



Questions for the Africa Finance & Investment Forum 2012:

1. Please give us a brief description of IFAD's work in sub-Saharan Africa and IFAD's main contributions to agricultural development and food security within the Continent?

IFAD focuses on helping the rural poor get themselves out of poverty. In Africa, given that the large majority of the poor are involved directly or indirectly in agriculture, and given the tremendous potential for enhanced agricultural growth, IFAD's focus is very much on helping farmers to increase their production and productivity. However, while support for technology transfer and integration of improved inputs is a central component of our investment support, we recognize that without improved connection to markets - improved roads, producer marketing organizations, communications - farmers cannot make the right decisions on what to produce more of, nor how to ensure that they are offering their products under the conditions demanded by the markets so that they maximize their share of market value. Our farmer organization partners in Africa consistently remind us that unless a farmer sees more money in her pocket, she is unlikely to continue to apply whatever techniques or technology has been introduced. Similarly, we also invest with Governments in supporting the emergence of better rural microfinance and agricultural finance institutions and products to lower the costs of investment and help manage risks. We are supporting rural microfinance networks in several countries to move towards full financial independence in order to ensure service points for savings and credit in more remote areas. We are also working with partners to introduce and innovate financial instruments such as warehouse receipts, weather index insurance and other practical means to make it more attractive for farmers and other supply chain actors to invest in the sector. Central to our work, given our focus on working with smallholder farmers, is supporting the development of farmer organizations which can allow the smallholders to compete effectively with larger farms in supplying product, obtaining credit and introducing improved technology - including climate adaptation. As in the case of improving agricultural finance, this is a medium to long-term effort which we do in conjunction with our more immediate investments in production and marketing, but which we are convinced is essential to ensure the sustainability and inclusiveness of agricultural growth in Africa.

Hosted by:



Rabobank

Investing in agriculture in developing countries is the single most effective method of improving food security for the world's poorest people while also stimulating economic growth. Growth generated by agriculture is at least twice as effective in reducing poverty as growth in other sectors. And there is evidence that every dollar spent on agricultural research produces 9 dollars' worth of additional food in developing countries.

In Collaboration with:



Agriculture is essential both to food security and to poverty reduction. Consider that growth generated by agriculture is at least twice as effective in reducing poverty as growth in other sectors. And with at least 70 percent of the world's



poorest people living in the rural areas of developing countries, whether we succeed or fail in our efforts to feed the world and rid it of poverty will largely depend on reaching the people who work the world's 500 million small farms, many of whom are women.

No new agricultural agenda can ignore the importance of empowering women. In developing countries, 43% of the farmers are women, yet their performance is hampered by deeply unequal access to services and resources - such as credit, extension and improved seeds and fertilizer. And more importantly, they often do not have title rights to the land they farm. It has been estimated that if women had the same access to resources as men, they could increase yields on their farms by 20–30%. Closing this gender gap would lift 150 million people out of hunger. Agriculture is at the center of a nexus of pressing issues - poverty, hunger, climate change, environmental degradation, conflict - and the smallholder farmer is at the center of agricultural development. As we work towards a consensus on a new agricultural agenda, we must not lose sight of this fact.

Coming in swift succession, the meetings of the G8, G20 and the Rio +20 conference offer a unique opportunity to capitalize on the growing recognition that agricultural development is the key to a sustainable future. Small farmers not only need to be a focus of any new agreements; they need to have a role in framing them. Along with the Rio+20 conference on environmental sustainability and the G20 summit – both upcoming – the G8 summit reflects a growing awareness of the need to accelerate sustainable agricultural development against a global backdrop of finite natural resources. Nowhere is that need more acute than in sub-Saharan Africa. The massive food crisis in the Sahel, coming on the heels of a similarly lethal emergency in the Horn of Africa, tragically confirms this assessment.

In fact, IFAD's own success in meeting ambitious targets for rural poverty reduction in the next few years will depend largely upon its efforts in Africa being stepped up.

2. IFAD has set targets to reduce rural poverty between now and 2015, what are the target regions/countries that require IFAD's urgent intervention?

IFAD believes in the long term development of rural communities therefore we find that all of these deserve equal attention. However, given the recent crisis in the Sahel and in Sub Saharan Africa, high on IFAD's agenda (and working closely with its partners FAO and WFP – the three agencies based in Rome form the United Nations' food and agriculture hub) is the need for donor countries and private sector partners to shore up their support for smallholder farmers. The global targets for poverty and hunger reduction, and to emerging problems of food production and environmental impact are defined by IFAD's Strategic Vision and the Report of the Consultation on the Ninth Replenishment of IFAD's Resources. The target is to bring at least 80 million rural people out of poverty during the 2013-2015 period, and to provide services through IFAD-financed projects to at least 90 million people.

Hosted by:



Rabobank

In Collaboration with:





3. What is the main difference between IFAD and other international financial institutions?

IFAD is the only IFI that is also a United Nations agency and that focuses solely on improving the lives of the rural poor. Its establishment in 1977 was one of the major outcomes of the 1974 World Food Conference. The Conference was organized in response to the food crises of the early 1970s that primarily affected the Sahelian countries of Africa. The conference resolved that "an International Fund for Agricultural Development should be established immediately to finance agricultural development projects primarily for food production in the developing countries". One of the most important insights emerging from the conference was that the causes of food insecurity and famine were not so much failures in food production, but structural problems relating to poverty and to the fact that the majority of the developing world's poor populations were concentrated in rural areas. IFAD's mission is to enable poor rural people to overcome poverty.

4. Why did IFAD in collaboration with GIZ/BMZ, FAO, UNCDF and the World Bank decide to launch the CABFIN Partnership? What is the main Goal and Vision of the Partnership?

CABFIN is a working group of donors and development agencies – FAO, GTZ/BMZ, IFAD, UNCDF, and World Bank – on rural and agricultural finance aiming to promote and facilitate capacity building and knowledge management in rural financial systems. The objective is to strengthen and harmonize the CABFIN organizations' strategies, concepts and capabilities for the benefit of the respective stakeholders of each CABFIN partner organization.

CABFIN is a forum to discuss and exchange ideas, specific interests and information on different working areas and rural finance topics of each partner and to share on-going research results; hence, there is no "CABFIN approach". CABFIN partners exchange experiences and align their strategies - where possible - jointly develop and offer products and services and strengthen knowledge management capacity. CABFIN has annual in-person meetings, at low costs - if possible combined with other travel activities, to be augmented by telephone calls when required. The partnership is open for organizations to join, which are committed to rural finance development in general and subscribe to the objective, and actively contribute to achieving the planned results/outputs of CABFIN in particular.

After its revitalization in 2008, the name was changed into "CABFIN Partnership". It was agreed to put this self-concept on the new Rural Finance Learning Centre-website, which has become the news and learning portal of the Partnership (see: <http://www.ruralfinance.org/>).

5. IFAD is one of the partners of the Africa Finance & Investment Forum 2012. What is the message you intend to bring to the forum? What can participants expect from your presentation?

As the only United Nations agency with an exclusive focus on rural poverty, IFAD is committed to enabling poor rural people to have sustained access to the

Hosted by:



Rabobank

In Collaboration with:





financial services they need for their production and household needs, to improve their food security, and to mitigate risk. Approximately 17 per cent (more than US\$700 million) of IFAD's portfolio of loans and grants is focused on rural financial services, making IFAD one of the top ten funders of microfinance worldwide. Our Rural Finance Policy spells out the guiding principles of IFAD's rural finance operations.

There is no single microfinance model – that is what the presentation will focus at: **IFAD works with a wide range of partners, tailoring its interventions to each particular context. Its partners in rural finance include grass-roots savings and credit associations, financial cooperatives, microfinance institutions, rural banks, specialized NGOs and agricultural development banks. In many areas, self-help groups are central to rural finance.** These village-based groups consist of approximately a dozen women who save money and make small loans to each other within their group. If microfinance is to make a lasting difference in peoples' lives, financial institutions must be sustainable, providing relevant financial services over the long term and continually increasing their outreach to poor people. IFAD always looks at the long term, working to build institutions that are able to allocate scarce resources efficiently, manage risk and reduce transaction costs. Sustainable poverty reduction requires political will, good governance and sound policies. Governments have an important role to play, creating a conducive policy and regulatory environment in which microfinance institutions can thrive and be effectively supervised.

Hosted by:



Rabobank

In Collaboration with:

