collective future.

251. **Her Excellency PAULETTE LENERT** (Minister for Development Cooperation and Humanitarian Affairs of the Grand Duchy of Luxembourg) said that the attention directed to the core issues of rural innovation and entrepreneurship was extremely timely. It was crucial to offer new investment opportunities and technical innovation
to smallholder farmer with a view to accomplishing the objectives of the Rome-based agencies, including IFAD, and to implementing the 2030 Agenda for Sustainable Development. It was also crucial to combine the impetus and dynamics of the private sector with the global outreach and capacity of governments and international organizations to scale up with a view to achieving sustainable results and creating jobs for women and young people. New types of partnerships and ways of working together would be needed to attain the ambitious target of radically scaling up investment in the sector.

252. Her Government had worked intensively with IFAD for the establishment of an innovative impact investment fund. The launch of the ABC Fund was therefore testimony to their mutual commitment to multilateralism, strong international institutions and international cooperation, particularly in the context of the 2030 Agenda. Multi-stakeholder and genuine public-private partnerships were essential for international development. In recent years, Luxembourg had actively promoted sustainable impact investment and innovative financing mechanisms, particularly for green and inclusive finance, labelling, social performance measurement and the mobilization of private capital for the SDGs. In line with its national investment strategy, Luxembourg had contributed EUR 5 million towards the ABC Fund, in close collaboration with the European Commission and AGRA. She called on other partners to join the initiative.

253. Dr PATRICK GOMES (Secretary-General, African, Caribbean and Pacific Group of States) said that he welcomed the launch of the ABC Fund as an important and innovative step in addressing the concerns of micro-, SMEs in the rural sector. The ABC Fund would increase investment in that sector, as well as across all the SDGs. Believing that finance was key to fostering transformation and modernization in agriculture, the ACP Group had agreed to allocate EUR 45 million to the ABC Fund. Stakeholders in ACP countries had high expectations that the Fund would mobilize an effective response to the needs of all regions by supporting a new approach to value chains in the sector. The ACP Group intended to ensure that the new partnership agreement that it was negotiating with the European Union would provide a framework for enabling ACP countries to add value, diversify, innovate and earn significant income from their enterprises.

254. The ACP Group was also prioritizing women and youth empowerment as key catalysts for inclusive and sustainable economic growth. The launch of the ABC Fund was therefore timely for the promotion of investment in agriculture and integration in the agri-industrial sector through national, regional and international value chains. It was important for the ABC Fund to have a positive impact at the grass-roots level by providing adequate levels of easily accessible financing based on good business plans to help overcome challenges and benefit the most vulnerable, in particular family farmers, micro-, SMEs, women and youth. Synergies with the initiative would also be built so as to strengthen farmers’ organizations in ACP countries with a view to multiplying the impact of interventions and allowing available financial resources to further enhance the livelihoods of farmers and their families, thereby contributing to the eradication of poverty. With its vast expertise and networks on the ground, IFAD was the right institution to achieve the objectives of the ABC Fund.

255. Ms HEDWIG SIEWERTSEN (Head of Inclusive Finance, Alliance for a Green Revolution in Africa) said that the ABC Fund would enable agricultural businesses and farmers to feed Africa and the world. Investors should therefore seize the opportunity it provided for greater investment in a more inclusive, productive and profitable agricultural sector. Its uniqueness lay in three elements: its ability to invest less than US$1 million, its blended character, and its diversified shareholders. It would also be one of the few agricultural funds to provide smaller long-term loans to the agribusiness sector. In that connection, she cited the experience of a Kenyan dairy cooperative as a positive example of what could be achieved.
256. Through its investment in the ABC Fund, AGRA was aiming to leverage its modest budget by 50 times or more to obtain the scale of financing needed in Africa. In recognition of the fact that no single institution alone had the ability to deliver agricultural transformation, AGRA was constantly building and strengthening partnerships. With its like-minded partners in the ABC Fund, AGRA looked forward to attracting many more investors to make the unique initiative a huge success.

257. Mr FLORIAN KEMMERICH (Managing Partner, Bamboo Capital Partners), on behalf of Bamboo Capital and its partners Injaro Investment and Agriterra, said that he welcomed the support of all the partners that had come together in the ABC Fund. Bamboo Capital was a private impact investment platform supporting commercial companies that benefited low-income populations in emerging markets in over 30 countries. The aim was to deliver financial returns on investments, as well as returns in the environmental, social and governance spheres. To that end, support had been provided for over 30,000 jobs, with outreach to over 100 million lives. Of the 33 million farmers in Africa alone, some 80 per cent farmed fewer than 2 hectares and did not easily qualify for capital because the risk was too high for normal private investors. Bamboo Capital adopted a micro-financing approach in support of those farmers, for which it required partners in a multilateral blended approach. The target was to provide support for 700,000 farms or households.

258. Agricultural integration and added value was being encouraged, along with resilience, particularly through technology, which offered huge opportunities and where the rapid advent of mobile telephones was being followed by major changes in mobile money and energy distribution. In that regard, the focus was on the missing middle between microfinance and the normal private investment floor of around US$1 million, which called for a blended approach emphasizing impact and offering safety for financial investors with lower return expectations. Insofar as banks did not currently lend to agriculture in the countries concerned, the intention was for the ABC Fund to have a catalytic effect. Several partners had already joined the initiative in Rome, the hope being that they would be followed by others.

INTERACTIVE SESSION 1 – AGRIBUSINESS VALUE CHAINS: MIND THE GAP – GENDER AND NUTRITION

259. Ms HIROSE (Secretary of IFAD) introduced the moderator for the interactive session, Mr Donal Brown, Associate Vice-President, Programme Management Department of IFAD. H.E. Eko Putro Sandjojo, Minister of Villages, Development of Disadvantaged Regions and Transmigration (Indonesia) was invited as keynote speaker. The panellists included:
   • Dr Ismahane Elouafi, Director General, International Center for Biosaline Agriculture (ICBA)
   • Dr Jessica Fanzo, Bloomberg Distinguished Associate Professor of Global Food & Agricultural Policy and Ethics, Johns Hopkins Global Food Ethics and Policy Program
   • Ms Katarina M. Eriksson, Project and Partnership Development Director, Tetra Laval Food for Development (Sweden)

260. The discussion can be viewed through this link.

CENTRE STAGE – IFAD TALK

261. Ms MEIGHAN (General Counsel of IFAD), moderator of the IFAD Talk, introduced Dr Gunhild Stordalen, Executive Chair of the EAT Foundation, who would be giving the IFAD Talk. The discussion can be viewed through this link.

262. The meeting rose at 1.35 p.m.
Summary record of the fourth meeting of the forty-second session held on 15 February 2019 at 3.05 p.m.

**Chairperson:** Hans Hoogeveen (Netherlands)

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Closure of the session
263. **The meeting was called to order at 3.05 p.m.**

**INTERACTIVE SESSION 2 – EMPOWERING SOCIAL ENTREPRENEURSHIP FOR INCLUSIVE RURAL TRANSFORMATION**

264. **Ms Richter** (Vice-President of IFAD) introduced the moderator for the interactive session, Dr Alexander Dale, Senior Officer, Sustainability, MIT Solve-USA. The panellists included:

- Ms Anushka Ratnayake, Founder and CEO, myAgro (Senegal)
- Mr Nnaemeka C. Ikegwuonu, Founder and CEO, ColdHubs Limited (Nigeria)
- Ms Dulce Martinez, Creative Director, Fábrica Social (Mexico)
- Ms Annan El Sherbiny, Junior Consultant, Yadawe (Egypt)

265. The discussion can be viewed through this link.

**IFAD’S TRANSITION FRAMEWORK (agenda item 11) (GC 42/L.9)**

266. **Mr Hoogeveen (Netherlands) resumed the Chair.**

267. **Mr Brown** (Associate Vice-President, Programme Management Department), introducing the item, said that the Transition Framework was among the innovations proposed by IFAD Management as part of the Consultations on the Eleventh Replenishment of IFAD’s Resources (IFAD11). An important part of the enhanced IFAD11 business model, it consisted of a set of institutional reforms aimed at guiding IFAD’s engagement with its client countries so as to more effectively tailor IFAD interventions to country-specific requirements. The goal was to improve IFAD’s ability to respond to changing conditions as countries transitioned across income levels.

268. The Transition Framework Working Group had met seven times and held two sessions of informal consultations with Management, in addition to five informal seminars. It had analysed and endorsed the key elements of the Framework, which were financial and operational in nature and aimed at sustaining smooth country transitions and minimizing the risk of backsliding. One financial element, specifically the introduction of a phasing-out/phasing-in mechanism across financing terms, had been incorporated into the revision of the Policies and Criteria for IFAD Financing adopted earlier in the session.

269. Operationally, the Transition Framework was intended to broaden the range of lending and non-lending products offered by IFAD by piloting new instruments, enhancing the approach to reimbursable technical assistance, and focusing more intensely on country-level policy engagement and South-South technical cooperation. It also intensified the focus on cofinancing, which was a key aspect of the new business model reflected in the IFAD11 cofinancing targets. Those targets foresaw increased efforts for domestic resource mobilization, which was a sign of country ownership and key to sustainability and broader international cofinancing. The Revised Guidelines and Procedures for Results-based Country Strategic Opportunities Programmes would draw on the most suitable elements of the Transition Framework for deployment of the integrated and tailored package of IFAD support for countries.

270. The Transition Framework had been approved by the Executive Board in December 2018 and was presented to the Governing Council for information. The Working Group would continue to deliberate in 2019, in line with its terms of reference and in coordination with other IFAD committees and working groups. It would provide guidance to the Executive Board on items covered by the Approach to a Transition Framework and requiring a longer time frame. The Transition Framework would be regularly updated to reflect further innovations introduced by IFAD with a view to offering the best possible development solutions to all its clients.
271. **The Governing Council took note of IFAD’s Transition Framework.**

**PROPOSAL FOR AN AUTOMATED VOTING SYSTEM AT IFAD (agenda item 7)**

**(GC 42/L.5/Rev.1)**

272. **Ms HIROSE** (Secretary of IFAD), introducing the item, said that, subsequent to its decision to review established good practice leading to the appointment of a President of IFAD (resolution 197/XL), the Governing Council had asked the Secretariat to explore the feasibility of introducing an electronic voting system and to report to the Executive Board, which was to submit recommendations on the matter to the Governing Council in 2019. The Secretariat had explored the solutions available and contacted other institutions already considering or having implemented an electronic voting system, such as the International Labour Organization, WHO and the Inter-American Development Bank. The Secretariat had also issued a request for information through IFAD’s Procurement Section with a view to better understanding existing systems that could meet IFAD’s requirements.

273. In December 2018, the Secretariat had proposed to the Executive Board that it should continue to assess the feasibility of an automated voting system based on the principles set out in document GC 42/L.5/Rev 1. The Executive Board had endorsed the submission of that proposal to the Governing Council for approval while stressing that any such system must without fail ensure voting secrecy and integrity, as well as minimize all risk of cyberattacks.

274. Should the Governing Council approve the proposal, the Secretariat would initiate the procurement process for selecting a system able to meet IFAD requirements. That process would include defining the system’s detailed business requirements and issuing a tender. The Secretariat would rigorously analyse the tenders received, in strict adherence with IFAD’s procurement procedures, and report the results to the Executive Board for an informed decision on implementation. Should the Executive Board recommend that the Governing Council approve the implementation of an automated voting system at IFAD, and should the Governing Council subsequently approve that implementation, the system could potentially be tested in tandem with the Governing Council session in 2020.

275. **The Governing Council approved the recommendation that the Secretariat further pursue the process of assessing the feasibility of an automated voting system based on the principles contained in document GC 42/L.5/Rev.1.**

**OTHER BUSINESS (agenda item 12)**


276. **The CHAIRPERSON**, referring to the proposal made by the Governor of India earlier in the session that the forty-third session of the Governing Council and the first session of the Consultation on the Twelfth Replenishment of IFAD’s resources be held in New Delhi, drew the Governors’ attention to the related draft resolution set out in new document GC 42/L.10. Following consultations, it had been decided to request the Executive Board to consider the proposal and ascertain that its implementation would comply with Rule 4 of the Rules and Procedures of the Governing Council, which stipulated that a Governing Council session could be held in a place other than the seat of the Fund, provided that no additional costs were incurred by the Fund.

277. **A delegate from ZIMBABWE** said that the holding of a Governing Council session away from Rome would heighten IFAD’s visibility and also bring it closer to the smallholder farmers who were the focus of its operations. On the other hand, it
might limit the ability of low-income countries to participate. Such countries were able to participate in Governing Council sessions held in Rome because they had permanent representatives based there who were conversant with the issues tabled for discussion. Their participation elsewhere might be precluded by the cost of travel. In addition, the fact that their representatives in other locations were less familiar with those issues might affect the quality of the deliberations.

278. **A delegate from NIGERIA**, agreeing with the proposal to refer the matter to the Executive Board for consideration and decision, said that it would not be the first time that the Executive Board had been asked the question. He had attended a session of a consultation on the replenishment of IFAD’s resources in Qatar, for example. The Executive Board should examine IFAD’s experience of that meeting to ascertain what had or had not worked or and why no further such meetings had been held outside Rome. It should share the outcome of its considerations with the Governing Council. Were the Executive Board subsequently to decide to hold Governing Council sessions outside Rome, it should consider rotating the venue on either a regional or a list basis.

279. **The Governing Council adopted resolution 210/XLII, delegating the Executive Board to consider and decide on the proposal, ensuring that such decision and its implementation are in compliance with rule 4 of the Rules and Procedures of the Governing Council and do not involve additional costs to IFAD.**

**INTERACTIVE SESSION 3 – THE FUTURE OF FARMING: NEW TECHNOLOGIES TO TRANSFORM SMALLHOLDER AGRICULTURE**

280. **Ms Richter** (Vice-President of IFAD) introduced the moderator for the interactive session, Mr Wu, Associate Vice-President, Corporate Services Department of IFAD. Mr Subhash Chandra Garg, Secretary, Department of Economic Affairs, Ministry of Finance of India was invited as keynote speaker. The panellists included:
   - Mr Hamza Rkha Chaham, Managing Director, SOWIT (France)
   - Ms Ingabire Muziga Mammy, Managing Director, Charis Unmanned Aerial Solutions Ltd (CHARIS UAS) (Rwanda)
   - Ms Veronica Barbati, President Coldiretti Giovani Impresa (Italy)
   - Ms Nicole Nguyen, Head Asia-Pacific region (APAC), Infinity Blockchain Ventures (Thailand)
   - Mr Quan Le, Founder and Chief Executive Officer, Binkabi (United Kingdom)

281. The discussion can be viewed through this link.

282. **Mr Hoogeveen (Netherlands) resumed the Chair.**

**CLOSING STATEMENT BY THE PRESIDENT OF IFAD**

283. **Mr HOUNGBO** (President of IFAD) made a closing statement, the full text of which is reproduced in chapter 4.

**CLOSURE OF THE SESSION**

284. **The Chairperson** made a closing statement, the full text of which is accessible at this link, and is reproduced in chapter 4.

285. He declared the forty-second session of the Governing Council closed.

286. **The meeting rose at 6.25 p.m.**
B. General statements
Starting from the forty-first session of the Governing Council, a new procedure is in place for general statements in order to ensure an interactive session and maximize the contribution of Governors to the discussions. Accordingly, delegations are asked to submit their written or video-recorded statements instead of delivering a statement during the session.

In total, 33 statements were submitted to the Office of the Secretary for the forty-second session of the Governing Council by the following Members: the Grand Duchy of Luxembourg on behalf of Benelux countries, the Kingdom of Sweden on behalf of Nordic countries, the Republic of Angola, the Argentine Republic, the Republic of Austria, the People’s Republic of Bangladesh, the Kingdom of Cambodia, Canada, the People’s Republic of China, the Dominican Republic, the Arab Republic of Egypt, the Republic of Equatorial Guinea, the Republic of Fiji, the French Republic, the Federal Republic of Germany, the Republic of India, the Republic of Indonesia, the Italian Republic, Japan, the Republic of Kiribati, the Republic of Korea, the Kingdom of Lesotho, New Zealand, the Republic of Nicaragua, the State of Qatar, the Republic of Rwanda, the Independent State of Samoa, the Kingdom of Spain, the Republic of the Sudan, the Togolese Republic, the United Republic of Tanzania, the United States of America, the Bolivarian Republic of Venezuela.

All statements, whether video-recorded or written, are available on the web page of the session under Documents and Country Statements.
Chapter 4 Statements and special addresses

His Holiness Pope Francis

His Excellency Giuseppe Conte, President of the Council of Ministers of the Italian Republic
His Excellency Danilo Medina Sanchez, President of the Dominican Republic

Her Excellency Géraldine Mukeshimana, Minister for Agriculture and Animal Resources of the Republic of Rwanda attending the inaugural ceremony on behalf of the President of the Republic of Rwanda
Mr Gilbert Houngbo
President of IFAD

His Excellency Hans Hoogeveen
Chairperson of the Governing Council
Governor for the Kingdom of the Netherlands
Her Excellency María Cristina Boldorini  
Vice Chairperson of the Governing Council  
Governor for the Argentine Republic

Mr Andin Hadiyanto  
Vice Chairperson of the Governing Council  
Governor for the Republic of Indonesia
Ms Atsuko Hirose
Secretary of IFAD

Midori, United Nations Messenger of Peace

Ms Sherrie Silver
IFAD Advocate for Rural Youth
Opening remarks by His Excellency Hans Hoogeveen, Chairperson of the forty-second session of the Governing Council of IFAD

Good morning,
Your Holiness,
Distinguished Governors,
Excellencies, Distinguished Delegates and Observers,
Ladies and Gentlemen,

It is a great honour and pleasure for me to chair this Governing Council session and to welcome you to the forty-second session of the IFAD Governing Council. This is one time in the year when we as IFAD Governors gather to deliberate on the business of the Fund and, especially, on the strategies for the future. And, of course, everything is aimed to contribute to the achievement of the Sustainable Development Goals and the goals of the Fund.

With the Sustainable Development Goals, we have promised the world and committed ourselves for a world without hunger in 2030. But with the growing numbers of undernourished people, we are lagging way behind. The increase of 44 million people since 2016 is unacceptable. Whatever our differences are, we cannot let up the fight against global hunger. Let it sink in: today, more than 20 million people are facing famine. Close your eyes and think about it. Now open your eyes and look to your neighbours to your left and to your right. If you were living in a conflict area or a famine area, only one of you would survive. Again, this is unacceptable. Of course, we know the causes, especially conflict and drought. The second factor is also that we are producing more than enough to feed all the people around the world but, at the same time, we are losing more than one third of our produced food every year with a value of US$1 trillion.

But there is also a message of hope. These crises are man-made. If human actions are the cause of the crisis, human interventions can also bring the solution and the actions. So what to do, how to solve it? One thing we know is we have to do more. And, yes, we can. We have the technologies, we have the crops, we have the experience, we have the people and we have the funding. And, of course, we have IFAD. Together with FAO and WFP, the three Rome-based agencies can lead the way, can lead the path for solutions. IFAD’s mandate of eliminating poverty and hunger by investing in rural people and fostering rural development has never been more relevant than today but in order for IFAD to continue to play its role up to 2030, the SDG deadline we know, substantial changes must be made in particular when we look to the financial sustainability of the Fund.

We have to fund more to do more. We know, as governments, that we cannot do it alone. We have the United Nations system and we have to join forces. Moreover, we have also the promising development in which the private sector is more than willing to play its role and to contribute to the achievements of the Sustainable Development Goals, and we have to grab that opportunity to work with them to co-convene, to co-commit and to co-implement in a joint venture. Last but not least, we have the youth. We have more than 500 million smallholder farmers worldwide, but their average age is above 60. Who is going to produce and to deliver the food in the future? At the same time, it is projected that in 2030 40 per cent of the world’s population (which will be about 8.5 billion people on earth), will be between the ages of 15 and 24, most of them living in Africa and Asia. How are we going to involve them in our food systems? Are we going to do it via our own traditional lens or are we going to change it and give them an opportunity to decide on their own future?

These are the substantial issues we are going to discuss during these two days. Let us be the wind force for change to achieve zero hunger. And let me, of course, thank everybody who is contributing to this important gathering: the Bureau with my colleagues, Her Excellency Ambassador María Cristina Boldorini and the Governor of Indonesia, Mr Andin Hadiyanto. They will be co-chairing during these two days. Let me,
of course, already thank the IFAD staff, the FAO staff and all those who are contributing to this meeting, and especially, of course, the President of IFAD, who will guide us through this meeting with the substantial issues. Also, I am very grateful to Mr Graziano da Silva, Director-General of FAO for agreeing to have this meeting in his house. He will soon deliver a statement to us as well.

Today, it is a great honour for me and I think for all of us to welcome His Holiness Pope Francis, as well as His Excellency Danilo Medina Sanchez, President of the Dominican Republic, His Excellency Giuseppe Conte, Prime Minister of the Italian Republic and Her Excellency Géraldine Mukeshimana, Minister of Agriculture of the Republic of Rwanda, attending this Governing Council on behalf of His Excellency Paul Kagame, President of the Republic of Rwanda.
Welcoming statement by the President of IFAD, Mr Gilbert Houngbo to His Holiness Pope Francis and His Excellency Giuseppe Conte, President of the Council of Ministers of the Italian Republic

I take the floor on behalf of the Member States of IFAD to express the honour that I feel welcoming to this forty-second Governing Council two very distinguished guests.

First, Your Holiness. May I say, Your Holiness, that your presence today is a hope for us all because the unprecedented scope and significance of your Encyclical Laudato Si’ reminds us of the pressing need and mission that is ours because the investments that we address towards young people, particularly those in rural areas, or the activities undertaken by our teams each day in the field, are based on a profound conviction and our firm collective determination to respond to the challenges of our times for and with the populations, the territories, the communities, including the vast diversity of our cultures. That is why I am certain that your vision of a world that is fairer, that is freed of poverty and hunger, is something that rings particularly true to each and every one of us. I thank you so much for it.

Your excellence, Mr Giuseppe Conte, Prime Minister of Italy, I can say that IFAD has always been able to depend on Italy as one of its first and primary partners. Allow me to touch on one very symbolic model, which is the Integrated Italian Cooperatives. They are a source of inspiration and innovation in the light of our mandate vis-à-vis the small rural farmers. That is why the support of Italy in our reform of the operational and financial model of IFAD is all the more precious to us. What we must ensure is a sustainable impact of our investments. We are therefore called upon to be even more ambitious so that we are able to face the challenges that stand before all our countries. Thus, with the two other Rome-based agencies, FAO and WFP, our mandate against hunger and poverty throughout the world has been able to establish here in Rome an international hub of the first order. I would like to take this opportunity to greet the Director-General of FAO, José Graziano da Silva, and the Executive Director of WFP, David Beasley, as well as the whole FAO team, which has been kind enough to welcome us here in this exceptional place.

Mr Prime Minister, Italian hospitality remains essential to us if we are to succeed in our mission in service of food security and rural transformation. I wish to express all our gratitude to you once again.
Statement by Mr José Graziano da Silva, Director-General of FAO

Let me first of all welcome all of you to FAO Headquarters today for this very important meeting. It is an honour for FAO to host the IFAD Governing Council.

Holy Father, it is a great honour to receive you once again here at our organization’s headquarters. Your presence has always been a source of hope and gives us greater strength in our struggle for a fair world where equality and justice become ecumenical values for us all, as well as in our efforts for the promotion of peace, which is a sine qua non condition if we are to succeed in eradicating hunger. As the President of IFAD already stated, your Encyclical *Laudato Sì* has taught us how important it is to have a balance maintained between human beings and nature if we want the world to remain sustainable. The efforts against forced migration, climate change and nutrition that would be accessible to all are, today, I am sure rooted, in the heart of FAO, IFAD, as well as WFP. I would like to take this opportunity to express all my gratitude to His Holiness for the support that he has given to the work of the three Rome-based agencies during these six years of your papacy. Thank you so much, Your Holiness.

Excellencies, ladies and gentlemen,

Let me stress FAO’s commitment to deepening the collaboration between IFAD, WFP and FAO to deliver our common goal for a world free from hunger and all forms of malnutrition, and also to promote a more sustainable agricultural development. FAO, IFAD and WFP have different mandates but complementary responsibilities. IFAD is above all a financial institution. FAO is mainly focused on normative work and technical cooperation. WFP addresses emergency issues related to food crises. These complementary responsibilities are fundamental for the successful implementation of programmes and projects on the ground, particularly in supporting family farming. This is why FAO and IFAD were appointed as the implementing agents of the United Nations Decade of Family Farming 2019-2028. WFP has joined us to promote this decade as family farmers commonly face many urgent challenges also. As many of you may know, we are co-organizing a conference here in our headquarters on 27 and 28 May to officially launch the Decade of Family Farming. You are all invited. I would be very happy if you would be able to join us, Your Holiness.

Wishing you a very successful deliberation in this Governing Council and a very productive meeting. Please feel as you are in your own house. Thank you for your presence.

Statement of H.E. Giuseppe Conte, President of the Council of Ministers of the Italian Republic
Keynote address by His Holiness Pope Francis

Mr President of IFAD,
Heads of State,
Mr Prime Minister of Italy,
Ministers,
Delegates and Permanent Representatives of Member States,
Ladies and gentlemen,

I was happy to accept the invitation you sent me, Mr President, on behalf of the International Fund for Agricultural Development (IFAD), to address the inaugural ceremony of the forty-second session of the Governing Council of this intergovernmental organization.

My presence here springs from the desire to bring to this house the needs and aspirations of the multitudes of our brothers and sisters who suffer in the world. I would like us to be able to look them in the face unashamedly because their cries have finally been heard and their concerns addressed. They live in precarious situations, with polluted air, depleted natural resources, contaminated rivers and acidic soil. They haven’t enough water for themselves or their crops. Their health infrastructure is inadequate, their housing scarce and substandard.

These realities persist despite the great strides our society has made in other areas of knowledge. Those strides mean that we have a society capable of making progress on its good resolutions – and that it can and will win the fight against hunger and poverty if it is truly serious about it. Taking on this fight with determination is essential if we are to hear – not as a slogan but as a truth – that hunger has no present or future, only a past. In doing so, we need help from the international community, civil society and all those with resources in hand. These are not responsibilities to be shirked by passing them off to others, but to be taken on to provide real, tangible solutions.

The Holy See has always supported the efforts of international organizations to address poverty. As early as December 1964 in Bombay, and subsequently under different circumstances, Saint Paul VI called for the creation of a global fund to combat poverty "that would decisively help towards the integral development of the least favoured sectors of mankind" (cf. Address of His Holiness Paul VI to the World Food Conference, 9 November 1974). Since then, we his successors have not stopped supporting and promoting initiatives of this kind, one of the best examples being IFAD.

This forty-second session of IFAD’s Governing Council continues in the same vein. The task before you is both compelling and critical: to create innovative opportunities, dispel qualms and equip all peoples with the means to address their needs. The international community, having developed the 2030 Agenda for Sustainable Development, now has to take further steps to actually achieve the 17 Sustainable Development Goals. In this regard, IFAD’s contribution is crucial to achieving the first two goals: eradicating poverty, combating hunger and promoting food security. None of this will be possible without rural development – which has been talked about for years but has not yet materialized. There is a paradox here: many of the more than 820 million people suffering from hunger and malnutrition in the world live in rural areas and are in fact farmers producing food. Moreover, the exodus from countryside to cities is a global trend that we cannot ignore.

So local development is valuable in itself, rather than as a function of other objectives. Every person and every community must be able to fully realize their own potential in order to lead a human life that is worthy of the name.

I urge all those who hold positions of responsibility, in nations and intergovernmental organizations – as well as those who can contribute from the public and private sectors –
to develop ways to implement appropriate measures in the world's rural areas, so that they themselves may become the architects of their own production and progress.

The problems that today blight the destiny of so many of our brothers and sisters cannot be solved in isolation, on an occasional or transitory basis. Today more than ever we need to join our efforts, achieve consensus, forge stronger ties. The current challenges are so intricate and complex that we cannot continue to address them intermittently with emergency resolutions. We need to directly involve people living in poverty, rather than merely considering them recipients of assistance that may engender dependency. We must always reaffirm the centrality of the human person, recalling that "New processes taking shape cannot always fit into frameworks imported from outside; they need to be based in the local culture itself" (Encyclical Letter Laudato Si’, 144). As we have seen in recent years, IFAD has achieved better results by decentralizing, promoting South-South cooperation, diversifying funding sources and approaches, and promoting evidence-based action that in turn generates knowledge. I encourage you to continue along this path, as it will always lead to improving living conditions for those most in need.

Finally, I would like to share a few thoughts with you specifically on "Rural Innovation and Entrepreneurship", the guiding theme of this Governing Council session. We need to commit to innovation, entrepreneurship, a leading role for local actors and efficient production processes if we are to achieve rural transformation with an eye to eradicating malnutrition and developing rural areas sustainably. In this context, we need to promote "science with a conscience", by placing technology at the service of the poor. New technologies cannot be at odds with local cultures and traditional knowledge, but must complement them and act in synergy with them.

I encourage all of you here today, and all those who work with IFAD on a regular basis, to ensure that your work, your concerns and deliberations, benefit the people who are excluded and who are victims of indifference and selfishness. That is the way to defeat hunger and reap a bountiful harvest of justice and prosperity.

Thank you.
Statement by Midori, United Nations Messenger of Peace

Excellencies, ladies and gentlemen, good morning. It is a great honour for me to be here.

Just as you just saw in this film, a couple months ago I was in rural Viet Nam with the IFAD team. What you did not see in this film are the questions that I had in mind as I began my visit. What am I doing here? How do the arts fit into this? I was last in Viet Nam about 12 years ago and the people I met there, particularly those in the mountainous regions, had really made a very strong impact on me. I will never ever forget seeing first-hand the struggles that they faced trying so that they have just enough or maybe almost enough to be able to survive through the day. But this time, when I started talking to the women and the girls in the IFAD project, I noticed that something was different, very positively different, very excitingly different. What I saw was the power of empowerment, equality, responsibility and hope, and the difference people can make when they feel in control. I saw the resilience and the confidence radiating from deep inside these women.

From my conversations with the women, I learned that development is not just about financial gain. It is about seeing and working towards a future. The women I met were not just thinking about today. They were using the money that they had earned to invest in the future for tomorrow by giving better educational opportunities to their children and bringing more access to their villages by having bridges and community centres and new roads built. Some of the women did tell me that they were scared at first because the loan that they received would eventually have to be paid back but having that loan did give them a sense of responsibility as well as a right to participate. It gave them the sense of accomplishment when they repaid it. It gave them confidence to bring about a change in their communities. They saw the achievements that their work had brought for the betterment of the entire village and its members.

It is a very powerful way to address inequality. When I spoke to the girls in the villages, they told me that their mothers and aunts are their inspiration, their role models. Looking at the IFAD activities, it struck me that sustainable development is not about making a grand gesture, building a new school building or coming in with a bundle of clothing. Rather, it is about working at the grassroots level and taking micro steps. Because of all these little steps that can be multiplied, the work is more powerful and long-lasting and can be owned and embraced by the entire community.

How do the arts fit into all this? The United Nations Sustainable Development Goals tell us that all human beings have the right not just to food and shelter but to lead prosperous and fulfilling lives. Life is not just about survival but about the things that lift our spirits, enrich our souls and enlighten our minds. The arts and music are uniquely human and they are a symbolization of what lies inside our emotional lives. Music is poetry in song that can be found in our hearts, that can be released, externalized and shared with others. Music has a capacity to move people and to bring people together, has the power to heal, to console, to reflect, to make one smile and to laugh. It has the capacity to nurture the peace inside us human beings. This is about sustainable happiness.

The girls I met at one of the rural villages told me that they now have different clubs, including one for music. They are no longer asking the questions that their parents might have asked: how am I going to survive through the day? Instead, they have the peace of mind to ask themselves: what can I do with my life? What am I going to do in my life? They now look to a broader horizon and for these girls, music clearly plays an important role.

It is a great honour for me to be here and to share the day with you. I would like to close my remarks by thanking all of you for making this world into a better place and hoping that we can continue to work together to create and to establish a world where nobody is left behind and a world that everyone can participate in with responsibility.
Welcoming statement by the President of IFAD to H.E. Danilo Medina Sanchez, President of the Dominican Republic and H.E. Géraldine Mukeshimana, Minister for Agriculture and Animal Resources of the Republic of Rwanda attending the inaugural ceremony on behalf of the President of the Republic of Rwanda

Allow me to say a few words of welcome to our guests of honour. First of all, I welcome His Excellency Danilo Medina Sánchez, President of the Dominican Republic.

Mr President, I thank you for agreeing to address this forty-second session of IFAD’s Governing Council being held at a pivotal time both for our institution and for the people we serve. The significant reduction in poverty achieved in the Dominican Republic during your presidency is a success that unquestionably warrants our attention. Such a performance demonstrates a clear vision. When rural people are placed at the heart of national growth strategies – and I recall your weekly visits to rural communities – the results are tangible.

Let me greet also Madam Minister Géraldine Mukeshimana, representing President Paul Kagame, by underscoring the impressive results posted by Rwanda on poverty reduction. Those results are attributable to a combination of factors that we have supported through our operations, alongside other donors of course: an ambitious agenda of rural transformation, an enabling environment for value creation and recognized capacity for monitoring and implementation.

Mr Chairperson, allow me to express a warm welcome and my wholehearted gratitude to President Medina Sánchez and Madam Minister Géraldine Mukeshimana for joining us here today. Thank you.
Statement by Mr David Beasley, Executive Director of the World Food Programme

Ministers. My friends, Gilbert and Graziano. Excellencies. Ladies and gentlemen

It’s a pleasure to be here today and a privilege to hear the wise words of the Holy Father.

We have a shared responsibility to help people live in dignity and build a future free from hunger and poverty.

This is why Gilbert, Graziano and I are strongly committed to ensuring our agencies work together even more closely and effectively than ever. We understand that collaboration and partnership are the only way to achieve our shared goal of Zero Hunger by 2030.

Supporting smallholder farmers’ innovation and entrepreneurship is the best route to achieving sustainable livelihoods for them and their families. Smallholder farmers provide most of the world’s food: supplying 80% of all food produced in Asia, Latin America and sub-Saharan Africa. Yet many of these farmers are forced to struggle by on low incomes and poor diets: 75% of the world’s poorest people depend on agriculture for their livelihood.

If we can fix the structural problems that exist in global food systems, which mean so many food producers are also food insecure, we have a shot at getting to zero hunger by 2030.

This is why the Rome-based agencies, are working together to support innovation and entrepreneurship among smallholder farmers. Last August, Gilbert, Graziano and I went to Niger together, where we saw a fantastic project. Farmers are taught to build half-moons of earth, which trap rainwater and allow crops to be grown in arid conditions. It’s a great example of innovation in action.

With the support of the Rome-based agencies farmers in Niger - many of them women – have learned new cultivation techniques to produce crops for sale; set up grain mills and cereal banks; and opened a credit union run by and for women.

Scaled up and replicated globally, innovations like these could eventually support the food security of millions more farmers globally. Enabling them to earn a living, so every family, and every child, can enjoy a future free from hunger - no matter where they live.

I look forward to working with you all to achieve our shared vision.
Statement by His Excellency Danilo Medina Sánchez, President of the Dominican Republic

I am highly honoured to be able to participate in this forty-second session of the Governing Council of the International Fund for Agricultural Development, which has gathered us here in this beautiful and historic city of Rome.

I would like to thank Mr Houngbo for giving me the opportunity to take part in this event with all of you and for inviting me to talk to you about our current agricultural policies in the Dominican Republic.

However, before telling you what we are doing to promote rural areas, I would like to tell you why we are doing it.

I will begin by telling you something that you already know but we cannot forget, because it is the reality that we Latin American countries are starting out from.

The truth is that, even today, the inequalities in our hemisphere are serious and impact the future of millions of people, undermining the foundations of our progress.

Speaking of opportunities in our countries, it is not the same thing to be born male as to be born female; to live in a city as to live on its outskirts, and it certainly, to be a native of the capital city as to be born in an isolated rural area.

In 2012, living in a rural area in the Dominican Republic meant confronting a poverty rate that was far higher than in the cities.

In my many travels around the country, long before I became President, I had the opportunity to witness the gulf that separated people living in the affluent areas of the capital from those who were merely surviving in rural areas with subsistence economies.

And what I am describing is not just my country’s situation, but that of the majority of countries in the region, especially in Central America and the Caribbean.

Public policies were simply not reaching these areas. Every family had to deal with its problems on its own and pray that this year, water or drought would not destroy the small crop that would provide its sustenance.

Indeed, the most common complaint I heard when I visited each town was: “you’re coming here now because you need our vote, but once you become President, we’ll never see you here again”.

It was then that I made changing this situation a goal, because it was the only path to achieving real and lasting progress.

I made a commitment to returning to all those places and, moreover, to doing so to bring solutions.

Closing the gap that separated our producers from progress became a priority from then on and served as the foundation for many of the initiatives that have enabled us to transform our agriculture sector today.

Because the truth is that in Latin America, the only valid and sustainable strategy for fighting rural hunger and poverty is to revitalize agriculture, starting with strengthening the most vulnerable groups and guaranteeing their integration in agro-food value chains.

Only by betting on smallholder farmers and food sovereignty, supporting each community and making farming profitable, can developing countries succeed in lifting rural families out of poverty and vulnerability while protecting the economic balance of our countries, reducing their dependence on food imports.

The theme of this meeting that brings us together is “Rural Innovation and Entrepreneurship”. And here, I would like to stress that for countries like ours, the introduction of innovative processes and methods does not necessarily require costly technology.
An innovative model can be developed that substantially improves people’s living conditions through actions within the reach of governments and farmers alike. And, most especially, actions whose objective is to reduce poverty and inequality.

In our case, this model has been publicized through a rather peculiar and simple initiative that we call “Surprise Visits” that enables us, without complex bureaucracies, to respond directly to our farmers’ needs while meeting the country’s development objectives.

Every Sunday, I travel the country with a small group of staff from the agriculture sector who monitor fulfilment of the commitments that we’ve made. We visit places where no president has ever gone and meet with farmers to hear their ideas and offer them the support they need to implement their projects.

Since the launch of this initiative in 2012, we have made 237 surprise visits, Sunday after Sunday, taking on more than 1,870 productive projects.

It should be emphasized that we are not talking about a welfare policy. This strategy is grounded, first and foremost, in promoting associations and strengthening cooperatives to encourage rural entrepreneurship.

Over the past six years, we have had an impact on more than 800 cooperatives and associations, investing more than 58 billion pesos in agricultural projects and another 40 billion from other state institutions, totalling more than US$2 billion in six years.

In other words, we have helped create sustainable and profitable businesses that bring well-being to the entire community.

With more than 1,000 new business initiatives that are revolutionizing small-scale agriculture in the Dominican Republic.

This strategy is based on access to credit under terms never before seen in the Dominican Republic, with payment facilities with the lowest interest rates aimed at capitalizing production units.

We accompany this support with technical assistance, field monitoring and investments in rural infrastructure to guarantee the implementation and viability of the projects.

We have also introduced a mass programme to grant thousands of smallholder’s permanent titles to their land.

Since 2014, we have issued more than 50,000 land titles to as many smallholders, making them the legitimate owners of land they have worked for as long as 50 years with no legal guarantee to it.

To summarize, the “Surprise Visits Programme” is one of the main government strategies for reducing inequality, increasing national food production, generating employment and combating poverty.

This model, moreover, is perfectly aligned with initiatives such as PRORURAL, a project cofinanced by the International Fund for Agricultural Development and the Dominican Government.

The results of this public-private partnership created by the General Directorate for Multilateral Cooperation and the Dominican Agribusiness Board have already been felt in 78 rural communities across the country.

In its initial years of operation, it has created thousands of agricultural jobs. Furthermore, tens of thousands of farmers, including thousands of women and young people, have become engaged in private enterprise.

This is very important for us, because we are working to close the gender gap in all areas. Women’s participation in our country’s agricultural economy currently stands at 31.2 per cent.
This puts us in second place in Latin America and the Caribbean, where women’s participation in agricultural production is greater.

It is also critical for our country to attract young people to rural areas to guarantee generational replacement. Thus, we are also introducing new technologies and are training agronomists in the country’s main production areas.

At the same time, we are opening the doors to innovation in our rural areas, introducing the latest genetic technologies and new irrigation and monitoring, GPS land levelling, weather forecasting and market intelligence systems.

Since last year, we have had an Early Warning System for Catastrophic Weather Events, which is now operating in the production areas in the northwest and will soon be expanded across the nation.

For a country like ours, annually battered by hurricanes, it is vitally important to have information that will enable us to anticipate any disaster. Furthermore, other models based on artificial intelligence will be added to this system, providing forecasting information that, among other things, will help us manage crop diseases, monitor and estimate harvests and manage watersheds and irrigation systems.

I would like to point out that in our mission to achieve comprehensive rural development, we are also conscious of the role of environmental preservation and the sustainable use of natural resources.

We have therefore decided to launch what international organizations such as the Inter-American Development Bank have called “the most ambitious reforestation project in Central America and the Caribbean”.

We have introduced the concept of payment for environmental services to smallholders within the framework of seven major agroforestry development projects located in middle and upper watersheds in the southern part of the country, where high indices of poverty are concentrated.

We are reforesting roughly 1 million hectares of land with endemic species for conservation purposes, and with coffee, avocado, and other trees.

These latter species not only contribute to upland vegetation cover and water production but provide economic alternatives for smallholders organized in cooperatives.

We are convinced that sustainable agriculture in harmony with the environment is a key ally for achieving several of the Sustainable Development Goals.

Eradicating hunger and poverty, guaranteeing people’s health and well-being and promoting responsible production and consumption are possible only with a robust modern agriculture sector capable of producing quality, safe and affordable food.

These combined efforts are already bearing fruit and giving us reasons for optimism.

The Dominican Republic is one of only four countries in Latin America where hunger has consecutively fallen in each of the past three years.

In 2012, 39.7 per cent of the Dominican Republic’s population was living in poverty, a percentage that had fallen to 23 per cent by 2018.

Of this group, 10 per cent were living in extreme poverty, a figure that had fallen to 2.9 per cent by 2018. The most telling data, however, are the figures for rural poverty, which stood at around 50 per cent in 2012, plummeting 24.4 points by 2018.

This means that between 2012 and 2018, our country lifted more than one million five hundred thousand people out of poverty.

Our agricultural sector accounts for around 6 per cent of GDP, and we are very close to food self-sufficiency, supplying 85 per cent of all food consumed by the Dominican population.
Moreover, every year we increase the volume and value of our agricultural exports, and at the same time are prepared to meet the growing food demand of our tourism sector, which last year alone brought 7.5 million foreign visitors to the Dominican Republic.

To summarize, the figures tell us that we are on the right path and that the benefits of supporting the rural sector are being felt throughout the county in aspects ranging from the macroeconomic figures to the table of Dominican families.

All this thanks to the day-to-day work of our crop and livestock producers, who have enthusiastically embraced all the initiatives and are no longer subsistence farmers but authentic agroentrepreneurs with their gaze fixed on the global market.

With humility, but joy as well, we can say that we are changing the face of the Dominican countryside, which we once viewed with concern but now view with hope and confidence.

Where before we saw doubt, we now see smiles of optimism. On these foundations, our country is building a robust and prosperous agricultural and agro-industrial sector, capable of feeding millions of people inside and outside our borders.

This is the gamble that our country has made in the past six years and the one we will continue to further and accelerate to become more competitive.

We trust that this account has inspired you. We would be happy to share any additional information with you or welcome you to our country to give it to you personally.
Statement by Her Excellency Géraldine Mukeshimana, Minister for Agriculture and Animal Resources of the Republic of Rwanda delivering a message on behalf of

His Excellency Paul Kagame, President of the Republic of Rwanda

Excellencies Heads of States,
Governors,
IFAD President,
Director-General FAO,
WFP Executive Director,
Ladies and Gentlemen,
All protocols observed,

First and foremost, I would like to take this opportunity to convey the warm greetings of His Excellency Paul Kagame, the President of the Republic of Rwanda who had wished to be with you today but because of previous commitment could not make it. I am particularly honoured to be delivering these remarks on his behalf. I also want to thank IFAD for associating Rwanda with this year’s Governing Council’s theme on “Rural Innovation and Entrepreneurship”.

After emerging from the ashes of the genocide against Tutsi 25 years ago, Rwanda is striving to transform its economy from subsistence to knowledge led where innovation, technology and entrepreneurship are key tools.

Our recently launched fourth Strategic Plan for Agriculture Transformation that also constitutes the third round of Comprehensive Africa Agriculture Development Programme for the period of 2018-2024, targets to make agriculture, a central driver for economic transformation recognizing the central role of youth and women. The agriculture sector is set to contribute in creating employment, satisfy our food and nutrition needs by 2022, and reduce the poverty rate from 39.1 per cent to 15 per cent by 2024.

The Government of Rwanda will to continue to invest in agricultural innovations, extension, resilience, market linkages, and in the creation of an enabling environment and responsive institutions. In this regard, costly activities will be carried out and significant resources will have to be mobilized. We continue to count on the unwavering supportive role of all our valuable stakeholders.

Currently, the Rwanda food system contributes 40 per cent to the national GDP. Beyond the GDP, it covers 90 per cent of our food needs, generates 50 per cent of our export revenues, and provides jobs to 76 per cent of our population. 69 per cent of these jobs are in primary agriculture while the rest 7 per cent jobs are in input supply, trade and transport, agro-processing, and food services. This alone highlights the amount of work needed to transform our rural space for the improvement of the socioeconomic conditions of our people. Without innovation and entrepreneurship, various components of our food system would fail to deliver to the growing demand of population growth and urbanization. Small and medium-sized enterprises with capable human resource have a tremendous role to play.

In our journey to the inclusive development, Rwanda thrives to continue to bring in the centre of the playing field, women and youth as these sections of our society have been previously marginalized or badly utilized by the previous regimes.

According to the WB report on the changing wealth of nations, women account for less than 40 per cent of human capital wealth globally and the world is losing out 18 per cent of human capital wealth by just failing to close the gender gap.
Though Rwanda has been working hard to achieve the gender parity at various levels, I want to highlight the fact that women still make the majority in agriculture. 63 per cent of working females are in agriculture related occupations compared to 43 per cent among working male. Despite being the majority producers of our food, women in agriculture are still facing specific challenges related to low levels of education and access to finance. In addition, they tend to work more unpaid hours than their male counterparts.

Innovative ways of supporting women access to finance and mechanization technologies that can increase their time productivity would positively impact the family well-being and benefit the society.

More than 50 per cent of rural youth aged between 16-24 are still working only in agriculture. Beyond agriculture, the agrifood system provides employment for traders, input providers, service providers and other interlinked sectors.

Since 2016, Government of Rwanda has been engaging and supporting youth in agriculture value chains. The Rwanda Youth in Agribusiness Forum with 4,300 members and Horticulture in Reality Cooperative of 106 members are actively changing the perception of educated youth towards agriculture. The vibrant smartness, high levels of motivation and energy of young women and men working in various levels of agriculture value chains are starting to yield some results. Some of them are starting to reach out to their fellows in rural areas to provide markets in outgrower’s schemes and others are being rising stars in new technologies for data capturing and management, production of high-value and nutritious foods as well as agro-processed products that are being supplied to both local and international markets. I want to recognize the role of IFAD to partner with the Government of Rwanda to provide the opportunity to the youth to practice their skills in various value chains but also providing matching grants for SMEs operating in dairy and horticulture while the Government covers 75 per cent risk for youth and women loans.

Ladies and Gentlemen,

Before I conclude, Excellencies, with a final word about sustainability and our ability addressing the global challenges. I strongly believe that innovation and entrepreneurship are important to address major developmental challenges, such as the future of food, inclusion, and shared prosperity.

I once again, thank IFAD for honouring Rwanda, with this unique platform to share our journey agriculture transformation.

Thank you.
Opening statement by the President of IFAD, Mr Gilbert Houngbo

Distinguished Members of the Governing Council Bureau, Excellencies, Governors, Ladies and Gentlemen,

Once again, let me start by welcoming you all to this forty-second session of the IFAD Governing Council.

His Holiness Pope Francis has reminded us not to be complacent but to search for innovations that can end hunger and poverty, to search for innovations that contribute to respect for human dignity and safeguard the earth's natural resources. I hope these sentiments will guide us not just at this Governing Council but throughout the years ahead. Allow me also to thank our keynote speakers for their inspiring words and Ms Midori for her moving music.

I would also like to take this opportunity to warmly welcome the Republic of Poland as the 177th Member of IFAD. We look forward to many years of constructive partnership in this fight against hunger and poverty. Finally, a warm welcome to the indigenous peoples representatives who have just finished their own meeting at IFAD.

As you are all too aware, rates of extreme poverty and food insecurity unfortunately remain persistently high. An estimated 736 million people live on less than US$1.90 a day, and, as we know very well, 80 per cent are in rural areas. The progress we once claimed in reducing hunger has stalled. Today, nearly 821 million people suffer from chronic undernourishment. This is 37 million more than in 2014 and brings us back to levels last seen a decade ago. At the same time, scarcity of natural resources is increasingly a driver of migration. If I were to quote the International Organization for Migration, about 15 per cent of the world population is currently on the move. It has been estimated that up to one billion people could be displaced by climate change and environmental pressures.

To reach the zero hunger Sustainable Development Goal (SDG)2, just that alone will require an annual investment of 180 billion for rural areas. Of this, two-thirds is for agriculture specifically. Let us also recognize that official development assistance (ODA) to agriculture, in fact, has increased by 30 per cent over the past five years. However, ODA to agriculture remains at 5 per cent of global ODA. Against this picture, my question is the following: shall we take action to address this shortfall and use all of the creativity at our disposal? Shall we invest more to avert future crises in hunger, poverty and migration? Shall we recall the situation in 2007-2008 or shall we just make statements and continue with business as usual? It is in this context that we have chosen rural innovation and entrepreneurship as the topic of this Governing Council – innovation at all levels from the ground up.

Since we last met, IFAD has made great strides in its comprehensive programme of reform to make the Fund fit for the challenge ahead of us. In 2018, with the delivery of US$1.13 billion, we completed the remainder of our Tenth Replenishment of IFAD’s Resources (IFAD10) programme of loans and grants, which globally, as you know, amounted to US$3.2 billion. The ABC Fund, spearheaded by IFAD a little more than a year ago, is now legally in business and will be launched tomorrow. We have conducted two separate financial reviews, namely the review of the financial architecture done by the Independent Office of Evaluation of IFAD, as well as the review of financial risk management by the firm Alvarez & Marsal, and we have started to implement their recommendations.

In 2018, the disbursement ratio stood up at 17.7 per cent above the IFAD10 target of 15 per cent. With regard to decentralization, today 30 per cent of IFAD staff have moved to the field and some of them are moving in the weeks coming up between now and summer; this compared to 18 per cent a year ago. This is not only in line with the United
Nations reform but also to allow us, IFAD, to be closer to the communities we serve and to be more and fully engaged in policy dialogue.

Looking ahead, we expect to deliver a record US$1.7 billion for programmes and projects in 2019 thanks to the progress in IFAD’s reform agenda. This is part of our commitment of US$3.5 billion for IFAD11 for the period 2019-2021. We will also be consolidating the reform agenda and continue putting in place the building blocks for better financial leverage, which starts with the credit rating process. This means that we will be continuing to strengthen our global enterprise risk management architecture, responding particularly to financial, reputational and operational risks. It also means that we will continue implementing our improved social, environmental and climate assessment procedures.

We are taking all those steps in terms of compliance, obviously, for the sake of good governance but also to better position the institution for a credit rating, but let us remember that the reform of IFAD’s financial strategy is not an end in itself. It is rather a means to achieving greater impact in rural areas for the populations we serve particularly for the rural poor. A strong credit rating coupled with appropriate leveraging strategies would allow IFAD to channel a greater portion of its core resources to lower income countries and, at the same time, allow us to offer an increased volume of loans along with differentiated financial products and financing terms to all our borrowing Member States.

There is also an urgent need for a long-lasting solution to the financial risk currently posed by the DSF adopted a decade ago. Some of you will remember that IFAD's DSF differs from other international financial institutions. We have to do so without posing a significant threat to IFAD's long-term financial viability. Clearly, solutions to the DSF challenge must address the structural risk but, at the same time, we must avoid placing an unacceptable financial burden on the low-income countries that are in need of DSF.

In addition to the DSF, please allow me to draw your attention to what I consider to be a shortcoming in our current business model. Firstly, despite our efforts to increase our programme of loans by 10 per cent from IFAD10 to IFAD11 from US$3.2 billion to US$3.5 billion, in fact, despite the efforts of the global development community, a number of our borrowing countries are still severely threatened by food insecurity, as highlighted in the last two reports on the State of Food Security (SOFI). Most, if not all, of the countries that are most severely affected according to the report are low-income countries. Most of them are extremely vulnerable to climate change and some are in fragile situations.

Secondly, for countries in fragile situations, our current modus operandi too often requires IFAD to suspend operations not on the basis of security concerns but because fragility has pushed these countries into arrears. In other words, ladies and gentlemen, and this is quite sad and unacceptable – at the time when some of our borrowing countries need IFAD the most, we suspend our support.

Thirdly, there is the issue of climate change. If we consider the Climate Policy Initiative, out of the estimated US$463 billion invested annually in global climate finance, only US$22 billion is earmarked for climate adaptation. In other words, people in rural communities, particularly women and girls and indigenous people, are at the forefront of the impact of climate change. Yet those who are suffering the most are also the ones receiving the least amount of climate finance to cope.

My point here is the following. Investment, global investment in climate finance is certainly not enough. However, in the current state of business, most of those investments are for mitigation and only 3 per cent for adaptation, which is needed most by the poorest communities. When we take all of these factors into consideration, the SOFI report, the fragility situation, climate adaptation and, sincerely speaking, after almost two years at the helm of this institution, I am convinced that our current business
model needs to be complemented by a grant window – a grant window to allow us to turbo charge progress in the lowest income countries that are suffering most from food insecurity, climate change and fragility, with particular focus on women and girls, marginalized communities and people.

Let me be very clear; this grant window should be in addition to our current operations. We cannot and shall not return to a world where hunger increases year by year and we come here to this very room, make statements and continue business as usual. This is not acceptable and should not be accepted. Furthermore, innovation in our business model requires a deeper outreach to the private sector because we know that ODA alone is not enough. Our Private-Sector Strategy, which will be presented to the Board in May, will therefore be pivotal. In this context, allow me to thank you in advance for agreeing to the proposed amendment to the Agreement Establishing IFAD, which enables IFAD’s engagement with the Agribusiness Capital Fund (ABC Fund) that I referred to earlier. The ABC Fund is an impact fund designed to help entrepreneurs in rural, small and medium enterprises in developing countries access capital, grow their businesses and create jobs, especially for young people who too often are forced to migrate in search of work.

IFAD’s mission remains its guiding light in a rapidly changing world. But to continue to deliver and to do more and to do it better, we must adapt to the times. Innovation remains essential for IFAD to continue to invest in rural people and their communities and to do its part to end poverty and hunger.

In closing, let me thank you once more for giving me the opportunity to lead this institution and to oversee its evolution as IFAD contributes more significantly to solving pressing issues of our day: hunger, poverty, climate change and migration. I know we have serious business ahead of us but I also hope that you will find a few moments to enjoy the beauty of Rome, the Eternal City. I thank you.
Synthesis of the deliberations of the Fourth Global Meeting of the Indigenous Peoples Forum, held on 12 and 13 February 2019

We, indigenous peoples from Asia, Africa, Latin America and the Pacific, participating in the fourth global meeting of the Indigenous Peoples’ Forum at IFAD, whose theme is “Promoting indigenous peoples’ knowledge and innovations for climate resilience and sustainable development”, recall that our peoples have implemented self-governed, culturally appropriate development models or life plans which ensure the protection and sustainable management of some of our lands, territories and resources. This explains why we continue to host and protect 80 per cent of the world’s biological diversity and to maintain the majority of diverse cultures and languages. These are important contributions to enhancing the resilience of Mother Earth in the face of the grave climate change crisis. While we continue to suffer from racism, discrimination and serious human rights violations, we persist in asserting our rights to our lands, territories and resources (Articles 25-29, United Nations Declaration on the Rights of Indigenous Peoples), our right to determine and develop priorities and strategies for exercising our right to development (Article 23), and our right to determine and develop priorities and strategies for the development or use of our lands or territories and other resources (Article 32).

We emphasize that our cultures, worldviews, values, spiritualities, indigenous knowledge systems and customary governance systems – which include living in harmony with nature, reciprocity, interculturality, peace and community solidarity – are key factors which have ensured the protection of the ecosystems and biodiversity in our territories. We reiterate that the protection of and respect for our rights to our culture, indigenous knowledge and indigenous governance systems will guarantee that we will be able to contribute to making our world more sustainable, healthy and secure.

We recognize this Forum at IFAD as a unique process within the United Nations system. The Forum enables participants to assess IFAD’s engagement with indigenous peoples, consult on rural development and poverty reduction, and promote the participation of indigenous peoples’ institutions and organizations in IFAD’s activities at the country, regional and international levels. Overall, these activities help IFAD to implement its policy and translate its principles into action on the ground, contributing to the implementation of the United Nations Declaration on the Rights of Indigenous Peoples.

We value progress in the implementation of the IFAD Policy on Engagement with Indigenous Peoples and the strengthening of partnerships between indigenous peoples and IFAD. The increased participation of indigenous peoples in IFAD operations has resulted in improved targeting and enhanced quality in the design and implementation of IFAD’s country strategies and several projects.

The new IFAD Strategic Framework 2016-2025, in line with the 2030 Agenda, reaffirms IFAD’s commitment to indigenous peoples’ self-driven development and to proactively supporting indigenous peoples, as part of its target group, in developing their skills and assets to benefit from emerging economic opportunities, while respecting and enhancing their traditional livelihoods and knowledge. With regard to climate change, the IFAD policy states that the Fund will support indigenous peoples in enhancing the resilience of the ecosystems in which they live and in developing innovative adaptation measures. IFAD will also not fund mitigation measures that adversely affect the livelihoods of indigenous peoples.

**Joint recommendations to IFAD, governments and indigenous peoples:**

- Acknowledge, promote and support indigenous peoples’ traditional knowledge, intellectual property, technologies and innovations as well as sustainable resource management systems, which are critical in strengthening community resilience for climate change and sustainable development.
- Promote the design and implementation of instruments and initiatives that foster
full respect for the identity, dignity, human rights, livelihoods and cultural uniqueness of indigenous peoples and that build on their knowledge and vision of development.

- Intensify and support the active participation of indigenous peoples in policy processes, spaces and mechanisms at all levels. These include the identification and implementation of programme strategies for climate change mitigation and adaptation, including in the achievement of the SDGs for indigenous peoples.
- Ensure access to funds and resources that support the initiatives of indigenous peoples for climate mitigation and adaptation, starting from the Green Climate Fund.

Recommendations to IFAD:

We thank IFAD Senior Management for its renewed corporate commitment to indigenous peoples and we look forward to a strengthened partnership in IFAD’s decentralized structure.

- Promote and facilitate knowledge-sharing among indigenous peoples, particularly indigenous women and youth, with a special focus on the inter-generational transfer of indigenous peoples’ knowledge and good practices for addressing climate change and building or strengthening community resilience; through the “learning route” methodology, foster collaboration and knowledge-sharing between IFAD and indigenous peoples’ communities and organizations.
- Support the documentation of indigenous peoples' knowledge, customary laws and innovations related to climate change adaptation and mitigation as a direct contribution to the work of local communities and the Indigenous Peoples Platform on Traditional Knowledge, focusing on the roles and contributions of indigenous women and youth.
- Increase investments, including through grants, to support capacity-building initiatives of indigenous organizations, institutions and communities, with a focus on youth and women, that build on their knowledge and innovations, to strengthen their climate resilience and self-determined development.
- Replicate and scale up successful experiences and good practices within projects funded by IFAD and the Indigenous Peoples’ Assistance Facility based on indicators defined by indigenous peoples.
- Prioritize support to indigenous peoples in securing their lands, territories and resources through demarcation, mapping, legal security, respect for indigenous governance systems and registration of customary land as collectively owned, including the right to land by indigenous women and youth; likewise, support the protection of the defenders of land and the environment.
- In line with the principle of “leaving no one behind”, include specific targets and activities in the country strategic opportunities programmes and investment projects focusing on indigenous peoples to address the gaps in achieving the SDG targets for indigenous peoples under categories such as reducing poverty and hunger, access to renewable energy, women’s empowerment, forest and biodiversity conservation, equality and non-discrimination, among others.
- Facilitate policy processes and dialogues at the national and regional levels between indigenous peoples, governments and the United Nations system to develop action plans or other measures that ensure the promotion and protection of the rights of indigenous peoples, in accordance with the IFAD Policy of Engagement with Indigenous People, the United Nations Declaration on the Rights of Indigenous Peoples, the International Labour Organization Convention 169, and the Outcome Document of the World Conference on Indigenous Peoples.
In line with the IFAD Policy of Engagement with Indigenous peoples, including the principle of free, prior and informed consent, guarantee the full, systematic and effective engagement and participation of indigenous peoples in the design, implementation and monitoring and evaluation of IFAD-funded projects and strategies, including through: (i) the creation of a directory of indigenous experts to be hired within IFAD-supported initiatives at country level; (ii) the establishment of consultative bodies or participatory mechanisms for indigenous peoples in each country as part of IFAD’s decentralization process; (iii) participatory monitoring and evaluation; (iv) access to grievance/complaint mechanisms; (v) data disaggregation for indigenous peoples in line with the revised Results and Impact Management System policy, and the inclusion of monitoring indicators on social, economic, cultural and institutional aspects, including the identity and well-being of indigenous peoples; (vi) the promotion and funding of internships for indigenous professionals and youth in IFAD; and (vii) the organization of an annual regional interface meeting between indigenous peoples and IFAD during regional portfolio review workshops.

Recommendations to governments:

- Respect and protect indigenous peoples’ customary lands laws, territories and resources and traditional governance systems and adopt and/or implement policies in line with international instruments and standards. Support the demarcation, mapping, legal security, respect for indigenous governance systems and registration of customary land as collectively owned, including the right to land by indigenous women and youth.
- Ensure that projects or initiatives affecting indigenous peoples, their territories and resources cannot be taken without free, prior and informed consent.
- Increase investments to initiate, improve and promote the marketing of indigenous peoples’ products (including indigenous traditional seeds, crops, fruits, vegetables and non-farming products) and protect intellectual property rights in order to improve livelihoods and access to markets for indigenous peoples, including women and youth.
- Build partnerships with indigenous peoples to design and implement specific targets and measures to ensure their inclusion in the achievement of the SDGs.

As indigenous peoples, we commit to:

- Strengthen initiatives to systematize indigenous people’s indigenous knowledge, innovations and technologies as a strategy for the design of climate change adaptation and mitigation programmes and policies.
- Enhance and revive traditional indigenous knowledge and values and promote collaboration, research, horizontal knowledge-sharing and networking among indigenous peoples to address climate dynamics and global policies.
- Engage in and intensify advocacy actions to include a gender perspective in climate change policies and promote gender equality and women’s empowerment, recognizing the differences between men and women in terms of their needs and access to resources, as well as the needs of the most vulnerable among us, including displaced persons and migrants, persons with disabilities, the elderly, women, youth and children.
- Strengthen our unity, solidarity and capacities to engage with IFAD at all levels and with governments, the United Nations system and other relevant development actors in promoting and defending our rights, well-being, aspirations and self-determined development.
Concluding remarks by the President of IFAD, Mr Gilbert F. Houngbo

Mr Chair,
Excellencies,
Distinguished Governors,
Ladies and gentlemen,

In a few minutes our Chairman, His Excellency Hans Hoogeveen of the Kingdom of the Netherlands, will bring this forty-second session of IFAD’s Governing Council to a close. Let me start by thanking you, Ambassador, for the fine job that you have done. I would also like to extend my thanks to Director-General Graziano da Silva and all our colleagues here at FAO for their gracious hospitality. My thanks also to our Vice-Chairs, Her Excellency Ambassador Maria Cristina Boldorini and Governor Mr Andin Hadiyanto.

Today’s and yesterday’s discussions are just the beginning. We will be continuing our discussions with a number of follow-up sessions in the coming months, both formal or informal, with our Executive Board members and Member States, as extensively as possible. While the theme of this Governing Council was innovation, one thread that ran through all of our keynote addresses was the need to end inequality and suffering. In the words of His Holiness Pope Francis, we need to create a world where hunger does not have a present or a future, only a past.

The interactive session on agribusiness value chains highlighted the need for greater private and public sector investment, focusing on the priorities of rural women and girls to close the gender gap and improve nutrition. It was also inspiring to hear directly from successful and disruptive social entrepreneurs about the transformative power of technology and innovation. In the discussion on the future of farming, we learned about how new technologies can make smallholder farming more appealing to young people, including the exciting potential of blockchain technology.

We also had the special event on youth. Young farmers expressed their wish to engage with policymakers not only at IFAD but at all the Rome-based agencies and all other international fora. They also highlighted the need for mentorship and business incubation and the importance of working with the private sector to enable them to run viable and profitable businesses.

We also concluded a number of important business items. Of particular note is the approval of the amendment to the Agreement Establishing IFAD, opening the door for us to fine-tune our Private-Sector Strategy. Here again, I would like to express our gratitude to all of you. We are looking forward to continued engagement with the Executive Board in May and possibly in September so that we can have a solid Private-Sector Strategy that responds not only to Management needs and Management views but also those of the Executive Board.

The launch of the Agribusiness Capital Fund with its specific focus on young people and small and medium-sized enterprises is also a key milestone. I would like to express how much we appreciate the Governors’ support for our efforts to strengthen IFAD’s financial architecture. We do understand the need for IFAD to maintain its comparative advantage while responding to the evolving needs of our Member States and our rural communities. Clearly, our Governors need to be involved as we move ahead. Our Board members must be involved as we move ahead as well. We can also learn from other international financial institutions. But above all, I feel it is important to reiterate that we must ensure that IFAD’s mission is not lost.

Let me also state clearly that we are aware of all these risks, and that we should not and are not taking your support for granted. We are taking all necessary steps to upgrade our risk management system. I would like to assure you that we will avoid any mission drift at all costs. IFAD’s goal is to invest in poor rural women and men to end poverty and hunger, period. We will not waver in our mission. We must have the same courage to innovate that our many panellists and speakers have shown us in the last two days.
I am also very grateful to Finland for the additional contribution to the Eleventh Replenishment of IFAD's Resources with the concessional partner loan (CPL) that was announced yesterday. I am looking forward to signing the CPL with India right after this closing session. An important announcement was also made by India about the hosting of next year's Governing Council. We are looking forward to our Executive Board's decision and subsequent implementation.

But before we conclude, let me thank you for your continued trust and support. As I said, I do not take your trust for granted. We will continue doing our best to make sure that we are moving ahead, that we are moving in the right direction, and above all that we are moving together. Sincere thanks also to all IFAD staff who have worked very hard on this Governing Council session.

Several issues that emerged in our discussion will be carried forward into Executive Board sessions in the coming months, hopefully paving the way for the Twelfth Replenishment of IFAD's Resources.

Let me conclude by, first of all, saying a big thank you to all of you and, to those of you who have travelled to come here, wish you a very safe journey back home.

Thank you so much.
Closing statement by His Excellency Hans Hoogeveen, Chairperson of the forty-second session of the Governing Council of IFAD

Now we have come to the end of the forty-second session of the Governing Council of IFAD.

We have had two exciting days, with a packed programme. We know that we are lagging behind when it comes to the implementation of the SDGs, especially SDG 2 on zero hunger; hence the need to step up our efforts. In these two days, we have seen promising steps, ideas and commitments, which will help and guide us towards the future.

In his message of hope to the Governing Council, His Holiness Pope Francis highlighted that we live in a society that is capable of winning the battle against hunger and destitution, and that the words "hunger does not have a present or a future, but only a past" must not be a mere slogan but become a reality. He stressed the plight of the rural poor and the need to sustainably and innovatively use our natural resources to overcome poverty and hunger. This message gave us a strong impetus to pursue our work in the future.

We had the pleasure of hosting the President of the Dominican Republic, His Excellency Danilo Medina Sánchez, as well as the Minister for Agriculture of Rwanda, Her Excellency Géraldine Mukeshimana, both conveying the importance of clear commitment at the highest level of government in bringing about sustainable rural transformation. The Prime Minister of Italy, His Excellency Giuseppe Conte, joined the Pope in underlining the important work of the Rome-based agencies and their daily commitment towards the implementation of the 2030 Agenda for Sustainable Development with a view to achieving zero hunger. He noted that the Rome-based agencies were the global hub for the fight against hunger and for the promotion of sustainable agricultural development.

It was great and exciting to have so many young people participate here in the panel sessions, thus giving us more zeal to pursue the SDGs. It is up to us not only to listen to youth, but give them the chance to lead activities that will enable us to achieve the results we are aiming for; for example, through the investments by the new Agribusiness Capital Fund.

We appreciate the positive signal by Finland, who announced the increased pledge to the Eleventh Replenishment of IFAD's Resources through a concessional partner loan (CPL) to help finance IFAD's activities.

During the dialogue with the Governors on the financial architecture of IFAD, we reiterated the need to strengthen the financial base of IFAD. We must maintain the focus on IFAD's mandate, and also make full use of other avenues to ensure that adequate resources exist for investing in sustainable rural transformation. It is clear that we have to be optimistic, and at the same time realistic.

The dialogue with the Governors on private-sector engagement shows that there is a possibility of working shoulder-to-shoulder in co-investing with private-sector institutions. A lot of work still has to be done to finalize a clear Private-Sector Strategy for IFAD – because we need the strategy to implement the decisions on business items that we have taken at this Governing Council.

It is also great to see that we are working together to shape a clear vision for the implementation of the United Nations development system reform. Specifically, we need to map out how to give a stronger role to the three Rome-based agencies – by taking joint initiatives and ensuring positive results on the ground that demonstrate to United
Nations headquarters our commitment to deliver on the SDGs, particularly on zero hunger and no poverty. With better coordination, we can achieve better results.

We note and appreciate the leadership of women and youth in transforming our food systems, as expressed by the EAT Foundation and other speakers. We need to ensure that women and youth get equal access to resources.

We tried to be innovative for the programme of this Governing Council by introducing dialogues with Governors – involving them in discussions rather than making general statements in the Plenary as was the case in the past. I would like to thank you all for your engagement in the discussions – you did great!

I would like to give my special thanks to the Governing Council Vice-Chairs, my dear friends Her Excellency Maria Cristina Boldorini, the Governor for Argentina, and the Governor for Indonesia, Mr Andin Hadiyanto.

I would like to thank IFAD President Mr Gilbert Houngbo for his leadership, for his inspiration and for trying to take us further than we think we can go. I think we need his visionary leadership to find the "right" pathway. I would like also to thank the Director-General of FAO, Mr Graziano da Silva, and his staff for making this meeting here at FAO possible. For these two days, it felt like we were at IFAD.

Allow me also to extend special thanks to all the staff of IFAD, the Secretariat team, and all the staff who you have seen doing various things in and around the Plenary such as the Protocol unit, as well as all those persons working behind the scenes. Let us give them a big applause. Special thanks, of course, to all the technicians and the interpreters for helping us with the interpretation and making sure that we understood what all were saying. Thank you so much. A big applause for them.

Finally, I would like to thank you, Governors, participants and all the panellists, for being so active – and for creating not only an atmosphere of hope, but also an atmosphere of positive commitment with new ideas, new access to funding and also your continued support to IFAD, as well as to the collaboration among Rome-based agencies. I hope that this exciting Governing Council will energize our next steps in our pathway to zero hunger in 2030.

I wish you a very safe and pleasant journey back, for those who have travelled. For those who stay in Rome, have a great weekend.

I declare the forty-second session of the IFAD Governing Council adjourned.
Annex I Agenda and schedule for the session

Document: GC 42/L.1/Rev.1
Date: 14 February 2019
Distribution: Public
Original: English

Agenda

Note to Governors

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Dispatch of documentation:

Governing Council — Forty-second Session
Rome, 14-15 February 2019
Agenda

1. Opening of the session
2. Adoption of the agenda
3. Application for non-original membership
4. Statement of the President of IFAD
5. Report on the Eleventh Replenishment of IFAD’s Resources
6. Consolidated financial statements of IFAD for 2017
7. Proposal for an automated voting system at IFAD
8. IFAD’s 2019 results-based programme of work and regular and capital budgets, the Independent Office of Evaluation of IFAD’s (IOE) results-based work programme and budget for 2019 and indicative plan for 2020-2021, and the Heavily Indebted Poor Countries (HIPC) and performance-based allocation system (PBAS) progress reports
9. Amendments to the Policies and Criteria for IFAD Financing
10. Amendments to the Basic Legal Texts of IFAD to Facilitate the Fund’s Engagement with the Private Sector
11. IFAD’s Transition Framework
12. Other business
   - Proposal on the venue for the forty-third session of the Governing Council and the First Session of the Consultation on the Twelfth Replenishment of IFAD’s Resource
### Rural Innovation and Entrepreneurship

#### Governing Council 2019 – Forty-second session

#### Day 1

**Thursday, 14 February 2019**

<table>
<thead>
<tr>
<th>Time</th>
<th>Agenda Item</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>09.30</td>
<td>Agenda item 1: Opening of the session</td>
<td>Welcoming Statement by H.E. Ambassador Hans Hoogeveen, Permanent Representative of the Kingdom of the Netherlands to the United Nations Organizations for Food and Agriculture in Rome, Chairperson of the Governing Council</td>
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<tr>
<td>09.35</td>
<td>*** Inaugural ceremony ***</td>
<td>Welcoming statement by Mr Gilbert F. Houngbo, President of IFAD&lt;br&gt;Welcoming statement by Mr José Graziano da Silva, Director-General of the Food and Agriculture Organization of the United Nations&lt;br&gt;Welcoming statement by H.E. Giuseppe Conte, Prime Minister of the Italian Republic&lt;br&gt;Performance of the violinist Midori, United Nations Messenger of Peace&lt;br&gt;Address by His Holiness Pope Francis</td>
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<td>10.15</td>
<td>*** Suspension of the inaugural ceremony ***</td>
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<tr>
<td>10.25</td>
<td>Statement by Midori, UN Messenger of Peace</td>
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<tr>
<td>10.35</td>
<td>Advocating for rural youth: Ms Sherrie Silver</td>
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<tr>
<td>10.45</td>
<td>*** Business items for approval ***</td>
<td>Agenda item 2: Adoption of the agenda&lt;br&gt;Agenda item 3: Application for non-original membership</td>
</tr>
<tr>
<td>10.50</td>
<td>*** Inaugural ceremony resumed ***</td>
<td>H.E. Danilo Medina Sánchez, President of the Dominican Republic&lt;br&gt;H.E. Géraldine Mukeshimana, Minister of Agriculture and Animal Resources of the Republic of Rwanda on behalf of H.E. Paul Kagame, President of the Republic of Rwanda</td>
</tr>
</tbody>
</table>
Schedule for the session

Thursday, 14 February 2019 (continued)

Remarks by Mr David Beasley, Executive Director of the World Food Programme

Agenda item 4: Statement by Mr Gilbert F. Houngbo, President of IFAD

11.30

*** Business items for approval ***

Agenda item 6: Consolidated Financial Statements of IFAD as at 31 December 2017

Agenda item 8: IFAD’s 2019 Results-based Programme of Work and Regular and Capital Budgets, the IOE Results-based Work Programme and Budget for 2019 and Indicative Plan for 2020-2021

Agenda item 5: Report on the Status of the Eleventh Replenishment of IFAD's Resources

Agenda item 9: Amendments to the Policies and Criteria for IFAD Financing

The future of IFAD

Financial architecture: A conversation with IFAD's Governors

13.30

Lunch in honour of special guests and to welcome heads of Member State delegations
(by invitation)

In parallel:

Recipes for Change (R4C)
Chef Carlo Cracco presents his R4C in Morocco and Cambodia (Sheikh Zayed Centre)
Buffet lunch for all delegates (Atrium)

15.30

*** Business item for approval (continued) ***

Agenda item 10: Proposed Amendments to the Basic Legal Texts of IFAD to Facilitate the Fund’s Engagement with the Private Sector

The future of IFAD

Engagement with the private sector

17.15

*** Special event: Access to finance for young people ***

Panellists:
• Mr Jim Leandro Cano, Country Representative, Young Professionals for Agricultural Development (YPARD) (Philippines)
• Ms Annie Nyaga, farmer, agriculture transporter, and the youngest County Minister of Agriculture, Irrigation, Livestock and Fisheries in Kenya. Co-Director, 4-H Kenya (Kenya)
• Ms Dalí Nolasco Cruz, Member of the Nahua peoples of Tlaola, Puebla. Director of the Timo’Patla Intercultural Organization A.C. and Mopampa, a network of social and solidarity economy companies of indigenous women (Mexico)
• Mr Ntiokam Divine, Managing Director, Climate Smart Agriculture Youth Network (CSAYN). African Continental Vice-President of Youth in Livestock, Fisheries and Aquaculture Incubation Network (Cameroon)

Moderator: Ms Hlami Ngwenya, Special Facilitator, Emerging Ag Inc.

18.45

Synthesis of deliberations of the Indigenous Peoples' Forum

19.00

Reception for all delegates in collaboration with Coldiretti (Atrium)
Schedule for the session

Day 2

Friday, 15 February 2019

09.00 A dialogue with IFAD’s Governors: the repositioning of the United Nations development system and its implications for IFAD

11.00 *** Launch of the Agribusiness Capital Fund (ABC Fund) ***

Welcome remarks: Mr Gilbert F. Houngbo, President of IFAD

Introductory statement: Mr Neven Mimica, European Commissioner for International Cooperation and Development

Speakers:
• H.E. Paulette Lenert, Minister for Development Cooperation and Humanitarian Affairs, Grand Duchy of Luxembourg
• Dr Patrick I. Gomes, Secretary-General, African Caribbean and Pacific Group of States (ACP)
• Ms Hedwig Siewertsen, Head of Inclusive Finance, Alliance for a Green Revolution in Africa (AGRA)
• Mr Florian Kemmerich, Managing Partner, Bamboo Capital Partners

11.30 *** Interactive session 1 ***

Agribusiness Value Chains: Mind the Gap – Gender and Nutrition

Keynote speaker: H.E. Eko Putro Sandjojo, Minister of Villages, Development of Disadvantaged Regions and Transmigration (Indonesia)

Panellists:
• Dr Ismahane Elouafi, Director General, International Center for Biosaline Agriculture (ICBA)
• Dr Jessica Fanzo, Bloomberg Distinguished Associate Professor of Global Food & Agricultural Policy and Ethics, Johns Hopkins Global Food Ethics and Policy Program
• Ms Katarina M. Eriksson, Project and Partnership Development Director, Tetra Laval Food for Development (Sweden)

Moderator: Mr Donal Brown, Associate Vice-President, Programme Management Department, IFAD

13.00 *** Centre Stage – IFAD Talk ***

Dr Gunhild Stordalen, Executive Chair of the EAT Foundation

Moderator: Ms Katherine Meighan, General Counsel, IFAD

13.30 EAT-Lancet buffet lunch for all delegates

(Atrium)
Schedule for the session  

GC 42/L.1/Add.1/Rev.3

Friday, 15 February 2019 (continued)

14.30  *** Interactive session 2 ***

**Empowering social entrepreneurship for inclusive rural transformation**

**Introductory remarks:** Ms Cornelia Richter, Vice-President of IFAD

**Panellists:**
- Ms Anushka Ratnayake, Founder and CEO, myAgro (Senegal)
- Mr Nnaemeka C. Ikegwuonu, Founder and CEO, ColdHubs Limited (Nigeria)
- Ms Dulce Martinez, Creative Director, Fábrica Social (Mexico)
- Ms Annan El Sherbiny, Junior Consultant, Yadawee (Egypt)

**Moderator:** Dr Alexander Dale, Senior Officer, Sustainability, MIT Solve (USA)

16.00  *** Business items for approval and for information (continued) ***

Agenda item 11: IFAD's Transition Framework [I]

Agenda item 7: Proposal for an Automated Voting System at IFAD [A]

Agenda item 12: Other business
- Proposal on the venue for the forty-third session of the Governing Council and the First Session of the Consultation on the Twelfth Replenishment of IFAD’s Resources [A]

16.15  *** Interactive session 3 ***

**The Future of Farming – New technologies to transform smallholder agriculture**

**Keynote speaker:** Mr Subhash Chandra Garg, Secretary, Department of Economic Affairs, Ministry of Finance (India)

**Panellists:**
- Mr Hamza Rkha Chaham, Managing Director, SOWIT (France)
- Ms Ingabire Muziga Mammy, Managing Director, Charis Unmanned Aerial Solutions Ltd (CHARIS UAS) (Rwanda)
- Ms Veronica Barbati, President Coldiretti Giovani Impresa (Italy)
- Ms Nicole Nguyen, Head Asia-Pacific region (APAC), Infinity Blockchain Ventures (Thailand)
- Mr Quan Le, Founder and Chief Executive Officer, Binkabi (United Kingdom)

**Moderator:** Mr Guoqi Wu, Associate Vice-President, Corporate Services Department, IFAD

17.45  *** Closure of the session ***

**Concluding remarks by the President of IFAD**

**Closing statement by the Chairperson**
Events in conjunction with the forty-second session of the IFAD Governing Council

13 February 2019

IFAD headquarters – Oval Room:

11.00 – 12.30: Meeting the growing demand for food in Africa – how can governments support private-sector investment?

14.30 – 15.30: Japan briefing on G20 (Japanese tea and sweets will be available before the event from 14.15 to 14.30)

IFAD headquarters – Italian Conference Room:

16.00 – 17.30: Fourth global meeting of the Indigenous Peoples' Forum at IFAD – closing session (open to Governors and Executive Board representatives)

15 February 2019

FAO headquarters – Sheikh Zayed Centre:

08.30 – 09.30: Eradication of sheep and goat plague: A global initiative contributing to the achievement of the United Nations 2030 Sustainable Development Goals *

11.30 – 13.00: Unlocking the potential of smallholder farmers through impact investing – Roundtable discussion on ABC Fund and on impact investing in agribusiness


* Organized independently by the World Organisation for Animal Health (OIE).
Annex II Resolutions adopted by the Governing Council

Resolutions adopted by the Governing Council at its forty-second session

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Governing Council — Forty-second Session
Rome, 14-15 February 2019

For: Information

80
Resolutions adopted by the Governing Council at its forty-second session


14. These resolutions are transmitted for the information of all Members of IFAD.
Resolution 205/XLII

Approval of the Republic of Poland as a non-original Member of the Fund

The Governing Council,

Taking into account articles 3.1(a), 3.2(b) and 13.1(c) of the Agreement Establishing IFAD and section 10 of the By-laws for the Conduct of the Business of IFAD;

Considering that non-original Members of the Fund shall be those States members of the United Nations or any of its specialized agencies that, after the approval of their membership by the Governing Council, become parties to the Agreement Establishing the International Fund for Agricultural Development by depositing an instrument of accession with the Secretary-General of the United Nations;

Considering that the Republic of Poland is among one of the 51 original members of the United Nations;

Considering therefore that the Republic of Poland is eligible for membership in the Fund;

Having considered the application for non-original membership by the Republic of Poland transmitted to the Council in document GC 42/L.2, and the recommendation of the Executive Board that the Republic of Poland should be admitted to membership in IFAD;

Approves the membership of the Republic of Poland;

Tasks the President to notify the Secretary-General of the United Nations of this decision.
Resolution 206/XLII

Administrative budget comprising the regular, capital and one-time budgets of IFAD for 2019 and the budget of the Independent Office of Evaluation of IFAD for 2019

The Governing Council of IFAD,

Bearing in mind article 6.10 of the Agreement Establishing IFAD and regulation VI of the Financial Regulations of IFAD;

Noting that, at its 125th session, the Executive Board reviewed and agreed upon a programme of work of IFAD for 2019 at a level of SDR 1,265 million (US$1,759 million), which comprises a lending programme of SDR 1,223 million (US$1,701 million) and a gross grant programme of US$58 million;

Having considered the review of the 125th session of the Executive Board concerning the proposed regular and capital budgets of IFAD for 2019 and the budget of the Independent Office of Evaluation of IFAD for 2019;

Aware that, in 2004, Governing Council resolution 133/XXVII authorized the amendment of regulation VI, paragraph 2 of the Financial Regulations of IFAD, to allow unobligated appropriations at the close of the financial year to be carried forward into the following financial year up to an amount not exceeding 3 per cent of the said financial year;

Conscious that the aforementioned 3 per cent carry-forward currently applies to the administrative budget, and noting the need for a 6 per cent cap for carrying forward unspent balances arising from savings achieved in 2018 into financial year 2019 to support delivery of certain corporate priorities;

Noting that the Governing Council at its thirty-fourth session approved such increase for financial year 2011 in its resolution 161/XXXIV.

Approves the administrative budget, comprising: first, the regular budget of IFAD for 2019 in the amount of US$158.21 million; second, the capital budget of IFAD for 2019 in the amount of US$2.645 million; and third, the budget of the Independent Office of Evaluation of IFAD for 2019 in the amount of US$6.18 million, as set forth in document GC 42/L.6, determined on the basis of a rate of exchange of EUR 0.841: US$1.00; and

Determines that, in the event the average value of the United States dollar in 2019 should change against the euro rate of exchange used to calculate the budget, the total United States dollar equivalent of the euro expenditures in the budget shall be adjusted in the proportion that the actual exchange rate in 2019 bears to the budget exchange rate.

Further approves that unobligated appropriations at the close of the financial year 2018 may be carried forward into the 2019 financial year up to an amount not exceeding 6 per cent of the corresponding appropriations.
Resolution 207/XLII

Revision of the Policies and Criteria for IFAD Financing

The Governing Council of IFAD,

Recalling resolution 178/XXXVI, in which it decided upon the proposal of the Executive Board to approve the Policies and Criteria for IFAD Financing;

Having reviewed the proposed revisions to the Policies and Criteria for IFAD Financing submitted by the Executive Board as contained in document GC 42/L.7;

Adopts the Policies and Criteria for IFAD Financing, as revised below, which shall take effect from the adoption of this resolution; and

Hereby decides:

1. Section I, paragraph 3 of the Policies is hereby amended to read as follows (added text is underlined):

   3. The Lending Policies and Criteria were amended by the Governing Council several times between 1994 and 1998, but the document was not updated or reviewed thereafter. In 2010, the Governing Council instructed the Executive Board to “submit to the thirty-fourth session of the Governing Council in 2011 revised Lending Policies and Criteria that shall take into account all developments since the last revision of the Lending Policies and Criteria in 1998 and express concisely and clearly the broad policies and criteria applicable to financing by the Fund.” As a result, the Policies and Criteria for IFAD Financing were adopted by the Governing Council in February 2013. In 2018 and in 2019, the Policies and Criteria for IFAD Financing were amended to reflect changes required to give effect to the transition framework and to update the financing terms.

2. A new subparagraph – number 15(a)(ii)(1)(d) – is added and will read as follows:

   (1) Those developing Member States that, at the end of the year preceding the start of a replenishment period:

   ...  

   (d) are normally eligible for highly concessional terms but may be subject to less concessional terms should a remedy under the Non-Concessional Borrowing Policy, adopted by the Executive Board, be applied.

3. Section IV, paragraphs 15(a)(iii)(1), (2) and (3) of the Policies are hereby amended to read as follows (added text is underlined and deleted text is shown in strikethrough):

   (1) Special Loans on highly concessional terms shall be free of interest but bear a service charge on the principal amount outstanding of three fourths of one per cent (0.75 per cent) per annum for loans expressed in SDR and as determined by the Executive Board for other currencies on a financial equivalence basis, and have a maturity period of forty (40) years (unless a shorter maturity is requested by the borrower), including a grace period of ten (10) years starting from the date of approval by the Executive Board:

   (2) Loans granted on blend terms shall be subject to interest a service charge on the principal amount outstanding at a fixed rate of 1.25 per cent of three fourths of
one per cent (0.75 per cent) per annum for loans expressed in SDR and as
determined by the Executive Board for other currencies on a financial equivalence
basis, shall bear interest on the principal amount outstanding at a fixed rate of
1.25 per cent for loans expressed in SDR and as determined by the Executive
Board for other currencies on a financial equivalence basis, and shall have a
maturity period of twenty-five (25) years (unless a shorter maturity is requested
by the borrower) including a grace period of five (5) years, and in addition a
service charge of 0.75 per cent, starting from the date of approval by the Executive
Board;

(3) Loans on ordinary terms shall have a rate of interest per annum equivalent to
one hundred per cent (100 per cent) of the variable reference interest rate bear
interest on the principal amount outstanding at the IFAD reference interest rate, as
determined annually by the Executive Board in accordance with subparagraph (iv),
and have a final maturity period limit of fifteen (15) to eighteen (18) years,
including a grace period of three (3) years (unless a shorter maturity is requested
by the borrower) of up to thirty-five (35) years and a final average maturity limit of
up to twenty (20) years, starting from the date as of which the Fund has
determined that all general conditions precedent to withdrawal have been fulfilled.

4. A new subparagraph – number 15(a)(iv)(1) – is added and will read as follows:
   (iv) The Executive Board shall:
   (1) Determine the service charge and related interest applicable to loans on
   highly concessional terms and blend terms expressed in a unit of
denomination other than SDR.

The following subparagraphs are renumbered accordingly (see below).

5. Renumbered subparagraphs (2) and (3) of paragraph 15(a)(iv) are hereby
   amended to read as follows (additional text is underlined and deleted text is struck
   through):
   (iv) The Executive Board shall:
   (2) Determine, on the basis of the variable ordinary interest rate of
   international financial institutions concerned with development, the method of
calculation of the reference rate of interest (the IFAD reference interest rate)
for application in IFAD, which shall provide the basis for the review and
revision prescribed in subparagraph (2) below; and
   (3) Decide, annually, the rates of interest to be applied to loans on ordinary
terms. For that purpose, it shall review annually the rates of interest
applicable to loans on ordinary terms and revise such rates, if necessary, on
the basis of the reference rate of interest in effect on 1 July of each year.
Every three months, review and revise the IFAD service charge and the
reference interest rate for the following period on the basis of market rates.

6. Paragraph 15(c) of the PCIF is amended to read as follows (added text is
underlined):

      Debt sustainability mechanism

Financing under the debt sustainability mechanism is provided to eligible
Member States in the form of grants or a combination of a grant and a loan
on highly concessional terms, in accordance with arrangements for
implementation of a debt sustainability framework at the Fund established by
the Executive Board. Eligible Member States are also subject to the Non-
Concessional Borrowing Policy and the associated remedies.
Resolution 208/XLII

Amendment to the Agreement Establishing IFAD

The Governing Council of IFAD,

Having considered the Executive Board’s report EB 2018/125/R.13, Proposed Amendments to the Basic Legal Texts of IFAD to Facilitate the Fund’s Engagement with the Private Sector;

Having noted the proposal, made pursuant to article 12 of the Agreement Establishing IFAD, for amendment of the Agreement Establishing IFAD;

Noting the Executive Board’s report and recommendation to the Governing Council submitted in accordance with article 12 of the Agreement Establishing IFAD;

Acting in accordance with article 12 of the Agreement Establishing IFAD;

Adopts the amendments to the Agreement Establishing IFAD, as below, which shall enter into force and effect on the date of the approval by the Executive Board of the revised IFAD Private-Sector Strategy:

1. **Article 7, section 1(b)** is hereby amended to read as follows (added text is underlined and deleted text is shown in strikethrough):

   Financing by the Fund shall be provided only **for the benefit of** developing States that are Members of the Fund; or, Such financing may be provided directly to developing Member States or through intergovernmental organizations in which such Members participate or, or through, private sector organizations and enterprises. In the case of a loan to an intergovernmental organization, the Fund may require suitable governmental or other guarantees.

2. **Article 7, section 2(a)** is hereby amended to read as follows (added text is underlined and deleted text is shown in strikethrough):

   Financing by the Fund shall **may** take the form of loans, grants, and a debt sustainability mechanism, equity or other means, which shall be provided on such terms as the Fund deems appropriate, having regard for the economic situation and prospects of the Member and the nature and requirements of the activity concerned. The Fund may also provide additional financing for the design and implementation of projects and programmes, financed by the Fund through loans, grants, and debt sustainability mechanisms, equity or other means, as the Executive Board shall decide.

3. **Article 7, section 2(f)** is hereby amended to read as follows (added text is underlined):

   The loan agreement, or other agreements, as may be relevant, shall be concluded in each case by the Fund and the recipient which shall be responsible for the execution of the project or programme concerned.
Resolution 209/XLII

Revision of the Policies and Criteria for IFAD Financing

The Governing Council of IFAD,

Recalling resolution 178/XXXVI, in which it decided upon the proposal of the Executive Board to approve the Policies and Criteria for IFAD Financing;

Having reviewed the proposed revisions to the Policies and Criteria for IFAD Financing submitted by the Executive Board as contained in document GC 42/L.8;

Adopts the Policies and Criteria for IFAD Financing, as revised below, which shall take effect from the adoption of the revised Private-Sector Strategy by the Executive Board;

Tasks the President with maintaining a consolidated text of the policies and guidelines adopted by the Executive Board pursuant to the Policies and Criteria for IFAD Financing hereby adopted;

Hereby decides:

1. Section 1, paragraph 3 of the Policies is hereby amended to read as follows (added text is underlined):

3. The Lending Policies and Criteria were amended by the Governing Council several times between 1994 and 1998, but the document was not updated or reviewed thereafter. In 2010, the Governing Council instructed the Executive Board to “submit to the thirty-fourth session of the Governing Council in 2011 revised Lending Policies and Criteria that shall take into account all developments since the last revision of the Lending Policies and Criteria in 1998 and express concisely and clearly the broad policies and criteria applicable to financing by the Fund.” As a result, the Policies and Criteria for IFAD Financing were adopted by the Governing Council in February 2013. In 2018 and in 2019, the Policies and Criteria for IFAD Financing were amended to reflect changes required to give effect to the Transition Framework and the engagement with the private sector.

2. Section III, paragraph 11 of the Policies is hereby amended to read as follows (added text is underlined and deleted text is shown in strikethrough):

11. Project and programme Country criteria. Projects and programmes submitted for financing by the Fund shall be based as much as possible on results-based country strategic opportunity programmes or on other strategies that provide a framework for making strategic choices about the Fund’s operations in a Member State, identifying opportunities for Fund financing and facilitating management for results.

3. Section III, paragraph 13 of the Policies is hereby amended to read as follows (added text is underlined):

13. Implementation of projects and programmes. The implementation of projects and programmes financed by the Fund must be consistent with the regulations on the procurement of goods and services to be financed from resources of the Fund adopted by the Executive Board, and in conformity with the policies on corruption, audit and supervision adopted from time to time by the Executive Board. Financing agreements with Member States shall be
subject to the General Conditions for Agricultural Development Financing established by the Executive Board. Financing agreements with private sector organizations and enterprises shall be subject to the Private-Sector Strategy adopted by the Executive Board. Projects and programmes are supervised by the Fund in accordance with the Policy on Supervision and Implementation Support established by the Executive Board.

**Financing terms, section IV**

4. Paragraph 15 of the Policies is hereby amended to reflect the change introduced in article 7, section 2(a) of the Agreement Establishing IFAD (added text is underlined and deleted text is shown in strikethrough):

15. With due regard to the long-term viability of the Fund and the need for continuity in its operations, the Fund provides financing through loans, grants, and a debt sustainability mechanism, equity or other means. The Fund’s financing of private sector organizations and enterprises shall be for the purpose of assisting the Fund in fulfilling its objectives under the Agreement and shall not, at any time, exceed the prudential limits at individual or portfolio levels as determined by the Fund’s risk framework and policies.

5. Paragraph 15(a) on loans is split into: (a) loans to the public sector and (b) loans to the private sector. Paragraphs 15(b) on grants, and 15(c) on debt sustainability mechanism will become paragraphs 15(c) and 15(d) respectively. Paragraph 15 section IV of the Policies is therefore hereby amended to read as follows (added text is underlined):

**A. Loans**

**(a) Loans to the public sector**

(...)

**(b) Loans to the private sector**

The Fund shall provide loans to private sector entities in accordance with the Private-Sector Strategy established by the Executive Board or pursuant to other approvals granted by the Executive Board.

6. A new paragraph 15(e) is added to reflect the change introduced in article 7, section 2(a) of the Agreement Establishing IFAD (added text is underlined):

**(e) Equity or other means**

The Fund shall provide financing through equity or other means in accordance with the Private-Sector Strategy established by the Executive Board or pursuant to other approvals granted by the Executive Board.
Resolution 210/XLII

Proposal on the Venue for the Forty-third Session of the IFAD Governing Council and the First Session of the Consultation on the Twelfth Replenishment of IFAD’s Resources

The Governing Council of IFAD,

Having considered the proposal made at the forty-second session of the Governing Council, by the Governor for India, on behalf of the Government of the Republic of India to host in New Delhi the forty-third session of the IFAD Governing Council and the first session of the Consultation on the Twelfth Replenishment of IFAD’s Resources;

Recalling Rule 4 of the Rules of Procedure of the Governing Council relating to the place of the Governing Council sessions which states that "The sessions of the Governing Council shall be held at the seat of the Fund. The Governing Council may decide to hold a session elsewhere, provided that this does not involve additional costs to the Fund";

Noting that the dates for the Governing Council forty-third session (11-12 February 2020) have already been agreed in accordance with rule 2 of the Rules of Procedure of the Governing Council;

Thanking the Government of the Republic of India for the proposal to have the forty-third session of the IFAD Governing Council and the first session of the Consultation on the Twelfth Replenishment of IFAD’s Resources hosted in New Delhi by the Government of the Republic of India;

Hereby decides:

To delegate the Executive Board to consider and decide on the proposal, ensuring that such decision and its implementation are in compliance with rule 4 of the Rules and Procedures of the Governing Council and do not involve additional costs to IFAD.
Annex III Links to digital content of the forty-second session of the Governing Council

The video content can be displayed through the hyperlinks provided below.

**Morning, Day One**

Inaugural Ceremony  [Only in English](#)
Welcoming statement by the President of IFAD to His Holiness Pope Francis and to His Excellency Giuseppe Conte, President of the Council of Ministers of the Italian Republic  [Only in English](#)
Welcoming statement by H.E. Giuseppe Conte, President of the Council of Ministers of the Italian Republic  [Only in English](#)
Address by His Holiness Pope Francis  [Spanish](#)
Statement by Ms Midori, United Nations Messenger of Peace  [English](#)
Conversation with Ms Sherrie Silver, IFAD Advocate for Rural Youth  [Only in English](#)
Advocating for Rural Youth: A conversation with Sherrie Silver  [Only in English](#)
Keynote address by H.E. Danilo Medina Sánchez, President of the Dominican Republic  [English](#)
Keynote address by H.E. Géraldine Mukeshimana, Minister of Agriculture of Rwanda delivered on behalf of the President of the Republic of Rwanda  [Only in English](#)
Statement by the President of IFAD  [Only in English](#)
Meeting of His Holiness Pope Francis with IFAD Staff  [Only in English](#)
Delegates of the Indigenous Peoples' Forum at IFAD Meet His Holiness Pope Francis  [Only in Spanish](#)
The Future of IFAD: Financial Architecture - Conversation with IFAD Governors  [Only in English](#)
Chef Carlo Cracco presents his R4C in Morocco and Cambodia  [Only in English](#)

**Afternoon, Day One**

The Future of IFAD: Financial Architecture - Engagement with the Private Sector  [Only in English](#)
Special Event – Access to Finance for Young People  [Arabic, French, English, Spanish](#)
Synthesis of the deliberations of the Indigenous Peoples' Forum at IFAD  [Only in English](#)

**Morning, Day Two**

A dialogue with IFAD's Governors: the repositioning of the United Nations development system and its implications for IFAD  [Only in English](#)
Launch of the ABC Fund  [Only in English](#)
Interactive Session 1 – Agribusiness Value Chain  [Arabic, French, English, Spanish](#)
Eradication of Sheep and Goat Plague  [Only in English](#)
ABC Briefing  [Only in English](#)
EAT – IFAD Talk Arabic English French Spanish
EAT Briefing Only in English

Afternoon, Day Two
Interactive Session 2 – Social Entrepreneurship Arabic English French Spanish
Interactive Session 3 – The Future of Farming Arabic English French Spanish
Closing Statement by the President of IFAD Only in English

Other videos screened during the session
Opening Slideshow Only in English
Closing Slideshow Only in English
Midori Visits IFAD projects in Rural Vietnam Only in English
Senegal: Let the Sun Shine Only in English
Nigeria: Investing in Youth Only in English
Sherrie Silver is in Cameroon to support investment in youth Only in English
Annex IV and Annex V can be viewed through the hyperlinks provided below.

**Annex IV Delegations at the forty-second session of the Governing Council**

**Annex V List of documents placed before the forty-second session of the Governing Council**