

GOVERNING COUNCIL 2025



Date
13 February 2025

Time
11.30–13.30

Info:
Location:
IFAD HQ (Italian Conference
Room, open to all
Governors/Heads of
Delegation)
Moderator:
Mr Donal Brown, Associate
Vice-President, Department for
Country Operations

GOVERNORS' ROUND TABLE Designing and delivering for impact in an increasingly complex context

The annual Governors' Round Table will explore IFAD's work in a context of growing complexity, the challenges this entails for IFAD's capacity to deliver transformative country programmes, and lessons learned from the IFAD12 programme of work. Climate change and natural disasters, political and social instability, conflict, financial crises and debt distress, forced displacement and recurrent crises characterize many of the contexts where IFAD works today. Going forward, extreme poverty is increasingly concentrated in areas marked by fragility. Against this backdrop, it is critical to reflect on how IFAD can deliver positive and sustainable impact at scale in line with its mandate, today and in the coming years.

The lessons emerging from IFAD12 confirm the need for greater agility and adaptability in programme delivery, particularly in fragile and debt-stressed countries. Growing fiscal constraints in borrowing countries are reducing available cofinancing and delaying project implementation, while climate shocks and geopolitical instability are further complicating investment planning and operational delivery. These challenges are also affecting IFAD's pipeline development, with some governments facing increasing difficulties in mobilizing counterpart funding or sustaining project commitments. More flexible financing solutions, enhanced policy dialogue and tailored investment approaches will be necessary to ensure the continued relevance, feasibility and scalability of IFAD's pipeline in diverse and evolving contexts.

The objective of the Governors' Round Table is to facilitate a free and open exchange on this increasingly complex context, the challenges it entails for IFAD, and how these can be addressed.

Event Highlights

Following opening remarks by Ms Sara Pantuliano, Chief Executive, ODI Global, on the global context, and a presentation on IFAD operations by Ms Gérardine Mukeshimana, IFAD Vice-President, Governors will be invited to engage in a frank and open discussion moderated by Mr Donal Brown, Associate Vice-President of the Department for Country Operations.

Guiding Reflections

The following reflections are intended to guide the open discussion. *Governors are encouraged to intervene on any or all of these reflections, avoiding prepared statements and keeping interventions limited to a maximum of two minutes.*

Background

- Countries at different levels of development are facing growing fiscal constraints and indebtedness, which affect their capacity to invest in rural transformation, their ability to borrow from IFAD, and the types of investments that they are likely to prioritize in their country programmes.

Reflections: What are the implications of this financial environment for country demand for the types of investment themes that IFAD is committed to, and for the instruments through which we deliver on these themes? What are the key areas of innovation that we should pursue in order to continue to be a viable and attractive investment partner for governments facing debt and fiscal constraints?

- Crisis preparedness and response are increasingly on the agendas of many international financial institutions, given recurrent climate and market volatility, conflicts, and the deterioration of natural environments in many parts of the world. For hundreds of millions of rural poor people, food and livelihood crises are recurring problems. In recent years, IFAD – supported by its donors – has invested in crisis preparedness and response in more structured ways, including through dedicated supplementary-funded facilities and programmes.

Reflections: Going forward, where should IFAD focus its attention on the continuum of entry points from crisis preparedness to crisis response, while staying within its mandate? What are the key institutional and product innovations that IFAD should consider to be better prepared to address crises?

- The growth forecast for fragile low-income countries (LICs) is expected to remain below its pre-pandemic level, extreme poverty is increasingly concentrated in fragile contexts, and poverty in LICs is generally still at pre-COVID levels. This underscores the importance of IFAD's mandate and the need to focus core resources on the poorest countries, while securing reliable borrowing for lending to creditworthy countries. At the same time, we have seen that the average performance of IFAD's portfolio is significantly challenged by fragility.

Reflections: How can IFAD ensure the fine balance between directing more concessional resources where needs are greater, while also ensuring greater effectiveness in the use of these resources, and what is the role of government in this regard?

GOVERNORS' ROUND TABLE DESIGNING AND DELIVERING FOR IMPACT IN AN INCREASINGLY COMPLEX CONTEXT

GOVERNING
COUNCIL
2025



1.06

billion people
reside in
fragile
contexts

World Bank, 2023

60%

of people living
in poverty
expected to be
in countries
with fragile
situations
by 2030

World Bank, 2024

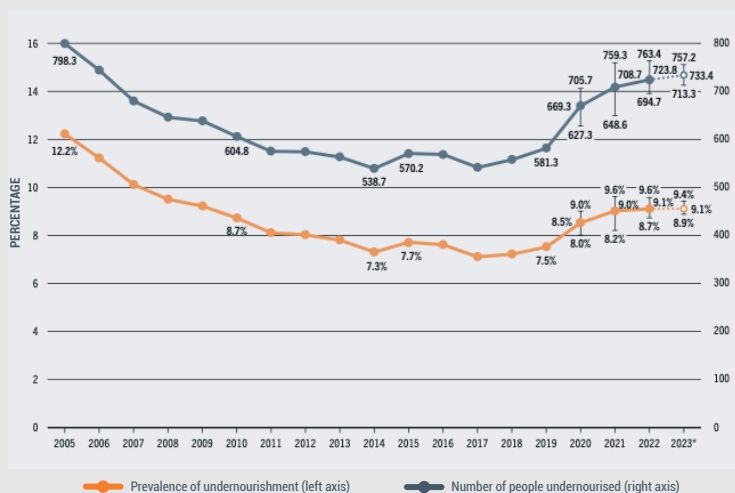
282

million people
across 59
countries and
territories
faced high
levels of acute
food insecurity
in 2023

FAO, 2023

FRAGILITY ON THE RISE AND INCREASINGLY INTERTWINED WITH FOOD INSECURITY AND POVERTY

WORLD IS NOT ON TRACK TO ELIMINATE HUNGER



NOTES: Bars show lower and upper bounds of the estimated range. *Projections based on now casts for 2023 are illustrated by dotted lines. SOURCES: FAO. 2024. FAOSTAT: Suite of Food Security Indicators. (Accessed on 24 July 2024).

WORSENING DEBT AND FISCAL CONSTRAINTS

US\$1.4 trillion

Service debt in 2023
World Bank, 2023

134%

Increase in external debt by
IDA-eligible countries (2012-22)
World Bank, 2024

Interest payments on external debt

US\$34.6 billion Since 2013 X4 increase

Interest payments

+33%

World Bank, 2023

- Interest payments account for nearly 6% of export earnings in IDA-eligible countries.
 - For some countries, the burden now accounts for up to 38% of export earnings.
- International Debt Report 2024 - World Bank Group

SDG2

700+

million people
may have faced
hunger in 2023

State of Food
Security and
Nutrition in the
World 2024



SDG1

700

million people
lived in extremely
poverty in 2024

World Bank, 2023



SDG1

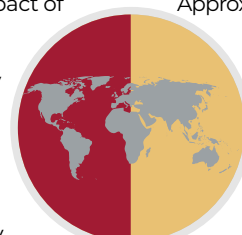
575

million people
STILL living
in extreme poverty
in 2023



CLIMATE CHANGE, POVERTY AND AGRICULTURE

23% of the total impact of
disasters across all
sectors (2007-2022)
was accounted for by
agricultural losses.
FAO, 2023



Approximately 3.3 to 3.6 billion
people live in contexts that
are highly vulnerable to
climate change

Intergovernmental Panel
on Climate Change, 2022

Climate change may
push 132 million people into
extreme poverty by 2030

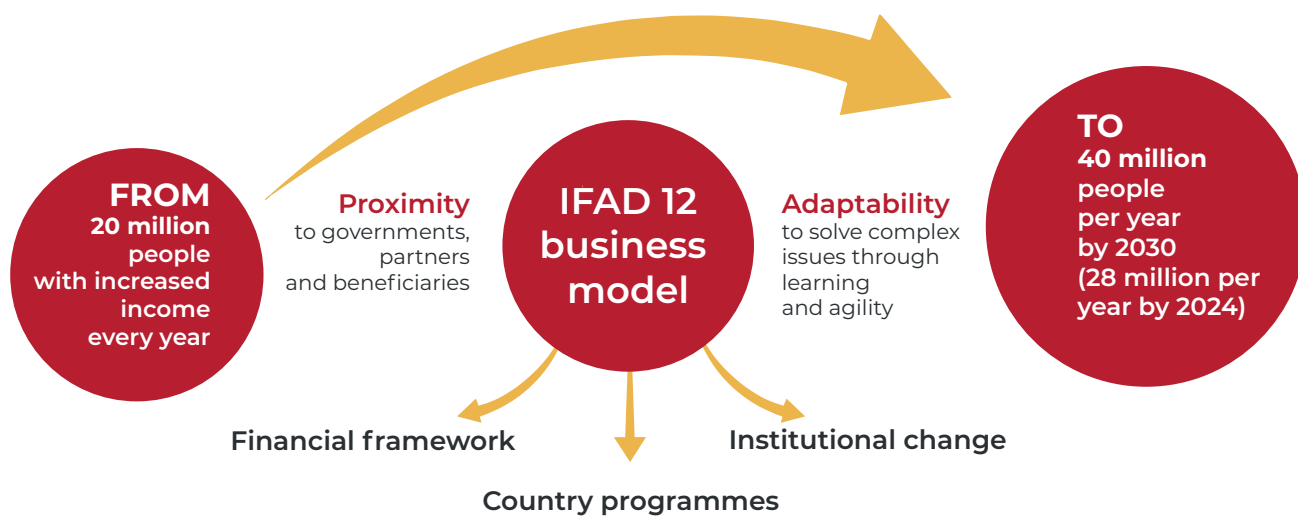
World Bank, 2023

The adaptation finance
gap is US\$187-359 billion yearly;
doubling funds by 2025 covers only 5%

Adaptation Gap Report 2024

IFAD 12

Some highlights



IFAD12
Results

Fragility and resilience

25% of IFAD's core resources

Climate

Climate finance reached 49% of total investments

Youth

70% of approved projects youth-sensitive

Private sector engagement

US\$80 million mobilized in private sector financing

Nutrition

60% of new projects and 100% of new COSOPs nutrition-sensitive

IFAD13
Targets

At least 30% of IFAD's core resources

Climate finance reaching at least 45% of total investments

Minimum of 60% of new projects youth-sensitive

US\$108 million allocated from IFAD's own resources

Minimum of 60% of new projects nutrition-sensitive

IFAD 13

Impact targets

100 million people



CHALLENGING CONTEXT TO DELIVER SUSTAINABLE IMPACT

