

28 August 2015

Distinguished Governors,

As the attached documents show, the Tenth Replenishment of IFAD's Resources (IFAD10) pledges to date have reached US\$1.1497 billion. As of 16 August, pledges for core contributions amounted to US\$1.07 billion, making it the highest level of core contributions ever achieved at this point in any IFAD replenishment cycle. By way of comparison, during the same period for IFAD9, pledges for core contributions amounted to US\$1.04 billion, and for IFAD8 the figure was US\$0.97 billion.

Despite the difficult global financial situation, IFAD has received strong support from its Members, including borrowing countries: 76 countries had pledged by 16 August in IFAD10, in comparison with 64 countries in IFAD9 and 59 countries in IFAD8.

However, due to a slight shortfall relative to the level of US\$1.44 billion in core contributions set by the Member States, the target for IFAD10 has now been revised to US\$1.353 billion. The resolution of the Governing Council specified that in the event that the structural gap exceeds 15 per cent of the target level at the end of the six-month period following the adoption of the resolution, i.e. 16 August 2015, the target level of additional contributions shall be adjusted to represent 85 per cent of the pledges received. The pledges of US\$1.1497 billion that were received by that date instead represented 79.85 per cent of the target, and hence the required revision. A number of factors lie behind the shortfall, primarily exchange rate fluctuations, which account for US\$57.6 million, or about three quarters of the gap. In addition, Debt Sustainability Framework (DSF) payments become effective as of IFAD10. As a result, Member State contributions to IFAD10 were adjusted to account for DSF compensation by US\$2,984,161.

Regardless of the impact of such factors, however, the important point is that IFAD's programme of work will not be reduced by even a penny. The work that we are doing is too important to let such contingencies hold us back. We have already developed new modalities of resource mobilization, including our sovereign borrowing framework and unrestricted complementary contributions, to ensure that the flow of IFAD funding to support rural transformation does not slacken. Moreover, as in past replenishments, we expect to receive new and additional pledges from our Member States in the coming months.

IFAD's unique mandate has never been more relevant. And as we are well aware, demand for IFAD-supported projects far outstrips supply. With the majority of the world's poor and hungry people living in rural areas of developing countries, agricultural and rural development are essential to the post-2015 development agenda.

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All Governors of the International Fund for
Agricultural Development (IFAD)

It is not only where we work, but how we work, that is Important. IFAD takes on priority issues such as inequality, global food security and nutrition, and climate change, and it does so with a people-centred approach. It works in remote areas where other organizations do not go, and it stays for the long haul. IFAD has built a strong reputation in this regard. In fact, the outcome document of the recent Third International Conference on Financing for Development recognized IFAD's efforts in "mobilizing investment to enable rural people living in poverty to improve their food security and nutrition, raise their incomes, and strengthen their resilience".

We thank you, distinguished Governors, for your continued support and partnership in investing in the lives and aspirations of rural people, from which the whole world stands to gain.

A handwritten signature in black ink, appearing to read 'Nwanze', with a large, stylized flourish extending from the end of the signature.

Kanayo F. Nwanze