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IFAD: an Analysis of its Substantive and Institutional Profiles in the Context of the United Nations and International Financial Institutions

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List of Abbreviations

AEI	Agreement Establishing IFAD
AFD	<i>Agence Française Développement</i>
AfDB	African Development Bank
APR	Asia and the Pacific Division
AsDB	Asian Development Bank
ASEAN	Association of Southeast Asian Nations
AUO	Office of Audit and Oversight
AWPBs	Annual Work Plan and Budgets
BPs	Bank Procedures
BRAM	Borrowed Resources Access Mechanism
CAO	Compliance Advisor Ombudsman
CD	Country Director
CDF	Comprehensive Development Framework
CESCR	Committee on Economic, Social and Cultural Rights
CFS	Committee on World Food Security
CIFOR	Center for International Forestry Research
COSOP	Country Strategic Opportunities Programme
CPL	Concessional Partner Loan
CSD	Corporate Services Department
CSN	Country Strategy Note
DEF	Development Effectiveness Framework
DEM+	Development Effectiveness Matrix Plus
DFIs	Development Finance Institutions
DM	Decision Memo
DSA	Debt Sustainability Analysis
DSF	Debt Sustainability Framework
EB	Executive Board
EBRD	European Bank for Reconstruction and Development
ECHR	European Convention on Human Rights

ERG	External Relations and Governance Department
ESA	East and Southern Africa Division
ETH	Ethics Office
FA	Financing Agreement
FAO	Food and Agriculture Organization of the United Nations
FARM	Facility for Refugees, Migrants, Forced Displacement and Rural Stability
FATF	Financial Action Task Force
FMD	Financial Management Services Division
FOD	Financial Operations Department
FSIA	Foreign State Immunity Act
GC	Governing Council
GNI	Gross National Income
GRIPS	Grant and Investment Projects System
IATI	International Aid Transparency Initiative
IBF	Integrated Borrowing Framework
IBRD	International Bank for Reconstruction and Development
ICAO	International Civil Aviation Organization
ICSID	International Centre for Settlement of Investment Disputes
IDA	International Development Agency
IFAD	International Fund for Agricultural Development
IFC	International Finance Corporation
IFI	International Financial Institution
IFRS	International Financial Reporting Standards
ILO	International Labour Organization
IMF	International Monetary Fund
IMO	International Maritime Organization
INT	Integrity Vice President
IOE	Independent Office of Evaluation
IOIA	International Organizations Immunity Act
ISPC	Independent Science and Partnership Council
ITU	International Telecommunication Union

LAC	Latin America and the Caribbean Division
LEG	Office of the General Counsel
LICs	Lower-Income Countries
MDB	Multilateral Development Bank
MIGA	Multilateral Investment Guarantee Agency
MOEF	Ministry of the Environment and Forestry
NCBP	Non-Concessional Borrowing Policy
NEN	Near East, North Africa and Europe Division
NGOs	Non-Governmental Organizations
NSOs	Non-Sovereign Operations
ODA	Official Development Assistance
OECD	Organization for Economic Co-operation and Development
OPEC	Organization of the Petroleum Exporting Countries
OPR	Operational Policy and Results Division
OPs	Operational Policies
OPV	Office of the President and Vice-President
ORMS	Operational Results Management System
OSB	Office of Strategic Budgeting
OSC	Operational Strategy and Policy Guidance Committee
PBAS	Performance-based Allocation System
PCN	Project Concept Note
PDR	Project Design Report
PDT	Project Delivery Team
PM	President Memorandum
PMU	Programme Management Unit
PoLG	Programme of Loans and Grants
PR	President Report
PSFP	Private Sector Financing Programme
PTL	Project Technical Lead
QAG	Quality Assurance Group
RBAAs	Rome-based Agencies
RMO	Office of Enterprise Risk Management

SAFIN	Agri-SME Finance and Investment Network
SBF	Sovereign Borrowing Framework
SDG	Sustainable Development Goals
SDRs	Special Drawing Rights
SECAP	Social Environmental and Climate Assessment Procedures
SKD	Strategy and Knowledge Department
SMPEI	Sustainable Management of Peatland Ecosystems in Indonesia
SPs	Safeguard Policies
TOC	Theory of Change
UDHR	Universal Declaration of Human Rights
UN	United Nations
UNDAF	United Nations Development Assistance Framework
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNICEF	United Nations Children's Fund
UNIDO	United Nations Industrial Development Organization
UNISS	United Nations Integrated Strategy for the Sahel
UNWTO	World Tourism Organization
UPU	Universal Postal Union
WB	World Bank
WBG	World Bank Group
WCA	West and Central Africa Division
WFP	World Food Programme
WHO	World Health Organization
WIPO	World Intellectual Property Organization
WMO	World Meteorological Organization

INTRODUCTION

“Every man, woman and child has the inalienable right to be free from hunger and malnutrition in order to develop their physical and mental faculties”; these were the words proclaimed by the Governments present at the World Food Conference held in Rome by the United Nations in 1974, under the patronage of the Food and Agricultural Organization (FAO).

The Conference was conceived in response to the wide spread of famine and malnutrition, particularly in the Sahelian areas of the African continent, due to the severe food crises afflicting the early 1970s. Such events led to the increasing realization that the root cause did not lie exclusively in deficiencies in terms of food production; instead, core structural problems, exacerbated by the fact that the vast majority of the poor of developing countries lives predominantly in rural areas, needed to be addressed.

Furthermore, the oil crisis of 1973/1974, along with the 1974 Declaration and Programme of Action on the Establishment of the New International Economic Order adopted by the General Assembly of the United Nations, considerably added to the calls for a new kind of international financial institutional.

It was an endorsed belief that the international financial institutions in existence at the time were not able, due to the scope of their mandate, to satisfactorily meet the demand for investments in food security and agriculture in developing countries. Consequently, the initial system of the specialized agencies of the United Nations was enriched with a further component, a specialized agency dedicated exclusively to the financing of agricultural development: the International Fund for Agricultural Development, IFAD.

The outcomes of the Conference merged into the Resolution XIII, reiterating the need for enhanced investments in projects supporting agricultural production in rural developing areas of the globe and for the establishment of a shared responsibility and a coordinated response of the members of the international community in this respect.

Nonetheless, some controversies arose throughout the negotiations with regard to the nature and status of the nascent organization within the framework of

the United Nations: should it be conceived as an organ of the United Nations, or should it rather be an independent specialized agency, therefore acting as a dedicated international financial institution, and not an agency entrusted merely with technical assistance?

The second position prevailed: in 1977, the Agreement Establishing IFAD was signed in Rome, conferring to the Fund the status of international financial institution and specialized agency of the United Nations. The following year, in 1978, the operations of the Fund actively started.

Ever since, millions of people in rural areas have been reached by the projects and investments supported by IFAD.

The aim of this thesis is to provide a comprehensive analysis of the International Fund for Agricultural Development, investigating its substantial and institutional profiles, in light of its peculiar nature, due to its dual status of international financial institution and specialized agency of the United Nations.

The scope of this research is not limited to an analysis of IFAD standalone, but embraces a broader prospective of the international scenario and current framework with regard to international financial institutions and international organizations belonging to the United Nations system. Hence, the work is structured into five chapters.

The first two chapters lay the foundations for the further analysis, presenting the Fund in its twofold nature. In fact, Chapter I examines IFAD as a specialized agency of the United Nations: firstly, it positions its mandate in the framework of the UN agenda, relating it to the Sustainable Development Goals and secondly, it studies the privileges and immunities granted to international organizations in general and to IFAD, in particular, in order to allow the proper conduct of their functions.

Chapter II analyses the Fund from the different perspective of its status of international financial institution: first of all, it outlines an overview of the international scene of international financial institutions and subsequently, it shifts the focus specifically to IFAD as an IFI, conducting an investigation which ranges from more technical aspects, such as its sources of financing, financial products and terms and financial policies, to the evaluation of the recent engagement of the Fund

in the private sector, as a further source of financing. The chapter concludes with a brief consideration on the importance of inclusiveness in finance in order to achieve the ultimate objective of an inclusive rural transformation.

Set such premises, the dissertation then proceeds to analyse the substantive and institutional profiles of IFAD, drawing a distinction between the two and addressing them respectively in Chapter III and IV.

Chapter III discusses the substantive aspects of the activity of the Fund, exploring its mandate to eradicate poverty and hunger in conjunction with the internationally recognized rights to food and to development, seizing the opportunity to provide the reader with a brief consideration on the impacts of the Covid-19 pandemic and of the Ukraine conflict on food security at a global level.

Subsequently, the research offers a complete overview of all the geographical areas all over the world in which IFAD deploys its activities and funds (namely, Asia and the Pacific, East and Southern Africa, West and Central Africa, Near East, North Africa, Europe and Central Asia).

Lastly, the study aims to display the concrete realization of the outlined mandate on the field, describing the institutional activities of the Fund and exposing the full cycle of a project, from its design to its implementation, completion and assessment - emphasising in particular the evaluation of the environmental and social impact, as one of the main concerns of the Fund throughout its activities, in alignment with the growing international attention towards the ESG themes.

Institutional profiles of the organization are addressed by Chapter IV, pertaining, *inter alia*, to its structure and governance, membership and related issues, shares and decision-making system.

A significant section of Chapter IV is dedicated to the mechanisms of accountability and transparency of the Fund, taking as a starting point a consideration of general nature with respect to the notions of responsibility and accountability and the distinction between the two. It then proceeds with a comprehensive analysis of the accountability of the Fund and of all the relevant policies to this end, concluding with a section dedicated to the procedures established by IFAD in protection of whistle-blowers.

Lastly, Chapter V offers a focus on the relationship between the Fund and the Italian State, as its host State. The Chapter researches, in the first instance, the general framework with respect to the relation between international organizations and their host States, having as reference the duty of cooperation upon the States and the host agreements concluded between the relevant parties.

The analysis then further examines in detail the host agreement between IFAD and the Italian State (signed in Rome on 26 July 1978), broadening the perspective towards the overall partnership between the Fund and the Italian State, as one of its top donors.

Lastly, the chapter outlines the Italian contribution in terms of financial innovation, financial architecture and enterprise risk management, as well as agriculture and nutrition expertise.

CHAPTER I - ANALYSIS AS A SPECIALIZED AGENCY OF THE UNITED NATIONS

SUMMARY: 1. Specialized Agencies of the United Nations: general remarks 2. IFAD's features in light of its status of Specialized Agency 2.1 Mandate in the framework of the United Nations system 2.2 IFAD and Sustainable Development Goals 2.2.1 Impact of investments in agricultural and rural development on Sustainable Development Goals 1 and 2 2.3 Privileges and immunities of international organizations: general overview 2.3.1 Inviolability of the premises of the seat and of the archives 2.3.2 Tax and customs exemption 2.3.3 Privileges in terms of correspondence and communications 2.3.4 Immunity from execution and enforcement measures 2.3.5 Jurisdictional immunity 2.3.6 Immunity from civil jurisdictions in Italian case law 2.4 Privileges and immunities of international agents 2.5 Privileges and immunities of IFAD as a Specialized Agency of the United Nations 3. UN Rome-based agencies' network and cooperation: FAO and WFP.

1. Specialized Agencies of the United Nations: general remarks

The Specialized Agencies are international organizations working in cooperation with the mother-organization of the United Nations in order to promote economic and social progress, in accordance with relationship agreements stipulated between each agency and the United Nations ¹.

¹ For an in-depth reading on the notion of Specialized Agency of the United Nations, see E. KLEIN under the encyclopedic entry *United Nations, Specialized Agencies* in the *Max Planck Encyclopedia of International Law*, reading "Specialized agencies are international organizations 'established by intergovernmental agreement and having wide international responsibilities, as defined in their basic instruments, in economic, social, cultural, educational, health, and related fields', having been 'brought into relationship with the United Nations in accordance with the provisions of Article 63' (Art. 57 of the United Nations Charter ['UN Charter']). The functions attached to the specialized agencies by their basic treaties reflect the wide range of purposes concerning international economic and social co-operation set forth in Arts 1 (3) and 55 UN Charter. This does not mean that the specialized agencies would exclusively control the field in question. The United Nations (UN) itself, through various organs and subsidiary organs, may at any time address the same problems, not to speak of competencies of many other intergovernmental and non-governmental organizations that are engaged in parallel activities. In order to avoid, as far as possible, duplication of work and waste of financial resources, the UN Charter enables the United Nations Economic and Social Council ['ECOSOC'] to exercise vis-à-vis the specialized agencies co-ordinating powers (Art. 63 (2) UN Charter), whose exact extent has to be fixed in the respective relationship agreements. In all cases the key question is that of autonomy: of how closely the specialized agencies are integrated into the

Each Specialized Agency is an independent legal entity, operating autonomously within the UN system with its own specific procedural rules, admission and membership mechanisms, governance and funding principles and guidelines.

The establishment of such agencies traces back to different periods of time²; some of them precede the United Nations, having been established in the 19th century or in the aftermath of World War I by the League of Nations. Some were created contemporaneously with the United Nations, at the end of War World II. Others were founded in recent times to meet new emerging demands.³

The existence and discipline of the Specialized Agencies is provided for in the Charter of the United Nations⁴, in Chapter IX (“International Economic and Social Co-operation”) and Chapter X (“The Economic and Social Council”). Further references can be found in Chapter IV (“The General Assembly”), in Chapter XIII (“The Trusteeship Council”) and in Chapter XIV (“The International Court of Justice”).

Article 57 of the Charter lays the foundation of the discipline of the Specialized Agencies, affirming their establishment by intergovernmental agreement and outlining their broad range of international duties in “economic, social, cultural, educational, health and related fields”.⁵ It then proceeds to enucleate another key element in the frame within which the Agencies operate: the cooperation with the mother-organization of the United Nations (“shall be brought into relationship with the United Nations in accordance with the provisions of Article 63”).⁶

Reference to Article 63 is of particular significance as it outlines the connection with the Economic and Social Council which “may enter into

general system of the UN and how much this status affects their position as independent international organizations”.

² For an excursus of the historical evolution of the Specialized Agencies over time see E. KLEIN, *United Nations, Specialized Agencies*, Section B, in the *Max Planck Encyclopedias of Public International Law (MPEPIL)*.

³ Georgetown University Law Library, United Nations Research Guide, Specialized Agencies of the United Nations: <https://guides.ll.georgetown.edu/c.php?g=365747&p=7141851>.

⁴ UNITED NATIONS, Charter of the United Nations, 24 October 1945, 1 UNTS XVI.

⁵ *Ivi*, Chapter IX, Article 57.

⁶ *Ibidem*.

agreements with any of the agencies referred to in Article 57, defining the terms on which the agency concerned shall be brought into relationship with the United Nations.”⁷

Furthermore, the Council is entrusted with a role a coordination of the activities of the Specialized Agencies through a system of “consultations with and recommendations to such Agencies”⁸, in addition to “recommendations to the General Assembly and to the Members of the United Nations”.⁹

Naturally, functions of coordination and supervision are entrusted to the United Nations as well, which, pursuant to Article 58 of the Charter, “shall make recommendations for the coordination of the policies and activities of the Specialized Agencies”.¹⁰

The comprehensive list of Specialized Agencies in the current international scenario includes the following agencies:¹¹

- i. FAO: Food and Agriculture Organization of the United Nations
- ii. ICAO: International Civil Aviation Organization
- iii. IFAD: International Fund for Agricultural Development
- iv. ILO: International Labour Organization
- v. IMO: International Maritime Organization
- vi. IMF: International Monetary Fund
- vii. ITU: International Telecommunication Union
- viii. UNESCO: United Nations Educational, Scientific and Cultural Organization
- ix. UNIDO: United Nations Industrial Development Organization
- x. UNWTO: World Tourism Organization
- xi. UPU: Universal Postal Union
- xii. WHO: World Health Organization
- xiii. WIPO: World Intellectual Property Organization

⁷ Ivi, Chapter X, Article 63.

⁸ *Ibidem*.

⁹ *Ibidem*.

¹⁰ Ivi, Chapter IX, Article 58.

¹¹ This list has been prepared on the basis of the data available at the time of the author's writing, without prejudice to any possible changes which may occur after the publication of the work.

- xiv. WMO: World Meteorological Organization
- xv. WBG: World Bank Group
 - i. IBRD: International Bank for Reconstruction and Development
 - ii. IDA: International Development Association
 - iii. IFC: International Finance Corporation

2. *IFAD's features in light of its status of Specialized Agency*

IFAD is the only United Nations Specialized Agency that focuses exclusively on transforming rural economies and food systems ¹². Pursuing its mission of channelling investment to small-scale producers and financing rural development, IFAD has been operating as a Specialized Agency of the United Nations since 1977, now counting 177 Member States.

Its status of Specialized Agency (alongside that of International Financial Institution) entails a number of unique traits which shall be analysed, both substantively and institutionally, in light of its nature of international organization belonging to the system of the United Nations.

The institutional profiles of the Fund, including its governance, structure, membership and related issues (such as withdrawal and suspension), as well as the division of responsibilities within the Fund and accountability thereof will be analysed thoroughly in Chapter IV, dedicated exclusively to the study of the institutional aspects of IFAD.

2.1 *Mandate in the framework of the United Nations system*

IFAD's mission is to ensure that poor rural people have access to key resources and services and are provided with the skills and organization necessary to take advantage of them. The Fund's effort aspires to catalyse country and global progress in order to allow rural people to defeat poverty and gain food security investing in remunerative, sustainable and resilient livelihoods. ¹³

¹² IFAD, *IFAD at a glance*, January 2020: <https://www.ifad.org/en/web/knowledge/-/publication/ifad-at-a-glance>.

¹³ UNITED NATIONS, *International Fund for Agricultural Development (IFAD)*: <https://www.unwater.org/institution/international-fund-for-agricultural-development-ifad/>.

IFAD's Strategic Framework sets out its long-term objectives in a 10-year time frame (covering from 2016 to 2025), and its contribution to the 2030 Agenda. Three main strategic objectives are identified: to increase the productive capacity of poor rural people, to increase their benefits from market participation and to strengthen the environmental sustainability and climate resilience of their economic activities.¹⁴

Within the broad vision of Agenda 2030, IFAD's goal of inclusive and sustainable rural transformation¹⁵ is, according to the Strategic Framework, "to generate improved and more resilient livelihoods for all poor rural people, including smallholder farmers, land-poor and landless workers, women and youth, marginalized ethnic groups, and victims of disaster and conflict, while not undermining the natural resource base. As a process, it is embedded in, contributes to, and is driven by national processes of economic growth and structural transformation."¹⁶

The Strategic Framework identifies the following range of desired results and objectives: (i) to boost the human and economic capital of poor rural people; (ii) to strengthen productivity, benefit, resilience and heterogeneity of economic activities of poor rural communities; (iii) to enhance rural institutions; (iv) to augment the role of the rural poor in national and international economies; (v) to grant sufficient and affordable nutritious food; (vi) to enhance environmental goods and services.

2.2 *IFAD and Sustainable Development Goals*

The 2030 Agenda is informed by three core universal values: "human rights based approach", "leave no one behind" and "gender equality and women empowerment". This triad of values is crucial in the realization of the Sustainable Development Goals. The 2030 Agenda provides for 17 Global Goals and 169 targets, indicators and means of implementation.¹⁷

¹⁴ IFAD, IFAD Strategic Framework 2016 – 2025: enabling inclusive and sustainable rural transformation, printed April 2016, reprint December 2016.

¹⁵ *Ibidem*.

¹⁶ *Ibidem*.

¹⁷ IFAD, IFAD and the SDGs: <https://www.ifad.org/it/investing-in-rural-people>.

All of IFAD's results have a concrete impact on the pursuit of one, or possibly more than one simultaneously, Sustainable Development Goals. IFAD addresses a wide range of SDGs, including SDG 1 ("No poverty"), SDG 2 ("Zero hunger"), SDG 5 ("Gender equality"), SDG 8 ("Decent work and economic growth"), SDG 10 ("Reduced Inequalities"), SDG 13 ("Climate Action") and SDG 15 ("Life on land").

Despite its multiple interventions in variegated areas of activity, it is, naturally, the pursuing of SDG 1 and 2 that constitutes the cornerstone of IFAD's work. Nonetheless, IFAD is also considerably active in the promotion of the empowerment of women in rural communities, combating the root elements and causes of gender inequality, securing access to productive assets and services, employment, housing security and market opportunities (SDG 5 and SDG 10).¹⁸

SDG 8 is tackled extensively in IFAD's agenda as well, through the promotion of inclusive, productive and heterogeneous economies, in order to create new opportunities and to secure higher incomes. Moreover, IFAD's effort in the pursuit of SDGs 13 and 15 is definitely remarkable, carrying out its mandate with particular attention paid to the choice of sustainable agriculture approaches, deeming the preservation and revitalization of natural resources as a solid priority and enhancing the resilience of farming systems to climate change.

Lastly, IFAD's commitment also tackles SDG 6 ("Clean water and sanitation"), SDG 9 ("Industry, innovation and infrastructure"), SDG 11 ("Sustainable cities and communities"), SDG 12 ("Responsible consumption and production"), SDG 14 ("Life below water"), SDG 16 ("Peace, justice and institutions") and SDG 17 ("Partnerships").

In making such considerations, a fundamental statement, prerequisite for any further reasoning, shall always be taken into account: all Sustainable Development Goals are inextricably interconnected – "a lack of progress on one goal hinders progress on others".¹⁹

¹⁸ *Ibidem*.

¹⁹ United Nations Global Compact, Blueprint for SDG Leadership: <https://www.unglobalcompact.org/take-action/action/sdg-blueprint>.

2.2.1 Impact of investments in agricultural and rural development on Sustainable Development Goals 1 and 2

IFAD’s “Meta-evidence review on the impacts of investments in agricultural and rural development on Sustainable Development Goals 1 and 2”²⁰ is a comprehensive report composed of 79 systematic reviews focusing on different areas of activity and intervention: 18 reviews on poverty, 33 reviews on food security, 36 reviews on nutrition security, 24 reviews on stunting, 18 reviews on child wasting and overweight, 31 reviews on productivity and 48 reviews on income.²¹

The aim of this report is to explore the impact of ten different types of intervention on seven outcomes relevant in the evaluation of the progress in the pursuit of the ambitious targets of SDG 1 (“End poverty in all its forms everywhere”) and SDG 2 (“End hunger, achieve food security and improved nutrition and promote sustainable agriculture”).

The seven outcomes considered for the present analysis are the following: (i) poverty (ii) income (iii) food security (iv) nutrition security (v) child stunting (vi) child wasting and (vii) agricultural productivity. The purpose of such meta-review is to investigate the evidence supporting the correlation between investments in agricultural and rural development and the impact on hunger and poverty, in the framework of a Joint Initiative (JI)²² to “develop a common understanding and coordinated approach”²³ supported by four international agencies: FAO (Food and Agriculture Organization of the United Nations), IFAD (International Fund for Agricultural Development), ISPC (International Science and Partnership Council) of CGIAR and World Bank.

Table 1 illustrates the direct correlation between the targets of SDG 1 and SDG 2 and the relevant indicators.

²⁰ BERNSTEIN, JILL AND JOHNSON, NANCY AND ARSALAN, ASLIHAN, *IFAD Research Series 38 – Meta-Evidence Review on the Impacts of Investments in Agricultural and Rural Development on Sustainable Development Goals 1 and 2*, June 17 2019.

²¹ *Ibidem*.

²² For more details on the JI see: <https://ispc.cgiar.org/blog/working-together-realizeagriculture%E2%80%99s-potential-achieving-sdgs-1-and-2>.

²³ BERNSTEIN, JILL AND JOHNSON, NANCY AND ARSALAN, ASLIHAN, *IFAD Research Series 38 – Meta-Evidence Review*.

Table 1 SDG targets assessed

Targets		Indicators	
Goal 1. End poverty in all its forms everywhere			
1.1	By 2030, eradicate extreme poverty for all people everywhere, currently measured as people living on less than US\$1.25 a day	1.1.1	Proportion of population below the international poverty line , by sex, age, employment status and geographical location (urban/rural)
1.2	By 2030, reduce at least by half the proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions	1.2.1	Proportion of population living below the national poverty line , by sex and age
		1.2.2	Proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions
Goal 2. End hunger, achieve food security and improved nutrition and promote sustainable agriculture			
2.1	By 2030, end hunger and ensure access by all people, in particular the poor and people in vulnerable situations, including infants, to safe, nutritious and sufficient food all year round	2.1.1	Prevalence of undernourishment
		2.1.2	Prevalence of moderate or severe food insecurity in the population, based on the Food Insecurity Experience Scale
2.2	By 2030, end all forms of malnutrition , including achieving, by 2025, the internationally agreed targets on stunting and wasting in children under 5 years of age, and address the nutritional needs of adolescent girls, pregnant and lactating women and older persons	2.2.1	Prevalence of stunting (height for age <-2 standard deviations from the median of the World Health Organization (WHO) Child Growth Standards) among children under 5 years of age
		2.2.2	Prevalence of malnutrition (weight for height >±2 standard deviations from the median of the WHO Child Growth Standards) among children under 5 years of age, by type (wasting and overweight)
2.3	By 2030, double the agricultural productivity and incomes of small-scale food producers, in particular women, indigenous peoples, family farmers, pastoralists and fishers, including through secure and equal access to land, other productive resources and inputs, knowledge, financial services, markets and opportunities for value addition and non-farm employment	2.3.1	Volume of production per labour unit by classes of farming/pastoral/forestry enterprise size
		2.3.2	Average income of small-scale food producers , by sex and indigenous status

Source: United Nations A/RES/71/313, <https://undocs.org/A/RES/71/313>.

Note: This does not include all the targets and indicators of SDGs 1 and 2, but rather reflects the targets and indicators chosen as focus areas for the JI.

2.3 *Legal status and the privileges and immunities of international organizations: general overview*

Among the obligations of the member states of international organizations a key role is played by the duty of cooperation, which implies the obligation upon member states to co-operate with the organization, in order to allow it to pursue its

mandate and fulfill the functions for which it was created.²⁴ This “functional necessity rationale”²⁵ is directly correlated with the privileges and immunities granted to international organizations, enabling them to operate free from undue interferences, especially coming from the territorial state.²⁶

For the purposes of this analysis, it is convenient, first of all, to draw a distinction between the notions of privilege and immunity: privileges can be defined as “exemptions from the otherwise applicable substantive law of a state”²⁷, while immunities can be regarded as “exemptions from the administrative, adjudicatory or executive powers of a state”.²⁸

It should be noted already at a preliminary stage that following the II World War, the United Nations Charter formulated the standards regarding legal personality as well as privileges and immunities in terms of functionality.²⁹

In fact, pursuant to Article 105 of the United Nations Charter: “The Organization shall enjoy in the territory of each of its Members such privileges and immunities as are necessary for the fulfilment of its purposes”. As will be analysed in detail below, the same regime applies to Specialized Agencies.

The discipline of the privileges and immunities of each international organization is usually contained in specific agreements and conventions, which can be concluded either among the member states (“Conventions on Privileges and Immunities”) or between the organization and the member states (“Host agreement” or “Headquarters agreement”). In case a conflict occurs between these two types of agreements, the second one shall prevail, in light of its status of *lex specialis*.³⁰

²⁴ On the functional nature of International Organizations see UGO DRAETTA, *Principi di diritto delle organizzazioni internazionali*, Milano, 2020, Ch. 2 §11.

²⁵ AUGUST REINISCH, *Privileges and Immunities*, The Oxford Handbook of International Organizations, November 2016, p. 1.

²⁶ UGO DRAETTA, *Principi di diritto delle organizzazioni internazionali*, Milano, 2020, p. 73.

²⁷ REINISCH, *Privileges and Immunities*, p. 2.

²⁸ *Ibidem*.

²⁹ *Ibidem*.

³⁰ DRAETTA, *Principi di diritto delle organizzazioni internazionali*, p. 73.

Different theses have been proposed through the years with regard to the legal basis of such privileges and immunities, the debate articulating itself among the two poles of international customary law and international conventional law.³¹

According to the first position, the privileges and immunities of international organizations derive from international customary law. Nonetheless, different orientations coexist within this first position: some deem applicable to international organizations the same rules of international customary law with respect to privileges and immunities addressed to States, others claim an analogue application and others still hold that the legal bases shall be found in autonomous customary rules, which have evolved in time from those intended to apply to States.³²

A second school of thought, on the other hand, suggests that the legal foundation lies in international conventional law: establishing agreements, conventions on privileges and immunities and headquarters agreements.

This latter thesis seems preferable in the eyes of the author and is currently widely accepted in the international community and in doctrine, as it highlights the international organizations' nature of functional entities, in contrast with States, which are territorial entities. This implies that, while states enjoy immunity as a consequence of their nature of territorial, sovereign and original entities³³, international organizations enjoy it as a consequence of their status of functional and derived entities, created by member states to fulfill the functions entrusted to them.³⁴

³¹ ANGELA DEL VECCHIO, *Diritto delle organizzazioni internazionali*, Napoli, 2012; capitolo VII, Le immunità e i privilegi delle organizzazioni internazionali, Massimo Francesco Orzan, p. 243.

³² *Ivi*, p.244.

³³ In this respect see footnote 19.

³⁴ According to the principle of attribution of competencies, international organizations exercise only those competencies (and related powers) that have been attributed to them by States. In this respect, see ICJ, Advisory Opinion on the Legality of the Threat or Use of Nuclear Weapons, 1996, para. 25, requested by the World Health Organization (WHO).

The principle of attribution of competencies is often confused with the principle of specialty, which, however, has different nuances, since this term refers more properly to the circumstance that international organizations shall exercise their competencies only within the limits necessary to pursue their goals. If an organization exercises the powers conferred upon it for purposes other than those for which they were entrusted to it, the act of the organization would be vitiated for misuse of power. (Draetta, *Principi di diritto delle organizzazioni internazionali*, § 11.1)

This is true with regard to IFAD as well. In paragraph II.IV will be illustrated in detail how its privileges and immunities are mainly covered and regulated by the Agreement Establishing IFAD (AEI)³⁵ and by the Convention on Privileges and Immunities of the Specialized Agencies³⁶.

International organizations present a broad range of privileges and immunities which in light of what has been stated so far shall be regarded as a corollary of their international legal personality.

Privileges and immunities of international organizations normally include: (i) inviolability of the premises of the seat and of the archives; (ii) tax and customs exemption; (iii) privileges in terms of correspondence and communication; (iv) jurisdictional immunity and (v) immunity from execution or enforcement measures.³⁷ Even though, the fact remains that, naturally, this “typical” core of privileges and immunities can be expanded or restricted, depending on different special regimes of specific organizations.

2.3.1 *Inviolability of the premises of the seat and of the archives*

The inviolability of the premises and of the archives implies that the authorities of the territorial State where the seat of the international organization is located cannot enter (and therefore cannot e.g. arrest, inspection or confiscate material) without the consent of the organization, which operates, according to the general rules on the subject of the international responsibility of the State, as a cause for the exclusion of the wrongdoing.³⁸ Another exception to the inviolability under consideration regards, of course, emergency cases (e.g. a fire).³⁹

Furthermore, it should be noted that acts of private nature carried out by the organization as a subject of domestic law (e.g. contracts regarding the purchase of

³⁵ UNITED NATIONS CONFERENCE ON THE ESTABLISHMENT OF AN INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT, Agreement Establishing the International Fund for Agricultural Development, Rome, 13 June 1976.

³⁶ UNITED NATIONS GENERAL ASSEMBLY, Convention on the Privileges and Immunities of the Specialized Agencies, 21 November 1947.

³⁷ DEL VECCHIO, *Diritto delle organizzazioni internazionali*; capitolo VII, Le immunità e i privilegi delle organizzazioni internazionali, Massimo Francesco Orzan, p. 243.

³⁸ *Ivi*, p.248.

³⁹ DRAETTA, *Principi di diritto delle organizzazioni internazionali*, p. 76.

office furniture) may be subject to local law and subject to any enforcement procedures therein.⁴⁰

Such inviolability not only implies a negative obligation (“*non facere*” or “*pati*”) on the part of the host state to refrain from intervening in the organization's premises without prior authorization, but also a positive obligation (“*facere*”) to guarantee its security in the event of any aggression from outside. As a natural consequence, the impossibility for the host state to intervene in the organization's premises without prior authorization entails that the organization is obliged to provide its own internal security service to ensure the maintenance of order in its premises.

In the event that individuals who have entered the premises of the organization behave in a manner inconsistent with the rules established by the organization, such individuals will be expelled and removed from the premises either by internal security or by the authorities of the host state, the latter being allowed to intervene exclusively or in collaboration with the internal security itself.

An example of such collaboration can be easily found within the framework of the Specialized Agencies of the United Nations. Indeed, art. 5 of the agreement between Italy and FAO concerning the headquarters of the World Food Programme, under which the Italian authorities undertake to intervene at the request of the Executive Director of WFP to ensure the maintenance of order inside the headquarters.⁴¹

However, it is necessary to properly distinguish the above-mentioned possibility of violation of the internal rules established by the organization from that of the commission of actual crimes under the legislation of the host State. In the latter circumstance, since the organization cannot replace the State in the exercise of criminal prosecution, the competence in this matter lies with the national authorities, but must always be exercised with the consent of the coercive intervention by the organization.

⁴⁰ Ivi, p. 77.

⁴¹ DEL VECCHIO, *Diritto delle organizzazioni internazionali*; capitolo VII, Le immunità e i privilegi delle organizzazioni internazionali, Massimo Francesco Orzan, p. 248.

Additionally, it should be kept in mind that, usually, host agreements contain provisions that exclude the possibility for the organization to receive individuals who escape arrest or intend to evade a judicial procedure initiated in the host state.⁴² A controversial hypothesis remains the possibility of the international organization to give political asylum, if requested.⁴³

With regard to the protection of the archives of the organization, the same principles concerning the organization's premises apply. In this regard, it should be noted that the notion of archives must be interpreted in an evolutionary way in the light of technological developments. This means that any document consisting of a physical, electronic or other medium containing data and information can be considered part of the archives.

It is therefore easily understandable that the definition of document is an extremely relevant issue for the application of the international norm on the inviolability of archives. In fact, the qualification of a document as belonging or not to the archives of the organization has particularly significant effects, since a document contained in the archives of an organization is under the control of the latter and, therefore, its consultation and possible reproduction are subject to its prior consent.⁴⁴

2.3.2 *Tax and customs exemption*

Tax and customs benefits, whose rationale is to allow the organization to enjoy a series of functional benefits to facilitate the exercise of the functions entrusted to them, are usually governed by headquarters and multilateral agreements, within the frame, of course, of the two United Nations Conventions on Privileges and Immunities.⁴⁵

⁴² *Ibidem*.

⁴³ See in this regard the case of Congolese Vice-President Bemba, who was hosted in a UN-controlled facility operating as part of the MONUSCO peacekeeping forces in the Democratic Republic of Congo.

⁴⁴ DEL VECCHIO, *Diritto delle organizzazioni internazionali*; capitolo VII, Le immunità e i privilegi delle organizzazioni internazionali, Massimo Francesco Orzan, p. 249; This distinction assumes a particular relevance in cases where, for example, access is requested to a document held by an organization in the context of legal proceedings before the courts of the host state.

⁴⁵ UN GENERAL ASSEMBLY, Convention on the Privileges and Immunities of the United Nations, 13 February 1946.

Most multilateral agreements utilize the criterion of the “*intended use*” of goods, products and services as a condition for the granting of tax and customs immunity. According to this criterion, all movable and immovable property, products and services related to the official activities of the organization are covered by the exemption from taxes, duties and customs duties.

Tax exemption regards both direct and indirect taxation.⁴⁶ It is particularly significant as its rationale relies in the need to prevent the territorial state from taking advantage of the presence of an organization's headquarters in its territory to recover, through taxation, part of its financial contribution to the organization itself.

Nonetheless, the exemption from direct taxation is limited with regard to services of public utility, provided by public entities on the basis of a compulsory application made by all the beneficiaries of such services. In this particular case, the international organization is not immune as the foundation of such taxation relies in the public interest of the host state.⁴⁷

With regard to customs exemption, it implies that the organization is exempt from the payment of any import or export tax or duty on imported and exported goods or products as well as from any prohibition and restriction on import and export.⁴⁸

2.3.3 *Privileges in terms of correspondence and communication*

Privileges that ensure the protection of correspondence and communication of international organizations are provided for in both multilateral and bilateral conventional law. In fact, a preferential treatment equal to that accorded to any diplomatic representation of a State, with respect to postage and communications, is accorded for the official communications of international organizations.⁴⁹

In addition, an organization's correspondence and other official communications shall not be subject to censorship. Ultimately, organizations

⁴⁶ Direct taxation directly affects wealth that exists (in the form of asset) or is produced through the provision of a service. Indirect taxation, instead, affects wealth at the time it is transferred (e.g., the sale of an asset) or consumed (e.g., the use of a service or benefit).

⁴⁷ An example can be provided by garbage collection.

⁴⁸ DEL VECCHIO, *Diritto delle organizzazioni internazionali*; capitolo VII, Le immunità e i privilegi delle organizzazioni internazionali, Massimo Francesco Orzan, p. 251.

⁴⁹ See in this regard the case IMF and IBRD v. US Cable Companies.

usually have the right to have their shipments enjoy the same privileges and immunities granted to diplomatic pouches, which means that the organization's correspondence shall not be searched or seized if it is accompanied by official documents proving its belonging to the organization.⁵⁰

2.3.4 Immunity from execution and enforcement measures

In the analysis of the immunity from execution and enforcement measures, a preliminary consideration seems necessary. In first place, it should be highlighted that, although there is a close link between the rules on immunity from contentious jurisdiction, on one hand, and the rules on immunity from executive and precautionary jurisdiction, on the other, the areas of application of the respective rules are different. It should be further noted that, in principle, the existence of immunity from contentious jurisdiction implies the existence of immunity from executive and precautionary jurisdiction.

However, it seems necessary to point out that the exclusion of immunity from contentious jurisdiction does not automatically entail the exclusion of immunity from precautionary and executive jurisdiction, which must be assessed on the basis of the object of the possible provisional or executive act.⁵¹

A key role in the regulation of the subject is played, of course, by multilateral conventional law. The principles established by the UN General Convention on Immunities and Privileges have been taken up by its specialized institutes and, subsequently, by numerous universal and regional international organizations outside this system.⁵²

The two general conventions provide that the properties and assets of the UN and its specialized institutions, wherever located and by whomsoever held, are immune from any procedure of confiscation, requisition, expropriation and any other form of interference in their enjoyment by the legislative, judicial or executive power.⁵³

⁵⁰ DEL VECCHIO, *Diritto delle organizzazioni internazionali*; capitolo VII, Le immunità e i privilegi delle organizzazioni internazionali, Massimo Francesco Orzan, p. 252.

⁵¹ *Ivi*, p. 266.

⁵² *Ibidem*.

⁵³ *Ibidem*.

This highly favorable approach to international organizations (which grants an almost “absolute” immunity from execution with regard to both the goods and the procedures which can be carried out against them) finds an exception in the regulation of immunities from enforcement and precautionary jurisdiction of financial organizations, whose statutes admit immunity from precautionary jurisdiction, but exclude it from enforcement, providing, however, that property and assets are immune from enforcement prior to a final judgment.⁵⁴

2.3.5 Jurisdictional Immunity

The jurisdictional immunity of international organizations is probably the most controversial one, giving rise to a variety of sensitive issues, among which surely emerges the conflict with the fundamental right of access to court (which will be analyzed in detail below).

First of all, it is useful to clarify what is the substantive content of such immunity. Broadly speaking, immunity from contentious jurisdiction entails the obligation not to initiate legal proceedings, with regard to legal acts carried out by the international organization, before the judicial authorities of the host state or other states bound by relevant international rules.⁵⁵

This definition should be further completed, adding the limitation constituted by the possibility of the organization waiving its immunity and the fact that only *jure imperii*⁵⁶ acts are exempt from jurisdiction, not private ones (*jure gestionis*⁵⁷).

It is easily understandable that the rationale behind this is immunity is to protect the organization from the risk of partiality of the state courts and save it from adverse interferences and from the risk that courts of different states evaluate in a non-uniform way an act of the international organization.⁵⁸ For example, legal processes would be under the concrete risk of being utilized to put political pressure

⁵⁴ Ivi, p. 267.

⁵⁵ Ivi, p. 252.

⁵⁶ *Jure imperii* acts are those acts which are carried out by the State or the international organization in the exercise of their public or institutional offices.

⁵⁷ *Jure gestionis* acts are those acts which are carried out by the State or the international organization in their private capacity.

⁵⁸ DRAETTA, *Principi di diritto delle organizzazioni internazionali*, p. 77.

in order to influence the functioning of an organization.⁵⁹ Naturally, “immunity from national court jurisdiction does not exempt international organizations from their obligations. Nor does it preclude any judicial review of their acts. In fact, several organizations have established their own courts or internal procedures for the settlement of disputes in which they are involved”.⁶⁰

As anticipated, an active debate revolves around the scope of jurisdictional immunity, with extremely variegated positions leaning towards a functional, absolute or quasi- sovereign immunity.⁶¹

However, with the due caution, it seems possible to note that the “functional” standard has been applied in practice for the majority of international organizations.⁶²

In the intricate development of the immunities of international organizations, leading in recent times more and more often to the affirmation of the standard of functional immunity, The *Jam vs. International Finance Corporation*⁶³ case before the Supreme Court of the United States in 2019 definitely led to a landmark decision.

The case revolved around the construction of a coal-fired power plant in the State of Gujarat, on the western coast of India, significantly financed by the IFC (International Finance Corporation). The petitioners, who were farmers and fishermen resident of the Kutch district, held that the construction of the power plant caused severe environmental damages, loss of livelihood and threats to human health.⁶⁴

As specified by their complaint “ a) the intrusion of salt water into the aquifers during the construction of the power plant has rendered the water unusable for irrigation; b) the cooling system of the power plant discharges thermal pollution into the sea, killing marine life, a primary source of sustenance; and c) because the

⁵⁹ MARIA IRENE PAPA, *The Mothers of Srebrenica Case before the European Court of Human Rights, United Nations Immunity versus Right of Access to a Court*, in *Journal of International Criminal Justice*, 2016, 14, 893 – 907, p.895.

⁶⁰ *Ibidem*.

⁶¹ REINISCH, *Privileges and Immunities*, p. 5.

⁶² *Ibidem*.

⁶³ Supreme Court of the United States, *Jam et al. v. International Finance Corp.*, 27 February 2019.

⁶⁴ SACHINTHA DIAS, *Jam vs IFC before the D.C. District Court: Forget the Floodgates, thy won't even be a Trickle*, *The European Journal of International Law*, 1 April 2020.

coal must be transported from nine miles away on an open-air transportation system, coal dust and ash are dispersed into the atmosphere, contaminating the land and air. The project has also resulted in the forced removal of fishermen from their homes.”⁶⁵

The respondent was, as anticipated, the International Finance Corporation, institution part of the World Bank Group. The IFC in 2008 partly financed the project with a contribution of 450 million US dollars. The loan agreement, in accordance with IFC's internal regulations, included an environmental and social action plan to protect the environment and the communities surrounding the power plant. While the recipient of the loan was responsible for the proper implementation of the plan, the IFC retained the supervisory authority with the possibility of withdrawal of financial support for the project in case of violation of the same plan.⁶⁶

The proceedings at first and second instance were held before the Tribunal of the District of Columbia (where the headquarters of IFC are located) in 2015 and before the Columbia Court of Appeal in 2017, for “damages resulting from inadequate IFC oversight of the Tata Mundra project's environmental and social action plan”.⁶⁷

The complaint further invoked “IFC’s own internal audit through the Compliance Advisor Ombudsman (CAO)⁶⁸, admitting that the IFC did not adequately supervise the environmental and social action plan for the project”.⁶⁹

Both the first and second instance decisions dismissed the action on the basis of the precedent of *Atkinson vs Inter-American Development Bank*⁷⁰, according

⁶⁵ LAURA VALLI, *Jam vs. International Finance Corporation: the decision of the Supreme Court of the United States of America on the immunities of international organizations in the United States*, *Ius In Itinere*, 10 May 2019.

⁶⁶ *Ibidem*.

⁶⁷ *Ibidem*.

⁶⁸ The Office of the Compliance Advisor Ombudsman (CAO) is the independent accountability mechanism for projects supported by the International Finance Corporation (IFC) and the Multilateral Investment Guarantee Agency (MIGA)—the private sector arms of the World Bank Group. CAO was established in 1999 and reports directly to the Boards of IFC and MIGA. Source: <https://www.cao-ombudsman.org/about-us> (Official Website of the CAO).

⁶⁹ *Ibidem*.

⁷⁰ UNITED STATES COURT OF APPEALS, District of Columbia Circuit, *Atkinson v. Inter-American Development Bank*, 9 October 1998.

to which international organizations shall enjoy the same immunity granted to States under the International Organizations Immunities Act (IOIA)⁷¹, adopted in 1945.

It should be kept in mind that when the IOIA was drawn up the immunity of the States was an “absolute” one.

This changed definitively in 1976 when the “restrictive” theory according to which the immunity of the States covered exclusively their sovereign acts and was indeed excluded for other types of acts (including among the others commercial acts) was encoded in the Foreign Sovereign Immunities Act (FSIA).⁷²

Nonetheless, the Court of first instance dismissed the action on jurisdictional grounds, finding that the IFC was entitled to “virtually absolute” immunity. Subsequently, the Appeal Court further added that IOIA explicitly delegated to the President of the U.S. and not the Courts the power to modify the extent of immunity granted to international organizations.⁷³

On February 27 2019, the decision of the United States Supreme Court overturned the first two degrees of judgement. First of all, it emphasized the fact that the IOIA did not use a fixed level of absolute immunity. Instead, it used the comparative form “same ... as” (“same immunity from suit ... as is enjoyed by foreign governments”).⁷⁴

Therefore, the IOIA “does not seem to create a static level of immunity”, but rather “seems to link the immunity of international organizations to that of sovereign states”.⁷⁵ It is thus essential to interpret the Act in an evolutionary sense and in light of the various exceptions to the immunity of the States established by the FSIA, among which – should be reiterated - is included the one concerning commercial activity.

Ultimately, the Supreme Court invoked the so called “canon of reference” of the normative interpretation, which distinguishes legislative references to general rules from references to specific provisions or sections of another law. In this case,

⁷¹ 79TH UNITED STATES CONGRESS, International Organizations Immunities Act, 29 December 1945.

⁷² 94TH UNITED STATES CONGRESS, Foreign Sovereign Immunities Act, 19 January 1977.

⁷³ VALLI, *Jam vs. International Finance Corporation*.

⁷⁴ *Ibidem*.

⁷⁵ Supreme Court of the United States, *Jam et al. v. International Finance Corp.*, 27 February 2019.

the IOIA “adopts legislation such as this occurs whenever a question arises under the law”⁷⁶ and the legislation under consideration here – the legislation on sovereign immunity – is “an external body of potentially evolving law, not a specific provision of another statute”.⁷⁷

Consequently, “the IOIA should be understood to link the law of international organization immunity to the law of foreign sovereign immunity, so that the one develops in tandem with the other”.⁷⁸

Additionally, it should be considered that international organizations may at any time waive their immunity from contentious jurisdiction. However, it is of particular relevance to highlight that such waiver can only be effective if explicit, and will not be considered valid if inferred from conclusive acts.

The Wallace case ⁷⁹ in 2016 before the Supreme Court of Canada has been a milestone in the affirmation of this position. The long-awaited decision overturned the order for production of the Ontario Superior Court and stated that the immunities held by the Integrity Vice President (INT) of the World Bank Group covered both the records and personnel of the Bank. ⁸⁰

The turning point of the decision was the affirmation that the immunity of international organizations could not be waived implicitly, inferring from concluding acts (i.e. in the Wallace case, the fact that the World Bank Group had already produced some documentation in court). It shall instead be waived explicitly, with a clear and formal deed.

Ultimately, it should be noted that a waiver of immunity from litigation jurisdiction does not automatically entail a waiver of the immunity from enforcement jurisdiction. ⁸¹

As anticipated, one of the most controversial issues related to jurisdictional immunity is its tension with the right of access to justice.

⁷⁶ *Ibidem.*

⁷⁷ *Ibidem.*

⁷⁸ *Ibidem.*

⁷⁹ Supreme Court of Canada, *World Bank Group v. Wallace*, 29 April 2016.

⁸⁰ LUCINDA A. LOW, *Canadian Supreme Court Upholds World Bank Immunities in World Bank Group v. Wallace, Encouraging a Continued Flow of Referrals to National Prosecutors*, Steptoe, 3 May 2016.

⁸¹ DEL VECCHIO, *Diritto delle organizzazioni internazionali*; capitolo VII, Le immunità e i privilegi delle organizzazioni internazionali, Massimo Francesco Orzan, p. 268.

Access to court, despite being a traditional part of many international human rights conventions, in addition to national fundamental rights instruments, with respect to claims against international organizations it has been quite quiescent.⁸² However, such right of access to justice needs to be effective. This entails that exemptions, including jurisdictional immunity, are legit only if alternative and equally effective ways of dispute resolution are available.⁸³

In this respect, one of the foremost milestones is constituted by the Waite and Kennedy case⁸⁴, in which the European Court of Human Rights (ECtHR) first of all recognized the existing link between civil claims against international organizations and the right of access to justice pursuant to Article 6 of the European Convention on Human Rights (ECHR).

Additionally, the Court stated that it might be possible to restrict such right for legitimate purposes (including the protection of the independent functioning of an international organization), but such restriction would only be permissible and legitimate insofar as it is proportionate.⁸⁵ The proportionality, according to the Court, should be measured depending upon the availability of “reasonable alternative means”⁸⁶ (e.g. administrative tribunals or similar bodies for staff members, arbitration for contractors, claims commissions for victims of vehicle accidents or military measures taken by peace-keeping forces)⁸⁷.

Another crucial passage in this respect is the *Stichting Mothers of Srebrenica and Others v. The Netherlands*⁸⁸ case (hereinafter referred to as the “*Mothers of Srebrenica*”), which addressed, *inter alia*, the issue of whether the Dutch courts’ granting immunity to the United Nations constituted a violation on behalf of the Netherlands of Article 6 (1) of the ECHR.

With the *Mothers of Srebrenica* case, the ECtHR had the opportunity to use the Waite and Kennedy approach to jurisdictional immunities of international

⁸² REINISCH, *Privileges and Immunities*, p. 9.

⁸³ *Ibidem*.

⁸⁴ European Court of Human Rights, *Waite and Kennedy v. Germany*, 18 February 1999.

⁸⁵ REINISCH, *Privileges and Immunities*, p. 10.

⁸⁶ European Court of Human Rights, *Waite and Kennedy v. Germany*, 18 February 1999.

⁸⁷ REINISCH, *Privileges and Immunities*, p. 10.

⁸⁸ European Court of Human Rights, *Stichting Mothers of Srebrenica et al. v. The Netherlands*, 11 June 2013.

organizations with regard to the United Nations⁸⁹. Nonetheless, it conversely stated that the lack of reasonable alternative means does not necessarily entail a violation of Article 6.⁹⁰

The Court summarized the arguments of the claimants in the following manner: “(i) the functional (and consequently, in their view limited) scope of the UN’s immunity; (ii) the special nature of the claims brought before the Dutch courts, being based on the UN’s involvement in genocide an international crime forbidden by a well-established jus cogens norm; and (iii) the absence of any alternative means to settle the dispute.”⁹¹

The Court, despite recognizing the absence of alternative and equally effective means to which the applicants could resort (both under the Netherlands domestic and United Nations law), held that that the Dutch courts’ grant of immunity to the United Nations could not be considered a violation of the obligation to ensure the access to justice.⁹²

With respect to the applicants’ first issue, the Court refrained from adopting a clear position on the scope of the UN immunity or the relationship between Article 105(1) of the United Nations Charter and the Convention on the Privileges and Immunities of the United Nations, merely limiting itself to noting the various interpretations of the immunity of the UN in international practice.⁹³

With regard to the second and third arguments, it equalized the sovereign immunity of States with the immunity of international organizations, which is, as already addressed before in this analysis, quite controversial. The ECtHR, lastly, failed to clarify its position on the applicability of the Waite and Kennedy test to the United Nations.⁹⁴

In conclusion, the decision of the ECtHR left quite numerous interrogatives still open.

⁸⁹ MARIA IRENE PAPA, *The Mothers of Srebrenica Case before the European Court of Human Rights, United Nations Immunity versus Right of Access to a Court*, *Journal of International Criminal Justice* 14 (2016), 893 – 907, p.899.

⁹⁰ Ivi, p. 901.

⁹¹ Ivi, p.900.

⁹² *Ibidem*.

⁹³ *Ibidem*.

⁹⁴ PAPA, *The Mothers of Srebrenica Case before the European Court of Human Rights*, p.901.

2.3.6 Immunity from civil jurisdictions in Italian case law

As the host State of the headquarters of the Fund, it is now convenient to briefly explore the Italian case law⁹⁵ with respect to the immunity of international organizations from civil jurisdiction. With regard to the legal basis of such immunity, it should be analyzed in the perspective of both international and Italian Constitutional law.

Within the former, the Italian case law normally identifies the basis of the international legal personality of international organizations in their legal personality⁹⁶; even though, there are a number of decisions in which a “treaty-based” immunity⁹⁷ is affirmed, instead.

Overall, “as far as the problem of the formation of a customary rule in acknowledging the immunity of international organizations is concerned, in recent Italian case law the trend is to deny the existence of such a rule”⁹⁸. Hence, “references are made to international treaty law sources consisting in multilateral agreements, such as the founding agreements of the organization or the relevant multilateral conventions on immunities, and headquarters agreements.”⁹⁹

As far as the legal basis in Italian Constitutional law is concerned, the main foundations have been found in Article 10, paragraph 1, and Article 11 of the Italian Constitution respectively stating that “*l'ordinamento giuridico italiano si conforma alle norme del diritto internazionale generalmente riconosciute*” (the Italian legal

⁹⁵ *Inter alia*, Piette, Carretti, Pistelli and Drago decisions: Corte di Cassazione (Sez. Unite Civili), European University Institute v. Piette, 18 March 1999; Corte di Appello di Firenze, European University Institute v. Piette, 5 February 2002; Corte di Cassazione (Sez. Unite Civili), Pistelli v. European University Institute, 28 October 2005; Tribunale di Roma, Carretti v. FAO, 5 November 1999; Tribunale di Roma, Drago v. International Plant Genetic Resources Institute, 12 December 2001.

⁹⁶ See in this respect Corte di Cassazione (Sez. Unite Civili), European University Institute v. Piette, 18 March 1999, No. 149, RDIPP, 2000, p. 475.

⁹⁷ See, for instance, Corte di Cassazione (Sez. Unite Civili), Pistelli v. European University Institute, para. 8 and Tribunale di Roma, Drago v. International Plant Genetic Resources Institute.

⁹⁸ PUSTORINO P., *The Immunity of International Organizations from Civil Jurisdiction in the Recent Italian Case Law*, in *The Italian International Yearbook of Law*, 2009, 19(1), p. 59.

For the sake of completeness, it should be acknowledged that in the Italian case law there is a number, even though quite scarce, of decisions contemplating the existence of a customary rule of this sort. However, these positions should be adopted carefully. See in this regard PUSTORINO, *The Immunity of International Organizations from Civil Jurisdiction in the Recent Italian Case Law*, pp. 60 – 61.

⁹⁹ *Ibidem*.

system conforms to the generally accepted rules of international law) and that “l’Italia [...] consente, in condizioni di parità con gli altri Stati, alle limitazioni di sovranità necessarie ad un ordinamento che assicuri la pace e la giustizia fra le Nazioni; promuove e favorisce le organizzazioni internazionali rivolte a tale scopo” (Italy allows, under conditions of equality with other States, the limitations of sovereignty necessary to set up a legal system ensuring peace and justice among Nations, by promoting and favouring international organizations pursuing this aim)¹⁰⁰.

Naturally, on the other hand, the Italian Constitution is a source of limits as well.

First of all, Article 24 provides for the right of access to justice, stating in paragraph 1 that “*tutti possono agire in giudizio per la tutela dei propri diritti e interessi legittimi*” (everyone shall be able to take legal action to protect their rights) and enshrining defence as an inviolable right in paragraph 2¹⁰¹.

However, “in principle, Italian case law seems to admit a derogation from Italian jurisdiction both when the immunity is based on a customary rule and in case of the prevalently accepted hypothesis that immunity is recognized on the basis of conventional rules, as indicated, for example, in the *Piette* case”¹⁰². Despite not clearly identifying “all the specific conditions to which the constitutional compatibility of the recognition of the immunity of the organizations is subject”¹⁰³,

¹⁰⁰ It should be noted in this regard that an isolated ruling (Tribunale di Roma, *Drago v. International Plant Genetic Resources Institute*) also points towards the identification of Article 80 of the Italian Constitution as a possible legal basis and the possibility of referring to Article 117 of the Constitution might be explored as well, with due prudence. In this respect, see PUSTORINO, *The Immunity of International Organizations from Civil Jurisdiction in the Recent Italian Case Law*, p. 62.

¹⁰¹ Article 24 of the Italian Constitution reads:

“Tutti possono agire in giudizio per la tutela dei propri diritti e interessi legittimi.

La difesa è diritto inviolabile in ogni stato e grado del procedimento.

Sono assicurati ai non abbienti, con appositi istituti, i mezzi per agire e difendersi davanti ad ogni giurisdizione.

La legge determina le condizioni e i modi per la riparazione degli errori giudiziari.”

¹⁰² PUSTORINO, *The Immunity of International Organizations from Civil Jurisdiction in the Recent Italian Case Law*, p. 66.

¹⁰³ *Ibidem*.

according to Article 24, references have quite often been made to the requisite of an “impartial and independent judge”¹⁰⁴.

Furthermore, Article 111 of the Constitution should not be overlooked in this regard; indeed, it affirms in paragraph 2 that “*ogni processo si svolge nel contraddittorio tra le parti in condizioni di parità, davanti a un giudice terzo e imparziale*” (all trials are conducted with the cross-examination of the parties which are entitled to equality before an impartial judge), therefore providing a potential parameter for the verification of the actual compliance with the conditions of independence and impartiality, as well as the principle of equality of the parties, required to the dispute settlement bodies set up by international organizations.

On a closing note, a few trends can be observed in the evolution of the Italian case law, despite a quite inconsistent path in the decisions issued.

Overall, the tendency to model the immunity of international organizations on the basis of that of States is still present, even though this approach is easily exposed to criticism, as it not only “does not seem to adequately capture the peculiarity of international organizations”¹⁰⁵ but also “entails the risk of applying norms or legal criteria not completely adequate for the nature and the special functions performed by organizations at the international level”¹⁰⁶.

In addition, the solid contribution of the Italian judges to the determination of the constitutional limits of the immunity of international organizations should not be overlooked, in the search for a balance between the prerogatives of international organizations, necessary to allow them to carry out their functions free from undue interferences, and the fundamental right of access to justice¹⁰⁷.

¹⁰⁴ See Corte di Cassazione (Sez. Unite Civili), *Drago v. International Plant Genetic Resources Institute*, 19 February 2007.

¹⁰⁵ PUSTORINO, *The Immunity of International Organizations from Civil Jurisdiction in the Recent Italian Case Law*, p. 69.

¹⁰⁶ *Ibidem*.

¹⁰⁷ See in this respect PUSTORINO, stating: “On the other hand, it is necessary to show greater courage in revealing the possible incompatibility between constitutional principles and internal norms implementing conventional rules on immunity. Anytime the absence of an effective remedy and a conflict between the rules on immunity and the right of access to justice or the rights of defence are ascertained, it is necessary, in my opinion, to refer the question to the Constitutional Court in order to verify the actual existence of such incompatibility.”

2.4 *Privileges and Immunities of International Agents*

Another set of privileges and immunities concerns individuals who participate in various capacities in the life of the international organization.

First of all, a distinction should be drawn between the individuals who are delegates of States to the organization and those who are actual agents of international organizations, among which the further category of the officials can be identified.

The diriment element to distinguish between delegates of States within the organization and actual agents is the qualification of the relationship existing between these individuals and the organization as a direct or indirect one and the nature of the represented interests.¹⁰⁸

The relationship is indirect when the individual, while performing his or her duties within the organization, represents the interests of the member states and acts on behalf of them. This is the typical case of State delegates.¹⁰⁹

Instead, a relationship can be considered direct when it involves individuals employed by the organization who, in various capacities, act in the name of, in the interest of, or on behalf of the international organization.¹¹⁰ This is the case for international agents.

Among the abovementioned broad category of the agents (who can be considered as *genus*), there are international officials (*species*), so that the notion of agent is not summarized in, but includes that of international official (or otherwise called international civil servant).¹¹¹

Finally, the so-called *salaried*, who are entrusted with the execution of tasks related to the management of facilities and maintenance of the premises, cannot be regarded as international agents¹¹² and therefore do not enjoy any sort of privilege or immunity.

¹⁰⁸ DEL VECCHIO, *Diritto delle organizzazioni internazionali*; capitolo VIII, Status, privilegi e tutela giurisdizionale dei funzionari delle organizzazioni internazionali, Daniele Gallo, p. 274.

¹⁰⁹ *Ibidem*.

¹¹⁰ *Ivi*, p. 275.

¹¹¹ *Ibidem*.

¹¹² *Ibidem*.

It is now opportune to analyse the privileges and immunities due to the different categories outlined so far.

With regard to international agents on one hand, those of higher level (such as the Secretary General of the United Nations) benefit from a personal immunity which is basically assimilable to a diplomatic protection level,¹¹³ as provided for in the Convention on the Privileges and Immunities of the United Nations and in the Convention on the Privileges and Immunities of the Specialized Agencies of the United Nations. They additionally enjoy immunity from criminal and civil jurisdiction extended also to acts performed as private individuals, from the implementation of coercive acts of a personal nature, from any taxation and inviolability of their housing.¹¹⁴ Such privileges extend to family members as well. With regard to international officials on the other hand, they benefit from a less broad protection, which is inspired by a merely functional rationale.

The foundation of this legal regime lies in the office to which the official is assigned, instrumental to the fulfilment of the international public interest that modulates its activity within the organization.¹¹⁵

The complex of subjective legal situations belonging to international officials include immunity from criminal and civil jurisdiction for the acts carried out in the fulfilment of their duties, for which they cannot be held accountable even after their term of office has ended, personal inviolability, limited to acts carried out as part of their official duties (which entails exemption from any coercive measures taken by the local authorities of the territory in which the officials carry out their activities).¹¹⁶ Additionally, they enjoy a wide range of economic benefits (*in primis*, tax exemption¹¹⁷).

¹¹³ DRAETTA, *Principi di diritto delle organizzazioni internazionali*, p. 81.

¹¹⁴ DEL VECCHIO, *Diritto delle organizzazioni internazionali*; capitolo VIII, Status, privilegi e tutela giurisdizionale dei funzionari delle organizzazioni internazionali, Daniele Gallo, p. 296.

¹¹⁵ *Ivi*, p. 297.

¹¹⁶ *Ivi*, p. 299.

¹¹⁷ They are “exempt from the payment of taxes levied by the member states of the organization, in particular by the state where the organization has its headquarters, in addition to those levied by their country of origin.

The rationale for this exemption is based on the principle of equality between States: if the country in which the official works could subject him to local taxes, he would gain a considerable advantage over the other Member States by recovering, among other things, part of the contributions paid to the organization. The extension of this tax privilege applies to any income derived by the official

Secondly, officials shall be exempt from taxes or customs duties on the import and export of all movable property intended for their personal use or for the use of members of their families, whether in connection with their establishment in the country in which the organization is headquartered or in connection with their transfer to another country, even if this is due to the termination of their duties.

Thirdly, officials are allowed to purchase food and other products for personal use and consumption free of tax at special sales outlets located within the headquarters of the organization. Fourth, officials shall enjoy facilities relating to the import and export of currency and exchange regulations.¹¹⁸

Ultimately, it should be highlighted that with regard to international officials the privileges and immunity holder is the organization itself,¹¹⁹ which has the full availability of such juridical situations and is therefore the one entitled to waive them¹²⁰. The individuals shall be regarded as mere beneficiaries.

In fact, Art. V - Officials, Section 20 Convention on the Privileges and Immunities of the United Nations reads “Privileges and Immunities are granted to officials in the interests of the United Nations only and not for the personal benefit of the individuals themselves. The Secretary General shall have the right and the duty to waive the immunity of any official in any case where, in his opinion, the immunity would impede the course of justice and can be waived without prejudice to the interests of the United Nations [...]”.

Art. VI, Section 22 of the Convention of the Privileges and Immunities of the Specialized Agencies is modelled on the same structure as well.

from his or her relationship with the organization, excluding sources of income that are independent of his or her status. An exception to the rule of tax exemption, however, concerns the hypothesis in which the official is also a citizen of the headquarters state: in this case, the principle of equality of citizens before the law prevails, with the result that the official is subject to the income taxation applicable to his or her fellow-countrymen”. (Gallo, *Status, Privilegi e tutela giurisdizionale dei funzionari delle organizzazioni internazionali*).

¹¹⁸ DEL VECCHIO, *Diritto delle organizzazioni internazionali*; capitolo VIII, Status, privilegi e tutela giurisdizionale dei funzionari delle organizzazioni internazionali, Daniele Gallo, p. 300.

¹¹⁹ MILLER.

¹²⁰ MONACO, *La condizione*.

However, it has been reasonably pointed out that the circumstance that only the organization is in the position to decide whether the extremes necessary to waive the immunity subsist, could potentially lead to dangerous abuses.¹²¹

The traditional regime of privileges and immunities of international agents has, in recent times, come under increasing criticism, especially in situations where international organizations exercise functions of territorial administration.¹²²

It is hoped by many quarters that the regime under consideration will be applied reasonably to mitigate the risks of abuse and human rights violations by international agents.¹²³

2.5 *Privileges and Immunities of IFAD as a Specialized Agency of the United Nations*

As a Specialized Agency, IFAD falls within the scope of the abovementioned Convention on the Privileges and Immunities of the Specialized Agencies of the United Nations, approved by the General Assembly of the United Nations on 21 November 1947.

On 16 December 1977, the final text of Annex XVI,¹²⁴ specifically dedicated to IFAD, was approved by the Governing Council of the International Fund for Agricultural Development and transmitted to the Secretary-General of the United Nations by the President, in accordance with Article X, Section 36 of the Convention.

The Convention, composed of 11 Articles, 49 Sections and 18 Annexes (each focused on a specific Specialized Agency, following a chronological order) follows closely the structure of the Convention on Privileges and Immunities of the United Nations (1946) and governs the privileges and immunities of the Specialized Agencies in the following spheres: property, funds and assets (Article III), facilities in respect of communications (Article IV), representatives of members (Article V),

¹²¹ DRAETTA, *Principi di diritto delle organizzazioni internazionali*, p. 84.

¹²² *Ibidem*.

¹²³ *Ibidem*.

¹²⁴ Full text of Annex XVI available at: https://treaties.un.org/doc/Treaties/1949/08/19490816%2010-43%20AM/Ch_III_2p-full%20text.pdf, p. 66.

officials (Article VI), abuses of privileges (Article VII), laissez-passer (Article VIII), settlement of disputes (Article IX).

Article X (“Annexes and Application to Individual Specialized Agencies”) is a crucial cornerstone in the process of cohesion between the Convention and the constitutional instruments of the individual agencies (the Agreement Establishing IFAD in this analysis), which prevail as *lex specialis*.

Indeed, the Convention sets out standard clauses, applicable to all Specialized Agencies, which shall “operate subject to any modifications set forth in the final (or revised) text of the annex relating to that agency” (Section 33) and which must be “interpreted in the light of the functions with which that agency is entrusted by its constitutional instrument” (Section 34).

Furthermore, Section 40 specifies that “the standard clauses [...] will be consistent with the provisions of the constitutional instrument then in force of the agency in question”, providing that “if any amendment to that instrument is necessary for the purpose of making the constitutional instrument so consistent, such amendment will have been brought into force in accordance with the constitutional procedure of that agency before the final (or revised) annex is transmitted.”

Accordingly, the last paragraph of Section 40 clearly states that the Convention itself is not capable of abrogating or derogating from any provision, right or obligation set forth in the constitutional instrument of the Agency in question.

Finally, privileges and immunities accorded by a State to the Specialized Agency “by reason of the location in the territory of that State of its headquarters or regional offices” and supplemental agreements concluded between a State and the Specialized Agency to “adjust the provision of the Convention or extend or curtail the privileges and immunities thereby granted” shall in no way be limited or affected by the Convention, pursuant to Section 39.

In light of what has been stated so far, it is therefore necessary to focus on the founding treaty of IFAD: the Agreement Establishing the International Fund for

Agricultural Development ¹²⁵ (hereinafter referred to as “the Agreement”), adopted by the United Nations Conference on the Establishment of an International Fund for Agricultural Development on 13 June 1976, in Rome.

Particular attention should be paid, for the purposes of this stage of this analysis, to Article 10 of the Agreement (“Legal Status, Privileges and Immunities”).

Section 1 (“Legal Status”) declares the possession of international legal personality on the part of the Fund. Nonetheless, for the sake of clarity, it is necessary to stress that the acquisition by an international organization of legal personality under international law occurs within the framework of the norms of international customary law and it is not sufficient to refer to the founding treaty.

Such treaty is only binding among the parties, but for third parties can only be regarded as *res inter alios acta*. It is in light of the principle of effectiveness that the qualification as a subject of international law actually occurs, having regard to the concrete attitude of the organization towards the other members of the international community and of the latter towards the former,¹²⁶ some indicative elements to take into consideration being, for instance, the exercise of the *ius stipulandi*, its power of representation or the existence of autonomous bodies.

Section 2 (“*Privileges and Immunities*”), instead, outlines the scope and rationale of the privileges and immunities granted to the Fund. From its wording emerges a profile of functional immunity, stating that “the Fund shall enjoy in the territory of each of its Members such privileges and immunities as are necessary for the exercise of its functions and for the fulfilment of its objective” and further reiterating that “representatives of Members, the President and the staff of the Fund shall enjoy such privileges and immunities as are necessary for the independent exercise of their functions in connection with the Fund”.

¹²⁵ UNITED NATIONS CONFERENCE ON THE ESTABLISHMENT OF AN INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT, Agreement Establishing the International Fund for Agricultural Development, 13 June 1976.

¹²⁶ DRAETTA, *Principi di diritto delle organizzazioni internazionali*, p. 162.

3. *UN Rome-based Agencies' network and cooperation: FAO and WFP*

Rome holds a key role in the framework of the United Nations' leading action with respect to transformative rural development, humanitarian and resilience assistance, services, knowledge and financing in the sectors of agriculture and nutrition.¹²⁷ This aim is served through the cooperation of the three United Nations Rome-based Agencies (RBAs), the Food and Agriculture Organization of the UN (FAO), the International Fund for Agricultural Development (IFAD) and the World Food Programme (WFP). A wide range of expertise, financial and technical knowledge and internationally recognized forums for discussing issues concerning food security, agriculture and nutrition is proffered by these three agencies.¹²⁸

The Committee on World Food Security (CFS) shall be mentioned as a leading example in this sense.¹²⁹

The Committee on World Food Security's aspiration is to be "the foremost inclusive international and intergovernmental platform for a broad range of committed stakeholders to work together in a coordinated manner".¹³⁰ The Committee is a United Nations Committee based at FAO's headquarters. Its Secretariat comprises the three Rome-based UN agencies: the Food and Agriculture Organization of the United Nations (FAO), the International Fund for Agricultural Development (IFAD), and the World Food Programme (WFP).

At the core of the respective mandates of the three agencies there is the pursuit of Sustainable Development Goal 2 ("*Zero Hunger*") and the common objective of combating poverty and malnutrition and promoting rural transformation and sustainable agriculture by investing in small-scale farmers. In this mission, particular attention is paid to gender equality, investing in both men

¹²⁷ World Food Programme, Rome-based agencies, <https://www.wfp.org/rome-based-agencies>.

¹²⁸ *Ibidem*.

¹²⁹ The Committee on World Food Security was set up in 1974 as a United Nations intergovernmental body to serve as a forum for review and follow up of food security policies. In 2009, CFS agreed on a substantial reform package aimed at increasing its legitimacy as a decision-making body for global governance of food security.

Since its reform, CFS has often been referred to as a model for inclusive decision-making.

¹³⁰ Committee on World Food Security, Reform of the Committee on World Food Security, 2009 (CFS:2009/2 Rev. 2)

and women of rural communities and helping women overcome the comparative disadvantages they face.

“This vision is a crucial global imperative and pivotal element of the entire 2030 Agenda”.¹³¹

What has been stated so far becomes particularly relevant in the lens of each country context, enhancing the complementary capacities, strengths and efforts of each agency, in light of the firm belief that the approach to addressing the Sustainable Development Goals shall be multi-sectoral and inter-sectoral, demanding strategic partnerships and cross-cutting intervention in the international community.

“At the global level the RBAs work jointly on policy, advocacy and communication to advance a coordinated approach”.¹³² In field operations, the three agencies support government efforts to achieve the Sustainable Development Goals and assist the local population. In these enhanced synergies, thematic teams and working groups have been instituted, with a unique contribution from each agency with its specific competencies. These teams and working groups cover an extremely wide range of areas (e.g. financial inclusion, climate change, resilience food security information and value chain approaches for nutrition).¹³³

Efficiency and effectiveness are also regarded as a priority logistics-wise, adopting solutions which provide for joint corporate services, both at Headquarters and in the field, such as shared common office premises and common activities in the areas of evaluation, administration, audit, finance and investigation.¹³⁴

In 2021, the Joint Evaluation on the Collaboration among the United Nations Rome-based Agencies¹³⁵ was published, addressing the increasingly frequent calls to intensify and optimize the collaboration among the RBAs.

The evaluation report addresses four pivotal thematic areas: (i) the fundamental significance of the RBAs collaboration in order to fulfil the 2030

¹³¹ World Food Programme, Rome-based agencies, <https://www.wfp.org/rome-based-agencies>.

¹³² *Ibidem*.

¹³³ *Ibidem*.

¹³⁴ *Ibidem*.

¹³⁵ FAO, IFAD and WFP, Joint Evaluation of collaboration among the United Nations Rome-based Agencies, Rome, 2021, available at: <https://doi.org/10.4060/cb7289en>.

Agenda for Sustainable Development; (ii) the positive, negative intended and unintended results of RBA collaboration; (iii) the factors that have enhanced or hampered the productiveness of RBAs collaboration; (iv) the added value and comparative advantage of RBAs collaboration as opposed to single Agency intervention and results.¹³⁶

Due to the Covid-19 pandemic, evidence was collected remotely through twelve country studies, eight deep dive studies of selected themes, extensive document review and an online survey of RBA professional staff. Additionally, four hundred informants stated their position on the matter in seminars and interviews.¹³⁷

¹³⁶ World Food Programme – Publications, Joint Evaluation on the Collaboration among the United Nations Rome-based Agencies, 3 October 2021, available at: <https://www.wfp.org/publications/joint-evaluation-collaboration-among-united-nations-rome-based-agencies>.

¹³⁷ *Ibidem*.

CHAPTER II - ANALYSIS AS AN INTERNATIONAL FINANCIAL INSTITUTION

SUMMARY: 1. International Financial Institutions: general overview 2. An insight of other IFIs: The World Bank and the International Monetary Fund 2.1 The protection of non-economic values 3. Overview of IFAD as an International Financial Institution 3.1. Sources of Financing 3.2. Financial Products and Lending Terms 3.3. An insight of the financial policies of IFAD 3.3.1 Policies and Criteria for IFAD Financing 3.3.2 General Conditions for Agricultural Development Financing 3.3.3 Guidelines for IFAD Financing Terms and Conditions 3.3.4 IFAD's Investment Policy Statement 3.3.5 IFAD Liquidity Policy 4. Engagement of the Fund in the private sector 5. Inclusive Finance for Inclusive Rural Transformation.

1. *International Financial Institutions: general overview*

“In the era of increasing economic and financial globalization – the closer integration of the countries in the world economy through increased flow of goods and capital”¹, International Financial Institutions (IFIs) play a crucial role, with particular regard to the economic and social development of countries and areas whose economies are still in a transitional stage. The relevance of such institutions in the global financial scenario should not be underestimated in the development process with respect to finance, resources, critical thinking and development assistance policies.²

In this regard, it should be noted that “the institutional viability [of multilateral actors] may depend on the success of such policies to achieve institutional goals and objectives. Since these objectives may change constantly in reaction to varying political winds, multilateral actors are a dynamic component in the development process.”³

¹ MEENA KRISHNAMURTHY, *International Financial Institutions*, The Routledge Handbook of Global Ethics, edited by Darrell Moellendorf and Heather Widdows, 2015, p. 230.

² RUMU SARKAR, *International Development Law: Rule of Law, Human Rights and Global Finance*, Oxford University Press, 2009, p. 87.

³ *Ibidem*.

The specific mandates of International Financial Institutions are normally set forth in their respective charters, and they may differ greatly from one another.

Nonetheless, despite the great variety of the current scenario in which IFIs operate, each of them characterized by its own peculiar traits, some transversal objectives can be identified: the reduction of global poverty and the improvement of people's livelihoods in rural communities, the sustainable economic, social and institutional development of the areas in question and regional integration and cooperation.⁴ In 1986, the right to development became even more central in the international community, when the United Nations declared it an inalienable human right and entitled everybody to "participate in, contribute to, and enjoy economic, social, cultural and political development, in which all human rights and fundamental freedoms can be realized".⁵

International Financial Institutions, originally known as Multilateral Development Banks, were founded by groups of States in the aftermath of World War II in a perspective of post-conflict reconstruction, in a torn apart global financial system.

Subsequently, regional development banks were established to support economic growth and cooperation.⁶

IFIs achieve these goals through long-term, low-interest loans, credits, and grants to finance projects run by governments or the private sector (in recent times, IFIs are increasingly lending directly to non-sovereign guaranteed actors, which include both the private sector and sub-national government entities⁷) normally operating through shareholdings, trade services and bank shares.⁸

⁴ GOVERNMENT OF CANADA, Export Guides and Statistics, Development and Humanitarian Aid Markets, Overview of International Financial Institutions, 24 February 2020.

⁵ GENERAL ASSEMBLY OF THE UNITED NATIONS, *Declaration on the Right to Development*, G A RES 41/28, adopted on 4 December 1986, full text available on the United Nations Human Rights-Office of the High Commissioner official website: <https://www.ohchr.org/en/professionalinterest/pages/righttodevelopment.aspx>.

⁶ Cinfo (Center for Information, Counselling and Training for Professions relating to International Cooperation), International Financial Institutions - an overview, <https://www.cinfo.ch/en/un-ifi-careers/working-international-financial-institutions/international-financial-institutions>.

⁷ GOVERNMENT OF CANADA, Export Guides and Statistics, Development and Humanitarian Aid Markets, Overview of International Financial Institutions, 24 February 2020.

⁸ *Ibidem*.

International Financial Institutions not only provide technical and advisory expertise to governments, private enterprises and civil society, but also carry out extensive research on sustainable development issues.⁹

Furthermore, it is not to be neglected that the vast majority of IFIs demand conditionality to the recipient States of their loans or technical assistance, usually provided for in an implementing legal agreement outlining the terms and conditions under which such assistance is delivered.¹⁰

Consistently, most IFIs dispose of specific remedies against defaulting borrowers or borrowers that otherwise violate the provisions set forth in the agreement. The typical content of such remedies is normally to either suspend or cancel the undisbursed amounts of the loan or to accelerate the instant repayment of the loan in full.¹¹

“Of course, exercising such remedies means that the underlying objective in rendering the development assistance has failed”¹². Inevitably, the question naturally arises: what are the remedies available to state borrowers and grants/loans recipients?¹³ Two levels of engagement can be identified for the purposes of this analysis: (i) negotiating a debt work-out by developing a menu of options (which is particularly functional solution if the host government in question has quite easy access to international capital markets (ii) involvement of IFIs and private creditors imposing fiscal discipline on a sovereign country.¹⁴

Altogether, International Financial Institutions base their work and mission on the assertion that strong economic institutions entail social and economic development, especially in fragile and developing countries (low and middle-income States) most affected by hunger and poverty in rural areas.¹⁵

⁹ GOVERNMENT OF CANADA, Export Guides and Statistics, Development and Humanitarian Aid Markets, Overview of International Financial Institutions, 24 February 2020.

¹⁰ SARKAR, *International Development Law: Rule of Law, Human Rights and Global Finance*, p. 89.

¹¹ *Ibidem*.

¹² *Ibidem*.

¹³ *Ibidem*.

¹⁴ *Ibidem*.

¹⁵ Cinfo (Center for Information, Counselling and Training for Professions relating to International Cooperation), International Financial Institutions - an overview, <https://www.cinfo.ch/en/un-ifi-careers/working-international-financial-institutions/international-financial-institutions>.

In addition to the long-standing targets of poverty reduction, social equality and sustainable economic growth, in comparatively recent times the vision of International Financial Institutions has broadened, now including new focus areas, such as education, governance and rule of law, private sector development, and environmental resource management.¹⁶

2. *An insight of other IFIs: The World Bank and the International Monetary Fund*

Before going into the specific analysis of IFAD as an International Financial Institution, it is useful, for the sake of completeness, to provide the reader with a brief overview of other IFIs who carry out parallel – but still different in their peculiar traits - mandates.

Among the heterogeneous overview of International Financial Institutions, the World Bank (WB) and the International Monetary Fund (IMF) hold a pivotal place, both on a historical and functional level.

The World Bank and the International Monetary Fund were established in 1944 during the Conference of Bretton Woods (New Hampshire, United States) – led by the United Kingdom and the United States – with the “Articles of Agreement”¹⁷, in the aftermath of the 1930s Great Depression and towards the end of the II World War.

The aim of the establishment of such International Financial Institutions was to facilitate international economic cooperation, through the free circulation of goods between States and to achieve greater economic and financial predictability

¹⁶ *Ibidem*.

¹⁷ Here reference is made to the *Articles of Agreement* drawn up by the United Nations Monetary and Financial Conference in Bretton Woods in 1944 and then amended three times: on December 17, 1965, February 16, 1989 and June 27, 2012. Please note that the IDA was established subsequently on 24 September 1960 with the *IDA Articles of Agreement*, drawn up by the Bank’s Executive Directors.

and stability ¹⁸, as a response to the economically destructive policies and tendencies that led to the Great Depression.¹⁹

The International Monetary Fund - constituted by 190 countries - is the cardinal institution of the international monetary system (the system of exchange rates and international payments that enables countries and their citizens to transact with each other ²⁰) and is part of the United Nations system as well. Originally, its aim was to prevent financial crises and to ensure stability in the international payment system, through a system of fixed but adjustable exchange rates between the currencies of member states. The United States unilaterally assumed the responsibility for ensuring the stability of this new system, known as “gold exchange standard”, which provided for fixed exchange rates, with a fixed parity between currencies, modifiable only in the event of imbalances in the balance of payments. ²¹ Such system established a double equity: the U.S. dollar was pegged to gold and the currencies of other States were pegged to the dollar. ²²

However, this system had not taken into account the possible scenario of a deterioration in the ratio of U.S. gold reserves to the amount of dollars in circulation, which, instead, occurred and undermined the international monetary system. In fact, on 15 August 1971 Richard Nixon publicly declared that the United States were no longer able to ensure the full convertibility of the U.S. dollar into gold. In 1976, the Second Amendment was adopted, pursuant to which Article IV of the Statute was modified and the system of fixed but adjustable exchange rates was definitively abandoned, allowing for a general, but orderly fluctuation of currencies. ²³

Since then, the original mandate of the IMF was gradually lost over time and its functions expanded considerably over the course of years, evolving to include the promotion of economic growth and the alleviation of poverty and

¹⁸ RICHARD PEET, *Unholy trinity: the IMF, World Bank and WTO*, New York, 2009.

¹⁹ MEENA KRISHNAMURTHY, *International Financial Institutions*, The Routledge Handbook of Global Ethics, edited by Darrell Moellendorf and Heather Widdows, 2015, p. 231.

²⁰ International Monetary Fund official website, Factsheet available at: <https://www.imf.org/en/About/Factsheets/IMF-at-a-Glance>.

²¹ MARIA ROSARIA MAURO, *Diritto Internazionale dell'economia: teoria e prassi delle relazioni economiche internazionali*, Edizioni Scientifiche Italiane, Napoli, 2019, pp. 206 – 207.

²² *Ibidem*.

²³ *Ivi*, pp. 208 – 209.

rendering the IMF one of the leading international creditors. The IMF works towards its mandate of assuring national and international prosperity by monitoring the economic policies of the member states, as well as the national, regional and global economy status and evolution, by providing member states with financial advice and macroeconomic policies modelled to promote economic stability, reduce vulnerability to economic crises and raise the living standards, and ultimately, by providing financial support, primarily in the form of loans, to member states experiencing economic difficulties (i.e. actual or potential balance-of-payments issues).²⁴

Overall, the functions of the IMF can be summarized into three main branches: surveillance, capacity development and financial assistance.²⁵

In 2009, the IMF – as a reaction to the economic crisis - strengthened its lending capacity and approved a major overhaul of its financial support mechanisms, subsequently followed by additional reforms in later years. Such reforms enhanced the crisis-prevention toolkit of the International Monetary Fund, strengthened its ability to alleviate contagion in systemic crises and allowed it to better tailor instruments to meet the demands and necessities of individual member states.²⁶

Furthermore, the IMF also works towards the objective of capacity development in its member states, providing technical assistance and consulting in order to build stronger economic institutions and related human capacities.²⁷ Lastly,

²⁴ International Monetary Fund official website, Factsheet available at: <https://www.imf.org/en/About/Factsheets/IMF-at-a-Glance>.

²⁵ MAURO, *Diritto Internazionale dell'economia*, p. 219.

²⁶ “Loan resources available to low-income countries were sharply increased in 2009, while average limits under the IMF’s concessional loan facilities were doubled. Access limits under the IMF’s non-concessional lending facilities were again reviewed and increased in 2016, when the effectiveness conditions for the 14th Review were met. In addition, zero interest rates on concessional loans were extended through end-June 2019, and the interest rate on emergency financing is permanently set at zero. Finally, loan resources (in the amount of SDR 11.4 billion (SDR 0.4 billion above target) have been secured to support the IMF’s concessional lending activities well into the next decade.” (from the official website of the IMF, available at: <https://www.imf.org/en/About/Factsheets/IMF-at-a-Glance>).

²⁷ “This includes, for example, designing and implementing more effective policies for taxation and administration, expenditure management, monetary and exchange rate policies, banking and financial system supervision and regulation, legislative frameworks, and economic statistics.” (from

it should be added that the IMF provides for an international reserve asset known as Special Drawing Rights (SDRs) to supplement the official reserves of member states.²⁸

The work of the IMF is closely interconnected with that of the World Bank, organization comprising 189 member states and composed of two institutions: the International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA).²⁹ Collectively, the mission of the World Bank is to end extreme poverty (by reducing the share of the global population living in extreme poverty conditions to 3 percent), to increase shared prosperity (by increasing the incomes of the poorest 40 percent of people in every country) and promote sustainable development.³⁰

The main difference between the two institutions is the focus areas towards which their work is directed: while the IBRD focuses on poverty reduction in middle-income and creditworthy low-income countries (providing loans, guarantees, risk management products and consulting services) the IDA focuses solely on the poorest countries of the globe (providing zero to low-interest loans – called “credits”- and grants as part of programmes aimed at enhancing economic growth, reducing inequalities and improving people’s livelihoods³¹).³²

Both the institutions work closely with all the institutions of the World Bank Group (IFC, MIGA and ICSID)³³ and the public and private sector in developing countries to fulfil the mandate of the Group.

the official website of the IMF, available at: <https://www.imf.org/en/About/Factsheets/IMF-at-a-Glance>).

²⁸ Current total global allocations: SDR 204 billion (some \$283 billion). Data available on the official website of the IMF: <https://www.imf.org/en/About/Factsheets/IMF-at-a-Glance>.

²⁹ Not to be confused with the World Bank Group, which additionally includes the International Finance Corporation (IFC), the Multilateral Investment Guarantee Agency (MIGA) and the International Centre for Settlement of Investment Disputes (ICSID).

³⁰ The World Bank official website – Who we are: <https://www.worldbank.org/en/who-we-are>.

³¹ International Development Association official website: <https://ida.worldbank.org/en/what-is-ida>

³² KRISHNAMURTHY, *International Financial Institutions*, p.232.

³³ See footnote 24.

2.1 *The protection of non-economic values*

Recently, one of the most delicate topics of debate with respect to global economic governance concerns the so called “non-economic values”, which include a broad range of interests, spanning from human rights³⁴ to environmental concerns. Naturally, this is deeply interconnected with the evolution of a new notion of “development”, intended in the different perspective of a “rights-based approach to development”, as reflected in the United Nations General Assembly Declaration on the Right to Development³⁵ (1986).

In many economic international organizations, an increasing tendency to embrace this notion of development and to include in their mandate the protection and promotion of interests not of a strictly economic nature can be noted.

The purpose of this analysis is now to examine such gradual process of integration within the context of the World Bank as a leading example in this sense.

First of all, the starting point of this reflection should be found in the Articles of Agreements, which entrust to the World Bank purely economic and financial objectives.³⁶

In fact, the original mandate of the WB was to support the reconstruction and economic development of torn apart countries in the aftermath of World War II. Over time, the scope of its mandate increasingly broadened, making it today the leading organization for development and poverty reduction.³⁷

The Statute of both the International Development Association and the International Bank for Reconstruction and Development set out the principle of “political neutrality”, which entails that the Organization should base its activity solely on reasons and considerations of economic nature, focusing exclusively on

³⁴ Cfr. IBRAHIM F.I. SHIHATA, *Human Rights, Development and International Financial Institutions*, Am U.J. Int'l L. & Pol'y (1992) p. 27-37; Dominic McGoldrick, *Sustainable Development and Human Rights: An Integrated Conception*, ICLQ (1996) p.768-818.

³⁵ UNITED NATIONS GENERAL ASSEMBLY, *Resolution Declaration on the Right to Development*, 4 December 1986, A/Res/41/128, full text available at: <https://www.ohchr.org/en/professionalinterest/pages/righttodevelopment.aspx>

³⁶ MARIA ROSARIA MAURO, *The Protection of Non-Economic Values and the Evolution of International Economic Organizations: The Case of the World Bank*, Ch.9 Evolutions in the Law of International Organizations, 2015, p.250.

³⁷ *Ibidem*.

economic development and refraining from political considerations. In this perspective, human rights seem left out of the frame.

Nonetheless, the World Bank has seen its scope evolve gradually, “essentially through practice and without specific statutory changes”³⁸ in this respect. Instead, the Articles of Agreement have been subject to different interpretations, especially on the part of the General Counsels who have succeeded each other over time.³⁹

Particularly from the 70s onwards, the Bank embraced a new concept of development, the so-called “human development approach”⁴⁰, which recognized the inextricable link between human rights and development. The culmination of this vision is, naturally, the above-mentioned 1986 Declaration on the Right to Development.

This paved the way for a number of innovations, such as the “Poverty Reduction Strategy Paper” (subsequent to the identification of poverty reduction as a priority of the Bank in the 90s)⁴¹ or the “Comprehensive Development Framework” (CDF), which outlined a holistic approach to development.⁴²

Furthermore, over time, additional instruments to protect and promote non-economic values have been introduced by the World Bank, such as the Operational Policies (OPs) stating the parameters of the operations, the Bank Procedures (BPs)

³⁸ *Ibidem*.

³⁹ “In the context of the WB, the Board of Executive Directors is solely responsible for the interpretation of the Articles, subject only to possible review by the Board of Governors upon the request of a Bank member. The procedure provided for in the Articles was frequently used in the early years of the Bank’s activity; later, however, the practice of the Organization leaned toward an informal interpretation. On numerous occasions, in fact, the General Counsel of the Bank, who is the head of the legal department, gave his opinion on specific issues by providing advice to the Executive Board, which then acted on the basis of those opinions without adopting a true interpretative decision. Moreover, the legal opinion of the General Counsel is not equivalent to an authoritative interpretation of the Articles, since only the Board of Executive Directors may provide such an interpretation. However, the Board’s endorsement of, or concurrence with, the General Counsel’s opinions allows one to incorporate these opinions into the subsequent practice of the Organization.” (MAURO, *The Protection of Non-Economic Values and the Evolution of International Economic Organizations*, p.252)

⁴⁰ MAURO, *The Protection of Non-Economic Values and the Evolution of International Economic Organizations: The Case of the World Bank*, p. 255.

⁴¹ Ivi, p. 256.

⁴² Ivi, p.258.

explaining how to implement the former and the Good Practices (GPs), non-binding in nature.⁴³

In 1997, the World Bank developed the so-called Safeguard Policies (SPs), gathering ten Operational Policies (six environmental, two social and two legal policies), and established administrative procedures in order to facilitate compliance with the SPs during the preparation and implementation of the projects, in an effort to prevent any social and environmental harm. Such Policies underwent a process of review and update, ultimately culminating in 2016 with the approval by the Executive Board of a new Environmental and Social Framework⁴⁴.

In addition, in 1993 the Inspection Panel⁴⁵ - entrusted with the task to verify the compliance of the activities of the Bank with its policies and procedures - was established, followed in 1999 by the institution of the Compliance Advisor Ombudsman (CAO)⁴⁶ – independent body dealing with complaints with respect to the IFC and MIGA.

⁴³ Ivi, p.261.

⁴⁴ See in this regard the Official Site of the World Bank, *Review and Update of the World Bank Safeguard Policies*: <https://consultations.worldbank.org/consultation/review-and-update-world-bank-safeguard-policies>.

⁴⁵ The Inspection Panel has the task of verifying whether the activity of the Bank in the development, appraisal and implementation of a project has been in compliance with its Policies and Procedures. It is an independent body, composed of three members from different member states of the Bank and appointed for their competence and professionalism by the Executive Directors on the proposal of the Bank's President, who remain in office for a non-renewable term of five years. The most innovative aspect of the Inspection Panel relates to the conditions of admissibility of inspection requests. There are four, to which jurisdiction is subject. The most important of these is the requirement of jurisdiction *ratione personae*. In fact, not only the Executive Board of the IBRD or IDA or an Executive Director with the approval of their respective Executive Board may submit a request for the opening of an investigation, but also persons (at least two), resident in the area where the project financed by the Bank is to be implemented, are entitled to act directly. The body may receive requests for inspections where there is an actual or potential adverse effect that affects the rights or interests of a group of individuals and is attributable to actions or omissions of the Bank that are inconsistent with its Operational Policies (OPs) and Bank Procedures (BPs). (MAURO, *Diritto Internazionale dell'economia*, p. 309).

Nonetheless, for the sake of clarity, certain limits of the Inspection Panel need to be outlined as well: see MARIA ROSARIA MAURO, *Diritto Internazionale dell'economia: teoria e prassi delle relazioni economiche internazionali*, Ch. V, Section II §13, pp. 314-315.

⁴⁶ The CAO is an independent mechanism charged with considering complaints about the activities of the IFC and MIGA and promoting dialogue in a fair, objective and constructive manner between individuals, groups of individuals and organisations affected by a project and the two agencies. However, the CAO is not comparable to the Inspection Panel, as it is only an informal conciliatory and consultative mechanism for resolving conflicts between stakeholders. Complaints can be filed

In 2006, the “Legal Opinion on Human Rights and the Work of the World Bank”⁴⁷ issued by the General Counsel Roberto Dañino definitely set a milestone.

In fact, the Legal Opinion stated that “the Articles of Agreement permit, and in some cases, require, the Bank to recognize the human rights dimensions of its development policies and activities since it is now evident that human rights are an intrinsic part of the Bank’s mission”⁴⁸. It further added that “human rights may constitute legitimate considerations for the Bank where they have economic ramifications or impacts, and it confirms the facilitative role the Bank may play in supporting its members to fulfil their human rights obligations”⁴⁹. It surely should be noted that, in accordance with the Legal Opinion in question, the violation of human rights is recognized only where it entails “an economic impact.”⁵⁰

Nonetheless, it is still one of the most evolutionary interpretations of the mandate of the World Bank, suggesting a dynamic interpretation of the Articles and regarding human rights as a noteworthy element in the decision-making process of the Bank.⁵¹

In light of what has been stated in this brief *excursus*, it is utterly desirable to nurture a continuous process of integration between economic and non-economic values and to promote coordination among the international community and the different ramifications of international law, in order to allow the economic globalization and the legal, civil and social progress to develop hand in hand, in the firm belief that “low standards for the protection of human rights and, in general, critical social and environmental conditions represent an element that is

by any individual, group, community or entity that believes it has been, or is likely to be, adversely affected by the social or environmental impacts of a project involving either agency, and can also be filed by a third party acting as a representative of the aggrieved party. The CAO, having heard all the parties involved, decides how to resolve the matter according to a very flexible and concrete approach. It also performs a compliance audit function, verifying the conformity of the activity carried out by the technical staff with the respective policies, procedures and guidelines. Lastly, it gives an opinion on the adequacy of the institution's internal policies and their application. (MAURO, *Diritto Internazionale dell'economia*, p. 318)

⁴⁷ Senior Vice-President of the World Bank and General Counsel, Legal Opinion on Human Rights and the Work of the World Bank, 27 January 2006.

⁴⁸ *Ibidem*.

⁴⁹ *Ibidem*.

⁵⁰ MAURO, The Protection of Non-Economic Values and the Evolution of International Economic Organizations: The Case of the World Bank, p. 259.

⁵¹ *Ibidem*.

destabilizing to the international situation and also distorting of international trade and investment ”. ⁵²

3. *Overview of IFAD as an International Financial Institution*

An analysis of IFAD as an institution cannot prescind from the recognition of its dual nature as both a specialized agency of the United Nations and an International Financial Institution (hereinafter, referred to as IFI).

IFAD’s specificity as an IFI relies in its unique mandate. In fact, IFAD is the only IFI with the specific mandate to combat poverty and hunger by investing in poor rural communities through financial and technical assistance to agriculture and rural development projects in developing member states. ⁵³

IFAD finances its operations mainly through member state contributions, loan repayments, investment income and special contributions from non-member states, sovereign borrowing and concessional loans and borrowing in international capital markets. ⁵⁴

Differently from other United Nations agencies, IFAD’s financing does not come from obligatory contributions. Instead, all contributions are voluntary and negotiated during Member States Consultation every 3 years. ⁵⁵

This naturally entails that ODA (Official Development Assistance) ⁵⁶ budgets can remain flat or decline, with clear repercussions on the Replenishment ⁵⁷ process. To address such criticalities, IFAD has implemented the Sovereign Borrowing Framework⁵⁸ (SBF) and Concessional Partner Loan Framework⁵⁹ (CPL) to secure additional funding, now both replaced by and converged into the

⁵² Ivi, p. 273.

⁵³ IFAD Official Website – Finance: <https://www.ifad.org/en/finance>

⁵⁴ *Ibidem*.

⁵⁵ IFAD, IFAD as a Development Finance Institution, 9 October 2020.

⁵⁶ Government aids that promote and specifically target the economic development and welfare of developing countries (definition provided by the OECD Development Assistance Committee).

⁵⁷ For an in-depth reading on the Replenishment Process see §III.I Sources of Financing.

⁵⁸ IFAD, Sovereign Borrowing Framework: Borrowing from Sovereign States and State- Supported Institutions, 23 April 2015, EB 2015/114/R.17/Rev.1

⁵⁹ IFAD, Concessional Partner Loan Framework, 14 September 2017, EB 2017/121/R.28/Rev.1.

Integrated Borrowing Framework (IBF).⁶⁰ Over time, IFAD – supported in this pathway by the Member States – has increasingly proceeded to diversify its funding base. Different ranges of options are currently under examination, including the pursuit of a credit rating to put IFAD in a better position to raise the level of funding required.⁶¹

“Similar to peer supranational lending institutions, IFAD shares a solid business profile based on transparent governance and management expertise, relevance of its public mandate, strong relationships with stakeholders and preferred creditor treatment.”⁶²

Furthermore, IFAD is actively part of numerous working groups of Multilateral Development Banks and International Financial Institutions which strive for the harmonization of policies, practices and knowledge.

Transparency and controllership are of the utmost importance in order for IFAD to maintain its position and recognition in the international community.

With respect to financial reporting, IFAD delivers annually three sets of statutory financial statements prepared in compliance with International Financial Reporting Standards (IFRS), audited by an independent External Auditor, and delivers more than 100 Donor Reports and financial reports to other key stakeholders.⁶³

Furthermore, IFAD has a very solid controllership function managing the IFAD Internal Control Framework⁶⁴ for Operations.

⁶⁰ IFAD, IFAD’s Integrated Borrowing Framework, 8 December 2020, EB 2020/131(R)/R.21/Rev.1.

⁶¹ IFAD, IFAD as a Development Finance Institution, 9 October 2020.

⁶² IFAD Official Website – Finance: <https://www.ifad.org/en/finance>.

⁶³ *Ibidem*.

⁶⁴ “IFAD’s Internal Control Framework is a process effected by IFAD’s governing bodies, Management and other personnel that is designed to provide reasonable assurance regarding the achievement of objectives relating to operations, reporting and compliance.

The Internal Control Framework is designed to establish institutional standards and accountability for operating the internal control system by specifying its objectives and benefits; components of internal control, including the relevant policies, procedures, tools and responsible units; and the responsibilities of managers and personnel for the development, implementation, monitoring and improvement of policies and tools. The objective is to integrate several control mechanisms into one coherent and comprehensive framework.” (IFAD – *Internal Control Framework*)

Subsequently, “in 1992 the Committee of Sponsoring Organizations of the Treadway Commission (COSO) released its Internal Control –Integrated Framework (the original framework for designing,

Additionally, an Internal Control Framework over the Financial Reporting has been provided for by IFAD. The overall strength and effectiveness of such system is certified by a Management assertion letter and supported by the verification of an External Auditor.⁶⁵

With specific regard to the financial data of the projects financed by IFAD, disclosed project audit reports can be publicly accessed. Indeed, starting from 2019, public disclosure is mandatory for all IFAD-financed projects.⁶⁶

Discussing project financial management, effective oversight and management of financial assets are key to IFAD's ability to reach its goals and demonstrate to its stakeholders that proper governance arrangements are being adopted.

The Agreement Establishing IFAD⁶⁷ sets out an "intended purpose" obligation – essential for good financial management⁶⁸ - according to which the proceeds of loan and grant financing shall be used exclusively for the purposes specified in Article 2, as per Article 7 Section 1 (a) of the Agreement, and in accordance with the activities described in the annual work plan and budget.

The Agreement further specifies that "financing by the Fund shall be provided only for the benefit of developing States that are Members of the Fund", as pursuant to Article 7 Section 1(b). Lastly, Article 7 Section 1 (c) states that the Fund shall ensure that financings are utilized exclusively "for the purposes for

implementing, and conducting internal control and assessing the effectiveness of internal control). The original framework has gained broad acceptance and is widely used around the world. It is recognized as a leading framework for designing, implementing, and conducting internal control and assessing the effectiveness of internal control, and hence its used by IFAD." (IFAD – *Internal Control Integrated Framework*)

⁶⁵ IFAD Official Website – Corporate Finance, Controllership: <https://www.ifad.org/en/corporate-finance>.

⁶⁶ IFAD Official Website – Project Financial Management: <https://www.ifad.org/en/financial-management>.

⁶⁷ UNITED NATIONS CONFERENCE ON THE ESTABLISHMENT OF AN INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT, Agreement Establishing the International Fund for Agricultural Development, 13 June 1976.

⁶⁸ Financial Management refers to the budgeting, accounting, internal control, funds flow, financial reporting and auditing arrangements through which borrowers receive funds, allocate them, and record and report on their use. (IFAD – Project Financial Management)

which [they] were provided, with due attention to considerations of economy, efficiency and social equity.”

IFAD adopts a risk based assurance methodology in order to systematically estimate and mitigate fiduciary risks. “A fiduciary risk rating is initially assigned following assessment during the project design stage. The fiduciary risk rating is subject to ongoing review and may be either validated or refined based primarily on findings made during annual supervision and implementation support field missions.”⁶⁹

In the fulfilment of its mission, IFAD strives for the operationalization of the goals set forth in the Paris Declaration, the Accra Agenda for Action, and the Busan Partnership to further coordinate IFAD’s procedures and practices with country Project Financial Management systems.

3.1 Sources of Financing

As anticipated⁷⁰, IFAD draws its financing from different and variegated sources, consisting of member state contributions, loan repayments, investment income and special contributions from non-member states, sovereign borrowing and concessional loans and borrowing in international capital markets.⁷¹

Article 4 Section 1 (a) of the Agreement Establishing IFAD provides for four types of resources of the Fund: (i) initial contributions (ii) additional contributions (iii) special contributions from non-member States and from other sources and (iv) funds derived or to be derived from operations or otherwise accruing to the Fund.

Section 5 (“Conditions Governing Contributions”) is the cornerstone of the whole article, setting out the conditions⁷² that shall be applied to all contributions, regardless of the form in which they are made.

⁶⁹ IFAD Official Website – Project Financial Management: <https://www.ifad.org/en/financial-management>.

⁷⁰ *Ut supra*, § III.

⁷¹ IFAD Official Website – Finance: <https://www.ifad.org/en/finance>.

⁷² Article 4, Section 5 – Conditions Governing Contributions

“(a) Contributions shall be made without restriction as to use and shall be refunded to contributing Members only in accordance with Section 4 of Article 9.

(b) Contributions shall be made in freely convertible currencies.

Initial contributions, as regulated under Section 2 of the same article, shall be specified in the instrument of ratification, acceptance, approval or accession deposited by the Member State and shall be due and payable in the forms set forth in Section 5(b) and (c), either in a single sum or, at the option of the Member, in three equal annual instalments.

Additional contributions, regulated under Section 3, are provided by Member States in a process that goes under the name of “replenishment” and that will be analyzed separately in detail later in this paragraph, as it is the core of IFAD’s financing system.

Furthermore, increases in the amount of the initial contribution of a Member State are regulated under Section 4, entrusting the Governing Council to authorize them at any time. Ultimately, Section 6 provides for Special contributions, which can either be supplied by non-member States or other sources, consistent with Section 5, and shall be approved by the Governing Council on the recommendation of the Executive Board.

Moving on to the analysis of the Replenishment process, regulated under Section 3 of Article 4 (“Additional Contributions”), it shall be considered first of

(c) Contributions to the Fund shall be made in cash or, to the extent that any part of such contributions is not needed immediately by the Fund in its operations, such part may be paid in the form of non-negotiable, irrevocable, non-interest bearing promissory notes or obligations payable on demand. In order to finance its operations, the Fund shall draw down all contributions (regardless of the form in which they are made) as follows:

- (i) contributions shall be drawn down on a pro rata basis over reasonable periods of time as determined by the Executive Board;
- (ii) where a contribution is paid partly in cash, the part so paid shall be drawn down, in accordance with paragraph (i), before the rest of the contribution. Except to the extent that the part paid in cash is thus drawn down, it may be deposited or invested by the Fund to produce income to help defray its administrative and other expenditures;
- (iii) all initial contributions, as well as any increases in them, shall be drawn down before any additional contributions are drawn down. The same rule shall apply to further additional contributions.

(d) Notwithstanding subsection (c) above, contributions to the Fund may also be made in the form of the grant element of a concessional partner loan; for this purpose, a “concessional partner loan” shall mean a loan provided by a Member or one of its state-supported institutions, which includes a grant element for the benefit of the Fund and is otherwise consistent with the Concessional Partner Loan Framework approved by the Executive Board; and “state-supported institution” shall mean any state-owned or state-controlled enterprise and development finance institution of a Member, with the exception of multilateral institutions.”

all that in order to secure the continuous flow of funds financing IFAD's operations, the Agreement Establishing IFAD provides for a periodical review of the availability of the resources of the Fund, carried out by the Governing Council.⁷³

In light of such a review, the Governing Council may invite Member States to make additional contributions. The Consultations on the Replenishments are currently composed of Governors from 25 List A Member States (i.e. primarily contributing developed countries), 10 List B Member States (primarily contributing developing countries) and 22 List C Member States (potential recipient countries).⁷⁴

Such process, usually comprised of four main meetings, is known as a replenishment consultation and normally occurs every three years.

The heart of IFAD financing process relies in the Replenishments. In fact, it fulfils three fundamental functions: first of all, it allows the mobilization of IFAD core resources; secondly, it is an exercise in accountability and a moment of dialogue between IFAD and its Member States with respect to the strategy, reform and performance of the Fund, usually at the mid-term of the previous replenishment period; thirdly, it offers a key opportunity for feedback and strategic guidance from its Member States.⁷⁵

The final outcome of such process as briefly outlined is a report defining the future efforts IFAD has committed to and the pledges of contributions from Member States. The report, along with a recommendation for its adoption, is then submitted to the Governing Council for approval, with a specific Governing Council resolution on the replenishment.⁷⁶

As previously stated⁷⁷, due to the fact that IFAD does not rely on obligatory contributions from the Member States, core contributions and internal resources may not be sufficient to satisfy the estimated demand. "The main constraint on

⁷³ IFAD Official Website – Replenishment: mobilizing core resources to reduce rural poverty <https://www.ifad.org/en/replenishment>.

⁷⁴ Current and updated list of IFAD Member States, along with the related classification, available at: <https://webapps.ifad.org/members/member-states>.

⁷⁵ *Ibidem*.

⁷⁶ *Ibidem*.

⁷⁷ *Ut supra*, § III.

stepping up IFAD’s development capacity lies more on the supply than on the demand part”.⁷⁸

For this reason, different instruments have been implemented to secure additional funding. Among these, a prominent role is definitely entrusted to Sovereign Borrowing and to Concessional Partner Loans, once regulated respectively in the Sovereign Borrowing Framework and in the Concessional Partner Loan Framework, now superseded and replaced by the Integrated Borrowing Framework (IBF).

In general terms, such financial instruments consist in borrowing from Sovereign States and State-Supported Institutions.

Pursuant to Article 4 Section 5 (d) of the AEI, concessional partner loan shall be intended as “a loan provided by a Member or one of its State-supported institutions, which includes a grant element for the benefit of the Fund”.

It is now useful to preliminarily clarify the meaning of these two terms, for the purposes of this analysis. “Sovereign States” refer to IFAD Member States and Sovereign States that are not members to IFAD ⁷⁹, while “State-Supported Institutions” include all state-owned or state-controlled enterprises and development finance institutions of IFAD Member States.⁸⁰

The Integrated Borrowing Framework is a comprehensive financial framework, decisive to enhance the Fund’s access to funding in a productive and cost-effective way and to strengthen the liquidity management. ⁸¹

Borrowing is a paramount component in IFAD’s pursuit of its mission. In accordance with the Addis Ababa Action Agenda, IFAD aspires to “increase financing to all eligible borrowers while preserving its own financial stability” ⁸², in order to further promote its contribution to the 2030 Agenda, especially in the present historical moment, wracked by the Covid-19 pandemic.

⁷⁸ IFAD10/3/R.5, §4.

⁷⁹ IFAD, IFAD’s Integrated Borrowing Framework, 8 December 2020, EB 2020/131(R)/R.21/Rev.1. Annex I.

⁸⁰ *Ibidem*.

⁸¹ IFAD, IFAD’s Integrated Borrowing Framework, 8 December 2020, EB 2020/131(R)/R.21/Rev.1.

⁸² *Ibidem*.

The Framework meets the need for a holistic and comprehensive approach to borrowing, which plays a crucial role in realizing IFAD's ambitions. Despite the undeniable relevance of the Sovereign Borrowing Framework (SBF) and of the Concessional Partner Loan (CPL) Framework, their scope was, however, narrowed to sovereign counterparts and to bilateral loans. The bilateral nature of a sovereign loan is particularly problematic.

First of all, it could refrain existing lenders from further financing IFAD because of concentration risk; secondly, it puts the lender in a privileged position to dictate terms.⁸³ Therefore, the IBF proposes innovations and updates from the existing Sovereign Borrowing Framework in order to strengthen IFAD's borrowing capacity through diversification of its funding sources and the improvement of timeliness and pricing of the borrowing. The new Framework assimilates into a holistic document provisions and lessons learned from the SBF and CPL Frameworks, which, nonetheless, remain applicable to loans signed prior to the approval of the IBF.⁸⁴

The IBF is built around five pillars, applicable to all borrowing activities carried out by IFAD: (i) eligible lenders (ii) types of borrowing instruments (iii) use of borrowed funds (iv) borrowing governance and (v) borrowing limits and risk management.

The new Integrated Framework introduces two innovations with regard to pillars (i) and (ii) and two variations of pillars (i) and (v). Whereas, pillars (iii) and (iv) remain unchanged.

With respect to the first pillar ("Eligible Lenders"), the Framework includes in the pool of eligible lenders supranational and multilateral institutions, along with private institutional impact investors, in addition to sovereign States and State-supported institutions. Moreover, it disapplies the "additionality provision" (which, nonetheless, remains applicable for Concessional Partner Loans), according to which IFAD could only enter into a borrowing transaction with a Member State or State-supported institution if the core replenishment of the Member State was at least 100 per cent of the amount contributed in the previous replenishment.

⁸³ *Ibidem.*

⁸⁴ *Ibidem.*

In light of the paramount importance of borrowing for the growth of the Fund, this provision has been considered to be unnecessarily limiting its possibilities.

With regard to the second pillar (“Types of borrowing instruments”), the IBF widens the scope, including private bilaterally negotiated bonds, in addition to bilaterally negotiated loans.

Furthermore, the fifth and last pillar (“Borrowing limits and risk management”) is updated as well. In fact, a more prudent and conservative method of computation of the debt/equity risk is provided for, following industry best practices and methodologies adopted by credit rating agencies.

Ultimately, as already mentioned, no changes have been made with regard to the use of borrowed funds (third pillar) or to the borrowing governance (fourth pillar). Indeed, the authority necessary in order to enter into the borrowing agreements stays the same: the approval by the Executive Board of all lenders and borrowing agreements is still required.

3.2 Financial Products and Lending Terms

For the purposes of this analysis the first element to take into consideration is the Agreement Establishing IFAD, as it is the backbone of the Organization. Naturally, the framework is in its turn completed and integrated by new instruments emerged in the evolution of the Fund strategies and in the exploration of diverse options, in order to face the increasing challenges presented by food security, climate change and fragility.

Article 7 Section 2 (a) (“Forms and Terms of Financing”) of the AEI provides that the financing by the Fund may take the form of loans, grants, debt sustainability mechanism, equity or other means, “having regard for the economic situation and prospects of the Member and the nature and requirements of the activity concerned”.⁸⁵

⁸⁵ UNITED NATIONS CONFERENCE ON THE ESTABLISHMENT OF AN INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT, Agreement Establishing the International Fund for Agricultural Development (AEI), Article 7 - Section 2 (a).

Section 2(d) of the same Article states that “decisions with regard to the selection and approval of projects and programmes shall be made by the Executive Board” and that such decisions shall be taken “on the basis of the broad policies, criteria and regulations established by the Governing Council”.

In light of this provision, the Governing Council implemented the “Lending Policies and Criteria” at its Second Session in December 1978. Paragraph 3 of the Lending Policies and Criteria stated that the policies and criteria set forth in the document reflected only the initial attempt to translate the objectives and priorities set out in articles 2 and 7 of the Agreement into concrete efforts and guidelines.⁸⁶

At its Thirty-Sixth Session on 14 February 2013⁸⁷, the Governing Council adopted a revised version of the Lending Policies and Criteria, now renamed as “Policies and Criteria for IFAD financing”.

Article IV of the Policies and Criteria draws an overview of the financing terms of the Fund, analyzing technical and substantial aspects of loans, sub-divided in loans to the public and private sector, grants, debt sustainability mechanism and equity or other means.

With respect to loans to the public sector, Article IV (a) further specifies the criteria to be used to determine the terms to apply to a specific country and the conditions to determine the regime of super highly concessional, highly concessional, blend and ordinary lending terms. Article IV (b), on the other hand, provides for loans to the private sector, referring to the Private Sector Strategy⁸⁸.

With regard to grants, separate considerations should be made, in light of their particular nature and of the very limited resources available for this type of assistance.⁸⁹ Compared to loans, grants present enhanced flexibility and strengthened capacity of responding to needs and opportunities, special value “for supporting policy engagement, research and partnerships, and for generating, testing and implementing innovative ideas and approaches, not only with partner

⁸⁶ IFAD GOVERNING COUNCIL, Policies and Criteria for IFAD financing, 14 February 2013.

⁸⁷ Resolution 178/XXXVI.

⁸⁸ IFAD EXECUTIVE BOARD, IFAD Private Sector Engagement Strategy 2019-2024, 1 August 2019, EB 2019/127/R.3.

⁸⁹ IFAD GOVERNING COUNCIL, Policies and Criteria for IFAD financing, 14 February 2013, p. 9, § a (viii).

governments, but also with actors in civil society, academia and the private sector”.⁹⁰

In fact, IFAD’s grant assistance shall be used exclusively to finance projects in the absolute poorest food-deficit countries with the most severe development issues. Accordingly, the Executive Board will approve grant financing only with respect to high-priority projects in countries affected by extremely severe budgetary constraints.⁹¹ Pursuant to Article IV para. B, grants may be provided to: developing Member States, intergovernmental organizations of which such Member States are part or other entities which are deemed to be eligible by the Executive Board in accordance with Article 8 of the Agreement.

More specific guidance on this matter is provided by the IFAD Policy for Grant Financing⁹², which explores the rationale behind IFAD grant assistance, the different types of IFAD grants, strategic direction, the processes of identification and selection of grants and the principles for efficient grant management.

In order to achieve the ambitious goals⁹³ of IFAD grant financing, the Policy sets out three core requirements to comply with: “(i) a significant contribution to a global, regional or national public good related to IFAD’s mandate; (ii) focus on interventions where grant financing has clear added value and a comparative advantage over regular loans; and (iii) not be used as a substitute for resources from IFAD’s administrative budget.”⁹⁴

Over the last years, IFAD has adopted a series of innovations under a transformational financial framework reform with the aim of allowing the Fund to boost its programme of work while also ensuring financial sustainability and enhanced risk management.

⁹⁰ IFAD GOVERNING COUNCIL, IFAD Policy for Grant Financing, 22 April 2015, EB 2015/114/R.2/Rev.1, pp. 1 – 2, § I.

⁹¹ *Ibidem*.

⁹² IFAD GOVERNING COUNCIL, IFAD Policy for Grant Financing, 22 April 2015, EB 2015/114/R.2/Rev.1.

⁹³ According to § I (8) of the Policy, “the objectives of IFAD grant financing are to: (i) promote innovative, pro-poor approaches and technologies with the potential to be scaled up for greater impact;(ii) strengthen partners’ institutional and policy capacities; (iii) enhance advocacy and policy engagement; and (iv) generate and share knowledge for development impact.”

⁹⁴ IFAD GOVERNING COUNCIL, IFAD Policy for Grant Financing, 22 April 2015, EB 2015/114/R.2/Rev.1, p. 2, § I (7).

This naturally entails the need for new resources to complement donors' contributions (Replenishment contributions). The demand for diversification of IFAD's funding sources – in order to access higher levels of borrowing – is an essential factor to this effect.

In this context, two separate but interconnected mechanisms have been adopted by the Executive Board: the Performance-Based Allocation System ⁹⁵ (PBAS) and the Borrowed Resources Access Mechanism ⁹⁶ (BRAM).

In 2003, the Executive Board introduced the PBAS to enhance the credibility and transparency of the Fund's allocation of resources to its developing Member States in the eyes of the international community.

The core feature of such system is that country allocations are determined using a specific formula to generate a country score, obtained summing several variables that determine the necessities and performance of the country under consideration. ⁹⁷ Resources allocated under the PBAS are provided through the Debt Sustainability Framework ⁹⁸ (DSF) for grants, loans on super highly concessional, blend, and ordinary terms.

The Borrowed Resources Access Mechanism (BRAM), on the other hand, is the instrument pursuant to which eligibility and access to borrowed resources is determined, on the basis of development effectiveness, demand and

⁹⁵ IFAD INDEPENDENT OFFICE OF EVALUATION, IFAD's Performance-based Allocation System: Corporate Level Evaluation, April 2016.

Room for improvement in the PBAS: "Overall, the PBAS is found to be relevant. The formula should better factor in some key dimensions of IFAD's priorities, such as food security, nutrition and climate change. It also should improve the way it considers vulnerability issues as determinants of country needs. The evaluation finds the system's effectiveness to be on the whole moderately satisfactory. The rationale for including or excluding countries from the PBAS and the underlying mechanisms guiding the capping system should be made more explicit and institutionalized. Among the recommendations, the need to refine the PBAS design, by sharpening its objectives and strengthening the rural poverty focus; streamline the process for better effectiveness; and enhance management and governance, by taking a more corporate approach to the PBAS in general." (IFAD Independent Office for Evaluation – Performance based Allocation System)

⁹⁶ IFAD, Borrowed Resource Access Mechanism: Framework for Eligibility and Access to Resources, 10 August 2020, PBAS 2020/12/W.P.2.

⁹⁷ IFAD Independent Office of Evaluation - IFAD's Performance Based Allocation System: <https://www.ifad.org/en/web/ioe/-/ifad-s-performance-based-allocation-system>.

⁹⁸ WORLD BANK – INTERNATIONAL MONETARY FUND, Debt Sustainability Framework for Low-Income Countries, 2005.

creditworthiness.⁹⁹ It should be noted here that resources allocated under the BRAM are provided exclusively in ordinary terms.¹⁰⁰

As a general rule, lending terms are determined pursuant to the Policies and Criteria for IFAD Financing¹⁰¹, mainly on the grounds of a country's gross national income (GNI) *per capita*¹⁰² and a creditworthiness assessment.

Furthermore, the overall principles and procedures for the processes of transition and reversal of a country's lending terms eligibility are provided for in the Transition Framework¹⁰³.

The Framework lays out three guiding principles: predictability (“awareness of amount, timing and concessionality of financing offer”¹⁰⁴), transparency (“public and accessible information on aid availability and use of resources for greater accountability”¹⁰⁵) and sustainability (“long-lasting effect of development efforts to avoid backsliding”¹⁰⁶).

The individuation of the lending terms that apply to each specific country is conducted prior to the start of every replenishment period. Subsequently, the terms should, in theory, remain effective for the three-year period. However, in the event that IFAD becomes aware that a country has become eligible for less concessional terms, the new terms will be applied progressively during the replenishment period with a “phasing-out/phasing-in” mechanism¹⁰⁷.

⁹⁹ IFAD, Borrowed Resource Access Mechanism: Framework for Eligibility and Access to Resources, 10 August 2020, PBAS 2020/12/W.P.2.

¹⁰⁰ IFAD official website – Financial products and financing terms: <https://www.ifad.org/it/financial-products-and-terms>.

¹⁰¹ IFAD GOVERNING COUNCIL, Policies and Criteria for IFAD Financing, adopted at its Second Session on 14 December 1978.

¹⁰² As per World Bank calculation using Atlas methodology.

¹⁰³ IFAD EXECUTIVE BOARD, IFAD Transition Framework, 12 December 2018, EB 2018/125/R.7/Rev.1.

¹⁰⁴ *Ibidem*.

¹⁰⁵ *Ibidem*.

¹⁰⁶ *Ibidem*.

¹⁰⁷ “The phasing-out/phasing-in mechanism, approved by the Executive Board for changes in lending terms effective 1 January 2019, guides the transition of Member States towards less concessional terms. If the Fund determines, prior to the start of a Replenishment Period, that a Member State is newly eligible for less concessional lending terms, the Member State will be under transition to the less concessional lending terms over the Replenishment Period.” (Guidelines for IFAD Lending Terms and Financing Conditions, § 8)

On the contrary, if during any of the reviews of the terms – which are carried out annually - a country results to be eligible for a reversal to more concessional terms, the reversal will operate starting from the following calendar year.¹⁰⁸

A distinction shall be drawn between highly concessional, blend and ordinary terms.

The first ones apply to Member States that, at the end of the year before the start of the replenishment period: “(i) have a gross national income (GNI) per capita lower than, or equal to, the operational cut-off as determined annually by IDA (ii) have a GNI per capita higher than the operational cut-off but not classified by IDA as "gap countries" or "blend countries" or (iii) are classified by IDA as a "small state economy".¹⁰⁹

The second ones normally apply to those Member States that, at the end of the year before the start of the replenishment period, are classified, according to the standards of the International Development Association, as "blend" or "gap" countries.¹¹⁰

Ultimately, the criterion of identification of those Member States to which the last category of financing terms applies - the ordinary terms - is basically residual: those that are not eligible for loans on highly concessional or blend terms.¹¹¹

Within the frame traced so far, a pivotal role is held by the Debt Sustainability Mechanism. The Debt Sustainability Framework (DSF)¹¹² is a conceptual framework developed jointly by the World Bank and the International Monetary Fund, intended to provide grant resources to eligible countries (i.e. at IFAD, those Member States who are eligible for highly concessional terms)¹¹³.

The Debt Sustainability Framework was introduced in April 2005 and is periodically subject to a process of review. The current framework was approved

¹⁰⁸ IFAD official website – Financial Products and Financing Terms: <https://www.ifad.org/en/financial-products-and-terms>.

¹⁰⁹ *Ibidem*.

¹¹⁰ *Ibidem*.

¹¹¹ *Ibidem*.

¹¹² WORLD BANK – INTERNATIONAL MONETARY FUND, Debt Sustainability Framework for Low-Income Countries, 2005.

¹¹³ IFAD official website – Financial Products and Financing Terms: <https://www.ifad.org/en/financial-products-and-terms>.

in September 2017 and entered into force in July 2018. It is, as defined by the World Bank, “the main tool for multilateral institutions and other creditors to assess risks to debt sustainability in Lower-Income Countries (LICs)”¹¹⁴.

The Framework “classifies countries based on their assessed debt-carrying capacity, estimates threshold levels for selected debt burden indicators, evaluates baseline projections and stress test scenarios relative to these thresholds, and then combines indicative rules and staff judgment to assign risk ratings of debt distress”¹¹⁵.

It is based on technical economic analyses of the countries involved, referred to as Debt Sustainability Analyses (DSAs), conducted by the International Monetary Fund and the World Bank, in coordination with the countries involved.¹¹⁶

The scope of application of the LIC DSF basically includes low-income countries facing substantially long-maturity debt with terms below market terms (concessional debt), and IDA-eligible countries.¹¹⁷

As mentioned above, one of the most relevant outcomes of the Debt Sustainability Analyses is the risk of debt distress, which as a result determines the applicable financing terms.

The levels of risk of debt distress, pursuant to the DSF, can be grouped as follows: (i) low; (ii) moderate with substantial space; (iii) moderate with limited or some space; (iv) high or in debt distress.¹¹⁸

As a conclusive note, the Non-Concessional Borrowing Policy (NCBP) should be mentioned. The NCBP is a multidimensional policy facing the

¹¹⁴ World Bank Official Website – Debt Sustainability Framework (DSF): <https://www.worldbank.org/en/programs/debt-toolkit/dsf>.

¹¹⁵ *Ibidem*.

¹¹⁶ IFAD official website – Financial Products and Financing Terms: <https://www.ifad.org/en/financial-products-and-terms>.

¹¹⁷ *Ibidem*.

¹¹⁸ “Countries at moderate risk of debt distress with substantial space to absorb shocks will receive their PBAS allocation in the form of loans in Highly Concessional terms with small state amortization profile.

Countries at moderate risk of debt distress with limited or some space to absorb shocks will receive 80% of their PBAS allocation in the form of loans in Super Highly Concessional terms and 20% of their PBAS allocation in the form of loans in Highly Concessional terms with small state amortization profile.

Countries at in debt distress or at high risk of debt distress will receive 100% of their PBAS allocation as grant.” (IFAD - Financial Products and Financing Terms)

problematic issues of moral hazard and free riding in concessional lending, focusing on deepening creditor coordination around the DSF and allows IFAD to apply remedies to Member States that are “over-borrowing” on non-concessional terms. The Policy identifies potential remedies to such circumstances in a cut in the borrower's allocation or in the hardening of a borrower's lending terms.¹¹⁹

3.3 *An insight of the Financial Policies of IFAD*

IFAD has now evolved to the point where its work is guided by a very vast and intricate ramification of policies and criteria, set forth in documents of both general and specific scope.

The Governing Council holds the authority to establish the broad policies, criteria and regulations that govern the financing of the Fund, while acknowledging the primary responsibility of the Executive Board to set out the detailed financial policies. Furthermore, the Governing Council, exercising the authority conferred on it by the Agreement, supervises the work of the Executive Board with respect to the setting out of the policies governing the financing by the Fund, and reviews periodically the broader policies to ensure that they provide a sound framework for the work of the Executive Board.¹²⁰

The aim of the following paragraphs is to identify and analyze the paramount policies regulating the financial activity of the Fund in order to have, without any pretense of exhaustiveness, some cornerstones in such a vast scenario.

3.3.1 *Policies and Criteria for IFAD Financing*

The “Lending Policies and Criteria” were adopted by the Governing Council at its Second Session on 14 December 1978 to implement Article 7 section 2(d)¹²¹ of the Agreement Establishing IFAD, and were then amended several times through

¹¹⁹ IFAD official website – Financial Products and Financing Terms: <https://www.ifad.org/en/financial-products-and-terms>.

¹²⁰ IFAD GOVERNING COUNCIL, Policies and Criteria for IFAD Financing, 14 February 2013 (Resolution 178/XXXVI), Article I para 4.

¹²¹ Article 7, Section 2(d): "Decisions with regard to the selection and approval of projects and programmes shall be made by the Executive Board. Such decisions shall be made on the basis of the broad policies, criteria and regulations established by the Governing Council."

the years ¹²². At its Thirty-Sixth Session on 14 February 2013 (Resolution 178/XXXVI), the Governing Council adopted a revised version of the Lending Policies and Criteria, which is now renamed as “Policies and Criteria for IFAD financing”. Afterwards, they have been amended again multiple times: the last one by the Governing Council at its Forty-Fourth Session on 18 February 2021 (Resolution 221/XLIV). ¹²³

The Policies and Criteria provide an all-round general overview of the financing activity of the Fund, exploring its objectives and priorities (Article II), policies and criteria (Article III), financing terms (Article IV), the leverage of the Fund’s resources (Article V), the implementation and review of the policies and operational guidelines (Article VI) and the reporting and reviewing duties of the Executive Board (Article VII).

In defining the priorities of the Fund in the allocation of its resources, the document poses the emphasis on the improvement of the nutritional level of the poorest populations in the poorest food deficit countries and in other developing countries, pursuant to Article 7, Section 1(d) of the Agreement Establishing IFAD.

The Policies and Criteria should be read concurrently with the General Conditions for Agricultural Development Financing and the Guidelines for IFAD Financing Terms and Conditions.

3.3.2 General Conditions for Agricultural Development Financing

The current General Conditions for Agricultural Development Financing were adopted by IFAD’s Executive Board on 29 April 2009.

The transversal nature of the General Conditions relies in their scope, as defined in Article 1 (“Application of General Conditions”), which provides for their applicability to all Financing Agreements. Their applicability to other agreements

¹²² They were amended by the Governing Council at its Seventeenth Session on 28 January 1994 (Resolution 83/XVII), its Eighteenth Session on 26 January 1995 (Resolution 89/XVIII), its Nineteenth Session on 18 January 1996 (Resolution 94/XIX), its Twentieth Session on 21 February 1997 (Resolution 101/XX), its Twenty-First Session on 12 February 1998 (Resolution 106/XXI), and its Twenty-Ninth Session on 16 February 2006 (Resolution 143/XXIX).

¹²³ IFAD Official Website - Policies and Criteria for IFAD Financing: <https://www.ifad.org/en/-/document/policies-and-criteria-for-ifad-financing>.

is not excluded, but only under the circumstance that it is expressly stated so in the agreement itself.

The document contains fifteen Articles: “Application” (Article I), “Definitions” (Article II), “Cooperating Institution” (Article III), “Loan Account and Withdrawals” (Article IV), “Loan Services Payments” (Article V), “Currency Provisions” (Article VI), “Implementation of the Project” (Article VII), “Implementation Reporting and Information” (Article VIII), Financial Reporting and Information (Article IX), “Cooperation” (Article X), “Taxation” (Article XI), “Remedies of the Fund” (Article XII), “Entry into Force and Termination” (Article XIII), “Enforceability and Related Matters” (Article XIV) and “Miscellaneous Provisions” (Article XV).

3.3.3 Guidelines for IFAD Financing Terms and Conditions

The current version of the Guidelines for IFAD Financing Terms and Conditions were issued on 1 January 2021 and became effective on the same date.

The Guidelines outline the lending terms eligibility criteria and the policies affecting them, along with providing details on the financial terms and conditions of the Fund’s highly concessional term loans, grants through the Debt Sustainability Framework, blend term loans and ordinary term loans.¹²⁴

They address in detail the technicalities of the updated lending terms - in which loans on highly concessional, blend and ordinary terms as well as grants in accordance with the Debt Sustainability Framework are included - and financing terms – outlining the characteristics of each financing term.

3.3.4 IFAD’s Investment Policy Statement

The Investment Policy Statement¹²⁵ of the Fund was issued on 9 November 2020. Its aim is to provide paramount directives for the placement of IFAD’s funds and ensure, within the limits set forth in the Agreement Establishing IFAD, that the financial counterparts comply with the Ten Principles of the United Nations

¹²⁴ IFAD, Guidelines for IFAD Financing Terms and Conditions, 1 January 2021, §I. Purpose.

¹²⁵ IFAD EXECUTIVE BOARD, IFAD’s Investment Policy Statement, 9 November 2020, EB 2020/131(R)/R.24.

Compact ¹²⁶. IFAD's Investment Statement Policy shall be coordinated with the Liquidity Policy.

Nonetheless, their scopes and focuses are different: the Liquidity Policy (which will be analyzed in detail in §III.III.V) sets forth the directives for the required amount of liquidity, while the Investment Policy Statement addresses the composition of the investments made to meet such requirements and provides a framework for the management of IFAD's investments.

The aims of the IPS are to identify strategic roles and responsibilities relating to the governance of IFAD's investment portfolio (section II), to lay down the investment objectives of the Fund for risk and return, including eligible asset classes (section III), to establish a risk management framework (section IV), and define the approach to asset allocation and tranching of the investment portfolio (section V).¹²⁷

With regard to authority partition, the Executive Board is entrusted with the responsibility to establish the Investment Policy Statement, within the boundaries and parameters set by the Governing Council, while the authority to ensure the implementation of the IPS rests with the President.

¹²⁶ "Corporate sustainability starts with a company's value system and a principles-based approach to doing business. This means operating in ways that, at a minimum, meet fundamental responsibilities in the areas of human rights, labour, environment and anti-corruption. Responsible businesses enact the same values and principles wherever they have a presence, and know that good practices in one area do not offset harm in another. By incorporating the Ten Principles of the UN Global Compact into strategies, policies and procedures, and establishing a culture of integrity, companies are not only upholding their basic responsibilities to people and planet, but also setting the stage for long-term success". They are the following: Principle 1 - Businesses should support and respect the protection of internationally proclaimed human rights; Principle 2 - Make sure that they are not complicit in human rights abuses.

Principle 3 - Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; Principle 4 - The elimination of all forms of forced and compulsory labour; Principle 5 - The effective abolition of child labour; Principle 6 - The elimination of discrimination in respect of employment and occupation.

Principle 7 - Businesses should support a precautionary approach to environmental challenges; Principle 8 - undertake initiatives to promote greater environmental responsibility; Principle 9 - encourage the development and diffusion of environmentally friendly technologies; Principle 10 - Businesses should work against corruption in all its forms, including extortion and bribery. (United Nations Global Compact Official Website – *The Ten Principles of the UN Global Compact*: <https://www.unglobalcompact.org/what-is-gc/mission/principles>).

¹²⁷ IFAD EXECUTIVE BOARD, IFAD's Investment Policy Statement, 9 November 2020, EB 2020/131(R)/R.24, §1 Scope and Purpose.

3.3.5 IFAD Liquidity Policy

IFAD'S New Liquidity Policy ¹²⁸ was presented in 2019, during the 128th Session of the Executive Board, to supersede the Liquidity Policy of 2006 ¹²⁹.

The original Liquidity Policy was drafted at a time when the only funding source of IFAD was constituted by the replenishment contributions of the Member States. Since then the scenario has considerably changed and the regulatory environment for financial institutions has evolved remarkably: best practices applied by development finance institutions (DFIs) in response to the global financial crisis have been shared, new regulatory frameworks have been implemented to promote a more resilient financial system with greater ability to absorb financial shocks, Development Financial Institutions have adopted adjustments based on the lessons learned, and credit rating agencies have modified their methodologies in accordance with the new ways of computing liquidity. ¹³⁰

In 2018, IFAD took on a comprehensive reform of its financial architecture, after a series of innovations pointing towards this direction: during the ninth replenishment of the Fund resources the Sovereign Borrowing Framework was established and debt was introduced for the first time among IFAD financing sources, with the conclusion of a sovereign loan with the KfW Development Bank; during the tenth replenishment, IFAD obtained another sovereign loan from the *Agence Française Développement* (AFD) and ultimately, during the eleventh replenishment, the diversification of the Fund's funding sources was taken to a further step with the introduction of Concessional Partner Loans (CPL). ¹³¹

In this context relies the demand for new additional sources of financing and the consequent rationale for a new Liquidity Policy, with a more robust liquidity and capital management framework.

With the evolution of the Fund's capital structure through increased leverage, new issues emerge, such as interest rate repayment obligations, shorter-

¹²⁸ IFAD EXECUTIVE BOARD, Approach to IFAD's New Liquidity Policy: Principles and Guidelines, 6 November 2019, EB 2019/128/R.47.

¹²⁹ IFAD EXECUTIVE BOARD, Liquidity Policy, 14 November 2006, EB 2006/89/R.40.

¹³⁰ IFAD EXECUTIVE BOARD, Approach to IFAD's New Liquidity Policy: Principles and Guidelines, 6 November 2019, EB 2019/128/R.47, §3.

¹³¹ Ivi, §4-5.

term debt and refinancing of debt rollover. This is crucial in the definition of the time horizon in order to measure liquidity requirements more precisely.

What has been stated so far, entails a sounder liquidity management framework, necessitating adjustments in the Liquidity Policy in order to cover net outflows over a shorter time horizon, along with more in-depth short-term stress scenarios.¹³²

Additionally, a new Capital Adequacy Policy has been prepared as well. In this perspective, “capital will be the fundamental pillar of IFAD’s long-term sustainability, while liquidity will focus on the short- and medium-term availability of funds”¹³³, in line with best practices of peer Development Financial Institutions.

On a whole, the objective of the adoption of a new Liquidity Policy, in light of the Fund’s financing review of its financial architecture, is to adjust the definition of liquidity in order to allow the Fund to meet all its payment obligations in the short term, without having to resort to the assistance of Members or external lenders, even under stressed conditions for borrowers and markets¹³⁴ (the so-called “stress tests”¹³⁵).

4. *Engagement of the Fund in the private sector*

Increasing IFAD’s impact on food security and rural poverty, in order to fulfill the 2030 Agenda and achieve SDG 1 and 2 (“End poverty in all its forms everywhere” and “Zero hunger”), requires the Fund to step up its action and move beyond routine interventions and traditional partners. Scaled up financing, expertise and innovative solutions are needed to meet the annual financing gap, which cannot otherwise be bridged exclusively through official development assistance and government resources.

¹³² “This increased focus on stressed conditions is a lesson learned from the 2008 financial crisis, when disbursement patterns changed, non-performance and defaults increased, and some liquid investments decreased in value.” (IFAD Executive Board, Approach to IFAD’s New Liquidity Policy: Principles and Guidelines, §9)

¹³³ IFAD EXECUTIVE BOARD, Approach to IFAD’s New Liquidity Policy: Principles and Guidelines, 6 November 2019, EB 2019/128/R.47, §10.

¹³⁴ IFAD EXECUTIVE BOARD, Approach to IFAD’s New Liquidity Policy: Principles and Guidelines, 6 November 2019, EB 2019/128/R.47, Executive Summary.

¹³⁵ See in this regard IFAD EXECUTIVE BOARD, Approach to IFAD’s New Liquidity Policy: Principles and Guidelines, 6 November 2019, EB 2019/128/R.47, §E.

As a result, in the recent years IFAD has been increasingly engaging in the private sector. Such engagement of the Fund in the private sector is predominantly inspired by five principles: (i) relevance, in terms of alignment with Country Strategic Opportunities Programs, government priorities and IFAD’s mandate (ii) additionality¹³⁶, intended as added value of IFAD compared to other institutions and market sources (iii) development impact, measured on a scale of expected development benefits to IFAD core target groups (iv) risks resulting from the intervention and mitigating measures (v) compliance with the environmental, social and governance (ESG) standards and effects on environmental quality and sustainability.¹³⁷

During the Twelfth Replenishment Consultations, IFAD adopted “a financing facility designed to promote increased investment into small-scale agriculture”¹³⁸: IFAD’s Private Sector Financing Programme (PSFP)¹³⁹. The facility directly provides operating companies with financing as well as financial intermediaries on-lending, investing or offering services to small farmers, rural poor and Micro Small Medium Sized Enterprises.

Paramount features of such Programme rely in the instruments offered (debt, equity and risk mitigation, including both regular and blended finance structures) in the geographic focus (Lower Income Countries, Lower Middle Income Countries and countries in fragile situations), in the thematic focus (youth employment, empowerment of women, environmental sustainability and climate resilience of small scale farmers and producers in poor rural areas) in the peculiar characteristics of its projects and in its leverage (the aim of the Fund is to achieve a 5x leveraging ratio¹⁴⁰ from funding mobilized from the Programme).¹⁴¹

¹³⁶ On the concept of additionality, see EB 2019/127/R. 3 Annex II p. 15.

¹³⁷ EB 2019/127/R. 3, p. 5 figure 2.

¹³⁸ IFAD Official Website - Private Sector Financing Programme to catalyze investment in small-scale agriculture: <https://www.ifad.org/en/psfp>.

¹³⁹ See in this regard GOVERNING COUNCIL, Report of the Consultation on the Twelfth Replenishment of IFAD’s resources, 18 February 2021, GC 44/L.6/Rev.1, Annex VI.

¹⁴⁰ “This means that every dollar provided in support of the of the PSFP would translate into five dollars directly invested toward the objective of increasing global commitments to agriculture and food security in the poorest areas”. (GC 44/L.6/Rev.1, Annex VI §6).

¹⁴¹ IFAD Official Website - Private Sector Financing Programme to catalyze investment in small-scale agriculture: <https://www.ifad.org/en/psfp>.

Due to the privileged position of IFAD as the only international financial institution focused exclusively on rural transformation, the Fund attracts private sector investments providing rural expertise, a long-term horizon to invest in, local presence in numerous regional hubs and country offices around the world, robust impact measurement frameworks and long-established relationships with governments ¹⁴².

Overall, the Private Sector Financing Programme is estimated to reach between 2,5 and 5 million beneficiaries ¹⁴³.

In 2019, the Fund adopted the “IFAD Private Sector Engagement Strategy 2019-2024” ¹⁴⁴. The Strategy sets forth the above-mentioned principles of engagement with the private sector and further identifies two main objectives: the mobilization of private funding and investments into rural micro, small and medium-sized enterprises (MSMEs) and small-scale agriculture and the expansion of markets and the increase in incomes and job opportunities for IFAD's target groups. ¹⁴⁵

In order to achieve these objectives, the Strategy envisages the following key actions: deploy financial instruments that play a catalytic role in directing private sector financing into rural MSMEs and small-scale agriculture; “use IFAD's programme of loans and grants (PoLG) to crowd in private sector investments by systematically scanning IFAD's portfolio and pipeline to identify investment opportunities for international and domestic private sector actors; develop inclusive value chains with private sector partners to foster the expansion and replication of the Fund's public-private-producer partnership (4P) approach to more projects and countries; and test and scale up new technologies and cost-effective solutions by seeking to partner with companies that can address long-standing challenges faced by small-scale producers and poor rural men and women.” ¹⁴⁶

¹⁴² *Ibidem*.

¹⁴³ GC 44/L.6/Rev.1, Annex VI. §7.

¹⁴⁴ IFAD EXECUTIVE BOARD, IFAD Private Sector Engagement Strategy 2019-2024, 1 August 2019, EB 2019/127/R.3.

¹⁴⁵ EB 2019/127/R.3, p.iii §4.

¹⁴⁶ *Ibidem*.

With respect to funding, the Fund uses exclusively additional resources, in order to avoid substitution risk. Furthermore, the allocation of resources is not tied to the performance-based allocation system, but is driven by expected rules and development impact, although maintaining risks under control.¹⁴⁷

In an effort to guarantee oversight and transparency, the Executive Board is responsible for control and approval of all financing provided to or by means of for-profit private sector entities.¹⁴⁸

Ultimately, with regard to monitoring and reporting, IFAD utilizes its Operational Results Management System (ORMS) to assess and quantify the results achieved. Additionally, all beneficiaries of IFAD funding are expected to have a monitoring and evaluation system to provide data capable of being captured by the Fund's regular reporting mechanisms to the Executive Board.¹⁴⁹

Subsequently, building on the guidance provided in the Private Sector Engagement Strategy, in 2020 during the 129th session of the Executive Board the "Framework for IFAD non-Sovereign Private Sector Operations and Establishment of a Private Sector Trust Fund"¹⁵⁰ was introduced. The Framework is a key document with regard to the criteria, modalities, instruments and safeguards of IFAD's funding of Non-Sovereign Operations (NSOs). It has been developed, as part of the process of implementation of action plan¹⁵¹ of the Private Sector Strategy, to determine the broad rules and approaches with respect to the operations of the Fund in the private sector.

One of the peculiarities of the Fund's NSOs, compared to other global agriculture programmes with public and private sector windows, is the tight interconnection with the Programme of Loans and Grants – with particular regard to its value chain projects, representing 70 per cent of its portfolio.¹⁵²

¹⁴⁷ Ivi, §6.

¹⁴⁸ *Ibidem*.

¹⁴⁹ Ivi, §7-8.

¹⁵⁰ IFAD EXECUTIVE BOARD, Framework for IFAD non-Sovereign Private Sector Operations and Establishment of a Private Sector Trust Fund, 21 April 2020, EB 2020/129/R.11/Rev.1.

¹⁵¹ EB 2019/127/R.3, Annex I.

¹⁵² IFAD EXECUTIVE BOARD, Framework for IFAD non-Sovereign Private Sector Operations and Establishment of a Private Sector Trust Fund, 21 April 2020, EB 2020/129/R.11/Rev.1, p. iv §2-6.

The Framework identifies five paramount principles of engagement to guide the activity of the Fund in this matter: country ownership¹⁵³, complementarity with IFAD’s Programme of Loans and Grants and other activities and investment at country level, compliance with IFAD’s Rural Finance Policy¹⁵⁴, avoidance of control - according to which the Fund shall not “manage any private sector recipient to which it provides funding under non-sovereign terms and shall not exercise voting rights for such purposes or for any other purpose which, in its opinion, falls within the scope of managerial control” - and promotion of transparency and accountability, through the publication of non-sensitive information regarding NSOs.

Nonetheless, for the sake of protection of private business information, IFAD discloses a Summary of Investment Information and, if appropriate, an Environmental and Social Review Summary, based on the environmental and social categorization.¹⁵⁵

Naturally, pursuant to the Framework itself, its dispositions do not apply to “any financing which is extended to public entities or any other entity having a sovereign guarantee or a direct and irrevocable undertaking from a Member State; or any financing, which is classified by IFAD as a sovereign operation”¹⁵⁶.

Furthermore, the Framework proposes to establish a multi-donor trust fund for NSOs (the so-called “Private Sector Trust Fund”), with IFAD acting as the

¹⁵³ “IFAD’s partnerships with private sector entities at country level will recognize the primacy of country ownership and buy-in through consultations with the government.7 Accordingly, IFAD will be seeking “no objection” from the government as part of any NSO approval process. This will not, however, apply to regional NSOs, where clear evidence concerning individual country investments and activities cannot be fully established at approval stage.” (EB 2020/129/R.11/Rev.1 §24).

¹⁵⁴ IFAD EVALUATION COMMITTEE, Inclusive Rural Finance Policy, 4 August 2021, EC 2021/114/W.P.6.

“In line with IFAD’s Rural Finance Policy, NSOs will be guided by the six principles governing IFAD’s rural finance interventions: (i) support access to a variety of financial services; (ii) promote a wide range of financial institutions, models and delivery channels; (iii) support demand-driven and innovative approaches; (iv) encourage – in collaboration with private sector partners – market-based approaches that strengthen rural financial markets, avoid distortions in the financial sector and leverage IFAD’s resources; (v) develop and support long-term strategies focusing on sustainability and poverty; and (vi) participate in policy dialogues that promote an enabling environment for rural finance.” (EB 2020/129/R.11/Rev.1 §24)

¹⁵⁵ EB 2020/129/R.11/Rev.1 §24.

¹⁵⁶ EB 2020/129/R.11/Rev.1, p. 2 §9.

trustee, in order to facilitate resource mobilization and to raise resources from traditional donors and global facilities. The Private Sector Trust Fund shall utilize contributions from non-Member States and other non-state actors (e.g. multilateral organizations, philanthropic individuals and foundations, and any other interested entities). The Trust Fund, while enhancing opportunities for co-financing with IFIs and private sector entities, shall mainly aim to attract grants and low cost resources.

Pursuant to the Framework, “contributors will be given flexibility and the choice between allowing any earnings and fees to reflow to the trust fund, and so made available for additional NSO activities, and being paid out their pro-rata share of earnings from the portfolio of projects on a regular basis”¹⁵⁷.

As a concluding note, it should be highlighted that Non-Sovereign Operations will be “ring-fenced”¹⁵⁸ in this dedicated trust fund and that, consequently, IFAD’s assets shall not be affected by the operations sourced from this trust fund: in the event any losses occur - deriving from investments made with the resources of the trust fund, such losses shall be borne by the contributors of the resources in question on a *pro-rata* basis within the limits of their initial contributions.¹⁵⁹

5. *Inclusive Finance for Inclusive Rural Transformation*

Approaching the conclusive stage of this analysis of IFAD as an International Financial Institution, the author deems it necessary to shed light on a crucial aspect: the interconnection between financial inclusion and inclusive rural transformation.

Rural areas constitute an extremely significant indicator in terms of economic growth in transitioning and transformational economies: in fact, on a global scale, such economies might present rapid economic growth, hiding however great inequalities in the distribution of wealth. The reasons behind this phenomenon might rely not only in income disparities, but also in “who are the winners and the

¹⁵⁷ EB 2020/129/R.11/Rev.1, p.19 §88.

¹⁵⁸ *Ibidem*.

¹⁵⁹ *Ibidem*.

losers”¹⁶⁰: in practice, “in many countries, cultural, political, religious, gender and racial divides can all conspire to exclude one or more groups from sharing in the benefits from economic growth”.¹⁶¹

Despite evidence showing that agricultural credit produces positive return, exploring the relation between increase in demand for financial services and the complex process of structural and rural transformation, still small farm and gender biases can be identified.¹⁶²

The aim of this section of this analysis is to address how solutions that render rural finance more inclusive also contribute, as a result, to make access to financial services, and ultimately the rural transformation itself, more inclusive.

This entails a number of central themes: *inter alia*, the relevance of credit in agricultural production, the role of institutions and credit policies on credit supply, the interconnection among risk, collateral, production and credit.

In the process of rural transformation, access to credit can lead to a broad range of opportunities generating income, either directly or indirectly, such as the production of commodities, the use of inputs like fertilizer and breeding stock, the investment in modern technologies and irrigation or financial services to specific targets (e.g. low-income households, women, indigenous or under-represented peoples, cooperatives or specific producer groups)¹⁶³. Therefore, the role of the financial system, as a provider of capital to generate growth in transitioning and transformational economies, is evident.

What should now be addressed is the complex yet crucial issue of how more inclusive access to credit and financial services ultimately results in a more inclusive process of rural transformation and what role should be played by markets and governments in such process.

It might be interesting to notice the existence of an inverse relationship between financial services and the impact of agriculture on the increase of gross

¹⁶⁰ CALUM G. TURVEY (Cornell University), Inclusive Finance for Inclusive Rural Transformation, IFAD Research Series, January 2017, p.5, electronic copy available at: <https://ssrn.com/abstract=3284470>.

¹⁶¹ *Ibidem*.

¹⁶² *Ivi*, p. 3.

¹⁶³ *Ibidem*.

domestic product (GDP). This can be explained by the presence of “dynamic and endogenous”¹⁶⁴ economic relationships: for instance, in poor countries low savings rates entail low deposit rates, which, as a result, limits the amount of credit available for loans. Savings programmes in such areas therefore place considerable importance on increasing deposits in order to allow banks to make loans more profitably.

For the purposes of this analysis, three core issues should be tackled: first of all, “how is the growth of demand for financial services related to the broader processes of structural and rural transformation”¹⁶⁵; secondly, “how do innovations in rural finance contribute to making access to financial services and the rural transformation more inclusive, and what are the adverse (exclusion) effects of such changes”¹⁶⁶; and, last but not least, “what are the key strategies, institutional changes, policies and investments that can support one or both relationships”¹⁶⁷.

An in-depth answer to these interrogatives would be way beyond the scope of this analysis¹⁶⁸. Nonetheless, it is useful to recall some cues and main issues involved in this regard.

The first question entails a deep understanding of the interplay between agricultural productivity and credit, whose empirical relationship is addressed by an extremely broad literature. When exploring factors having an impact on demand and supply, risk rationing in particular should be considered as an important barrier to demand. Furthermore, it could be argued that liberalization of financial markets has not actually had the much-hoped spillover effect into rural credit, which may lay the foundations for the possibility of a public intervention. It might also be necessary, or at least desirable, to couple microcredit programmes with outreach and technical assistance.

¹⁶⁴ Ivi, p. 6.

¹⁶⁵ *Ibidem*.

¹⁶⁶ *Ibidem*.

¹⁶⁷ *Ibidem*.

¹⁶⁸ See in this regard CALUM G. TURVEY (Cornell University), Inclusive Finance for Inclusive Rural Transformation, IFAD Research Series, January 2017, p.5, electronic copy available at: <https://ssrn.com/abstract=3284470>.

With respect to the second question, a number of alternative financial innovations and structures have been proposed, including group lending and microfinance which have evolved gradually over the years to address credit issues. Regarding the side of the demand, usually farmers who resort to credit have moderately inelastic to elastic demands.

Credit demand might be enhanced by policies restraining interest rates or otherwise lowering the cost of credit. Several studies on risk rationing encourage to shed a light on the behavioral aspect to credit as well. There is the concrete possibility that risk-rationed farmers will borrow less than optional amounts of credits or, in the worst scenario, not borrow at all if policies fail to take into the due consideration collateral and risk.

Lastly, the future scenario of agricultural and rural finance, posed by the third question, should be addressed. The desired perspective is for governments to keep on pursuing openly inclusive policies for agricultural finance, as there are still some imposing barriers to overcome. *In primis*, for both borrowers and lenders, covariate and systematic risks considerably increase financial risks. As a result, the increased risk curtails credit supply, credit access and credit demand. On this basis, it seems desirable to render credit policies both risk balanced and flexible.

In light of what has been stated so far, policies supporting inclusive finance in an effort to achieve inclusive transformation should be tailored in consideration of specific problems. In the event subsidies are required, they shall be effectively tailored – in terms of minimization of market distortions – and lenders-based, in order to provide incentives to boost loans in communities particularly affected by poverty or in under-represented categories, such as women or indigenous people.

Furthermore, the potential of state-run and government-sponsored enterprises should not be overlooked, if markets fail. Last but not least, a reappraisal of the approach to disciplined savings and lending activities is suggested on behalf of agricultural lenders, including microfinance institutions.

Indeed, the failure of the payment terms to take into account the risk or to be compatible with the liquidity cycle imposed by planting and harvesting may result in many farmers with credit demand not being able to borrow.

In conclusion, it is hoped that more and more efforts will be put in place towards an increasingly inclusive rural finance, in order to achieve the paramount objective of a finally inclusive rural transformation.

CHAPTER III - ANALYSIS OF THE SUBSTANTIVE ASPECTS OF IFAD: ITS MANDATE AND INSTITUTIONAL ACTIVITIES

SUMMARY: 1. Goal and mandate: eradicate poverty and hunger 1.1 The right to food 1.1.1 Impacts of the current Ukraine conflict on global food security 1.1.2 IFAD response to the Covid-19 pandemic: IFAD Rural Poor Stimulus Facility 1.2 The right to development 2. Areas of activity 2.1 Asia and the Pacific 2.2 East and Southern Africa 2.3 West and Central Africa 2.4 Near East, North Africa, Europe and Central Asia 2.5 Latin America and the Caribbean 3. Project cycle and management: field operations 3.1 Project design 3.2 Project Start-up 3.3 Implementation and completion 3.4 Impact assessment 3.5 Environmental impact: the Social, Environmental and Climate Assessment Procedures (SECAP) 3.5.1 Compliance with social and environmental policies: accountability of the Fund and complaints procedures.

1. Goal and Mandate: eradicate poverty and hunger

As previously stated (*ut supra*, Chapter I §II.I), the International Fund for Agricultural Development pursues the mission of transforming rural economies, agriculture and food systems of developing countries in order to render them inclusive, productive, resilient and utmost sustainable.

Moreover, IFAD is the only specialized global development organization dedicated specifically to such target; which “leaves the institution with a unique mandate to find ways to deal with issues of overlap in relations with the institutions with wider mandates”¹.

Consultation and coordination of the activities shed light on this intricate matter: indeed, the legal basis in this respect can be found in Article 8, Section 2 of the Agreement Establishing IFAD, providing for the close cooperation of the Fund with FAO and the other organizations of the United Nations system. Quoting Martha J. Rutsel Silvestre, former General Counsel of the Fund, “IFAD’s Governing Council recognizes that the organization is one of many sources of

¹ M. RUTSEL SILVESTRE, *Mandate Issues in the Activities of the International Fund for Agricultural Development*, in *International Organizations Law Review*, 2009, 6(2), p. 457.

finance, that its activities are a part of a total effort and that external finance is only one of the elements in agricultural development”². A clear instance of such coordination effort and an insight of the labour division between the institutions is provided by the World Bank/ IDA and IFAD Cooperation Agreement.

Generally speaking, the Fund strives to increase productivity and facilitate access to markets for these populations, create job opportunities, boost rural economic growth, enhance incomes, move out of poverty and improve food and nutrition security, build resilience in the face of a changing climate and manage the natural resource base sustainably, improve coping mechanisms in fragile and conflict situations, strengthen the voice and capacities of rural communities.

The vision of the Fund arises out of the recognition that “the continuing food problem of the world is afflicting a large segment of the people of the developing countries and is jeopardizing the most fundamental principles and values associated with the right to life and human dignity”³, along with “the need to improve the conditions of life in the developing countries and to promote socio-economic development within the context of the priorities and objectives of the developing countries, giving due regard to both economic and social benefits”⁴. To meet such goal, pursuant to Article 2 (“Objectives and Functions”) of the Agreement Establishing IFAD, the objective of the Fund shall therefore be to “mobilize additional resources to be made available on concessional terms for agricultural development in developing Member States”⁵.

Within this framework, two paramount and internationally recognized rights naturally emerge, encompassing the objectives of the mandate of the Fund: the right to food, recognized predominantly by Article 25 of the Universal Declaration of Human Rights⁶ and by Article 11 of the International Covenant on Economic,

² *Ibidem*.

³ UNITED NATIONS CONFERENCE ON THE ESTABLISHMENT OF AN INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT, Agreement Establishing the International Fund for Agricultural Development, 1976, Preamble.

⁴ *Ibidem*.

⁵ UNITED NATIONS CONFERENCE ON THE ESTABLISHMENT OF AN INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT, Agreement Establishing the International Fund for Agricultural Development, 1976, Article 2.

⁶ UNITED NATIONS GENERAL ASSEMBLY, Universal Declaration of Human Rights, 10 December 1948, 217 A(III).

Social and Cultural Rights ⁷ and the right to development, as established by the 1986 Declaration on the Right to Development ⁸ . In fact, the former shall be regarded as a *sine qua non* for the complete realization of the latter, as the right to development promotes a holistic approach to the issues of poverty and hunger, tackling its roots and addressing its systematic and structural causes.

Quoting the Targeting Policy of the Fund, “the empowerment of poor people is paramount for sustainable poverty reduction and development. Empowerment is first and foremost economic, aimed at increased production and income. It is also social and political – aimed at increased organizational capacity, knowledge and influence” ⁹.

The mandate of the Fund identifies its “target group” in the broad category of rural people living in conditions of poverty and food insecurity in developing countries, with particular attention to the extremely poor, having the potential to make use of enhanced access to assets and opportunities for agricultural production and rural income-generating activities¹⁰.

Nonetheless, it should be reckoned that the category of rural people does not encompass a single, homogenous group, but it is instead a complex and diversified world, embracing “farmers, herders, small entrepreneurs, fishers, landless agricultural labourers, [...] members of indigenous groups, minorities and scheduled castes” ¹¹, most of them being socially isolated and marginalized. Hence, because of the variegated fragments and dimensions composing poverty, it would be not only hard, but also unproductive to determine IFAD target beneficiaries *a priori* in geographical or occupational terms, or in terms of specific income

⁷ UNITED NATIONS GENERAL ASSEMBLY, International Covenant on Economic, Social and Cultural Rights, 16 December 1966, United Nations, Treaty Series, vol. 993 p.3.

⁸ UNITED NATIONS GENERAL ASSEMBLY, 41/128 Declaration on the Right to Development, 4 December 1986.

⁹ INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT, IFAD Targeting Policy: Reaching the Rural Poor, December 2008.

¹⁰ Ivi, p. 13.

¹¹ INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT, Rural Poverty Reduction: IFAD’s Role and Focus, June 2005, p.2.

thresholds, as a specific standard or threshold may be appropriate in certain contexts or areas, but turn out to be irrelevant in others¹².

1.1 The right to food

The right to adequate food¹³ is recognized and protected by international humanitarian law in several conventional instruments. *Inter alia*, a pivotal role is held, as anticipated, by the Universal Declaration on Human Rights (Article 25) and the International Covenant on Economic, Social and Cultural Rights (Article 11).

Pursuant to the Committee on Economic, Social and Cultural Rights in its General Comment 12 of 1999 on Article 11, “the right to adequate food is realized when every man, woman and child, alone and in community with others, has physical and economic access at all times to adequate food or means for its procurement”¹⁴.

Therefore, the right to food shall be regarded as a universal human right, which entails *in primis* the equal possibility for all human beings to have both physical and economic access to adequate food - sufficient in quantities, nutritionally and culturally adequate - or to the means for its procurement, and to have the capacity to feed themselves in dignity, without the threats posed by hunger, food, insecurity and malnutrition, without any sort of discrimination.

¹² For instance, “the MDG threshold for extreme poverty of USD 1 a day may be a relevant indicator in much of Africa and parts of Asia, but it is less relevant in most of Latin America, the Middle East, North Africa and Central and Eastern Europe. In addition, in the poorest countries, the national poverty line is typically even below the MDG indicator. In some countries, IFAD will work with the poorest and most vulnerable rural people; in others, the poorest may be beyond the reach of the instruments that IFAD has at its disposal and more appropriately targeted for emergency or humanitarian support by other agencies with a comparative advantage in this area. In some countries, pockets of poverty – often geographically or ethnically determined – may still exist within rural economies in which poverty has been largely overcome; in others, poverty will be the condition of the majority of people in the rural areas. In some countries, poor people live principally in marginal, low-potential areas; in others, they are mostly in medium- to high potential areas.” (INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT, IFAD Targeting Policy: Reaching the Rural Poor, p. 15)

¹³ For an extensive reading on the right to food from the perspective of international law see CAPORALE C., I.R. PAVONE, M.P. RAGIONIERI, *International Food Law: How Food Law Can Balance Health, Environment and Animal Welfare*, Alphen aan den Rijn: Wolters Kluwer Law International, 2021.

¹⁴ COMMITTEE ON ECONOMIC, SOCIAL AND CULTURAL RIGHTS, CESCR General Comment No. 12: The Right to Adequate Food (Art. 12), 12 May 1999, §6 contained in Document E/C.12/1999/5.

Following the definition traced by the ESCR Committee, the former Special Rapporteur on the right to food, Mr. Jean Ziegler, has further stated that the right to adequate food encompasses “ the right to have regular, permanent and unrestricted access, either directly or by means of financial purchases, to quantitatively and qualitatively adequate and sufficient food corresponding to the cultural traditions of the people to which the consumer belongs, and which ensures a physical and mental, individual and collective, fulfilling and dignified life free of fear ”¹⁵.

It is therefore clear that the right to food shall be considered in a much wider remit, inextricably linked to the “inherent dignity of the human person”¹⁶ and “inseparable from social justice”¹⁷.

A preliminary consideration is due with regard to the normative content of Article 11, paragraphs 1 and 2 and its interpretation: the right to adequate food should not be read in restrictive terms, equating it to minimum input of calories, proteins or other specific nutrients. It is instead to be interpreted *lato sensu*, in a broad and relative perspective keeping in mind that the pursuit of the right to adequate food will inevitably require a progressive realization.

Accordingly, three main elements can be identified for the purposes of the definition and of the measurement of the implementation of the right to food: availability, adequacy, accessibility and sustainability.¹⁸ Availability, according to the General Comment, refers to “the possibilities either for feeding oneself directly from productive land or other natural resources, or for well-functioning distribution, processing and market systems that can move food from the site of production to

¹⁵ UNITED NATIONS HUMAN RIGHTS COUNCIL, Promotion and protection of all human rights, civil, political, economic, social and cultural rights, including the right to development: Report of the Special Rapporteur on the right to food, Jean Ziegler, 10 January 2008, A/HRC/7/5.

¹⁶ COMMITTEE ON ECONOMIC, SOCIAL AND CULTURAL RIGHTS, CESCR General Comment No. 12: The Right to Adequate Food (Art. 12), 12 May 1999, §4 contained in Document E/C.12/1999/5.

¹⁷ *Ibidem*.

¹⁸ COMMITTEE ON ECONOMIC, SOCIAL AND CULTURAL RIGHTS, CESCR General Comment No. 12: The Right to Adequate Food (*Art. 12*), 1999, §7; UNITED NATIONS HUMAN RIGHTS COUNCIL, Promotion and protection of all human rights, civil, political, economic, social and cultural rights, including the right to development: Report of the Special Rapporteur on the right to food, Jean Ziegler, 2008; Food and Agriculture Organization of the United Nations official website – Sustainable Development Goals: Food Security and the right to food, available at: <https://www.fao.org/sustainable-development-goals/overview/fao-and-the-2030-agenda-for-sustainable-development/food-security-and-the-right-to-food/en/>.

where it is needed in accordance with demand”¹⁹. It therefore refers to the sufficiency of the production of food for the present and future generation, naturally implying the notions of sustainability and long-term availability.

Adequacy refers instead to the dietary needs (i.e. the combination of nutrients for physical and mental health, maintenance, growth and physical activity, depending on factors such as age, gender and occupation) of a person, taking into account both the quantity and the quality of nutrition of the accessible food.

Nonetheless, a further facet of the adequacy element should be reckoned: cultural or consumer acceptability, implying the need to take into consideration “perceived non-nutrient based values”²⁰ attached to different cultural sensibilities.

Furthermore, the element of accessibility shall be separated into two diverse but coexisting elements: the economic connotation of the term and the physical one.

Economic accessibility implies that “personal or household financial costs associated with the acquisition of food for an adequate diet should be at a level such that the attainment and satisfaction of other basic needs are not threatened or compromised”²¹. On the other hand, physical accessibility refers to the need for adequate food to be “accessible to everyone, including physically vulnerable individuals, such as infants and young children, elderly people, the physically disabled, the terminally ill and persons with persistent medical problems, including the mentally ill”²².

At a glance, the core content of the right to food can be enucleated as follows: on one hand, “the availability of food in a quantity and quality sufficient to satisfy the dietary needs of individuals, free from adverse substances, and acceptable within a given culture” and on the other, “the accessibility of such food in ways that are sustainable and that do not interfere with the enjoyment of other human rights”²³.

¹⁹ COMMITTEE ON ECONOMIC, SOCIAL AND CULTURAL RIGHTS, CESCR General Comment No. 12: The Right to Adequate Food (Art. 12), 1999, §12.

²⁰ *Ivi*, §11.

²¹ *Ivi*, §13.

²² *Ibidem*.

²³ COMMITTEE ON ECONOMIC, SOCIAL AND CULTURAL RIGHTS, CESCR General Comment No. 12: The Right to Adequate Food (Art. 12), 1999, §18.

From what has been stated so far in this analysis, three types of obligations emerge: to respect, to protect and to fulfil. The obligation to respect entails the duty of States parties to refrain from taking any measures that may result in the limitation of the access to adequate food. The obligation to protect requires State parties to actively take measures that ensure that no one is deprived of such access, by e.g. enterprises or other individuals. Lastly, the obligation to fulfil is bifurcated into two further obligations: to facilitate and to provide. The former requires the State to “proactively engage in activities intended to strengthen people’s access to and utilization of resources and means to ensure their livelihood, including food security”²⁴, while the latter entails to obligation of the State, “whenever an individual or group is unable, for reasons beyond their control, to enjoy the right to adequate food by the means at their disposal, to provide that right directly”²⁵.

For the scope of this analysis, it is now convenient to focus on the international obligations upon international organization, with particular regard to the United Nations and the specialized agencies.

Indeed, food aid shall be provided by the joint effort of States and international organizations, in such way that does not result in a negative impact on local producers and markets, that is structured in order to promote the return to food self-reliance for the beneficiaries and that is safe and culturally acceptable for the recipients.

In this context, the United Nations and the specialized agencies are key stakeholders, whose efforts resulted in, *inter alia*, the drafting of the United Nations Development Assistance Framework (UNDAF)²⁶.

²⁴ Ivi, §15.

²⁵ *Ibidem*.

²⁶ As reported by the United Nations Sustainable Development Group, “the United Nations Development Assistance Framework (UNDAF) is a strategic, medium term results framework that describes the collective vision and response of the UN system to national development priorities and results on the basis of normative programming principles. It describes how United Nations Country Teams will contribute to the achievement of development results based on a common country analysis and UN comparative advantage. The 2017 UNDAF guidance will support United Nations Country Teams to produce a new generation of UNDAFs that reflect the 2030 Agenda for Sustainable Development with sustainable development goals at their core, and position them to provide quality support to member states in their aspiration to achieve the 2030 Agenda”. (UNSDG, United Nations Development Assistance Framework Guidance, June 2017, available at: <https://unsdg.un.org/resources/united-nations-development-assistance-framework-guidance>)

The General Comment itself clearly recognizes the strong role played by food organizations, including the International Fund for Agricultural Development, in cooperation with the United Nations Development Programme (UNDP), UNICEF, the World Bank and regional development banks.

1.1.1 Impacts of the current Ukraine conflict on global food security

At daybreak, on 24 February 2022, the Russian President Putin announced the military operation in Ukraine, holding he was protecting the separatist region of Donbass and urged the Kiev forces to hand over their weapons and leave the territory. Subsequently, heavy explosions were heard in the Ukrainian cities of Odessa, Kharvik, Mariupol, Lviv and the capital Kiev.

The intricate relation between Ukraine and Russia has significantly deep roots²⁷. The history shared by the two countries spans more than a thousand years, from the time when Kiev, today's capital of Ukraine, was at the centre of the first Slavic state, Kievan Rus, the birthplace of both Ukraine and Russia. In the year 988 AD Vladimir I, the pagan Prince of Novgorod and Grand Prince of Kiev, accepted the Orthodox Christian religion and was baptised in the Crimean city of Cherson. Since then, as recently declared by the Russian President Vladimir, 'Russians and Ukrainians are one people, one whole'.

Nonetheless, over the past ten centuries the history of Ukraine has been one of division and partition by antagonistic powers. In 1793, western Ukraine was annexed to the Russian Empire. In the following years, the so-called "Russification" policy prohibited to use and to study the Ukrainian language, and the population was forcibly driven to convert to the Russian Orthodox religion.

But the greatest traumas Ukraine has suffered occurred in the 20th century. In the aftermath of Communist revolution of 1917, Ukraine was one of several countries that, before being fully annexed to the Soviet Union in 1922, suffered from a brutal civil war. In the early 1930s, the Soviet leader Joseph Stalin purposely caused a devastating famine among millions of Ukrainians, in order to force the population to join collective farms. Subsequently, Stalin imported large numbers of

²⁷ See in this respect, E. CONANT, *La Russia dichiara guerra all'Ucraina: la tragica storia che collega, e divide, i due Paesi*, in *National Geographic*, 24 February 2022.

Russians and other Soviet citizens (many of whom did not speak Ukrainian and had no ties to the region) to carry out a process of repopulation of the eastern part of the country.

This historical legacy created deep rifts. The fact that eastern Ukraine came under Russian control much earlier than western Ukraine means that people in the east have stronger ties to Russia and are more inclined to support pro-Russian leaders. Western Ukraine, on the other hand, lived for centuries under the control of various European powers such as Poland and the Austro-Hungarian Empire, which leads those populations to lean towards pro-Western politicians. In the east, most of the population speaks Russian and believes in the Orthodox faith, while in the west region, the Ukrainian language and the Catholic faith predominate.

With the collapse of the Soviet Union in 1991, Ukraine became an independent nation, but unifying the country proved to be a much more challenging task. The transition to democracy and capitalism has been grievous and disorganized process, which induced many Ukrainians, especially in the east part of the country, to mourn the relative stability of the past.

The breakthrough occurred in 2014, when Crimea was occupied and annexed by Russia, an event followed shortly afterwards by an insurgency of separatists in the eastern Ukrainian regions of Donbas, which led to the declaration of the pro-Russian People's Republics of Luhansk and Donetsk. Hence, the 2022 Russian invasion needs to be read in light of the tangled history connecting the two regions for centuries.

In this respect, the deep underlying connection between conflict and hunger shall not be neglected, as the escalation of the former inevitably leads to the increase of the latter. As the impacts of the conflict in Ukraine reverberate across continents, the poorest and most vulnerable are the ones paying the ultimate price. The first effects of the raise of food prices and of the shortage of staple crops are already affecting numerous areas of the globe – such as the Near East and the North Africa region.

Indeed, the critical situation of the current conflict in Ukraine piles pressure on already fragile situations, due to the effects of climate breakdown, droughts,

natural disasters like cyclones – not to mention the fallout of the COVID-19 pandemic.

The United Nations Special Rapporteur on the right to food, Michael Fakhri, has also recently expressed his concern with respect to the prospective devastating effects and long-term disruptions of the conflict in Ukraine on food security and nutrition not only in the directly concerned countries²⁸, but also on a global scale²⁹.

The Horn of Africa, for instance, already afflicted by famine and drought, is one of the most threatened areas. According to the Guardian, “three consecutive failed rainy seasons have decimated crops and caused abnormally high livestock deaths. Shortages of water and pasture are forcing families from their homes and leading to increased conflict between communities. Forecasts suggest the below-average rainfall will worsen, compounding already dire conditions in the coming months.”³⁰

Russia and Ukraine are key stakeholders in the global wheat export, constituting approximately one third of the total of it. Russia, in particular, is the

²⁸ “I’m worried about how the Russian invasion of Ukraine will hurt people in Russia. Many countries have imposed targeted economic sanctions against Russia and many businesses are voluntarily divesting from or boycotting Russia. As economic sanctions against Russia are expanding beyond individuals and institutions and are becoming more general, my concern is that the most vulnerable people in Russia may bear a disproportionate burden. The effectiveness of sanctions should always be measured against the potential violation of people’s human rights and humanitarian consequences”, states the UN Special Rapporteur on the right to food, Michael Fakhri. “Equal thought and effort should be directed towards envisaging and facilitating the recovery process in Ukraine. Even with war raging, the international community should give special attention to support family-run farms and small-scale farmers in Ukraine. Family-run farms and small-scale farmers are proving to be the most adaptable and resilient in times of crisis. Ukraine’s recovery will depend on family and small-scale farmers”, he continues.

²⁹ As highlighted by the UN Special Rapporteur, “Ukraine and Russia are two of the top five grain exporters in the world. By some estimates, what is at stake is global food security since the global agricultural trade involved is worth nearly \$1.8 trillion. The immediate food related effects of the conflict are being felt in Egypt, Turkey, Bangladesh, and Iran who buy more than 60 percent of their wheat from Russia and Ukraine, and all of them have outstanding food imports. Lebanon, Tunisia, Yemen, Libya, and Pakistan also rely heavily on the two countries for their wheat supply. With the planting season starting soon in Ukraine and Russia, I am concerned about long-term disruptions.”

³⁰ THE GUARDIAN, Ukraine war piles pressure on global food system already in crisis, Analysis: invasion sending grain prices soaring, compounding effects of climate crisis on food production, <https://www.theguardian.com/food/2022/mar/09/ukraine-war-piles-pressure-on-global-food-system-already-in-crisis#:~:text=Households%20are%20facing%20the%20prospect,resulting%20from%20the%20climate%20crisis>, accessed on 23 March 2022.

world's largest wheat exporter (holding 17% of the global export market), the world's largest fertilizer producer and the second biggest supplier of sunflower seed. Ukraine, for its part, is the fifth largest wheat exporter (with about 10% share of the global export market) and one of the major exporters of maize (approximately 15% of global exports). On a whole, the Black Sea area exports about 12% of the food calories traded in the world.³¹

Researchers of the Fund warn that analyses are already showing price increases in staple foods, fuel and fertilizer, in addition to other clear ripple effects of the conflict, afflicting small-scale farmers.³²

“We are very concerned that an extended conflict in Ukraine could limit the world's supply of staple crops like wheat, corn and sunflower oil, resulting in the skyrocketing of food prices and hunger. This could jeopardize global food security and heighten geopolitical tensions. The continuation of this conflict, already a tragedy for those directly involved, will be catastrophic for the entire world, and particularly those that are already struggling to feed their families”³³ states Gilbert

³¹ INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT, Impacts of Ukraine conflict on food security already being felt in the Near East North Africa region and will quickly spread, warns IFAD, <https://www.ifad.org/en/web/latest/-/impacts-of-ukraine-conflict-on-food-security-already-being-felt-in-the-near-east-north-africa-region-and-will-quickly-spread-warns-ifad>, accessed on 23 March 2022.

³² “In Somalia, where an estimated 3.8 million people are already severely food insecure, the costs of electricity and transportation have spiked due to fuel price increases. This has a disproportionate impact on poor small-scale farmers and pastoralists who, in the face of erratic rainfall and an ongoing drought, rely on irrigation-fed agriculture powered by small diesel engines for their survival. In Egypt, prices of wheat and sunflower oil have escalated due to Egypt's reliance on Russia and Ukraine for 85 percent of its wheat supply and 73 percent of its sunflower oil. In Lebanon, 22 percent of families are food insecure and food shortages or further price hikes will exacerbate an already desperate situation. The country imports up to 80 percent of its wheat from Russia and Ukraine, but can only store about one month's worth of the crop at a time due to the blast in Beirut's port in 2020 that destroyed the country's major grain silos. Central Asian countries that rely on remittances sent home by migrant workers in Russia have been hit hard by the devaluation of the Russian ruble. In Kyrgyzstan, for example, remittances make up more than 31 percent of the GDP, the majority of which comes from Russia. Remittances are crucial for migrants' families in rural areas to access food, education and other necessities.” (IFAD, Impacts of Ukraine conflict on food security already being felt in the Near East North Africa region and will quickly spread, warns IFAD).

³³ INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT, The impact of conflict in Ukraine on global food security: Statement by Gilbert F. Hounbo, President of IFAD, <https://www.ifad.org/en/web/latest/-/the-impact-of-conflict-in-ukraine-on-global-food-security-statement-by-gilbert-f.-hounbo-president-of-ifad-1>, accessed on 23 March 2022.

F. Hounngbo, President of IFAD. “We are already seeing price hikes and this could cause an escalation of hunger and poverty with dire implications for global stability”, he continues.

To face such insidious crisis, the Fund is drawing on its expertise as an International Financial Institution and United Nations rural development agency, exploring innovative solutions to enhance the global support provided to the most afflicted areas and working closely with governments, rural communities and other partners in the international scenario. *Inter alia*, the Facility for Refugees, Migrants, Forced Displacement and Rural Stability (FARM)³⁴ could prove particularly useful in building resilience and minimizing the impact of shocks.

Further interventions, already tested during previous food crises, include “stabilizing local market systems, cash transfers, strengthening remittances, setting up savings and loans groups, training and subsidies for agricultural enterprises, and value chain investments (including infrastructure, support for microfinance institutions, aggregation services that link farmers to markets)”³⁵.

Nonetheless, the mitigation of the global effects of the conflict in the short-term is, and will be, inevitably challenging. Therefore, IFAD embraces the strong call of the Secretary-General of the United Nations and of the international community as a whole, to end the conflict and re-establish peace, as the only way to avert a catastrophe with global consequences.

In the words of the UN Special Rapporteur on the right to food, “hunger, famine and malnutrition are always the result of political failures [...]. Food should never be weaponized and no country in the world should be driven into famine and desperation”.

³⁴ For further information on the Facility for Refugees, Migrants, Forced Displacement and Rural Stability developed by IFAD, see <https://www.ifad.org/en/farms>.

³⁵ INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT, Impacts of Ukraine conflict on food security already being felt in the Near East North Africa region and will quickly spread, warns IFAD, <https://www.ifad.org/en/web/latest/-/impacts-of-ukraine-conflict-on-food-security-already-being-felt-in-the-near-east-north-africa-region-and-will-quickly-spread-warns-ifad>, accessed on 23 March 2022.

1.1.2 IFAD Response to the Covid-19 pandemic: the Rural Poor Stimulus Facility

The spread of the COVID-19 pandemic poses considerable risks to the well-being, livelihoods and food security of rural people, especially those living in fragile contexts, who are highly exposed to its effects –with respect to both the spread of the virus itself and its socio-economic impacts.

The current corona crisis seriously threatens the results achieved so far in an effort to pursue the reduction of global poverty (Sustainable Development Goal 1) and hunger (Sustainable Development Goal 2).

As a result, IFAD, in a joint socio-economic framework with the other UN Rome-based agencies, has prepared a strong response in order to mitigate the effects of the pandemic and enhance the resilience of rural communities. IFAD regards as of primary importance the collaboration with governments, as well as the share of expertise and knowledge with the other Rome-based Agencies and development partners.

The response of the Fund is structured around three pillars: the reutilization of project funds, the establishment of the Rural Poor Stimulus Facility (RPSF) and the provision of policy and analytical support.³⁶

With respect to the first pillar, it constitutes IFAD's fastest way of providing immediate aid in the face of the pandemic, providing for the reallocation of funds within existing IFAD projects – for the majority funds not allocated in a specific project component - in order to finance activities aimed at combating the impact of the pandemic.³⁷ In April 2020, IFAD launched the Covid-19 Rural Poor

³⁶ FAO COUNCIL, IFAD EXECUTIVE BOARD AND WFP EXECUTIVE BOARD, Rome-based Agencies COVID-19 Response, 20 October 2021, Fifth Informal Joint Meeting, §16.

³⁷ “Key examples include US\$24 million in repurposed funding for two projects in Cambodia to finance basic production assets (mainly irrigation) and digital financial services, and US\$15 million in repurposed funding for a project in Ethiopia to enable financial institutions to mitigate the threats to the cash flow of project beneficiaries. In 2020 and early 2021, IFAD repurposed a total of US\$179 million, spanning projects in 36 countries. Approximately 45 per cent of these funds has been used to give farmers access to inputs, 32 per cent to support access to financial services, 16 per cent to support access to markets (including transport and storage), and around 5 per cent to support access to digital services for e-marketing and information. A further US\$43 million, across 11 projects in 11 countries, remains in the pipeline, either awaiting approval or still under discussion with governments.” (Fifth Informal Joint Meeting of the FAO Council, IFAD Executive Board and WFP Executive Board - Rome-based Agencies COVID-19 Response)

Stimulus Facility, “a short-term strategy that feeds into IFAD’s longer-term development objectives”³⁸, by enhancing the resilience of rural livelihoods in the most remote and fragile communities - allowing new resources to be mobilized and channelled into tailored COVID-19 response projects, with all projects to be completed by June 2022. With an initial amount of approximately US\$40 million of seed funding from grant resources, a further mobilization of US\$53 million from Member States’ contributions has been achieved.³⁹

The Facility finances mainly four types of interventions: “(i) providing inputs and basic assets for production of crops, livestock and fisheries, (ii) facilitating access to markets to support small-scale farmers in selling their products in conditions where market functions are restricted, (iii) targeting funds for rural financial services to ensure sufficient liquidity and to ease repayment requirements so as to maintain services, markets and jobs, and (iv) promoting the use of digital services to deliver key information on production, weather, finance and markets”⁴⁰.

Due to the exceptionally critical circumstance, a fast approval of the projects is of the utmost importance; therefore, a streamlined approval process has been put in place, with no prejudice to an appropriate scrutiny of the projects. In addition, every proposal shall be developed in coordination with the government in question and the United Nations Country Team, without neglecting the possibility of cooperation in the form of co-financed initiatives with the United Nations Covid-19 Response and Recovery Multi-Partner Trust Fund, when feasible⁴¹.

³⁸ INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT, IFAD’s Rural Poor Stimulus Facility, <https://www.ifad.org/en/rpsf>

³⁹ Contributions to the facility include CAD 6 million from the Government of Canada, EUR 27 million from the Government of Germany, EUR 6 million from the Government of the Netherlands, SEK 50 million from the Government of Sweden, and CHF 2 million from the Government of Switzerland. To date, US\$75.3 million has been approved across 55 single-country and eight multi-country projects, in addition to US\$19.3 million in co-financing from sources including the RBAs, implementing partners and recipient governments. The remaining funds will be fully allocated by early October. Of these approved funds, 44 per cent has been allocated to meet farmers’ urgent input needs for the upcoming planting seasons, 26 per cent to improve market access, 10 per cent for rural finance and 20 per cent for digital services. (INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT, IFAD’s Rural Poor Stimulus Facility, <https://www.ifad.org/en/rpsf>)

⁴⁰ INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT, IFAD’s Rural Poor Stimulus Facility, <https://www.ifad.org/en/rpsf>

⁴¹ This was the case for a large project in the Pacific Region and a project in Eswatini.

Last but not least, with regard to the third pillar - i.e. policy and analytical support - IFAD has implemented national responses to the pandemic in 46 countries, often in coordination with FAO, WFP and other international partners. This encompasses “helping to conduct rapid assessments of the situation in the agriculture or rural sector, looking in particular at the challenges faced by women and youth, and providing recommendations for government policy making”⁴².

1.2 The right to development

As anticipated, the right to food shall not be understood merely in terms of adequate nutrition. Instead, it should be framed in the much broader and complex context of human dignity, entailing the right of individuals to conduct a dignified life, free from hunger and malnutrition. Food security is therefore an essential condition for the full realization of the broader objective of the right to development: the latter cannot exist without the former.

“The right to development is an inalienable human right by virtue of which every human person and all peoples are entitled to participate in, contribute to, and enjoy economic, social, cultural and political development, in which all human rights and fundamental freedoms can be fully realized”, states Article 1.1 of the

⁴² FAO COUNCIL, IFAD EXECUTIVE BOARD AND WFP EXECUTIVE BOARD, Rome-based Agencies COVID-19 Response, 20 October 2021, Fifth Informal Joint Meeting, §24.

Some examples include “an analysis in Cote d’Ivoire to assess how COVID-19 will influence the ongoing meat price crisis in the country, and a study in India of the specific threats to livelihoods in a post-lockdown setting. Further key examples include “a diagnostic assessment in the Plurinational State of Bolivia to determine the impact of COVID-19 on agrifood systems, conducted by IFAD in collaboration with the RBAs and private sector actors. The analysis enabled the Plurinational State of Bolivia to be one of the first countries in the world to have a diagnosis and recovery plan in place. Another example is the policy support provided to the Pacific Region, which helped to inform COVID-19 response strategies and also pioneered the use of innovative digital technologies to assess COVID-19 impacts. These technologies included a crowdsourcing application collecting information on food prices sold in different formal and informal market outlets. Through this application, 30,184 market price data points and 3,761 photos were collected in a single month, helping to identify changes in prices and the practices of customers and vendors, which can then inform the design and targeting of response activities. Finally, in Turkey, a rapid impact assessment by IFAD is feeding directly into an upcoming e-marketing project based on a mobile and public block chain, which will aim to address market distortions by bringing together suppliers and buyers of agricultural products”. (Fifth Informal Joint Meeting of the FAO Council, IFAD Executive Board and WFP Executive Board - *Rome-based Agencies COVID-19 Response*)

Declaration on the Right to Development⁴³, adopted in 1986 by the United Nations General Assembly in its Resolution 41/128. Article 1.2 further reads “The human right to development also implies the full realization of the right of peoples to self-determination, which includes, subject to the relevant provisions of both International Covenants on Human Rights, the exercise of their inalienable right to full sovereignty over all their natural wealth and resources.”

For the sake of intellectual rigor, it is worth noting, before delving into the analysis of the normative contents of the right to development under the Declaration, that the last-mentioned has been often criticized for being “vague and inconsistent”⁴⁴, appearing to be more like policy guidelines rather than concrete and enforceable legal rules⁴⁵. Quoting Obiora, “the Declaration is essentially the delineation of a broad framework with contents, which are yet to mature and crystallize into substantive law”.

Nonetheless, with its arguable flaws, the Declaration is still a major turning point in the consolidation of the right to development and its “vagueness” could be seen as a result attributable to the numerous controversies and uncertainties permeating the subject.

Given these premises, it is now convenient to analyze, first of all, the nature of the right to development. On the basis of Article 1 of the Declaration, the right to development can be, *in primis*, identified as both a collective and individual right, recognized to “every human person and all peoples”⁴⁶.

A first debated issue arises already with regard to the notion of the term “peoples”, which, on the basis of different interpretations⁴⁷, can overall be intended

⁴³ UNITED NATIONS GENERAL ASSEMBLY, 41/128 Declaration on the Right to Development, 4 December 1986.

⁴⁴ See in this regard, *inter alia*, L. A. OBIORA, *Beyond the Rethoric of a Right to Development*, in *Law and Policy*, 1996, 18, 355 – 377.

⁴⁵ R. G. TESHOME, *The Draft Convention on the Right to Development: A New Dawn to the Recognition of the Right to Development as a Human Right?*, in *Human Rights Law Review*, 2022, 22(2), p. 6.

⁴⁶ UNITED NATIONS GENERAL ASSEMBLY, 41/128 Declaration on the Right to Development, 4 December 1986, Article 1.1.

⁴⁷ See *Endorois case* (“a common historical tradition, racial or ethnic identity, cultural homogeneity, linguistic unity, religious and ideological affinities, territorial connection, and a common economic life or other bonds, identities and affinities they collectively enjoy – especially rights enumerated under Article 19 and 24 of the African Charter – or suffer collectively from the deprivation of such

to denote “a group of individuals that share certain common traits, such as territory, language and culture and can collectively exercise the right”⁴⁸.

In secundis, it shall be noted that the right to development encompasses both the process and the outcome of development⁴⁹, aspiring to render both of them, as a *unicum*, equitable. Furthermore, the right to development should consist in a progressive and dynamic realization, encompassing both the dimensions of the “means” and of the “end”, as is clearly captured by the operational definition of the Independent Expert on the Right to Development, stating that “the right to development is the right to a process of development, consisting of a progressive and phased realization of all the recognized human rights, such as civil and political rights, and economic, social and cultural rights (other rights admitted in international law) as well as the process of economic growth consistent with human rights standards”⁵⁰.

Overall, three substantive elements of the right to development can be recognized: popular participation, guarantee of an equitable share in the fruits of development and self-determination⁵¹.

First of all, popular participation is addressed by Articles 1(1), 2(3), and 8(2) of the Declaration, defining it as “active, free and meaningful participation”⁵², therefore implying the possibility of all members of the community to influence the decision-making process.⁵³

Secondly, Article 8 sets forth the importance of guaranteeing an equitable share in the fruits of development, ensuring “equality of opportunity for all in their

rights”) and *Ogiek case* (“ comprises all populations as a constitutive element of a State including sub-state ethnics groups and communities forming the population”).

⁴⁸ TESHOME, *The Draft Convention on the Right to Development: A New Dawn to the Recognition of the Right to Development as a Human Right?*, p.6.

⁴⁹ A. SENGUPTA, *The Human Right to Development*, in *Development as a Human Right: Legal, Political and Economic Dimensions*, 2010, 13.

⁵⁰ TESHOME, *The Draft Convention on the Right to Development: A New Dawn to the Recognition of the Right to Development as a Human Right?*, p.8.

⁵¹ *Ibidem*.

⁵² UNITED NATIONS GENERAL ASSEMBLY, 41/128 Declaration on the Right to Development, 4 December 1986, Article 2.3.

⁵³ The International Fund for Agricultural Development itself strives for “inclusive and informed participation of rural poor people and their organizations, not as objects of diagnosis and analysis but as active contributors” (INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT, IFAD Targeting Policy: Reaching the Rural Poor, p. 15)

access to basic resources, education, health services, food, housing, employment and the fair distribution of income”⁵⁴, in order to achieve the eradication of all social injustices and fulfill a (re)distributive justice⁵⁵.

Last but not least, Article 1(2) of the Declaration establishes the right of self-determination which, in the context under consideration, entails the principle of sovereign over natural resources, i.e. the right of States and peoples to retain control over the natural resources of their territory, both in terms of management and utilization.

The right to development is not only addressed by the Declaration of the General Assembly, but is also recognized by the African Charter on Human and Peoples' Rights⁵⁶ and the Arab Charter on Human Rights⁵⁷ and re-affirmed in numerous instruments, such as the 1992 Rio Declaration on Environment and Development⁵⁸, the 1993 Vienna Declaration and Programme of Action⁵⁹, the Millennium Declaration⁶⁰, the 2002 Monterrey Consensus⁶¹, the 2005 World Summit Outcome Document⁶² and the 2007 Declaration on the Rights of Indigenous Peoples⁶³.

Most importantly, a draft Convention on the Right to Development is currently undergoing a complex process of consultation and negotiation, under the auspices of the Human Rights Council, which entrusted the United Nations Working Group of the Right to Development with the oversight of the drafting

⁵⁴ Ivi, Article 8.

⁵⁵ See in this regard J. RAWLS, *A Theory of Justice*, Harvard University Press, Harvard, 1999.

⁵⁶ ORGANIZATION OF AFRICAN UNITY, African Charter on Human and Peoples' Rights, 21 October 1986, OAU Doc. CAB/LEG/67/3 rev. 5, 21 I.L.M. 58 (1982).

⁵⁷ LEAGUE OF ARAB STATES, Arab Charter on Human Rights, 15 September 1994.

⁵⁸ UNITED NATIONS CONFERENCE ON ENVIRONMENT AND DEVELOPMENT, Rio Declaration on Environment and Development, 14 June 1992.

⁵⁹ WORLD CONFERENCE ON HUMAN RIGHTS, Vienna Declaration and Programme of Action, 25 June 1993.

⁶⁰ UNITED NATIONS GENERAL ASSEMBLY, United Nations Millennium Declaration, 18 September 2000, A/RES/55/2.

⁶¹ INTERNATIONAL CONFERENCE ON FINANCING FOR DEVELOPMENT, Monterrey Consensus of the International Conference on Financing for Development, 22 March 2002.

⁶² UNITED NATIONS GENERAL ASSEMBLY, 2005 World Summit Outcome Resolution, 24 October 2005, A/RES/60/1.

⁶³ UNITED NATIONS GENERAL ASSEMBLY, 61/295 Declaration on the Rights of Indigenous Peoples, 13 September 2007.

process – which, if successful, will lead to the adoption of a document with binding effects at the universal level for its parties⁶⁴. On 20 January 2020, the Working Group delivered a first draft of the Convention, composed of 36 Articles under five parts, jointly with an extensive commentary⁶⁵. The binding nature of such prospective Convention is of the utmost importance, as it “eliminates one of the hurdles to the full realization of the right to development, i.e. the lack of a binding framework at the international level”⁶⁶.

The Draft Convention abundantly draws from the normative contents, principles and norms of pre-existing human rights instruments, such as the Universal Declaration of Human Rights (UDHR)⁶⁷ and, of course, the 1986 Declaration itself. As stated by the drafters themselves in the Commentary, “no concepts, norms, rights or obligations have been created *de novo*”⁶⁸.

Nonetheless, the Draft, apart from introducing several adjustments, changes and additions, is considerably more detailed and comprehensive in comparison with the Declaration.

First of all, the Declaration adopts a “human-centered” or “anthropocentric” approach to development, as easily deduced from the Preamble, reading “development is a comprehensive economic, social, cultural and political process, which aims at the constant improvement of the well-being of the entire population and of all individuals on the basis of their active, free and meaningful participation in development and in the fair distribution of benefits resulting therefrom”⁶⁹.

⁶⁴ See TESHOME, *The Draft Convention on the Right to Development: A New Dawn to the Recognition of the Right to Development as a Human Right?*.

⁶⁵ UNITED NATIONS WORKING GROUP ON THE RIGHT TO DEVELOPMENT, Draft Convention on the right to development, 17 January 2020, A/HRC/WG.2/21/2; UNITED NATIONS WORKING GROUP ON THE RIGHT TO DEVELOPMENT, Draft Convention on the right to development with Commentaries, 20 January 2020, A/HRC/WG.2/21/2/Add.1.

⁶⁶ TESHOME, *The Draft Convention on the Right to Development: A New Dawn to the Recognition of the Right to Development as a Human Right?*, p.2.

⁶⁷ UNITED NATIONS GENERAL ASSEMBLY, Universal Declaration of Human Rights, 10 December 1948, 217 A(III).

⁶⁸ UNITED NATIONS WORKING GROUP ON THE RIGHT TO DEVELOPMENT, Draft Convention on the right to development with Commentaries, 20 January 2020, A/HRC/WG.2/21/2/Add.1, p. 2 §2.

⁶⁹ UNITED NATIONS GENERAL ASSEMBLY, 41/128 Declaration on the Right to Development, 4 December 1986, Preamble.

However, as already discussed earlier ⁷⁰, a new approach to development – i.e. “sustainable development” – permeated the 90s, resulting in the notion of “intergenerational equity”. Clear testimony to this trend is the definition of development adopted by the World Commission on Environment and Development in its report, “Our Common Future”: “sustainable development is development which meets the needs of the present without compromising the ability of future generations to meet their own needs” ⁷¹.

The Draft Convention, despite remaining still anchored to a more “anthropocentric” approach, moves a step forward: in fact, it actually addresses environmental issues, adopting sustainable development as one of the guiding principles set forth in Article 3. It affirms, indeed, the strong interconnection between the right to development and sustainable development, in the belief that “development cannot be sustainable if its realization undermines the right to development, and the right to development cannot be realized if development is unsustainable” ⁷². However, the draft fails to define what is the precise meaning attached to sustainable development or what are its constitutive elements.

Nonetheless, Article 22 requires States not to act in ways that have a negative impact and alter the intergenerational equity. In addition, in an effort to determine what precisely constitutes sustainable development, the commentary is of assistance, referring to the pertinent international law and policy framework (*inter alia*, the Sustainable Development Goals and the 1992 Rio Declaration).

These references and provisions fill a big void – i.e. the lack in the Declaration of any reference to sustainable development - and certainly constitute major normative additions; nonetheless, it is probably still too little, as the Draft “comes short of fully appreciating these environmental concerns and imposing concrete obligations on States to rectify those concerns” ⁷³ and, if no changes are made during the further consultations and negotiations, wastes an opportunity to

⁷⁰ See Chapter II, § II.I for an in-depth reading on the subject.

⁷¹ WORLD COMMISSION ON ENVIRONMENT AND DEVELOPMENT, *Our Common Future* (Brundtland Report), 1987.

⁷² UNITED NATIONS WORKING GROUP ON THE RIGHT TO DEVELOPMENT, *Draft Convention on the right to development*, 17 January 2020, A/HRC/WG.2/21/2, Article 3(e).

⁷³ TESHOME, *The Draft Convention on the Right to Development: A New Dawn to the Recognition of the Right to Development as a Human Right?*, p.15.

“turn the environmental commitments enunciated in [...] soft law to treaty obligations”⁷⁴.

Another relevant novelty of the Draft Convention in comparison with the Declaration is the provision of obligations upon international organizations with respect to the right to development. Article 9 of the Draft Convention - abundantly drawing from Article 14 and 18 of the International Law Commission Articles on the Responsibility of International Organizations⁷⁵ - states that “international organizations also have the obligation to refrain from conduct that aids, assists, directs, controls or coerces, with knowledge of the circumstances of the act, a State or another international organization to breach that State’s or that other international organization’s obligations with regard to the right to development”⁷⁶

Therefore, the Draft mainly deals with a negative obligation to refrain from engaging in internationally wrongful acts (i.e. in the context under consideration, the impairment of or interference with the right to development) or from adopting decisions that coerce their members to put in place conducts or acts that affect the right to development – so, overall, a general negative duty to refrain from contributing to the violation of the right to development.

2. Areas of Activity

IFAD pursues its mandate all around the globe, ranging from Latin American to Africa and to Asia. This section explores, on a geographical basis, the activity of the Fund aimed towards poverty reduction and food security, tailored on the basis of the different demands and needs of each social and economic context, jointly with an analysis of the geographical features of the territory.

For each region, a project or programme will be presented, without any pretension of exhaustiveness, by way of example, as an illustration of how the

⁷⁴ *Ibidem*.

⁷⁵ INTERNATIONAL LAW COMMISSION, Draft Articles on the Responsibility of International Organizations, 2011, A/66/10.

⁷⁶ UNITED NATIONS WORKING GROUP ON THE RIGHT TO DEVELOPMENT, Draft Convention on the right to development, 17 January 2020, A/HRC/WG.2/21/2, Article 9.

mission of IFAD is declined in practice on the field, still remaining just a piece of the variegated mosaic of the activities of the Fund in rural areas.

2.1 Asia and the Pacific

The area of Asia and the Pacific, home to two thirds of the world's poorest people, constitutes a real "rural development paradox"⁷⁷, as it has been the scenario of some of the most impressive economic transformations, but nonetheless still faces some extremely persistent issues in terms of poverty and hunger, especially in rural regions, predominantly due to income inequality.

Fragile groups across the region are harshly afflicted by social deprivation and high rates of malnutrition and stunting, seeing their mental and physical health seriously threatened – entailing a significant human and economic cost.⁷⁸

Added to this are climate change *in primis* - with numerous Pacific islands already being seriously threatened by rising sea levels - natural disasters and a gradual degradation of the productive resource base.

One of the major problematics afflicting this area of the globe relies in the deep inequality between urban and rural areas; small-scale farmers are surrounded by a number of challenges, such as rural-urban migration, land and water degradation - not to mention economic, institutional and political constraints.

Moreover, vast areas of the region are severely deficient in terms of "basic infrastructure to ensure integration with the global economy through efficient market linkages"⁷⁹, which is paramount "for strengthening intra- and interregional trade through emerging common markets"⁸⁰ (e.g. the Association of Southeast Asian Nations, ASEAN).

In face of the challenges analyzed, the International Fund for Agricultural Development supports small-scale farmers and communities living in rural areas through loan and grant programmes, policy engagement, and pro-poor partnerships

⁷⁷ INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT, Asia and the Pacific, <https://www.ifad.org/en/web/operations/regions/apr>.

⁷⁸ Across the region, 30 per cent of children under five are stunted.

⁷⁹ INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT, Asia and the Pacific, <https://www.ifad.org/en/web/operations/regions/apr>.

⁸⁰ *Ibidem*.

across the policy spectrum, engaging with local people, governments, donors and the private sector - working, *inter alia*, in Pacific island nations, such as Fiji, Kiribati, Samoa, Solomon Islands, Tonga and Vanuatu, supporting development at a community level and fighting the effects of climate change.

According to reports of the Fund, “by the end of 2019, IFAD had invested US\$2.6 billion in the region’s ongoing portfolio for 59 projects in 20 countries”⁸¹. In an effort to combat climate change and to enhance rural livelihoods, prosperity and productivity, collaboration is of the utmost importance.

IFAD is particularly active in the reinforcement of the food systems of Pacific islands in the face of the Covid-19 pandemic, as well. Indeed, the breakout of Covid-19 has proved even more the importance of domestic food systems in order to render rural communities resilient to shocks, to offer livelihood diverse options, to guarantee self-sufficiency and insurance against nutrition insecurity and famine.

Nonetheless, remote islands like the Pacific ones are remarkably more exposed to the effects of Covid-19 and more vulnerable with respect to their food systems. IFAD engages in a number of efforts in order to achieve a medium-to long-term recovery, including investments in food production and consumption at a local level, in local vulnerable communities, in digital, agricultural and climate-adaptation innovations, in resilience of food systems to shocks and crises and in the assessment of recovery demands and measurement of the progress⁸².

It is worth dwelling on the Sustainable Management of Peatland Ecosystems in Indonesia (SMPEI) Project, allocated under IFAD-Global Environment Facility, promoting a more sustainable peatland management, enhancing the securement of carbon stocks and the conservation of biodiversity, entailing an improvement in the livelihoods of local communities⁸³. The project is carried out in cooperation with

⁸¹ *Ibidem*.

⁸² See in this regard FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS (FAO), INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT (IFAD), UNITED NATIONS CHILDREN’S FUND (UNICEF) AND WORLD FOOD PROGRAMME (WFP), Reinforcing Pacific Food Systems for Covid-19 Recovery: Key Impacts, Responses and Opportunities to Build Back Better Joint Publication, January 2022.

⁸³ GEF Project Grant amount: \$4,766,756; Co-financing Total amount: \$21,745,000 (source: INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT, Enhancing Engagement of Private

the Ministry of the Environment and Forestry (MOEF) and the Center for International Forestry Research (CIFOR), acting as executing agencies.

The territory of Indonesia holds around 20 million hectares of peatlands (defined by the International Peatland Society as “terrestrial wetland ecosystems in which waterlogged conditions prevent plant material from fully decomposing”, resulting in a net accumulation of peat), which provide unique ecosystem services and a source of livelihood to rural populations, storing an estimated 46 gigatons of carbon (approximately the equivalent of 8 to 14 percent of all global soil carbon).

These ecosystems are facing an increasing number of issues, such as logging, agricultural conversion by small-scale farmers and large private sector plantations, fires and drainage.

Paramount features of the project can be identified in a “strong government commitment to policy development and implementation, an innovative monitoring system developed with the private sector and a community-based peatland action with multi-stakeholder partnership”⁸⁴.

Results with a concrete impact on the local communities include the development of 12 regulations for a sustainable use of peatland ecosystems and of 10 guides on its management, the establishment of an innovative system of early warning against danger of fire, the development of Community-based Peatland Action Plans in 14 villages, resulting in the construction of 313 units of canal blocks.

2.2 *East and Southern Africa*

An analogous scenario can be outlined with respect to the East and Southern Africa region, home to extremely diverse levels of economic growth, displaying both phenomena of impressively fast-growing economy and extremely poor areas.

Nonetheless, it should be noted that such economic growth has not automatically resulted in poverty reduction: on the contrary, an increase in the

Sector and Local Communities on Peatland Management: Innovative Policies and Monitoring System in Indonesia)

⁸⁴ INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT, *Enhancing Engagement of Private Sector and Local Communities on Peatland Management: Innovative Policies and Monitoring System in Indonesia*, 2022.

number of people living below the poverty line can be observed, partially due to the fact that Africa has the largest proportion of young people on the planet, and the majority of them is unemployed.

Overall, the main source of sustenance is farming, with over 65 per cent of the population of the region living off it. However, the Fund reports “a decline in agricultural production triggered by drought and climate change”⁸⁵ and signals that “fundamental weaknesses in the agricultural sector have prevented a broad-based reduction in rural poverty and inequality, leaving many small farmers trapped in poverty”⁸⁶, e.g. scarcity of secure access to land, credit, and markets, especially for women and young people.

Although this reality is undeniable, there is room for improvement and some indicators of economic growth are emerging, such as solid investments from remittances and a lively private sector, and a middle class on the upswing.

However, the discrepancy within different contexts is remarkable; while some more developed markets - South Africa for instance - have relatively advanced supply chains and infrastructures, some others are significantly impaired by long distances and isolation, impeding smallholders from accessing markets and urban consumers, and therefore, substantially, refraining them from boosting their incomes.

IFAD strives to render the economic growth in East and Southern Africa more inclusive and sustainable, working in close contact with governments to develop policy frameworks, non-governmental organizations, local organizations and population, with particular regard to small-scale farmers, offering expertise and knowledge and introducing more functional farming techniques and crops, facilitating the access markets to enhance incomes and food security and, last but not least, connecting farmers to rural entrepreneurs with access to finance.

In order to better address the specific demands of different situations and areas, in the process of shaping of the process, the Fund adopts diverse strategies, specifically tailored on the basis of each set of local circumstances, with particular

⁸⁵ INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT, East and Southern Africa, <https://www.ifad.org/en/web/operations/regions/esa>.

⁸⁶ *Ibidem*.

attention being paid to the management of natural resources and resilience in the face of climate change.

According to the audit of the Fund, by the end of 2016, 16 governments of the geographic area had partnered with IFAD for a total of 42 programmes, engaging in a financing commitment of over US\$2 million.

By way of example, it is interesting to analyse the Inclusive Agriculture Value Chains Development Programme in Madagascar, approved in 2017 for the duration of seven years.

The project benefits of a total financing of US\$ 250 million, including a US\$ 136.5 million financing by IFAD (allocated under DSF grant/highly concessional financing terms) and further international and domestic co-financing⁸⁷. Due to the fact that approximately 65 per cent of the population live in rural areas of Madagascar, its economy rests predominantly on agriculture. Poverty is an extremely serious issue in the country (in rural areas, a poverty rate of 82.2 per cent is registered), worsened by a series of political crises, weak institutions, scarcity of investment and severely eroded living conditions and infrastructure. An estimated 76 per cent of the population lives below the minimum food energy availability threshold and the country displays one of the highest figures of chronic malnutrition in children.

The project is active in eight regions in the southern and centre-eastern regions of Madagascar, directly benefiting 320,000 family farms, at least 30 per cent of them headed by women or young people. The project focuses on eight value chains (rice, maize, cassava, groundnut, coffee, onion, small ruminants and honey) and additionally supports special value chains (e.g. sorghum and millet), useful for the strengthening of the resilience of production systems for family-conducted farms in semiarid zones.

Overall, the ultimate aim of the project is, compatibly with the stabilization of political and social conditions, to ensure food security to family farms against

⁸⁷ International Co-financers: OPEC Fund for International Development US\$ 20 million, Green Climate Fund US\$ 38.9 million.

Domestic Co-financers: National Government US\$ 25.32 million, beneficiaries US\$ 14.28 million. (Source: <https://www.ifad.org/en/web/operations/-/project/2000001492>).

climate change and to connect such families to the production and marketing support services⁸⁸.

2.3 *West and Central Africa*

Economic growth in the region comprising West and Central Africa has been quite reluctant over the past years, with particular regard to vulnerable categories, such as women or young people. In addition, a further contraction of approximately 3.2 per cent has been registered during 2020, due to the COVID-19 outbreak, resulting in both a weaker external environment and severe measures to contain the spread of the pandemic.

The Western and Central regions of Africa display one of the youngest populations on earth, with three quarters of the population under the age of 35, 12 per cent under the age of 15 and approximately 64 per cent under the age of 24.

Instead of utilizing such potential young workforce as a source of economic growth, the majority of young people in rural communities is landless and unemployed, or marginally employed – working in extremely precarious conditions, if not exploitation. This leads to an increasing trend in the younger population to abandon traditional agricultural activities in rural areas to move to bigger cities or to emigrate abroad, fleeing from conditions of “insecure land tenure, a lack of basic infrastructure, inadequate credit and insurance, and ethnic and gender disparities”⁸⁹.

On a whole, the region strongly needs is not only a more solid organization of the present markets and of their connection, but also a diversification in the types of investments, in order to accelerate the shift from subsistence agriculture to market-based production.

IFAD has an extensive history of almost four decades of engagement in the region, striving to enhance its rural output⁹⁰.

⁸⁸ INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT, Inclusive Agricultural Value Chains Development Programme, <https://www.ifad.org/en/web/operations/-/project/2000001492>.

⁸⁹ INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT, West and Central Africa, <https://www.ifad.org/en/web/operations/regions/wca>.

⁹⁰ By the end of 2019, the Fund was running 38 ongoing projects in 20 countries in the region, and had invested a total of US\$1,639.3 million.

The current priority of the Fund is to “strengthen the value chains that link producers and their organizations to markets and consumers, to create a virtuous upward spiral by helping farmers to sell more and earn more, and to address the immediate challenges faced by small scale farmers to the COVID-19 pandemic”⁹¹.

These ambitious objectives are pursued through a number of initiatives and projects, in order to provide training, to support entrepreneurship, to enhance opportunities for decent jobs, to widen financial inclusiveness and to render cashless credit readily available to small-scale farmers.

The Sahel, region of more than 6,000 kilometres covering from the East to the West of Africa, is a leading example of tackling the challenges of sustainable development. *Sahel* means “shore” in Arabic and is an extremely vast territory comprehending 12 countries (whereas the political region includes 10 countries ⁹², according to the United Nations Strategy, UNISS), hosting over 400 million people and naturally displaying numerous diverse geographical and agro-ecological systems.

The region of Sahel presents a series of challenges to address properly: the main ones identifiable in climate change threatening to “further degrade land, vegetation, water resources and food systems through increased incidence of drought, desertification and floods and projected shortening of the rainy season”, in political instability, undermining society at its roots and, in the past two years, in the impact of the Covid-19 pandemic, affecting the resilience of food production systems, due to the closing of markets and borders.

Nonetheless, there is considerable room for growth, as the region does not lack natural and human resources: in fact, the population, the 65 per cent of which is under the age of 25, is estimated to reach over 500 million in 2050.

The presence of the Fund in Sahel is solid, in alignment with the objectives set forth in the United Nations Integrated Strategy and with the partnership framework between FAO, WFP and the G5 Sahel Secretariat to support the G5 Sahel Priority Investment Programme. IFAD finances 27 ongoing projects, with

⁹¹ INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT, West and Central Africa, <https://www.ifad.org/en/web/operations/regions/wca>.

⁹² Senegal, Gambia, Mauritania, Guinea, Mali, Burkina Faso, Niger, Chad, Cameroon and Nigeria.

US\$2 billion investments across the 10 countries and with an addition of US\$143 million of green resources.

In this respect, it should be added that the Fund launched the IFAD and Green Climate Fund's umbrella programme for the Great Green Wall Initiative, with the ultimate objective of identifying “transformational approaches to better support countries in implementing their national development plans and strategies to help restore land, soil, agricultural production, green cover, access to markets and nutrition”⁹³.

2.4 Near East, North Africa, Europe and Central Asia

According to IFAD sources, “fragility, migration, and water scarcity, combined with persistently high unemployment rates, are among the key challenges hampering rural development in the Near East and North Africa”⁹⁴.

Some of the major obstacles of rural development and economic growth in the Central and Eastern Europe and the Newly Independent States (CEN) subregion are constituted by currency volatility and sluggish growth.

The average number of people suffering from undernourishment in this vast area – which is currently approximately 33 million – has doubled over the last three decades and the region is facing the challenges of extreme poverty, mainly due to climate shocks, jointly with strong economic and political disturbances.

In fact, across the region, 22.4 million people have been forced to flee, because of conflicts in countries such as Iraq, Syria, Somalia, Yemen and Libya.

As IFAD states, “many young people have been driven off the land, disrupting food production, and exacerbating already high unemployment. As a consequence, poverty is on the rise, as is food and nutrition insecurity, especially in rural areas”⁹⁵.

The conflict in Syria, in particular, is the cause of significant large-scale migrations: Syrian refugees constitute around 25 per cent of the population of

⁹³ INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT, Facing the challenges of sustainable development in the Sahel, <https://www.ifad.org/it/web/operations/regions/wca/sahel>.

⁹⁴ INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT, Near East, North Africa, Europe and Central Asia, <https://www.ifad.org/en/web/operations/regions/nen>.

⁹⁵ *Ibidem*.

Lebanon and 20 per cent of the population of Jordan. For the purposes of this analysis, the rural dimension of such forced displacement shall not be neglected, as a consistent portion of displaced people is composed of people coming from rural areas.

“The consequences of the still-unfolding Syrian crisis have been far-reaching”⁹⁶ and encompass the degradation of agricultural land, collapse in food production and security in marginalized regions, boosted pressure on natural resources, and a significant rise in competition for jobs.

Due to the extremely diverse features of the areas composing this vast region, tailored solutions become necessary to address the challenge of rural transformation. For instance, in countries of what was once the Soviet Union, characterized by abundant water resources, solutions to enhance farming skills might be appropriate, whereas in the Near East and North Africa, the issues of water scarcity and of the development of agricultural production are prioritized.

In light of such mixed picture, IFAD adopts tailored solutions to address specific paramount obstacles. By the end of 2016, US\$889 million had been allocated in 43 projects and programmes in the area, in partnership with 22 recipient governments.

Moreover, the Fund developed a Facility specifically targeted to Refugees, Migrants, Forced Displacement and Rural Stability (FARMS), endowed with a total budget of US\$100 million and focused on sustainable rural development and livelihood support for refugees, displaced persons and rural host communities, with the aim of making a long-term impact.

In 2016, IFAD approved the Siliana Territorial Development Value Chain Promotion Project in Tunisia, for a comprehensive duration of seven years.

The project, involving 35 sectors in the southern region of Siliana and benefiting over 54,400 individuals from the most deprived households and 5,400 students of local primary schools receiving nutritional education, aims “to improve the livelihoods of vulnerable rural people living in the southern part of Tunisia's Governorate of Siliana, particularly by creating new sustainable employment opportunities through value chain development as well as value addition through

⁹⁶ *Ibidem.*

the profitable inclusion of organized smallholder producers, who will be trained to make effective and rational use of socio-economic potential within value chains”⁹⁷. The project encourages partnerships between key stakeholders in the relevant value chains and the creation of local economic development hubs, estimated to strengthen both upstream and downstream components of value chains and, consequently, retain a significant added value at the territorial level.

The activities of the project revolve around two main pillars: value chain promotion and value addition and the creation of favourable conditions for value chain development in an improved institutional environment.

2.5 Latin America and the Caribbean

The region of Latin American and the Caribbean, home to over 595 million people, despite having undergone an impressive economic transformation over the years – suffice to say that now all countries in the region, with the exception of Haiti, are classified as middle-income – is still permeated by deep inequalities and poverty persists to be a severe issue⁹⁸.

In fact, one person in four still lives in conditions of poverty, with a concentration of poverty in rural areas and eighty per cent of the population living in urban contexts. Naturally women, indigenous people and African descendants constitute the most affected group.

IFAD has a quite long history of activity in this region, where it pioneered community-centric development for more than 40 years, supporting local people in the identification of projects capable of enhancing their prosperity, providing training and financial assistance to implement such projects, helping rural communities in the process of transformation and experiencing the benefits of

⁹⁷ INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT, Siliana Territorial Development Value Chain Promotion Project, <https://www.ifad.org/it/web/operations/-/project/2000001159>.

⁹⁸ For an in-depth reading on poverty, nutrition and food security in the area of Latin American and the Caribbean, see *Regional overview of food security and nutrition in Latin American and the Caribbean 2021*, joint publication of the Food and Agriculture Organization of the United Nations (FAO), the International Fund for Agricultural Development (IFAD), the Pan American Health Organization/World Health Organization (PAHO/WHO), the World Food Programme (WFP), and the United Nations Children’s Fund (UNICEF).

bottom-up development strategies, in partnership with governments, non-governmental organizations and the communities themselves.

Namely, by the end of 2016, IFAD had worked with 19 governments to deliver 37 programmes and projects across the region, investing a total amount of US\$770 million ⁹⁹.

Mexico provides us with an interesting glimpse of the region. Despite being ranked as an upper-middle income country, it is still severely afflicted by poverty: approximately 61 per cent of its population in rural areas lives in conditions of poverty, 20 per cent even in extreme poverty.

Naturally, women are paying the highest price: approximately 52 per cent of them conduct lives with *per capita* incomes far below the well-being line, 88 per cent of them being additionally socially isolated. In 2017, the Fund approved the Territory and Inclusion Project, involving four States (Chiapas, Guerrero, Oaxaca and Puebla) and estimated to reach more than 22,540 people living in rural communities.

The Project facilitates rural farmers in the access to the facilities provided under the Social Economy Development Programme of the Government of Mexico, aiming at enhancing their productivity and incomes through investments in productive projects, supporting access to financial services and providing technical expertise, in an effort to achieve the ultimate objective of comprehensive development.

3. Project cycle and management: field operations

In the preceding paragraph, different projects financed by IFAD and implemented in diverse areas of the globe have been explored. It is now convenient, in the eyes of the author, to outline the technical aspects and core structure of the comprehensive cycle (from design to completion) of a project financed by the Fund, irrespective of the peculiar traits of each single project, tailored on the socio-economic and geographical demands of the local territory.

⁹⁹ Please be aware that this figure includes the the contributions of the Spanish Trust Fund, managed by IFAD.

First of all, it should be clarified that IFAD co-finances *government* projects, meaning that the Fund provides either a loan or a grant to the government of the concerned country and entailing that the project shall comply with the national policy priorities of the government. The cornerstone is the financing agreement (stipulated between IFAD and the relevant government), through which the project is controlled.

Due to the “governmental” nature of the projects financed, small units called Project Management Units (PMUs), usually composed by government officials from the national ministry of agriculture or technical assistants, are entrusted with the management of the projects and are expected not only to directly report to the government, normally through a steering committee, but also to use government procedures with respect to planning and budgeting, financial management and reporting, and procurement and implementation ¹⁰⁰.

Nevertheless, the ultimate beneficiaries of the projects are never forgotten: rural people, in fact, are free to provide first-hand feedbacks and express concerns throughout specific consultations during the cycle of the project or to raise issues directly to the Fund through dedicated channels.

Overall, the complex life cycle of an IFAD project comprehends numerous consecutive steps, which can be outlined as follows: identification of geographical areas and dialogue at a local and country level (with the engagement of government officials and other relevant local stakeholders, such as NGOs); design of the project; negotiations phase; approval by the Executive Board; signing of the Financing Agreement; project start-up; implementation phase; monitoring and supervision; a mid-term review and lastly, the final stage of completion and closing of the project.

¹⁰⁰ INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT, Behind the scenes of an IFAD project, 17 September 2020, <https://www.ifad.org/en/web/latest/-/story/behind-the-scenes-of-an-ifad-project-your-top-questions-answered>.

3.1 Project design

During the Consultation on the Eleventh Replenishment of the resources of IFAD, emerged the need to move beyond the “business as usual”¹⁰¹ in order to accomplish the goals set forth in the 2030 Agenda. Hence, IFAD adopted a new business approach, the Development Effectiveness Framework (DEF), and initiated a process of decentralization in order to bring the work of the Fund closer to its beneficiaries.

In 2018, the President’s Bulletin “Recalibrating the IFAD Project Design Process”¹⁰², brought significant novelties to the design process of the project, responding “to the need for quicker design, adopting a risk-based approach to streamlined approval processing, and more timely commencement of quality projects”¹⁰³, with the aim of enhancing effectiveness and efficiency.

The new project design process is structured around four key elements: “(i) an increased focus on results and development effectiveness; (ii) country ownership as translated through IFAD’s country strategies; (iii) engagement with relevant organizations that represent IFAD’s target groups (such as civil society and farmers’, rural producers’, indigenous peoples’ and youth organizations); and (iv) teamwork by a well-functioning Project Delivery Team (PDT)”¹⁰⁴.

As anticipated, development effectiveness is a paramount principle of the new business approach adopted by the Fund, entailing that projects shall, *in primis*, be tailored paying particular attention to an articulate theory of change (TOC), underscoring the interconnection between inputs and activities and the relevant outcomes and impacts; *in secundis*, primary importance is attached to the “development effectiveness matrix plus” (DEM+), as the tool for project design review utilized in order to assess project quality and evaluability, highlighting

¹⁰¹ GOVERNING COUNCIL, Report of the Consultation on the Eleventh Replenishment of IFAD’s resources, Leaving no one behind: IFAD’ role in the 2030 Agenda, 14 February 2018, GC 41/L.3/Rev.1.

¹⁰² IFAD PRESIDENT, Recalibrating the IFAD project design process, Bulletin 2018/04, 29 June 2018.

¹⁰³ INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT, Project Design Guidelines, as of 5 August 2020, p.6.

¹⁰⁴ *Ibidem*.

paramount design criteria and guiding the Project Delivery Team ¹⁰⁵ in the development of the project.

Furthermore, the development effectiveness matrix focuses on the logic and rationale behind the project, the feasibility of the proposed solutions in technical and financial terms, and the quality of the risk mitigation strategies.

The matrix is composed of four sections: (i) project approaches, (ii) compliance (iii) operational aspects (iv) overall quality of the design. Overall, the DEM+ identifies the following factors as the main contributors to the quality of the project design: a clear rationale for the engagement of the Fund, which entails compliance with national policies, institutional frameworks and ongoing projects financed by IFAD; project description, on the basis of a carefully explored theory of change and on a sound economic and financial analysis; risks and safeguards, along with measures taken to mitigate them and last but not least, implementation readiness and evaluability.

Moreover, the assignment of a “track”, according to a risk-based approach, to each project is a crucial step in order to determine the appropriate review and

¹⁰⁵ The concept of the Project Delivery Team (PDT) is one of the main novelties introduced by the President’s Bulletin: it provides for a cooperative approach among Programme Management Department (PMD), Strategy and Knowledge Department (SKD) and the Financial Management Services Division (FMD). The key actors involved are the Country Director (CD) from PMD and the Project Technical Lead (PTL) from SKD. Jointly, they develop the design documents — the Project Concept Note (PCN), Project Design Report (PDR) and the President’s Report (PR) or the Report to the President. It is convenient to highlight the difference between the two: the *President’s Report* is prepared when a project is submitted to the EB for approval, while the *Report to the President* is prepared when a project is submitted to the President for approval as per the Proposals for Streamlining the Approval of IFAD-funded Projects and Programmes (EB 2019/126/R.48/Rev.2). Other Core members of the PDT also include: a representative from ECG who ensures mainstreaming of relevant cross-cutting themes⁸; the Finance Officer from FMD assigned to the concerned country who ensures that the financial management-related aspects of the project design are consistent with IFAD’s risk-based assurance framework, and contracts accredited FM consultants as needed, in consultation with the CD; the relevant Senior Regional Procurement Officer who performs necessary capacity and risk assessments and helps define the project’s procurement implementation arrangements including an initial 18-month procurement plan. Accredited procurement consultants may be contracted as required, in consultation with the CD; and a Legal Counsel assigned by the Office of the General Counsel (LEG) to provide specific legal support and legal advice to the PDT as requested. The Director of the Communications Division (COM) identifies a staff member to provide advice to the PDT and ensure that a solid strategic communications approach is included in the design. The CD and the PTL will then jointly decide on any additional members of the PDT that may be required. (INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT, Project Design Guidelines, pp.8-9).

approval process. Three tracks can be identified: *track 1* is dedicated to operations demanding high corporate attention, *track 2* to regular operations, and *track 3* to the so-called “fast-track operations”.

The first step in the project design process consists in the creation of such project in the Grant and Investment Projects System (GRIPS), in order to be assigned a Project Identification number and to automatically create the concerned modules and approval workflows in the Operational Results Management System (ORMS).

Subsequently, the design process of the project revolves around three core documents: the Project Identification Form (PIF), the Project Concept Note (PCN) and the Project Design Report (PDR).

The Project Identification Form is submitted jointly with a request from the Country Director to the Strategy and Knowledge Department Front Office, with the aim of determining the features and demands of the project concerned in terms of technical expertise, complexity and risk and is, therefore, the basis for the appointment of the technical members of the Project Delivery Team, usually a Project Technical Lead (PTL)¹⁰⁶ and an additional technical member. It is also the basis for an approximate determination of the calendar for the first Project Concept Note mission and tentative submission to the Executive Board.

Once the process of composition of the Project Delivery Team is concluded, the Country Director initiates and leads its meetings and interactions, which can be conducted either physically or remotely. During the first “kick-off meeting” of the Team, the timeline and processes estimated for the preparation of the whole design process (from the development of the Concept Note to the submission to Executive Board for approval and project start-up) are discussed.

It is convenient to linger on the distribution of responsibilities between the actors involved: the Country Director is ultimately accountable for the “preparation and management of the project design process and for the proper and timely delivery of the design documentation, while the Project Technical Lead is

¹⁰⁶ “The PTL is assigned by ECG and PMI Directors, based on the project focus area as described in the PIF, and will come either from the Sustainable Production, Markets and Institutions Division (PMI) or the Environment, Climate, Gender and Social Inclusion Division (ECG)”. (INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT, Project Design Guidelines, p.8)

responsible for the technical quality of the project. Lastly, the Project Delivery Team as a whole is liable for the support of the Country Director and the Project Technical Leader in the fulfilment of their tasks.

Another key novelty introduced by the 2018 Bulletin of IFAD President is the risk-based review process, adopting a streamlined approach with the ultimate objective of reducing the average time elapsing from the approval of the PCN by the Operational Strategy and Policy Guidance Committee (OSC) to the approval of the project by the Executive Board. Indeed, a reduction by more than half (from 17 to 8 months) is envisaged ¹⁰⁷.

The second key document is the Project Concept Note (PCN), necessary for all projects allocated under Track 1 and 2 (the Track 3 streamlined process will be analyzed further in this paragraph).

The Project Concept Note meets two main needs: to allow the borrower and the Fund to dialogue and agree on the overall concept of the project and to make sure that the specific project activities are in compliance with “the borrowing country's own strategies and plans, IFAD's overall corporate strategy, commitments and policies, and the Country Strategic Opportunities Programme (COSOP) or Country Strategy Note (CSN)”¹⁰⁸.

The Project Delivery Team is ultimately responsible for the drafting and preparation of the Project Concept Note, assisted by the Financial Management Services Division and, if necessary, by legal support from the Office of the General Counsel (LEG) and other possible members of the Project Delivery Team and consultants.

The following stage is the meeting with the Operational Strategy and Policy Guidance Committee (OSC), requested by the Country Director to the Quality

¹⁰⁷ The design of Track 1 and 2 projects is expected to take about 8 months from OSC approval of the PCN to EB approval of the President's Report (PR), although highly complex projects will likely take longer than average. Within this, the time from project concept to the Design Review Meeting (DRM) of the Project Design Report (PDR) is expected to be 3-5 months; from the DRM to the Quality Assurance Group (QAG) desk review, 1-2 months; and from QAG desk review to EB approval, 1-2 months. Track 3 projects are expected to be processed in less than 3 months. (INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT, Project Design Guidelines, p.10)

¹⁰⁸ INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT, Project Design Guidelines, as of 5 August 2020, p.11.

Assurance Group (QAG) Secretariat, under Track 1¹⁰⁹, or to the Operational Policy and Results Division (OPR), under Track 2.

The OSC meeting explores and discusses, *inter alia*, the issues identified in the DEM+, the soundness of the PCN and its strategic alignment with the country's strategy and with IFAD's country strategy and corporate priorities, the opportunities balanced against identified risks and possible mitigation measures before the projects officially enters into the pipeline. Furthermore, throughout this meeting, the Operational Policy and Results Division is expected to confirm the classification of the project under the Social, Environmental and Climate Assessment Procedures (SECAP) and the allocation of the project in the Performance Based Allocation System (PBAS).

Within five working days from the OSC meeting, the Decision Memo - either authorizing the official entry of the project into the pipeline and, therefore, the start of the project design, or reporting relevant shortcomings of the PCN and the need to be revised and re-submitted to another OSC meeting - shall be issued by the OSC Chair. Finally, the signed Decision Memo shall be uploaded into the Operational Results Management System by the Project Delivery Team.

Subsequently, after the formal entry of the PCN in the pipeline, the third relevant document – the Project Design Report (PDR) – comes into play, prepared and drafted under the overall responsibility of the Country Director, shared by the Project Technical Lead, mainly responsible though for the technical quality of the project design. The drafting of the PDR is followed by a Design Review Meeting, whose agenda is based on the Development Effectiveness Matrix Plus (DEM+) and it takes into consideration “progress made against issues flagged at the OSC stage as well as technical aspects, results, financing and compliance, risks and readiness for implementation”¹¹⁰.

In light of the meeting, Quality Assurance Group prepares a Decision Memo, outlining recommended actions to enhance technical quality, implementation readiness, appropriate risk management strategy, full government

¹⁰⁹ Track 1 OSC meetings are usually chaired by the Vice President, unless the PCN accompanies a COSOP, in which event it is chaired by the President.

¹¹⁰ INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT, *Project Design Guidelines*, as of 5 August 2020, p.14.

ownership and compliance with corporate standards and policies, and ultimately providing for the following steps in the design and review process. Sometimes, even a second Design Review Meeting might be necessary.

After the Meeting, the final draft of the Project Design Report, signed by the Country Director and the Project Technical Lead, goes through the Regional Director for clearance (jointly with the draft President's Report or Report to the President and the DRM Compliance Note), and through the Quality Assurance Group, to verify the proper implementation of the DRM recommendations.

Within five working days, the Quality Assurance Group conducts the final desk review using the DEM+, in parallel to the validation of the mainstreaming criteria conducted by the Operational Policy and Results Division.

Finally, the Regional Director contacts the Country Director with respect to any possible shortcoming and, after clearance of the Project Design Report and of the President Report/ Report to the President on the part of FMD and OPR.

Language processing and final clearances are then conducted, respectively, by Office of the Secretary (SEC) and by FMD, LEG, OPR and AVP-PMD jointly. In accordance with the PDR and PR, Financing Agreement (FA) is drafted by the Legal Counsel, taking into account considerations and inputs from CD, FMD and the Senior Regional Procurement Officer, if necessary.

Subsequently, the Country Director invites the government for negotiations, at the end of which the negotiated Financing Agreement is submitted to the Executive Board for approval. If necessary, the Country Director draws up an Addendum to the President Report/Report to the President to reflect the final negotiated text.

As anticipated, projects under track 3 - providing for operations of either additional financing or requiring rapid approval - follow a different procedure.

The main difference relies in the fact that such operations do not require a Project Concept Note or a meeting of the Operational Strategy and Policy Guidance Committee. In the case the operation disposes an additional financing, it shall be indicated in the Grants and Investment Projects System if such additional financing is "to fill an identified or unexpected financing gap, for scaling up a successful

project”¹¹¹ or for a combination of both (i.e. the so-called “financing gap plus”). In the event that the operation is regarded as a “new stand-alone emergency operation”, it is necessary to create a new project ID in the GRIPS.

The Country Director and the Project Technical Lead, along with the Project Delivery Team, prepare the Decision Memo (DM) through the Operational Results Management System (ORMS), jointly with the required annexes. Moreover, a President Memorandum (PM) or the Report to the President for additional financing is prepared through ORMS, as well.

The Decision Memo, after clearance by FMD, OPR and LEG, along with its annexes and with the President Memorandum or Report to the President, is then submitted to the Quality Assurance Group for review, in order to verify the strategic alignment of the proposal with the country strategy and IFAD's corporate priorities and policies.

Furthermore, the QAG recommends “whether the financing request should proceed for approval and whether key aspects of the original project design have been updated with adequate quality standards, cleared by the technical members of the PDT”¹¹². After being cleared by the Regional Director, FMD, OPR and LEG, the President Memo or the Report to the President for additional financing is submitted to the Office of the Secretary to receive the approval of the President, prior to the submission to the Executive Board, for final approval.

It should be added that there is the possibility for negotiations with respect to the additional financing to be held after the approval of the Executive Board. Nevertheless, the lending terms shall be negotiated in advance and documented through an official exchange of correspondence, before the submission to the Executive Board.

¹¹¹ INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT, Project Design Guidelines, as of 5 August 2020, p.16.

¹¹² *Ibidem*.

3.2 *Project Start-up*

The entry into force of the Financing Agreement, which can be either at the time of signature or subsequent to the ratification, is a key watershed, determining the starting date for eligibility of expenditure for project activities.

Another paramount passage relies in the date on which additional disbursement conditions are fulfilled, as provided for in the Financing Agreement. As of such date, the Recipient may start withdrawing significant amount of funds from the loan/grant account for operational activities.

In compliance with the restructuring policy of the Fund, if the time elapsing from the approval of the Executive Board to the entry into force of the Financing Agreement exceeds eighteen months, automatic cancellation of the financing occurs. The same applies in the event that the period between the entry into force and the first disbursement exceed eighteen months.

Subsequently, the start-up process unfolds. Usually, a project start-up workshop is conducted by the Recipient in the project location, involving all key staff of the project and of the implementing agency, in order to re-affirm and set out clearly a shared understanding of the project's rationale and objectives, to establish the different stages of the project cycle, to ensure clarification with respect to the roles and responsibilities of the different actors involved in implementation process, and to shed light on the legal and financial conditions set forth in the financing agreement, along with the associated procedures and responsibilities.

Such workshop also represents a valuable opportunity to discuss, for instance the prospective use of the Annual Work Plan and Budgets (AWPBs), the implementation strategy set out in the Project Implementation Manual, the policies of the Fund, the fiduciary and reporting requirements and the Monitoring and Evaluation arrangements.

3.3 *Implementation and completion*

Due to the *governmental* nature¹¹³ of the projects financed by the Fund, the activities carried out during the project are normally implemented by the ministries concerned, by government agencies, by contracted service providers and

¹¹³ *Supra*, §III.

sometimes, according to their nature and the available resources at a local level, by Non-governmental organizations or private entities, notwithstanding that all activities shall be superintended and reported to the relevant Programme Management Unit. According to IFAD Guidelines on Project Implementation, “the recipient is the owner of the IFAD-financed project and, as such, is responsible for its implementation, with due consideration of the financing agreements that rule the relationship with IFAD. IFAD’s provision of supervision and implementation support is a highly collaborative and responsive effort aimed at enhancing impact and development effectiveness”¹¹⁴.

Overall, during the implementation phase, IFAD is entrusted with a role of “supervision and implementation support”, ensuring that the management of the project as a whole is in compliance with the procedures set forth in the financing agreement, with particular regard to financial aspects and procurement.

The Fund may deploy various supervision missions, with different modalities: “i) full supervision mission that assess the performance of all project’s aspects, ii) partial supervision mission, only assessing some selected aspects of project’s performance, iii) Mid-term review mission iv) implementation support mission which are less formal and may be more technical in nature and v) missions in which IFAD participates as part of a Cooperating Institution (CI) led supervision mission”¹¹⁵.

Furthermore, (at least) annual visits are conducted by technical specialists and consultants appointed by the Fund, in order to collect first-hand feedback from the participants of the project on the field. Upon return from each visit, the persons sent by IFAD evaluate the comprehensive status and progress of the project, on the basis of a number of indicators, and raise any concerns or issues.

With respect to the completion of the project, while a precise moment (i.e. the start-up workshop) marks the opening of an IFAD project, there are usually no formalities provided for its end. The closure of the assistance of the Fund, indeed,

¹¹⁴ INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT, Project Implementation Guidelines, as of August 2020, p.6.

¹¹⁵ Ivi, p. 11.

is not actually the end, but is the beginning instead, of a journey, generating benefits in the years ahead, in a perspective of post-project sustainability.

In accordance with the mandate of IFAD, “the results achieved by projects, and the effects they have on participants and local economies, are expected to be sustainable and to continue beyond the project’s lifetime”¹¹⁶. The collaboration between the Fund and the government continues even after the end of the project *per se*, as innovations explored throughout the project and tested to be successful, can be integrated in national policies and programmes.

It is customary for the Country Director to initiate discussion plans with respect to the closing of the project with the Recipient, usually during the penultimate supervision review mission, in order to deliberate on the activities necessary for the completion, later included in the last Annual Work Plan and Budget.

Notwithstanding that the ultimate responsibility with regard to completion reports lies with the Recipient, the Project Delivery Teams facilitate support the process, “ensuring timeliness and quality of reports, and distilling knowledge”¹¹⁷, representing the last step of the IFAD-country partnership.

At the end of the project, the Project Completion Report is prepared jointly by the Recipient and the concerned Regional Division – Programme Management Department, providing a comprehensive picture of the project, and outlining *inter alia* its timeline, financing total amount and components, country partners (executing institution and implementing institutions), evaluation of the outreach of the project in terms of beneficiaries, effectiveness rate, impact on the local rural community, satisfaction degree of the project rationale and internal logic, overall outcomes and lessons learned.

Lastly, with regard to the timeliness of the project completion, a distinction needs to be drawn between the Project Completion Date - on which the implementation of the project shall be completed, therefore referring to the end of

¹¹⁶ INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT, Behind the scenes of an IFAD project, 17 September 2020, <https://www.ifad.org/en/web/latest/-/story/behind-the-scenes-of-an-ifad-project-your-top-questions-answered>.

¹¹⁷ INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT, Project Implementation Guidelines, as of August 2020, p.12.

the project activities - and the Financing Closing Date, “defined as the date on which the right of the Recipient to request withdrawals from the Loan Account and/or Grant Account ends, which is six months after the Project Completion Date or on a later date as IFAD may designate by notice to the Recipient”¹¹⁸.

3.4 Impact assessment

Impact assessment is crucial in the evaluation of the work of the Fund on the field in order to determine whether “observed changes in outcomes among project target groups can be attributed to development projects”¹¹⁹, measuring the attributable impacts of the projects, embedded in the bigger picture of the Development Effectiveness Framework.

The rigorous impact assessment process conducted by IFAD allows to obtain high-quality, objective results, as the plain benchmarking between areas with or without projects or a “before and after” comparative analysis may often generate misleading outcomes, not taking into consideration elements like natural calamities, conflicts or economic factors.

The approach of the Fund in the evaluation of the impact of its investments consists in the “[aggregation of] the impact estimates from a critical mass of project-level impact assessments representing 15 per cent of IFAD's portfolio in every three-year replenishment cycle, and [the projection into] all projects implemented within the same period”¹²⁰, carrying out a both quantitative and qualitative analysis, in an effort to obtain a representation of the overall portfolio.

This approach, quite peculiar in the scenario of international organizations, allows the Fund to assess the overall impact of the projects at a corporate level and, consequently, to obtain a concrete sense of its contribution to the achievement of the Sustainable Development Goals.

The impact assessment cycle of IFAD uses a standardized management system, implemented in collaboration with project teams and stakeholders at national level, which, on one hand, grants a satisfactory degree of comparability

¹¹⁸ *Ibidem*.

¹¹⁹ INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT, Impact assessment: Doing the right things and doing things right, <https://www.ifad.org/en/impact-assessment>.

¹²⁰ *Ibidem*.

across projects and countries, and ensures, on the other, contextualization on the basis of the specific circumstances of the country and of the project.

Such cycle is comprised of four different stages: planning, implementation, assessment and dissemination.

Planning is the initial stage, which starts with an exploratory visit conducted by the Research and Impact Assessment division of the Fund, in order to carry out training sessions on the impact measurement methodologies with country teams and the staff of the project, to develop the relevant theory of change, to identify key indicators and to formulate policy-relevant research questions. Upon return from such visit, the preparation of an assessment plan follows, reflecting the core strategies developed.

The implementation phase provides for the recruitment of a local data collection company, on the basis of reliability and transparency criteria, for sound and consistent data collection. However, this does not preclude the involvement of external partners, to guarantee consistent survey instruments impact assessments, with respect to both quantitative and qualitative analyses.

Other tools, such as standardized templates of household and community questionnaires or semi-structured interview topics, are utilized throughout the comprehensive process. Furthermore, the Fund, in collaboration with the World Bank, has developed “a standardized data collection system by using tablets to conduct computer-assisted personal interviews following standardized survey questionnaire templates and interview topics” ¹²¹.

Subsequently, throughout the assessment stage, a standardized data management and analysis protocol is adopted in order to clean, process, and analyze the data collected.

Ultimately, in light of the closing impact assessments, a comprehensive seminar, involving policy makers, project partners and all relevant stakeholders, is held to explore and discuss the outcomes of the process and to obtain feedback.

¹²¹ *Ibidem*.

3.5 Environmental impact: the Social, Environmental and Climate Assessment Procedures (SECAP)

The Fund is strongly committed to including social, environmental and climate sustainability and resilience in its mandate of poverty reduction, fostering a sustainable natural resource and an economic base for rural people in the face of climate change, environmental degradation and market transformation across the full range of its projects and programmes.

Numerous policies of the Fund address the environmental impact of the projects as a core element thereof: *inter alia*, the Social, Environmental and Climate Assessment Procedures (SECAP)¹²², the IFAD Strategy on Biodiversity 2022 – 2025¹²³, the IFAD Strategy and Action Plan on Environment and Climate Change 2019 – 2025¹²⁴, and the Environment and Natural Resource Management Policy¹²⁵.

The Fund highly values social, environmental and climate sustainability, as clearly displayed by the fact that “projects and programmes that foster social, environmental and climate sustainability rank among the Fund’s highest operational priorities”¹²⁶ consistent with an increasing trend among development financial institutions. In 2021, with respect to such demands, IFAD has updated its 2017 Social, Environmental and Climate Assessment Procedures (SECAP).

The procedures’ scope includes all investments under the Fund’s programme of loans and grants, all non-sovereign operations (NSOs) for which IFAD financing is sought, and all the technical assistance of the Fund.

In light of its status of specialized agency of the United Nations, IFAD proactively works towards sustainable development by “adopting good international practices, including on climate change and environment; working towards greater harmonization of safeguard practices among United Nations

¹²² IFAD, Social, Environmental and Climate Assessment Procedures (SECAP), Volumes 1 and 2, 2021.

¹²³ INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT, IFAD Strategy on Biodiversity 2022-2025, February 2022.

¹²⁴ IFAD EXECUTIVE BOARD, IFAD Strategy and Action Plan on Environment and Climate Change 2019 – 2025, 31 October 2018, EB 2018/125/R.12.

¹²⁵ INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT, Environment and Natural Resource Management Policy: Resilient livelihoods through the sustainable use of natural assets, August 2012.

¹²⁶ IFAD, Social, Environmental and Climate Assessment Procedures (SECAP), 2021, Vol. 1, p. 13.

agencies, multilateral financial institutions and other development partners; and improving its own internal processes and capacity”¹²⁷.

Furthermore, the Procedures are incardinated in the United Nations system and vision and heavily draw from the United Nations Model Approach to Environmental and Social Standards for United Nations Programming, which in turn is based on the United Nations Environmental Management Framework for Advancing Environmental and Social Sustainability in the United Nations System.

According to the SECAP itself, its strengths and perspective objectives include “[helping] IFAD to identify social, environmental and climate risks and impacts, and their significance, and determine the level of risk management required to address the risks and impacts associated with IFAD-supported investments and global and regional grant-funded programmes; [helping] to identify opportunities to mainstream climate resilience, environmental sustainability, nutrition, gender equality and the empowerment of women, youth and other vulnerable groups into IFAD strategies and programming; [supporting] borrowers/recipients/partners and IFAD in improving decision-making and promoting the sustainability of project and programme outcomes through ongoing stakeholder engagement; [assisting] borrowers/recipients/partners in fulfilling their own international and national social, environmental and climate commitments; [ensuring] that IFAD’s practices are aligned with its own policies and the procedures of other multilateral financial institutions; and [enabling] IFAD to continue accessing environmental and climate financing”¹²⁸.

Moreover, the Procedures play a pivotal role in providing for clear and sound procedures on mainstreaming cross-cutting issues, e.g. youth, gender, environment and climate change, and nutrition¹²⁹.

¹²⁷ *Ibidem*.

¹²⁸ Ivi, pp. 13-14.

¹²⁹ To this end, the SECAP allows IFAD to: (i) analyse and provide information to strengthen the social, environmental and climate dimensions of projects and programmes;(ii) maximize positive social and environmental impacts, climate change adaptation and mitigation benefits; and (iii) strengthen social inclusion in decision-making and ownership of the environmental and social sustainability of projects (IFAD, *Social, Environmental and Climate Assessment Procedures*, 2021, Vol. 1, p. 15)

The 2021 Social, Environmental and Climate Assessment Procedures are comprised of three volumes: the first one sets forth the goals and aspirations of the Fund with respect to environmental, social and climate adaptation, mitigation and sustainability, outlining its approach to addressing environmental, social and climate risks and impacts throughout the project cycle.

In addition, Volume 1 sets out the mainstreaming requirements and deals with nine environmental, social and climate standards ¹³⁰, providing for the mandatory requirements that borrowers/recipients/partners are expected to comply with, throughout IFAD-supported projects. Additionally, two annexes to the main document are present, outlining the specific requirements for Non-Sovereign Operations and contractors involved in IFAD-supported projects.

The second volume is structured into ten (non-mandatory) guidance notes, aimed at assisting the borrowers/recipients/partners in the implementation of updated version of the Procedures. Lastly, Volume 3 mainly provides supporting material, such as templates and checklists.

With respect to the division of responsibility among the different stakeholders involved in the process of environmental and social assessment, broadly speaking “all assessments and studies required at the project design stage are primarily the responsibility of the borrower/recipient/partner” ¹³¹ and are expected to comply with the SECAP requirements and to be “proportionate to the risks and potential impacts of the IFAD-supported investment, as reflected in IFAD’s project risk categorization”¹³². Independent experts, who are selected by the borrower/recipient in accordance with the national legislation, are entrusted with the task of drawing up such assessments and studies, in compliance with the environmental and social clauses set forth in the financing agreement.

¹³⁰ The Standards are based on good practices of the United Nations, international financial institutions and multilateral development banks, to be read in their entirety and cross-referenced as necessary. They are the following: *Standard 1* - Biodiversity conservation; *Standard 2* - Resource efficiency and pollution prevention; *Standard 3* - Cultural heritage; *Standard 4* - Indigenous peoples; *Standard 5* - Labour and working conditions; *Standard 6* - Community health and safety; *Standard 7* – Physical and economic resettlement; *Standard 8* - Financial intermediaries and direct investments; *Standard 9* - Climate change.

¹³¹ IFAD, Social, Environmental and Climate Assessment Procedures (SECAP), 2021, Vol. 1, p. 12.

¹³² *Ibidem*.

Although the Fund provides its support in the process, the borrower remains responsible for implementing and monitoring management plans project during implementation; whereas, the responsibility for the review of the studies and assessments prepared by the borrower/recipient lies with the Project Delivery Team, who is also responsible for the implementation of the SECAP throughout the project cycle.

The Project Delivery Team may be supported by a specialist from the Environment, Climate, Gender and Social Inclusion Division. Moreover, all studies and assessments with respect to High Risk and Substantial Risk projects need clearance from the Operational Policy and Results Division of the Fund.

Overall, to this end, the responsibilities of IFAD encompass “reviewing the assessments and studies, and requesting additional information to perform due diligence; providing guidance to strengthen the mitigation of risks and impacts; and conducting supplemental missions for selected projects during implementation”¹³³.

3.5.1 Compliance with social and environmental policies: accountability of the Fund and complaints procedures

With a view to fully accomplish a participatory vision, inclusive of the voices of all the actors involved and allowing individuals and communities (who believe to have been - or might be - adversely affected by an IFAD-funded project/programme¹³⁴) to reach IFAD directly, the Fund developed Complaints Procedure for alleged non-compliance with its social and environmental policies and mandatory aspects of its Social, Environmental and Climate Assessment Procedures (SECAP).

This paragraph analyzes exclusively the complaints procedure specifically dedicated to environmental, social and climate issues; it does not provide a broader overview of the accountability regime of the Fund, which will be explored later in the following chapter ¹³⁵.

¹³³ *Ibidem*.

¹³⁴ International Fund for Agricultural Development, Accountability and Complaints Procedures: Compliance with IFAD’s social and environmental policies, <https://www.ifad.org/en/accountability-and-complaints-procedures>.

¹³⁵ *Infra*, Ch. IV, §ii.

Indeed, the complaints filed under this Procedure shall regard exclusively environmental, social and climate grievances and shall not be, for instance, accusations of fraudulent or corrupt activities allegedly occurred throughout the project implementation phase, which are of competence of the Office of Audit and Oversight of the Fund.

The complaint needs to meet the following eligibility criteria: (i) it shall report the failure of the Fund to apply its social and environmental policies and/or the mandatory provisions of the SECAP; (ii) such failure, according to the complainants, resulted or could result in actual or likely harm to them; (iii) it shall be filed by at least two people, both nationals of the country concerned and/or living in the area affected by the project (to this end, anonymous complaints or complaints from foreign locations are not accepted); (iv) it shall be made with respect to projects or programmes under design or implementation ¹³⁶.

The process provides that, first of all, the concerned government, non-governmental organization in charge for the planning and execution of the project (so called “Lead Agency”) or any governmental entity responsible for overseeing the Lead Agency, shall be contacted by the complainants.

Subsequently, only in the event that this first stage does not produce a satisfactory response, there is the possibility to resort to Fund. In addition, “the issue may be brought straight to IFAD if the complainants feel they might be subject to retaliation if they went to the Lead Agency directly”¹³⁷.

The complaint is then examined by the Regional Division, which decides on whether it shall be deemed as justified or not¹³⁸. In the former case, the Fund takes action, while in the second one, the complainants are notified in writing.

In the event that the Regional Division considers the complaint to be justified, and finds that there is proof of actual or likely harm, the Fund may operate

¹³⁶ In this regard, complaints concerning closed projects, or those that are more than 95 per cent disbursed, will not be considered.

¹³⁷ International Fund for Agricultural Development, Accountability and Complaints Procedures: Compliance with IFAD’s social and environmental policies, <https://www.ifad.org/en/accountability-and-complaints-procedures>.

¹³⁸ During this phase, the Regional Division, if it deems it necessary, may contact the Lead Agency or the concerned governmental body, responsible for overseeing the Lead Agency. It shall be noted that the complainants have the possibility to request to the Fund not to disclose their identities to neither the Lead Agency nor any other governmental entity.

the necessary changes in the concerned project/programme or solicit the government to comply with the social and environmental obligations set forth in the Financing Agreement. However, it shall be underlined that it is not possible to pay monetary damages in response to the complaints.

Nonetheless, the complainants, if they are not satisfied with the response of the Fund in the first instance, are given the possibility to request an additional review, conducted by the Office of the Vice- President, which may appoint external experts to provide support in the examination of the complaint.

Ultimately, all the complaints received by IFAD, along with the corresponding measures adopted in response to them, are included in the Annual Report of the Fund, to ensure transparency in its work.

CHAPTER IV - INSTITUTIONAL ASPECTS

SUMMARY: 1. Structure and governance: an overview 1.1. Governing Council 1.2. Executive Board 1.3. President and staff 1.4. Subsidiary Working Groups and Committees 2. Membership and decision-making system 3. Partnership of the Fund: analysis of the 2012 Partnership Strategy and 2019 Partnership Framework 4. Accountability and transparency 4.1. General remarks and distinction with respect to the concepts of accountability and responsibility of international organizations 4.2. Analysis of the accountability and transparency of IFAD 4.3. The policies of the Fund 4.3.1. Revised IFAD Policy on preventing fraud and corruption in its activities and operations 4.3.2. Anti-money laundering and countering the financing of terrorism 4.3.3. The response of other IFIs to money laundering and financing of terrorism: an overview of some Multilateral Development Banks 4.3.4. Preventing and responding to sexual harassment, sexual exploitation and abuse 4.3.5. The whistle-blower protection procedures of the Fund.

1. Structure and Governance: an overview

One the peculiar features of IFAD is represented by its tripartite structure. Indeed, in accordance with Article 6 Section 1 (“Structure of the Fund”) of the Agreement Establishing IFAD, the three paramount pillars constituting the core structure of the Fund are: the Governing Council – the highest decision-making body, the Executive Board – responsible for the oversight and approval of the operations and overall work of the Fund, and the President – appointed by the Governing Council by a two-thirds majority for a term of four years.

Moreover, additional bodies ¹ can be identified in the Audit Committee and the Evaluation Committee (sub-committees of the Executive Board), the Working Group on the Performance-Based Allocation System, the *Ad Hoc* Working Group on Governance, the Emoluments Committee (subsidiary body of the Governing Council) and the Group of Convenors and Friends.

Generally speaking, the organigram ² of the Fund, apart from the above-mentioned Governing Council, Executive Board and Office of the President and Vice-President, is comprised of the Office of the General Counsel which reports

¹ See *infra* §I.IV.

² For a complete consultation of the organigram of the Fund, see Annex I.

directly to the Office of the President, of the Office of Enterprise Risk Management - reporting to the Vice – President, of five Departments (External Relations and Governance Department, Financial Operations Department, Programme Management Department, Strategy and Knowledge Department and Corporate Services Department), and of five regional Divisions (Asia and the Pacific Division, East and Southern Africa Division, Latin American and the Caribbean Division, Near East, North Africa and Europe Division and West and Central Africa Division).

1.1 Governing Council

The Governing Council is the highest decision-making body of the Fund. It is comprised of all the Member States (currently, 177) and holds regular meetings once a year. It is attended by the official Member State representatives, i.e. Governors, Alternate Governors, other designated advisers and invited observers.

As per Article 6 Section 2(b) of the Agreement Establishing IFAD, “all the powers of the Fund shall be vested in the Governing Council”³. Such statement encompasses an extremely broad range of issues, *inter alia* “the approval of new membership, the appointment of the President of IFAD, the matters pertaining to the permanent seat of the Fund, the approval of the administrative budget and the adoption of broad policies, criteria and regulations”⁴.

Nonetheless, the Governing Council retains the power to delegate to the Executive Board, except for the matters indicated by Letter (c) of Section 2, i.e. “adopt amendments to the Agreement, approve membership, suspend a Member, terminate the operations of the Fund and distribute its assets, decide appeals from decisions made by the Executive Board concerning interpretation or application of the Agreement, determine the remuneration of the President”⁵.

³ UNITED NATIONS CONFERENCE ON THE ESTABLISHMENT OF AN INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT, Agreement Establishing the International Fund for Agricultural Development, Rome, 13 June 1976, Article 6, Section 2(b).

⁴ INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT, Governing Council, <https://www.ifad.org/en/governing-council>.

⁵ UNITED NATIONS CONFERENCE ON THE ESTABLISHMENT OF AN INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT, Agreement Establishing the International Fund for Agricultural Development, Article 6, Section 2(c).

The Governing Council Bureau, is composed of a Chairperson and two Vice-Chairpersons in representation of each of the three Lists of the Member States and shall chair the Sessions held by the Council.

In fact, in accordance with the Rules of Procedure of the Governing Council, “the Governing Council shall at alternate annual sessions elect from among the Governors a Bureau consisting of a Chairperson and two Vice-Chairpersons who shall serve for two years and shall hold office until their successors are elected”⁶.

As anticipated, the Governing Council holds annual sessions, in addition to such special sessions as it may deem appropriate, or as requested by the Member States with at least one-fourth of the total number of votes in the Governing Council, or lastly, as requested by the Executive Board by a two-thirds majority.

The Governing Council is entrusted with the power to adopt, by a majority of two-thirds of the total votes, regulations and by-laws with respect to the conducting of the business of the Fund, as long as they are not inconsistent with the Agreement Establishing the Fund. The *quorum* required for any meeting of the Council is constituted by the “governors exercising two-thirds of the total votes of all its members”⁷.

1.2 Executive Board

The Executive Board is the second governing body of the Fund; it is comprised of up to thirty-six Members⁸ (eighteen elected and up to eighteen alternate) - elected for a three-year term of office within the respective Lists and Sub-Lists⁹ under approval of the Governing Council - and it is chaired, throughout

⁶ GOVERNING COUNCIL, Rules of Procedure of the Governing Council, 13 December 1977, amended 31 October 2020, Rule 12, para. 1.

⁷ UNITED NATIONS CONFERENCE ON THE ESTABLISHMENT OF AN INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT, Agreement Establishing the International Fund for Agricultural Development, Article 6, Section 2(g).

⁸ According to Article 6 Section 5(a) of the AEI, “the seats of the Executive Board shall be distributed by the Governing Council from time to time as specified in Schedule II to this Agreement”.

⁹ List A (former Category I); List B (former Category II); List C (former Category III), in its turn comprised of Sub-List C1 for Countries in Africa; Sub-List C2 for Countries in Europe, Asia and the Pacific; Sub-List C3 for Countries in Latin America and the Caribbean.

In this respect, P. DANN states: “Of the three groups, list A (former category I) comprises 23 developed countries, mostly from the Organization for Economic Co- operation and Development

its sessions, by the President of IFAD. The Board meets three times a year, namely in April, September and December, in addition to all the meetings necessary for a proper conduct of the business of the Fund.

As set forth in Article 6 Section 5(c) of the Agreement Establishing IFAD, the Executive Board “shall be responsible for the conduct of the general operations of the Fund, and for this purpose shall exercise the powers given to it by this Agreement or delegated to it by the Governing Council”, deciding with a *quorum* of two-thirds of the total votes of all its members ¹⁰.

In 2003, during its seventy-eighth session, the Executive Board adopted the IFAD Evaluation Policy ¹¹, rendering the Office of Evaluation independent of the Fund’s management and implying as a consequence that the Director of the Office of Evaluation shall be directly responsible to the Board, entrusted with the oversight of its work.

1.3 President and Staff

The President shall be regarded as the legal representative of the Fund.

As per Article 6 Section 8(a) of the Agreement Establishing IFAD, he/she is appointed by the Governing Council by a two-thirds majority of the total votes for a four-year term of office, being eligible for reappointment for only one further term, unless exceptional circumstances occur, allowing for an extension of the term of office (in any case, not beyond six additional months).

(OECD), while list B (former category II) comprises 12 countries of the OPEC. The countries of these two lists are the donor countries. The partner and beneficiary countries are specified in list C (former category III), which contains more than 120 countries. Member States are free to choose into which list they want to include themselves (self-selection, Schedule II para. 3 IFAD Agreement) and to change their listing later on (Greece and Portugal, for example, moved from list C to list A). Israel is included in list C based on a compromise decision according to which it would not seek or receive funds.” (DANN, *International Fund for Agricultural Development* in *Max Planck Encyclopedia of International Public Law*)

¹⁰ For a more complete reading on the functioning of the Executive Board, see the *Rules of Procedure of the Executive Board*, adopted by the Executive Board itself at its first session on 14 December 1977 and amended in 2020, available at: <https://www.ifad.org/en/-/document/rules-of-procedure-of-the-executive-board>.

¹¹ The reader shall be aware that a revised version of the Policy has been adopted on 21 April 2021 by the Executive Board, under the name of “Revised IFAD Evaluation Policy” (EB 2021/132/R.5/Rev.1.).

The President has the faculty to appoint a Vice-President, responsible for carrying out the duties assigned to him/her.

In accordance with Article 6 Section 8(d), the President shall “head the staff and, under the control and direction of the Governing Council and the Executive Board, shall be responsible for conducting the business of the Fund”¹². Furthermore, they shall “organize the staff and shall appoint and dismiss members of the staff in accordance with regulations adopted by the Board”¹³, with due regard for criteria of efficiency, competence, integrity and equitable geographical distribution.

The President and their staff shall comply with strict requirements of impartiality, owing their duty exclusively to the Fund and absolutely refraining from being subject, in the discharge of their duties, to any undue influence, authority external to the Fund or considerations of political nature in light of the affairs of the Members. Indeed, “only development policy considerations shall be relevant to their decisions and the considerations shall be weighed impartially in order to achieve the objective for which the Fund was established”¹⁴.

1.4 Subsidiary Working Groups and Committees

In addition to the core bodies of the Governing Council and the Executive Board, and the institutional figure of the President set forth in Section 1 of Article 6¹⁵ of the Agreement Establishing IFAD, over the years additional and diverse groups and committees have been established in the structure of the Fund. For instance, the Audit Committee, sub-committee of the Executive Board dealing with audit-related issues on an *ad hoc* basis¹⁶, is one of them.

¹² UNITED NATIONS CONFERENCE ON THE ESTABLISHMENT OF AN INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT, Agreement Establishing the International Fund for Agricultural Development, Article 6, Section 8(d).

¹³ *Ibidem*.

¹⁴ *Ivi*, Section 8(g).

¹⁵ Article 6, Section 1 (“Structure of the Fund”) of the AEI reads: “The Fund shall have: a) a Governing Council b) an Executive Board c) a President and such staff as shall be necessary for the Fund to carry out its functions”.

¹⁶ For an in-depth reading on the functioning of the Audit Committee, see the Terms of Reference and Rules of Procedure of the Audit Committee.

As a sub-committee of the Executive Board, it meets before each one of the April, September and December sessions of the Board, in addition to a separate mid-year meeting and all those informal sessions as may be needed. It is comprised of a total of thirty-six members of the Executive Board from each List, elected for a three-year term of office by the Board itself, and it is chaired by a member of List A.

Due to the nature of the matters dealt with by the Committee, in compliance with the IFAD Policy on the Disclosure of Documents ¹⁷, the records and, in general, all the documents of the Audit Committee are restricted, except for the annual investigations reports.

The Evaluation Committee is a sub-committee of the Executive Board as well, entrusted with the task of performing in-depth reviews of selected evaluation issues and reports, jointly with the oversight and review of the strategies and methodologies of the Independent Office of Evaluation. Such Committee is constituted of nine members selected from those of the Executive Board, and the Chairmanship is held permanently by members of Lists B and C. Similarly to the Audit Committee, the Evaluation Committee meets before each session of the Executive Board, plus an October meeting for the discussion of the annual work programme and budget of the Independent Office of Evaluation.

Furthermore, in 2006, the Executive Board during its eighty-seventh session in April convened a working group to allow and explore a broader understanding of the evolving issues related to the implementation of the Performance-based Allocation System ¹⁸, prompted by the Report of the Consultation on the Seventh Replenishment of IFAD's Resources approved by the Governing Council.

Subsequently, in 2009, upon approval of the Report of the Consultation on the Eighth Replenishment of IFAD's Resources, the Governing Council recommended, *in primis*, that the Executive Board enhanced the implementation of the Performance-based Allocation System Working Group, and *in secundis*, requested the review of the practices of other international financial institutions on

¹⁷ IFAD EXECUTIVE BOARD, IFAD Policy on the Disclosure of Documents, 17 September 2010, EB 2010/100/R.3/Rev.1.

¹⁸ With respect to the PBAS see *supra* Ch. II §III.II.

the part of the Group in order to identify prospective room for improvement, to present for approval to both the Executive Board and Governing Council.

Further groups and committees, central to the life of the organization, include: the *Ad Hoc* Working Group on Governance, established in 2015 by the Governing Council with the function of considering and evaluating governance issues¹⁹, taking into account best practices of other international financial institutions, replenishment procedures and governance structures; the Emoluments Committee, subsidiary body of the Governing Council tasked with reviewing the emoluments of the President prior to the subsequent appointment; and the Group of Convenors and Friends of the Executive Board formed by representatives from the three Lists of Member States of the Fund and established with the aim of “enhancing the functioning of the Fund through coordination, transparency and effectiveness; facilitating the work and decisions to be taken in the Executive Board and other governing bodies, such as decisions on procedural issues; improving communications between IFAD Management and the Board; and enhancing consultation.”²⁰

2. Membership and decision-making system

As per Article 3 Section 1 of the Agreement Establishing IFAD, the membership of the Fund is open to any State member of the United Nations or of its Specialized Agencies, or of the International Atomic Energy Agency. Furthermore, “membership shall also be open to any grouping of States whose members have delegated to it powers in fields falling within the competence of the Fund, and which is able to fulfil all the obligations of a Member of the Fund”²¹.

¹⁹ In particular, “reviewing and assessing the structure, appropriateness and relevance of the IFAD List system, reviewing and assessing the composition of the Replenishment Consultation and the length of replenishment cycles in IFAD11 and beyond, and making proposals thereon for consideration by the Executive Board for submission to the Governing Council, as appropriate.” (IFAD, *Groups and Committees*, <https://www.ifad.org/en/groups-and-committees>.)

²⁰ INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT, *Groups and Committees – Convenors and Friends*, <https://www.ifad.org/en/groups-and-committees>.

²¹ UNITED NATIONS CONFERENCE ON THE ESTABLISHMENT OF AN INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT, Agreement Establishing the International Fund for Agricultural Development, Article 3, Section 1(b).

IFAD currently counts 177 Member States ²², encompassing developing, middle and high-income countries from extremely diverse regions all over the world.

In this regard, a distinction shall be made with respect to original and non-original members, as the former - listed in Schedule 1 of the Agreement – have become parties to the Agreement in compliance with Section 1(b) of Article 13 (governing issues of signature, ratification, acceptance, approval and accession) while the latter, after receiving the approval of the Governing Council, have become parties under Section 1(c) of the same article.

Withdrawal and suspension of the membership of the Fund are governed by Article 9 of the Agreement, respectively, in Section 1 and 2.

As set forth in Section 1, “except as provided in Section 4(a) of this Article, a Member may withdraw from the Fund by depositing an instrument of denunciation of this Agreement with the Depository” ²³, taking effect from the date indicated in the instrument of denunciation and, under no circumstance, less than six months after the deposit of such instrument.

Instead, suspension of the membership, according to Section 2 of the above-mentioned Article, occurs in the event of the failure of the Member to fulfil its obligations to the Fund if a majority of three-fourths of the total votes of the Governing Council is obtained.

One year after suspension, the State automatically ceases to be a Member of the Fund, unless the Governing Council “decides by the same majority of the total number of votes to restore the Member to good standing” ²⁴.

During the suspension, the Member is precluded from the exercise of its rights, but is still subject to all of the obligations. Moreover, after the termination or suspension of the membership, the State is still “liable for all financial obligations undertaken by it to the Fund, whether as Member, borrower or otherwise” ²⁵.

²² For the complete List of IFAD Member States see: <https://webapps.ifad.org/members/member-states>.

²³ UNITED NATIONS CONFERENCE ON THE ESTABLISHMENT OF AN INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT, Agreement Establishing the International Fund for Agricultural Development, Article 9, Section 1(a).

²⁴ Ivi, Section 2(a).

²⁵ Ivi, Section 3.

With respect to the decision-making system of IFAD, the Member States ultimately retain the decision-making power on all matters, including policy, financial or membership issues, governing the Fund through the Governing Council and the Executive Board, the two core decision-making bodies, within the limits of the division of competences outlined in the previous paragraphs ²⁶.

The total number of votes of the Governing Council shall be calculated taking into account both original and Replenishment votes, and the access of the Members to such votes is determined on the basis of the rules set forth in Section 3(a) of Article 6 ²⁷.

Usually, the decisions of the Governing Council are taken by a simple majority of the total number of votes. Conversely, the Executive Board normally takes its decisions by a majority of three-fifths of the votes cast, “provided that such

²⁶ See *supra* §I.I and I.II.

²⁷ According to Article 6 Section 3(a) “(i) Original Votes shall consist of a total of one thousand eight hundred (1 800)votes made up of membership votes and contribution votes:(A) membership votes shall be distributed equally among all Members; and(B) contribution votes shall be distributed among all Members in the proportion that each Member’s cumulative paid contributions to the resources of the Fund, authorized by the Governing Council prior to26 January 1995 and made by Members in accordance with Sections 2, 3and 4 of Article 4 of this Agreement, bear to the aggregate of the total of the said contributions paid by all Members;(ii) Replenishment Votes shall be made up of membership votes and contribution votes in a total amount of votes to be decided by the Governing Council upon each occasion that it calls for additional contributions under Section 3 of Article 4 of this Agreement (a “replenishment”) commencing with the fourth such replenishment. Except as the Governing Council shall by a two-thirds majority of the total number of votes otherwise decide, the votes for each replenishment shall be established in the ratio of one hundred (100) votes for the equivalent of each one hundred and fifty eight million United States dollars(USD 158 000 000) contributed to the total amount of that replenishment, or a fraction thereof:(A) membership votes shall be distributed equally among all Members on the same basis as that set forth in provision (i) (A) above; and(B) contribution votes shall be distributed among all Members in the proportion that each Member’s paid contribution to the resources contributed to the Fund by Members for each replenishment bears to the aggregate of the total contributions paid by all Members to the said replenishment; and(iii) The Governing Council shall decide the total number of votes to be allocated as membership votes and contribution votes under paragraphs (i) and (ii) of this Section. Upon any change in the number of Members of the Fund, the membership votes and contribution votes distributed under paragraphs (i) and(ii) of this Section shall be redistributed in accordance with the principles laid down in the said paragraphs. In the allocation of votes, the Governing Council shall ensure that those Members classified as members of Category III before26 January 1995 receive one-third of the total votes as membership votes.”

majority is more than one-half of the total number of votes of all members of the Executive Board”²⁸.

Occasionally, the Governing Council has the power to decide with regard to the distribution of the votes within the Executive Board, always in compliance with the above-mentioned rules²⁹, set forth in Article 6 Section 3(a) of the Agreement.

3. Partnership of the Fund: analysis of the 2012 Partnership Strategy and 2019 Partnership Framework

Partnerships are strategically critical to promote synergies in order to enable the Fund to tackle complex, rapidly changing issues with regard to agricultural development, to enhance the outreach and impact of the work of the Fund in terms of rural poverty reduction, and to contribute concretely to achieve the Sustainable Development Goals, as underscored by IFAD Strategic Framework 2016 – 2025.

In 2012, the Fund approved the IFAD Partnership Strategy³⁰, followed in 2019 by the IFAD Partnership Framework³¹, on the impulse of the Consultation on the Eight Replenishment of IFAD’s Resources with respect to the former and of the Consultation on the Eleventh Replenishment³² for the latter.

In the context under analysis, partnerships shall be defined as “collaborative relationships between institutional actors that combine their complementary strengths and resources and work together in a transparent, equitable and mutually beneficial way to achieve a common goal or undertake specific tasks. Partners share the risks, responsibilities, resources and benefits of that collaboration and learn from it through regular monitoring and review”³³.

²⁸ UNITED NATIONS CONFERENCE ON THE ESTABLISHMENT OF AN INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT, Agreement Establishing the International Fund for Agricultural Development, Article 6, Section 6(b).

²⁹ See in this regard footnote 27.

³⁰ IFAD EXECUTIVE BOARD, IFAD Partnership Strategy, 9 August 2012, EB 2012/106/R.4.

³¹ IFAD EXECUTIVE BOARD, IFAD Partnership Framework, 13 August 2019, EB 2019/127/R.4.

³² See IFAD Commitment 3.5 monitorable action 32, Annex I GC 41/L.3/Rev.1, affirming the commitment of the Management of the Fund to develop a “framework to strategically plan and monitor IFAD’s partnerships at country, regional, global and institutional levels”.

³³ IFAD EXECUTIVE BOARD, IFAD Partnership Strategy, 9 August 2012, EB 2012/106/R.4, p. ii, §2.

The Fund already collaborates, in virtually all dimensions of its operational, organizational and financial work, with a broad range of partners, including companies, foundations and philanthropic organizations, advocates and ambassadors, governments, investors of different types (e.g. Sovereign States, Sovereign Agencies and Private Institutional Investors), multilateral organizations, civil society and Non-governmental organizations (NGOs), producer organizations, research and academic institutions, other United Nations agencies and international financial institutions. Furthermore, the Fund has built partnerships with members of the Organization of the Petroleum Exporting Countries (OPEC) and of the Organization for Economic Co-operation and Development (OECD).

In spite of the fact that partnership development and management shall be regarded as a diffused responsibility within the Fund, the 2012 Strategy identified the newly established Partnership and Resource Mobilization Unit as overall responsible for its implementation.

Namely, it identifies three roles entrusted to such Unit: “as the overall manager of the strategy, responsible for ensuring that the strategy is being implemented and for monitoring IFAD’s performance in doing so; as provider of direct support to units across the house to enable them to implement and/or broker partnerships; and as manager of specific partnerships, with particular responsibilities relative to private-sector partnership development and resource mobilization”³⁴.

Additionally, the Communication Division is naturally central in this context, being responsible for the communication of the partnership of the Fund, both at an internal and external level.

The 2019 IFAD Partnership Framework builds upon the previous experience of the Fund with respect to partnership, and aims at filling the voids of the past strategies adopted by IFAD, mainly detected by the Framework in “identifying partnerships that will enable IFAD to optimize results; setting priorities for partnerships at all levels; enabling the Fund to monitor achievements and address the need for corporate-level reporting on the contributions of partnerships

³⁴ Ivi, p. iii, §10.

to IFAD’s results and the SDGs; adopting good practices and tools for partnering; and building staff capacity to support effective partnership-building”³⁵.

In order to achieve the aspired objectives, partnering needs to be integrated into the business processes of the Fund, requiring necessarily a change in the “organizational culture and skills”³⁶ and in the management and utilization of partnering tools.

Hence, the 2019 Framework proposed a flexible and strategic approach to be applied in the engagement with partners, tailored on their specific needs, implying three main changes for the Fund: “(i) more strategic identification and prioritization of partnerships; (ii) improved processes for engaging with partners to optimize value; and (iii) enhanced monitoring and reporting on outcomes achieved.”³⁷

4. Accountability and transparency

4.1 General remarks and distinction with respect to the concepts of accountability and responsibility of international organizations

Several studies have addressed the issue of accountability and responsibility of international organizations³⁸, some of them focusing on the distinction between these two concepts³⁹ and some overlapping the two. For instance, it shall be noted that an extensive study presented by the International Law Association in 2004 on the Accountability of International Organisations uses the term accountability instead of responsibility⁴⁰.

³⁵ IFAD EXECUTIVE BOARD, IFAD Partnership Framework, 13 August 2019, EB 2019/127/R.4, p. iii, §3.

³⁶ Ivi, §6.

³⁷ Ivi, §7.

³⁸ See in this regard BOON, FERSTMAN, HAFNER, HOLDER, JOHANSEN, MCGRATH, MÉGRET, NANWANI, PARK, REINISCH, SUZUKI, WELLENS, WHITTY.

³⁹ See G. HAFNER, *Accountability of International Organizations*, in Proceedings of the Annual Meeting (American Society of International Law), 2003, 97, 236 – 240 and W. E. HOLDER, *International Organizations: Accountability and Responsibility*, in Proceedings of the Annual Meeting (American Society of International Law), 2003, 97, 231- 236.

⁴⁰ INTERNATIONAL LAW COMMISSION, *Yearbook of the International Law Commission*, 1963, II, p.229 and p.234.

On a purely terminological level, S. K. McGrath and S. J. Whitty presented a study exploring the lexical foundation of the difference between the concept of responsibility and accountability, defining the former as “the obligation to perform a task”⁴¹ (hence, positioning it on a more “dynamic” level) and the latter as “the liability to ensure that it is satisfactory done”⁴² (positioned instead on a more “static” level).

With specific regard to international actors, particularly the United Nations (and relative agencies) and International Financial Institutions, accountability “is not the same thing as a narrow international legal notion of IO responsibility⁴³ and designates a wide range of processes by which international organizations may be led to account for their actions”⁴⁴.

Overall, it can be stated that the notion of responsibility assumes significance with regard to the violation of actual international standards and rules, referring to “the legal consequences of noncompliance with an international obligation by conduct that is attributable to the organization”⁴⁵. Accountability, on the other hand, is a much broader phenomenon, covering not only the conditions and effects of violations of international rules, but also the consequences of non-compliance with non-legal rules, including the soft law instruments provided by some organizations to prevent, detect and remedy such non-compliance⁴⁶.

In this regard, it should be noted that, especially in the context of international organizations of financial nature, forms of control have been established which are attributable to the phenomenon of accountability and which relate to the monitoring and evaluation of the activities of the disbursement of funds carried out by these organizations. However, for the sake of completeness, it should

⁴¹ S. K. MCGRATH, S. J. WHITTY, *Accountability and Responsibility Defined*, in *International Journal of Managing Projects in Business*, 2018, 11(3), p. 687.

⁴² *Ibidem*.

⁴³ For an assessment of the Articles on the Responsibility of International Organizations, see MAURIZIO RAGAZZI (ed), *Responsibility of International Organizations: Essays in Memory of Sir Ian Brownlie*, 2015.

⁴⁴ K. BOON, F. MÉGRET, *New Approaches to the accountability of international organizations*, in *International organizations law review*, 2019, 16(1), p.5.

⁴⁵ HAFNER, *Accountability of International Organizations*, p. 236.

⁴⁶ See in this respect P. PUSTORINO, *La Responsabilità delle organizzazioni internazionali*, in A. DEL VECCHIO (ed.), *Diritto delle Organizzazioni Internazionali*, Edizioni Scientifiche Italiane, Napoli, 2012, p. 316.

be noted that the bodies set up for this purpose, such as the IBRD inspection panel, are, first of all, internal to the organization and do not meet the requirements of independence and impartiality; secondly, they do not aim to ascertain the violation of real international standards, using as legal parameters of reference soft law rules adopted by the organization itself that carries out the audit; thirdly, the acts concluded by the inspection bodies, which often have to be "ratified" by the political bodies of the organization, are not binding⁴⁷.

Overall, it can be stated, to put it in the words of Hafner that "accountability reaches into the field of international responsibility for wrongful acts, including that of international organizations". Hence, accountability is naturally closely linked to the concept of responsibility, but yet separate, as highlighted in the Reports of the International Law Association Committee⁴⁸, which state that "accountability is linked to the authority and power of an international organization [...] Power entails accountability, that is the duty to account for the exercise of the power"⁴⁹.

Furthermore, accountability can be divided into internal (e.g. independent audit arrangements and evaluations) and external accountability (relating to "accountability mechanisms focused on interested parties beyond the institution and its membership, including public consultation and activation of review processes")⁵⁰, the latter being a less common practice in international organizations, even though some international financial institutions have been taking a number of steps to enhance their external accountability.

Transparency can be regarded as an extension of the concept of accountability, opening the concerned institutions to the scrutiny and assessment of the outside public and of the civil society in general. With regard to the issue of access to documents, with particular respect to International Financial Institutions, they have remarkably opened up in terms of external access to internal documentation, despite still not allowing unrestricted disclosure, in a comprehensible effort to strike a balance of interests "because of the need to protect

⁴⁷ *Ibidem*.

⁴⁸ INTERNATIONAL LAW ASSOCIATION, Report of the 68th Conference, Taipei, 1998, p. 584; INTERNATIONAL LAW ASSOCIATION, Report of the 70th Conference, New Delhi, 2002, p. 772.

⁴⁹ INTERNATIONAL LAW ASSOCIATION, Report of the 70th Conference, New Delhi, 2002, p. 773.

⁵⁰ HOLDER, *International Organizations*, 233.

information provided by members on the understanding of confidentiality, market-sensitive information, material on the conduct of negotiations with members, economic and financial advice given to members, and the deliberations of certain organs.”

This is not the appropriate place for an extensive discussion on the concept and related issues of international responsibility⁵¹; it is more convenient, in the light of the above distinction, to focus rather on the concept of accountability, as more inherent and relevant to the present analysis of IFAD. Besides, in the practice of the Fund, no such issue seems to have ever arisen with regard to its activities.

4.2 Analysis of the accountability and transparency of IFAD

IFAD encourages and enhances the adoption of transparency measures and careful monitoring in order to obtain high-quality data, timely and reliable information and to ensure an effective and efficient use of the resources of the Fund, directing them towards the right targets, at the right time, viewing transparency as a strong transformational force with regard to the relationship among the key stakeholders, allowing donors, *in primis*, to have a concrete sense of the use of their contributions and to build the trust necessary to develop robust partnerships.

There is a significant body of evidence, including a 2016 World Bank policy research report⁵², outlining that the quality and the quantity of economic data disclosed by the governments is closely interconnected with the effectiveness of their policies; in such terms, “transparency can be a catalyst for better policy dialogue that bridges the potential gap in understanding between governments, implementing units and rural people”⁵³.

⁵¹ For an in-depth reading on the responsibility of international organizations the reader is referred to the INTERNATIONAL LAW COMMISSION, *Draft Articles on the Responsibility of International Organizations*, 2011, A/66/10; P. PUSTORINO, M. RAGAZZI (ed.), *Responsibility of International Organizations*, in *The Italian Yearbook of International Law*, 2014, 23(1), 565-570; M. RAGAZZI (ed.), *Responsibility of International Organizations: Essays in Memory of Sir Ian Brownlie*, 2015; P. PUSTORINO, *La Responsabilità delle organizzazioni internazionali*, in A. DEL VECCHIO (ed.), *Diritto delle Organizzazioni Internazionali*, Edizioni Scientifiche Italiane, Napoli, 2012, p. 315 – 356.

⁵² WORLD BANK, *Making Politics Work for Development: Harnessing Transparency and Citizen Engagement*, 2016.

⁵³ IFAD Executive Board, *Increasing Transparency for Greater Accountability – Action Plan*, 2 November 2017, EB 2017/122/R.29E, p.1.

Hence, transparency plays a key role in supporting development agencies, governments and donors in the identification of gaps and overlaps in their work.

The IFAD Strategic Framework 2016-2025 itself recognizes transparency as crucial in the achievement of the aspired development objectives, stating that one of the main strengths of the Fund “lies in building the capacity, productivity and market participation of rural people using an approach that encourages governments and other actors to facilitate the economic and social empowerment of poor rural people, particularly marginalized rural groups such as women and indigenous peoples”.⁵⁴

Naturally, transparency requires costs in terms of capacity and systems within the organization; nonetheless, it has been observed that, in the long run, the dividends significantly outweigh the costs.

In 2011, the Fund signed the International Aid Transparency Initiative (IATI), “a voluntary, multi-stakeholder initiative that works with donors, partner countries and civil society organizations to make information about aid spending easier to access and use”⁵⁵. Starting from 2014, the Fund has been publishing a consistent amount of information concerning IFAD-financed projects, in accordance with the efforts required by such Initiative (namely, the so-called “IATI Standard”, an international, common and open standard conceived for the publication of data on development cooperation activities, intended for all development organizations). Subsequently, in 2017, IFAD automated such process of disclosure, enhancing both the publishing frequency and the range of contents published.

The overall objective of the Initiative is to support and enhance the implementation of the commitments in terms of transparency set forth in the Accra Agenda for Action and made during the Busan High Level Forum on Aid Effectiveness.

In 2010, the Fund embraced the principle of presumption of full disclosure of documents, according to which “the Fund proactively discloses all documents

⁵⁴ IFAD, *IFAD Strategic Framework 2016 -2025: enabling inclusive and sustainable rural transformation*, April 2016.

⁵⁵ INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT, Transparency and Accountability, <https://www.ifad.org/en/transparency-and-accountability>.

submitted to the Governing Bodies and reports produced during operational milestone activities such as country programme strategies, project design proposals, legal and financial documents as well as supervision and mid-term review reports”⁵⁶.

Moreover, in 2017 the Fund re-affirmed its commitment to promote and increase transparency in two occasions: in the new Business Model with respect to the eleventh replenishment cycle of IFAD (2019 – 2021), and in the paper on “increasing transparency for greater accountability”, throughout the 121st session of the Executive Board.

In the picture outlined so far, a key element is constituted by the Corporate Action Plan on Transparency ⁵⁷: in 2017, Management presented a proposal on Increasing Transparency for Greater Accountability to the Audit Committee, throughout its 145th meeting, and to the Executive Board, during its 121st session.

Such proposal, contained in a comprehensive paper, enucleated some actions to enhance the transparency within the operations of the Fund among the main stakeholders and was accepted and enriched with further elements by both the Audit Committee and the Executive Board. The Management of the Fund took on board the suggestions and accordingly developed the proposals, resulting in the above-mentioned Transparency Action Plan.

With respect to project procurement, it refers to the procurement of goods and services necessary for the projects financed through the loans and grants of the Fund, which is carried out directly by the borrowers/recipients. In this regard, the Fund follows the principles contained in the Paris Declaration on Aid Effectiveness and the Accra Agenda for Action concerning the utilization of existing national procurement systems, as set forth by the revised General Conditions for Agricultural Development Financing of IFAD, stating that “procurement of goods, works and services financed by [IFAD] shall be carried out in accordance with the provisions of the Borrower/Recipient’s procurement regulations; to the extent such are consistent with the IFAD Procurement Guidelines. Each Procurement Plan shall

⁵⁶ *Ibidem*.

identify procedures which must be implemented by the Borrower/Recipient in order to ensure consistency with the IFAD Project Procurement Guidelines.”⁵⁸

One of the paramount responsibilities of the Fund is to oversee the project procurement activities carried out by the borrowers/recipients, in order to ensure the timely and efficient implementation of the projects and to verify that the funding is actually used for the intended purposes and the concerned objectives are achieved.

For each country in which the Fund operates, a specialized team is set up, entrusted with functions of oversight over the project procurement activities across the different regions.

Overall, the project procurement framework of the Fund, through tailored procurement tools and technical assistance based on the Country Strategic Opportunities Programme (COSOP), the Country Strategy Note (CSN) and the Project Design (PD), aims at “modernizing procurement to emphasize fit-for-purpose, choice, quality and greater value for public spending, while enabling adaptation to country contexts; promoting strengthened national procurement systems that are empowered to support sustainable development objectives; promoting the highest standards of transparency and accountability in public spending to ensure that IFAD’s resources reach project beneficiaries in the most effective, efficient and transparent way”⁵⁹.

As a conclusive note, it should be highlighted that, on the official website of the Fund, Annual Reports for each year are available to the public, as well as the IFAD Operations Dashboard, providing up-to-date information on the performance of IFAD-supported country strategies and projects or programmes.

The main functions of control – internal audit and investigation services - are entrusted to the Office of Audit and Oversight (AUO)⁶⁰ of the Fund, whose

⁵⁸ IFAD EXECUTIVE BOARD, General Conditions for Agricultural Development Financing, 29 April 2009.

⁵⁹ INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT, IFAD’s Project Procurement, <https://www.ifad.org/en/project-procurement>.

⁶⁰ The Charter of the AUO is available at: <https://www.ifad.org/en/-/document/charter-of-the-ifad-office-of-audit-and-oversight>.

scope embraces all areas and aspects of the activities of IFAD; the Office of Audit and Oversight is analysed extensively later in the present Chapter.

4.3 The policies of the Fund

The Fund addresses the need for accountability through a number of different policies, each covering a different facet of its work, but still merging and intersecting to achieve the broader result of accountability and transparency of the activity of IFAD, both as a Specialized Agency of the United Nations and International Financial Institution. The following paragraphs will explore the main policies of the Fund, analysing each one of them individually in their peculiar traits.

The policies selected by the author for the purposes of this analysis are: the Social, Environmental and Climate Assessment Procedures (SECAP) ⁶¹, the Revised IFAD Policy on Preventing Fraud and Corruption in its Activities and Operations, the Anti-Money Laundering and Countering the Financing of Terrorism Policy and the Policy to Preventing and Responding to Sexual Harassment, Sexual Exploitation and Abuse. Lastly, the Whistleblower Protection Procedures of the Fund will be addressed.

4.3.1 Revised IFAD Policy on Preventing Fraud and Corruption in its Activities and Operations

In 2005, the Executive Board adopted an anticorruption policy of zero-tolerance with respect to prohibited practices (including fraudulent, corrupt, collusive, coercive and obstructive practices) throughout the operations and activities managed by IFAD or financed through its loans and grants.

Indeed, the Fund is endowed with, first of all, a Code of Conduct, intended to facilitate the staff in the day-to-day compliance with the general ethics of the Fund in the carrying out of their functions and duties of international civil servants; secondly, with specific regard to anti-corruption issues, there is naturally the

⁶¹ The Social, Environmental and Climate Assessment Procedures (SECAP) of the Fund (and the relative complaint procedures) are not analysed in this chapter along with the other policies, as they have been separately explored in the previous chapter with regard to the environmental impact of the operations of the Fund. See *supra* Ch. III, §III.V and III.V.I.

Revised Policy on Preventing Fraud and Corruption⁶², approved by the Executive Board in 2018, intended to supersede and replace the 2005 Policy⁶³, and then integrated into the comprehensive legal framework of the Project Procurement Guidelines⁶⁴ and the General Conditions for Agricultural Development Financing⁶⁵. Additionally, the Fund reports on an annual basis on Investigation and Anticorruption Activities, providing an overview of the measures taken in this respect.

In accordance with the legal framework of IFAD, staff, consultants and other parties to the projects shall notify the Fund, without hesitation, of any allegations of fraud or corruption throughout its activities or operations.

The Office of Audit and Oversight (AUO) of the Fund is entrusted with the investigation and gathering of all relevant evidence, in order to determine whether it is appropriate for IFAD to take the necessary measures to prevent misuse of funding of the project and avoid that the rural communities, meant to benefit from the intervention, suffer instead due to the negative impact of fraud and/or corruption.

It should be highlighted that the Office of Audit and Oversight maintains strict confidentiality of the received allegations, providing for the possibility for the complainant to maintain anonymity (except for the staff of the Investigation Section of the Office), even in the event that the investigation later unfolds that they were mistaken, if they did so in good faith. Generally speaking, the Fund does not usually disclose the identity of the party reporting an allegation “to anybody outside of the

⁶² IFAD EXECUTIVE BOARD, Revised Policy on Preventing Fraud and Corruption in its Activities and Operations, 31 October 2018, EB 2018/125/R.6. On 12 December 2018, the Executive Board of the Fund approved the Revised version of the Policy, renewed and reshaped to reflect the evolution of the business model and legal framework of the Fund and the new best practices emerged among United Nations agencies and international financial institutions.

⁶³ IFAD EXECUTIVE BOARD, Policy on Preventing Fraud and Corruption in its Activities and Operations, 24 November 2005, EB 2005/85/R.5/Rev.1.

⁶⁴ IFAD EXECUTIVE BOARD, Project Procurement Guidelines, December 2019.

⁶⁵ IFAD EXECUTIVE BOARD, General Conditions for Agricultural Development Financing, 29 April 2009.

investigative, sanctioning or disciplinary process without the consent of the reporting party”⁶⁶.

As anticipated, in 2018, the Fund reviewed its Policy on preventing Fraud and Corruption in its Activities and Operations, dating from 2005, in order to reflect the changes and the evolution occurred in the best practices, business models and legal frameworks not only of the Fund itself, but also of the other United Nations agencies and international financial institutions in the international scenario.

Overall, the major adjustments included, *in primis*, an update of the definitions of Prohibited Practices, in order to add to fraudulent, corrupt, collusive, coercive practices ⁶⁷ also obstructive ones (i.e. practices “(i) deliberately destroying, falsifying, altering or concealing evidence that may be material to an investigation by the Fund or making false statements to investigators in order to materially impede an investigation by the Fund; (ii) threatening, harassing or intimidating any party in order to prevent that party from disclosing its knowledge of matters relevant to an investigation by the Fund or from pursuing such an investigation; and/or (iii) the commission of any act intended to materially impede the exercise of the Fund’s contractual rights of audit, inspection and access to information” ⁶⁸), in line with the best practices of other international financial institutions.

Secondly, such changes included the strengthening of the obligations of borrowers and grant recipients in terms of due diligence (namely, the inclusion in procurement documents and contracts of clauses requiring on the part of bidders

⁶⁶ IFAD EXECUTIVE BOARD, Revised Policy on Preventing Fraud and Corruption in its Activities and Operations, p.7.

⁶⁷ As defined in the Policy itself, a “*corrupt practice*” is the offering, giving, receiving or soliciting, directly or indirectly, of anything of value in order to improperly influence the actions of another party; a “*fraudulent practice*” is any act or omission, including a misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party in order to obtain a financial or other benefit or to avoid an obligation; a “*collusive practice*” is an arrangement between two or more parties designed to achieve an improper purpose, including improperly influencing the actions of another party; a “*coercive practice*” is impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party in order to improperly influence the actions of that or another party. (IFAD EXECUTIVE BOARD, Revised Policy on Preventing Fraud and Corruption in its Activities and Operations, p. 3).

⁶⁸ IFAD EXECUTIVE BOARD, Revised Policy on Preventing Fraud and Corruption in its Activities and Operations, p. 3.

and contractors the disclosure of information concerning: “(i) relevant criminal convictions, administrative sanctions and/or temporary suspensions, (ii) the agents engaged in connection with a procurement process or the execution of a contract, including the commissions and fees paid or to be paid, and (iii) any actual or potential conflicts of interest in connection with a procurement process or the execution of a contract”⁶⁹).

Furthermore, the possibility for the Fund to unilaterally recognize public posed by other international financial institutions (under the circumstance that such debarments comply with the requirements for mutual recognition of the Agreement for Mutual Enforcement of Debarment Decisions ⁷⁰) was introduced.

Additionally, the revision of the Policy entailed the strengthening of the responsibilities on the part of borrowers and grant recipients with respect to the receipt of allegations of prohibited practices and the measures taken in the face of such allegations (particularly, “governments would be encouraged to have in place confidential reporting channels and whistle-blower protection measures and would be expected to conduct their own investigations into potential fraud or corruption in IFAD projects” ⁷¹).

Last but not least, such revision also introduced, on one hand, the obligation of borrowers and grant recipients to incorporate clauses in procurement documents and contracts that render implementing partners aware of the jurisdiction of the Fund to conduct investigations and pose sanctions for prohibited practices; on the other hand, the clarification that the Fund maintains the possibility to share information and relative evidence, with regard to an ongoing or terminated investigation or sanctioning or disciplinary proceeding with other multilateral organizations or local authorities on a confidential basis.

⁶⁹ Ivi, p.1.

⁷⁰ The Agreement for Mutual Enforcement of Debarment Decisions was signed by the African Development Bank Group, the Asian Development Bank, the European Bank for Reconstruction and Development, the Inter-American Development Bank and the World Bank Group in April 2010.

⁷¹ IFAD EXECUTIVE BOARD, Revised Policy on Preventing Fraud and Corruption in its Activities and Operations, p. 2.

As set forth in §7 of the Policy (“Scope”), the latter applies to all the operations and activities financed or managed by the Fund and to all the entities and individuals listed in §7 letters a, b and c ⁷².

Subsequently, the Policy operates a distribution of responsibilities, providing for, first of all, a responsibility of the Fund to “prevent, mitigate and combat” prohibited practices in its activities and operations through measures which may include, *inter alia*, effective communication channels and sound legal frameworks, fiduciary controls and supervisory processes, confidential complaints and whistle-blower protection procedures.

Secondly, responsibilities of IFAD staff, non-staff and personnel, vendors and third parties include to refrain from engaging in the above-mentioned prohibited practices, adopt the necessary standards of due diligence, promptly inform the Fund of any allegations or any other indicators thereof come to their attention, fully collaborate in any investigation carried out by the Fund and to maintain strict confidentiality in this last regard.

Thirdly, the responsibilities of the recipients of the loans and grants of the Fund to “take appropriate actions to prevent, mitigate and combat prohibited practices”⁷³ are set forth in §D (iii) of the Policy.

The comprehensive process in the event that an allegation is presented with respect to circumstances of fraud and corruption is comprised of the two stages of reporting (conducted via a designated confidential e-mail address, available on the

⁷² Namely, “(a) IFAD staff and other persons working for IFAD as non-staff personnel (“IFAD staff and non-staff personnel”); (b) Individuals and entities holding a commercial contract with the Fund and any of their agents or personnel (“vendors”); (c) Public entities receiving IFAD financing or financing managed by the Fund and any of their agents or personnel (“government recipients”) and private entities receiving IFAD financing or financing managed by the Fund and any of their agents or personnel (“non-government recipients”) (all collectively referred to as “recipients”); and (d) Individuals and entities, other than those referred to above, that receive, apply to receive, are responsible for the deposit or transfer of, or take or influence decisions regarding the use of proceeds from IFAD financing or financing managed by the Fund, including, but not limited to, implementing partners, service providers, contractors, suppliers, subcontractors, sub-suppliers, bidders, consultants and any of their agents or personnel. (All such individuals and entities are collectively referred to as “third parties”).”

⁷³ IFAD EXECUTIVE BOARD, Revised Policy on Preventing Fraud and Corruption in its Activities and Operations, p. 5.

website of the Fund) and investigations, conducted by IFAD, irrespective of any other investigations planned or carried out by the recipient.

Such investigations are strictly confidential – as already outlined, independent (meaning that “no authority is allowed to interfere with an ongoing review or investigation or to otherwise intervene in, influence or stop such a review or investigation”⁷⁴) and administrative (meaning that they are “governed by the Fund’s rules and procedures, not by local laws”⁷⁵).

Throughout a review or investing of the Fund or upon its conclusion, IFAD may deem it appropriate to impose, respectively, temporary suspensions, sanctions or disciplinary measures. In fact, with respect to the first circumstance, “during the course of an IFAD review or investigation, or pending the conclusion of a sanctioning process, the Fund may decide, at any time, to temporarily suspend payments to IFAD non-staff personnel, non-government recipients, vendors or third parties or to temporarily suspend their eligibility to participate in IFAD- financed and/or IFAD-managed operations and activities for an initial period of six months, subject to a possible extension of that suspension for an additional six months”⁷⁶.

Conversely, in the event that IFAD non-staff personnel, non-governmental recipients, vendors or third parties turn out to be involved in prohibited practices, the Fund may, on the basis of the findings and evidence presented by the Office of Audit and Oversight and by the subject of the investigations in response, impose a broad range of sanctions⁷⁷, including debarment (possibly with conditional release), conditional non-debarment, restitution or a letter of reprimand.

⁷⁴ Ivi, p.7.

⁷⁵ *Ibidem*.

⁷⁶ *Ibidem*.

⁷⁷ At §28, the Policy extensively describes the sanctions imposable by the Fund, in the following manner:

“(a) *Debarment*, which is defined as declaring an individual or entity ineligible, either indefinitely or for a stated period of time, to: (i) be awarded any IFAD financed contract; (ii) benefit, financially or otherwise, from any IFAD-financed contract, including by being engaged as a subcontractor; and (iii) otherwise participate in the preparation or implementation of any IFAD-financed and/or IFAD-managed operation or activity;

(b) *Debarment with conditional release*, which is defined as a debarment that is terminated upon compliance with conditions set forth in the sanction decision;

(c) *Conditional non-debarment*, which is defined as requiring an individual or entity to comply with certain remedial, preventive or other measures as a condition for non-debarment on the

It should be noted that the Fund maintains the possibility to extend the infliction of the sanction to affiliates of the sanctioned subject, even though the affiliate is not directly involved in the concerned conduct.

Similarly, the Fund may regard as debarred individuals or entities which have not been debarred directly by IFAD, but by another international financial institution, provided that, first of all, such IFI is party to the Agreement for Mutual Enforcement of Debarment Decisions and, secondly, such debarment is in compliance with the conditions set forth in the Agreement itself.

Lastly, as anticipated, the Fund may impose disciplinary measures or demand restitution or other forms of compensation (in compliance with the relevant human resources framework) to the staff which is found to be involved in the prohibited practices.

The operational responses of IFAD to the carrying out of prohibited practices include three typical hypotheses: the refusal of the Fund to give its “no-objection” to the award of a contract to a third party, involved in such practices; the declaration of misprocurement and/or ineligibility of expenditures associated with a procurement process or contract affected by prohibited practices; and the suspension, or even cancellation, in whole or in part, of the concerned loan or grant, if the Fund deems that the recipient has not promptly taken the necessary measures to address the practices at the time of their occurrence ⁷⁸.

understanding that a failure to comply with such measures within a prescribed period of time will result in an automatic debarment under the terms provided for in the sanction decision;

(d) *Restitution*, which is defined as a payment to another party or the Fund (with respect to the Fund’s resources) of an amount equivalent to the amount of the diverted funds or the economic benefit obtained as a result of having engaged in a prohibited practice; and

(e) *Letter of reprimand*, which is defined as a formal letter of censure for the actions of an individual or entity which informs that individual or entity that any future violation will lead to more severe sanctions” (IFAD EXECUTIVE BOARD, *Revised Policy on Preventing Fraud and Corruption in its Activities and Operations*, pp.8-9).

⁷⁸ Interesting in this regard is the *Rosenkrantz v. Inter- American Development Bank* case (Civil Action No. 20 – 3670, BAH), in which “the individual plaintiffs were affiliated with companies that entered into agreements with IDB and the Government of Barbados to provide services on IDB-financed projects. They stand accused of engaging in Prohibited Practices in relation to the performance of those contracts and, as a result, the individual plaintiffs and TTEK, an entity created by Thibedeau in 2016 and controlled by him, are now subject to internal IDB proceedings to determine whether they should face bank-imposed sanctions, including debarment prohibiting them from entering into future contracts with IDB”. Furthermore, “plaintiffs claim that IDB has breached the underlying contracts in the course of its internal proceedings against them by failing to comply

4.3.2 *Anti-Money Laundering and Countering the Financing of Terrorism*

In the international community, the growing issues of money laundering and of the financing of terrorism, which have been seriously threatening the integrity and functioning of financial systems at a national level and the economic development as a whole, require a concerted and compact response among the different financial institutions.

The Fund, in first place, undertakes this commitment, as set forth in the Agreement Establishing IFAD, setting forth the fiduciary responsibility of the Fund to “make arrangements to ensure that the proceeds of any financing are used only for the purposes for which the financing was provided”, tolerating no diversion in the resources provided by the Member States and non-Member States.

Following an external independent assessment on financial risk management conducted by the consulting firm Alvarez and Marsal, the need for a policy addressing specifically the phenomena of money laundering and terrorist financing emerged, in order to mitigate reputational harm and build a sound and robust framework within which the Fund could operate, building on the best practices of different development finance institutions (such as the African Development Bank, the European Bank for Reconstruction and Development, the Inter-American Development Bank and the European Investment Bank).

The objective of the policy can be defined as “to prevent the Fund’s exposure to serious reputational risk, financial loss or legal liability that could give rise to challenges from Member States, international contributors, donors, and other key stakeholders”⁷⁹.

Firstly, it is convenient to define the concepts of money laundering and terrorist financing: the former can be defined, according to the Policy itself, as “the concealment of the origins of money obtained illegally, typically by passing it through a complex sequence of financial or commercial transactions”⁸⁰, while the

with the Sanctions Procedures that govern its consideration of Prohibited Practices allegations, and seek an order preliminarily enjoining the sanctions proceedings against [them] that are currently pending before the [IDB].” (<https://www.leagle.com/decision/infdco20210407a45>)

⁷⁹ IFAD EXECUTIVE BOARD, *Anti-Money Laundering and Countering the Financing of Terrorism Policy*, 12 December 2019, EB 2019/128/R.41/Rev.1, p. 1.

⁸⁰ Ivi, p.2.

latter as “the solicitation, collection or provision of funds (possibly coming from legal or illicit sources) to support terrorist acts, individual terrorists or terrorist organizations”⁸¹.

The phenomenon of money laundering, although significantly diversified, is usually comprised of three stages: the introduction of the proceeds of crime into the financial system, the so called “placement”; a series of transactions intended to convert or transfer the concerned funds to different locations or financial institutions, the so called “layering”; and the reintroduction of such funds as “clean funds” into the legitimate economic system, investing it in assets or business ventures in order for them to appear to have been legally obtained, so called “reintegration”.

Money laundering and terrorist financing have been the subject of various Conventions in the international context and, overall, of numerous tools at a global level; *inter alia*, the United Nations General Assembly Resolution 60/288 of 2006, the international standards set forth by the Financial Action Task Force (FATF), article 3(1)(b) and (c) of the Vienna Convention and article 6(1) of the Palermo Convention or the 1999 International Convention for the Suppression of the Financing of Terrorism.

By means of the Anti-Money Laundering and Countering the Financing of Terrorism Policy, the Fund commits itself to ensure that “its funds and the funds it administers are not used to finance any illegal acts connected with money laundering and terrorist financing”⁸².

Moreover, it endeavours not to accept, support or allow any payment prohibited by the United Nations Security Council, in accordance with Chapter VII of the Charter of the United Nations, and to enhance and confirm the existence of due diligence processes and measures already in place within the structure of the Fund, in an effort to “strengthen its reputational and fiduciary safeguards, internal procedures, monitoring and assurance mechanisms to ensure that its own financing

⁸¹ *Ibidem*.

⁸² IFAD EXECUTIVE BOARD, Anti-Money Laundering and Countering the Financing of Terrorism Policy, p.3.

and the financing that it administers are used for the intended purposes and not subject to money laundering and terrorist financing”⁸³.

In terms of scope, the IFAD Policy embraces and applies to all the activities/operations financed or managed by the Fund and to the entities and individuals specified in §iv (16) of the Policy⁸⁴.

Additionally, it should be noted that the Policy, at §vi (23), divides in detail the roles and responsibilities⁸⁵ among the different bodies of the Fund and

⁸³ IFAD EXECUTIVE BOARD, Anti-Money Laundering and Countering the Financing of Terrorism Policy, p.5.

⁸⁴ Namely, “(i) Individuals and entities holding a commercial contract with the Fund and any of their agents or personnel (“*vendors*”); (ii) Public entities receiving IFAD financing or financing managed by the Fund (e.g., “*government recipients*”) and private entities receiving IFAD financing or financing managed by the Fund (“*non-government recipients*”), collectively referred to as “*recipients*”; and (iii) individuals and entities, other than those referred to above, that receive or apply to receive, provide or may provide transfer or take/influence decisions regarding the use of proceeds from IFAD financing or financing managed by IFAD, including, but not limited to, bidders, investment or potential investment counterparts, issuers or potential issuers of financial instruments”.

⁸⁵ Namely, “(i) The Executive Board is responsible for overseeing proper management of the Fund's integrity risks and for approving this Policy.

(ii) The Audit Committee assists the Executive Board in supervising the financial administration and internal oversight of the Fund, which includes ensuring continuous effectiveness of the integrity risk management systems established by the President and Management. The Audit Committee reviews and recommends this Policy to the Executive Board for its approval.

(iii) President and Senior Management: The President has overall responsibility, and Senior Management is accountable for the oversight and monitoring of AML and CFT.

(iv) The Enterprise Risk Management Committee is responsible for the general oversight of ERM policy and related risk processes, including strategic risks, and coordinating an integrated approach to risk management.

(v) The relevant technical Risk Committee is in charge of the Fund's operational risk and compliance governance, which includes the scope of this Policy.

(vi) The Office of Audit and Oversight provides reasonable assurance of the Fund's compliance with this Policy, assessing the effectiveness of internal controls that mitigate the risks of ML and TF and validating the robustness of the system in place.

(vii) The Ethics Office is responsible for overseeing the ethics and compliance functions related to the Code of Conduct applicable to staff, consultants and other individuals engaged by IFAD under a non-staff contract.

(viii) The Accounting and Controller's Division (ACD) is responsible for monitoring the Fund's ML and TF risks by conducting risk assessments, monitoring activities, and advisory work and reporting to Senior Management. ACD is responsible for updating this Policy.

(ix) The Office of the General Counsel plays an advisory role with respect to ML and TF and related legal risk matters.

(x) Other IFAD front-line departments⁵ (e.g., Programme Management Department [PMD], Strategy and Knowledge Department, Corporate Services Department, Financial Operations

permeates all levels of governance in the implementation of the present policy, in accordance with IFAD's Accountability Framework.

4.3.3 The response of other IFIs to money laundering and financing of terrorism: an overview of some Multilateral Development Banks

The aim of this paragraph is to provide the reader with a brief overview of the initiatives and responses of some of the main multilateral development banks (MDBs)⁸⁶ to the growing issues of money laundering and terrorist financing, taking into account the recent efforts of institutions active in development countries and therefore exponentially exposed to the risks correlated to such phenomena⁸⁷.

The World Bank, for instance, has been significantly enhancing its programme with respect to anti-corruption governance and public financial management.

The Policy Paper on Enhancing Contributions to Combating Money Laundering published by the Bank in 2001 is illustrative of its efforts, identifying, as main contributions of the Bank to the global fight against financial abuse, the support in addressing structural and institutional deficiencies adding up to the lack of market integrity and the careful oversight of its financial transactions to ensure they do not inadvertently interfere in international efforts to restrain illegal conducts and practices. Furthermore, the Bank assists on a continuous basis developing countries and their governments in the development of reforms of the financial sector (mainly through financial sector lending and technical assistance activities).

Department [FOD], etc.) have responsibility for compliance with this policy and supporting the enhanced due diligence process to mitigate ML and TF risks.

(xi) The Treasury Services Division plays a role in ensuring that the disbursement of funds is compliant with IFAD policies and procedures.

(xii) The Risk Management Unit plays a role in establishing the Capital Adequacy Framework used as the basis for assessing and allocating capital to protect the Fund from financial losses, a process that includes the assessment of operational risk.

(xiii) IFAD personnel in the various departments and divisions have a responsibility to comply with this policy and support the enhanced due diligence processes to mitigate ML and TF risks".

⁸⁶ For an in-depth reading on the development and main traits of Multilateral Development Banks, see M. R. MAURO, *Le Banche Regionali di Sviluppo*, in *Diritto Internazionale dell'economia: teoria e prassi delle relazioni economiche internazionali*, Edizioni Scientifiche Italiane, Napoli, 2019, p. 302 and following.

⁸⁷ See in this respect IFAD EXECUTIVE BOARD Response of multilateral development banks to ML and TF, in *Anti-Money Laundering and Countering the Financing of Terrorism Policy*, p.8.

In 2003, the Asian Development Bank (AsDB) adopted a dedicated strategy, entitled “Enhancing the Asian Development Bank’s Role in Combating Money Laundering and the Financing of Terrorism”⁸⁸. Such policy exclusively addresses the assistance to developing members of the Bank in terms of creation and implementation of effective legal and institutional systems against money laundering and terrorist financing and cooperation among international organizations, inter-governmental organizations and governmental development agencies.

The European Bank for Reconstruction and Development (EBRD), predominantly working in the private sector and in high-risk countries under this aspect, exercise particular caution to the possible misuse of its assets. To enhance its strategy in this respect, new due diligence procedures were introduced and, most importantly, the Office of the Chief Compliance Officer was established “to ensure that the Bank’s ethical rules of conduct and internal standards, procedures, and guidelines on anti-money laundering, countering the financing of terrorism, conflicts of interests, prohibited practices, treatment of confidential information, and integrity due diligence are in line with, or reflect, internationally accepted norms”⁸⁹.

Lastly, the efforts of the African Development Bank (AfDB) should be mentioned; particularly, the reinforcement of its Auditor-General offices in numerous African countries in the face of the threats posed by the phenomenon of money laundering.

4.3.4 Preventing and Responding to Sexual Harassment, Sexual Exploitation and Abuse

It is unfortunately notorious that the number of cases of sexual harassment, exploitation and abuse during missions in developing countries and/or in fragile

⁸⁸ In November 2017, the Asian Development Bank conducted its third review of the implementation of this policy.

⁸⁹ IFAD EXECUTIVE BOARD, Anti-Money Laundering and Countering the Financing of Terrorism Policy, p.11.

geo-political contexts is quite significant and represents an issue to be carefully tackled ⁹⁰.

IFAD endeavours to apply the principles of integrity, professionalism and respect for the dignity of all people involved in its field operations, entrusting a pivotal role to the prevention of and provision of prompt responses to such conducts. The Fund adopts a policy of zero-tolerance towards sexual harassment, exploitation and abuse, and accordingly developed a specific and dedicated legal framework: the IFAD Policy to preventing and responding to sexual harassment, sexual exploitation and abuse ⁹¹, with the objective of defining the obligations of the staff of the Fund and of those working in cooperation with IFAD, and setting forth the approach and technical procedures of the Fund in this respect.

In accordance with the 2003 United Nations Bulletin on Protection from Sexual Exploitation and Abuse ⁹², sexual exploitation and abuse are defined by the Policy of the Fund as “sexual exploitation and abuse of beneficiaries in the context of IFAD’s operations in the field: any actual or attempted abuse of a position of vulnerability, differential power, or trust, for sexual purposes, including, but not limited to, profiting monetarily, socially or politically from the sexual exploitation of others (sexual exploitation); the actual or threatened physical intrusion of a sexual nature, whether by force or under unequal or coercive conditions (sexual

⁹⁰ On the issue of sexual abuse and exploitation conducted by the UN peacekeepers, is advised the reading of the Resolution 2276/2016 of the Security Council of the United Nations , as well as the following authors: R. MURPHY, *An assessment of UN efforts to address sexual misconduct by peacekeeping personnel*, in *International Peacekeeping*, 2006, 13(4), 531 – 546; B. N. HERNANDEZ, *Sexual Abuse in UN Peacekeeping*, in *E-International Relations*, 20 February 2020; C. MUGWAY, *Sexual Exploitation by UN Peacekeepers: the “survival sex” gap in international human rights law*, in *The International Journal of Human Rights*, 2017, 21(9), 1453 – 1476; K. GRADY, *Sex, Statistics, Peacekeepers and Power: UN Data on Sexual Exploitation and Abuse and the Quest for Legal Reform*, in *Modern Law Review*, 2016, 76 (6). With regard to the broader issue of sexual exploitation and abuse in the operations and activities of international organizations, not only limited to the actions of the UN peacekeepers, see the 2017 Report of the UN Secretary-General entitled “Special Measures for Protection from Sexual Exploitation and Abuse: A New Approach (A/71/818)”.

⁹¹ IFAD ETHICS OFFICE, IFAD Policy to preventing and responding to sexual harassment, sexual exploitation and abuse, 11 April 2018. In 2020, the Fund also published a Guide for Borrowers and Recipients of IFAD funding to support the staff of implementing partners in the compliance with IFAD’s Policy.

⁹² SECRETARY GENERAL OF THE UNITED NATIONS, Secretary-General’s Bulletin: Special measures for protection from sexual exploitation and sexual abuse, 9 October 2003, ST/SGB/2003/13.

abuse)”⁹³; while sexual harassment is defined as “any unwelcome sexual advance, request for sexual favour or other verbal, non-verbal or physical conduct of a sexual nature that unreasonably interferes with work, alters or is made a condition of employment, or creates an intimidating, hostile or offensive work environment.”⁹⁴

For the purposes of the Policy under analysis, this complex of behaviour is taken into account when carried out towards the beneficiaries of activities and operations financed or managed by the Fund, i.e. “those that IFAD intends to serve through its loans and grants”⁹⁵. The scope of the Policy is purposely broad, applying to all IFAD staff (irrespective of their location, grade, type or duration of appointment), all individuals hired by the Fund through a non-staff contract (e.g. consultants and interns), all recipients of the financing of the Fund and third parties contracted through funding of IFAD.

The Policy establishes mainly two obligations on the part of the staff of the Fund and of those individuals holding a work contract with it: the obligation to act ethically (both in their professional and personal dealings) and the obligation to report to the Ethics Office or the Office of Audit and Oversight actual or potential acts of sexual harassment, exploitation and abuse when they witness, become aware of or have reasons to suspect such misconduct.

The Fund, instead, is responsible for the creation and establishment of an appropriate reporting mechanism and response mechanism, comprised of the preliminary stage of investigations⁹⁶ (conducted by the Office of Audit and Oversight, possibly with the support of an external expert or even of the local authorities) and of the subsequent stage of relevant measures, which may include: disciplinary measures⁹⁷ imposed by the Sanctions Committee against the staff of

⁹³ IFAD ETHICS OFFICE, IFAD Policy to preventing and responding to sexual harassment, sexual exploitation and abuse, p. 2.

⁹⁴ *Ibidem*.

⁹⁵ *Ibidem*.

⁹⁶ With respect to the investigations stage, as set forth by §26-27 of the Policy, “IFAD staff and individuals holding a work contract with IFAD who are under investigation for potential sexual harassment and/or SEA may be temporarily removed from their position, pending the investigation”. Furthermore, it shall be added that “upon closure of an investigation, the Office of Audit and Oversight issues a final report to the President, explaining its findings and conclusions. If any allegations are substantiated, the matter is referred to the Sanctions Committee for review of the matter in accordance with the applicable disciplinary proceedings”.

the Fund and other individuals working under a contract with it, measures with regard to the behaviour of project staff and third parties participating in operations funded by IFAD (which may consist in the request for immediate removal of the concerned individual from any activity financed or managed by the Fund and/or the request for investigation by the national authorities for purposes of criminal proceedings) and measures with respect to the acts carried out by suppliers in commercial contracts with the Fund (for instance, the immediate termination of the contract).

Moreover, it shall be noted that an assessment with respect to the risk of sexual exploitation and abuse – outlining potential risks, relevant measures and service providers for the victims - is carried out throughout each project financed by the Fund from the initial stage of design.

Finally, upon actual occurrence of sexual harassment, exploitation or abuse, support to the victims is offered through dedicated services, programmes and relevant networks, in accordance with the General Assembly Resolution on the “United Nations Comprehensive Strategy on Assistance and Support to Victims of Sexual Exploitation and Abuse by United Nations Staff and Related Personnel”⁹⁸.

As a conclusive note, it should be mentioned that in January 2018, the President of the Fund established an internal multidivisional task-force, led by the Director of the Ethics Office and constituted by staff from across the Fund, with the specific mission of enhancing the response of IFAD to sexual exploitation and abuse⁹⁹.

4.3.5 The Whistle-blower Protection Procedures of the Fund

A whistle-blower is an individual who, by virtue of their employment relationship has witnessed, is otherwise aware of or suspects a misconduct and has

⁹⁸ GENERAL ASSEMBLY OF THE UNITED NATIONS, United Nations Comprehensive Strategy on Assistance and Support to Victims of Sexual Exploitation and Abuse by United Nations Staff and Related Personnel, 7 March 2008, A/RES/62/214.

⁹⁹ See in this regard the Statement by IFAD’s President on the policy for prevention of sexual harassment, exploitation and abuse, available at: <https://www.ifad.org/en/web/latest/-/speech/statement-by-ifad-s-president-on-the-outlines-policy-for-prevention-of-sexual-harassment-exploitation-and-abuse>.

reported the wrongdoing, therefore engaging, in good faith, in a protected activity and being consequently exposed to retaliatory action.

At IFAD, the above-mentioned protected activities may include, *inter alia*, the collaboration with an audit or investigation of the Fund, the reporting of suspected unsatisfactory conduct or misconduct or the use of the dispute resolution procedures offered by the Fund. In this respect, IFAD has set up specific procedures to file retaliation complaints and protective measures for the stage following the completion of the complaint.

The retaliation complaint should be submitted to the Ethics Office (or alternatively to the Director of the Office of Audit and Oversight or to the President, “should the individual reporting the retaliation have a valid reason to believe that the Director of the Ethics Office may have a conflict of interest or be the subject of the retaliation complaint”¹⁰⁰) no later than one year after the moment the complainant acquires knowledge of the retaliatory behaviour.

Such complaint shall be as factual as possible and report “specific and verifiable”¹⁰¹ information. It shall be noted that anonymous complaints are not allowed, for the sake of the safety of the whistle-blower, *in primis*, as they cannot be adequately protected if their identity is unknown and, secondly, to limit the risk of deliberately malicious and defamatory accusations.

Indeed, only legitimate and good faith accusations are accepted and protected by the Fund. As stated in the Whistle-blower Protection Procedures Booklet of the Fund, “transmission or dissemination of unsubstantiated rumours, making a report or providing information that is intentionally false or misleading is not a protected activity. Spreading false or misleading information constitutes unsatisfactory conduct or misconduct and may result in administrative, corrective or disciplinary measures.”¹⁰² After the filing of the retaliation complaint, a complex procedure follows.

First of all, within five to ten working days, the Ethics Office acknowledges the receipt of the complaint; subsequently, a preliminary review will be conducted

¹⁰⁰ IFAD ETHICS OFFICE, Whistleblower Protection Procedures, May 2021, p. 3.

¹⁰¹ *Ibidem*.

¹⁰² *Ivi*, p. 4.

by the Office to verify preliminary prerequisites of the complaint (i.e. “if the complaint is complete, if the complainant is engaged in a protected activity and if there is reasonable indication of a causal relationship between the suspected retaliatory action and the protected activity”¹⁰³). The following stage is constituted by a confidential initial review, during which the Director of the Ethics Office may deem it necessary to recommend to the President interim protective measures, upon agreement with the whistle-blower.

Within ninety days from the moment of the formal acknowledgement of the complaint by the Ethics Office, the review shall be completed; in the event that a longer period of time turns out to be necessary to finalize the initial review, this will be notified to the complainant in writing. Furthermore, “if the Ethics Office determines that the allegation merits further inquiry, it will refer the complaint to the Office of Audit and Oversight for possible investigation”¹⁰⁴.

Upon completion of the investigations and possible sanction processes, the complainant is informed by the Human Resources Division of the measures adopted by the Fund with regard to their complaint.

As anticipated, the Director of the Ethics Office has the possibility to recommend to the President the adoption of measures intended to protect the whistle-blower from retaliation, which may include, *inter alia*: cooperation with the senior manager of the whistle-blower to oversee and monitor the concerned working environment, temporary reassignment, transfer or change of duties, temporary special leave (while still receiving a full salary), security measures or any other measure regarded as necessary on a case-by-case basis.

Overall, the regulation of the Fund of the matter is geared towards striking a balance between the protection of the safety and well-being of the whistle-blower and the safeguard of the professional and personal reputation of the accused subject, until the allegations are proved to be founded, in an effort to avoid the dissemination of unsubstantiated and deliberately false allegations.

¹⁰³ Ivi, p.5.

¹⁰⁴ *Ibidem*.

CHAPTER V - RELATIONSHIP WITH THE ITALIAN STATE

SUMMARY: 1. General remarks: duty of cooperation upon the States and overview of the subject of host agreements 2. Host agreement between IFAD and the Italian State (26.07.1978) 3. Partnership between Italy and IFAD.

1. *General remarks: duty of cooperation upon the States and overview of the subject of host agreements*

Among the duties connected to the *status* of member state of an international organization, stands the duty of cooperation¹ (i.e. the duty to cooperate with the organisation in such a way as to enable it to fulfil the purposes for which it was established and to protect its functions by granting it and its agents a number of immunities and privileges²).

Overall, the duties of the Member States are normally contained in the provisions of the founding treaty of the organization, as well as the binding acts issued by the organs of the organization itself. Members are bound by these obligations on the basis of the general principle of *pacta sunt servanda*.

Additionally, article 26 (entitled indeed “*pacta sunt servanda*”) of the Vienna Convention on the Law of Treaties³ shall be mentioned as a further codification of such principle, according to which: “Every treaty in force is binding upon the parties to it and must be performed by them in good faith”.

Nonetheless, it is quite common for the statutes of international organisations to reiterate the obligation of their member states to comply with the provisions of those statutes and secondary legislation, as well as to facilitate the organisation in the performance of its tasks and to refrain from taking measures that might jeopardise that performance⁴.

¹ See in this regard, U. DRAETTA, *Principi di diritto delle organizzazioni internazionali*, Giuffrè Francis Lefebvre, Milano, 2020, §7-8.

² See *supra*, Ch. I § II.III.

³ UNITED NATIONS, Vienna Convention on the Law of Treaties, United Nations, Vienna, 23 May 1969, in United Nations Treaty Series, 1155, 331.

⁴ See DRAETTA, *Principi di diritto delle organizzazioni internazionali*, §7.2.

This obligation to cooperate takes the form of agreements specifying the conduct to be followed by States, whether it is a question of establishing the seat of the organisation in a territory and protecting its operation and freedom of access (the so-called host agreements, concluded between the organization and the host State), or the agreements on immunities and privileges analysed above, concluded between the Member States without the organization necessarily being a part of it⁵.

It is useful to bear in mind that any conflict between the provisions contained in these two types of agreement shall be resolved, unless the charter of the organization or the host agreement provides otherwise⁶, in favor of the rules contained in the host agreements, prevailing as *lex specialis*⁷.

Furthermore, it should be mentioned that an international organization is free to locate its seat in the host State which grants a more favorable treatment (should be underscored that, in principle, such State may not be part of the organization⁸), or to move its seat on the basis of considerations of this sort⁹.

As anticipated, host agreements can be defined as “international agreements concluded between an international organization or institution and States – permanently or temporarily – hosting such an international organization or institution or any of its subsidiary organs or affiliated bodies”¹⁰; they identify and regulate the activities of the organization or body thereof in the territory of the host

⁵ See *supra*, Ch. I § II.III.

⁶ It is not uncommon for host agreements to contain provisions with regard to the resolution of conflicts between the agreement regulating privileges and immunities of the organization and the host agreement itself. For instance, in this respect consider article XVII section 34 of the host agreement between FAO and Italy; article XVIII section 39 of the host agreement between IFAD and Italy; or article XVI section 37 of the host agreement between Italy, United Nations and FAO with respect to the WFP.

⁷ See in this respect DRAETTA, *Principi di diritto delle organizzazioni internazionali*, p. 73.

⁸ However, the practice of concluding a headquarters agreement with a non-member state was more frequent in the past, given the still limited extent of the international organisation phenomenon. With the progressive enlargement of the membership of organisations, especially those of a universal character, the question has gradually disappeared. For instance, consider the evolution of the position of Switzerland with regard to the United Nations: Switzerland was not a member of the UN until 2002, but it has hosted numerous UN structures since its foundation and, to regulate their status, a special headquarters agreement was concluded between Switzerland and the United Nations on 11 June and 1 July 1946. (PENNETTA, *Diritto delle Organizzazioni Internazionali*, p. 406)

⁹ For instance, in 1965 the Organization of the Petroleum Exporting Countries (OPEC) transferred its seat from Ginevra to Vienna.

¹⁰ J. HERBST, *Host State Agreements*, in *Max Planck Encyclopedia of Public International Law (MPEPIL)*, Oxford University Press, 2008.

State and the mutual relations between the host State and the international organization, including a detailed regulation of the privileges and immunities granted to the organization and its agents, often referring to the Conventions of the United Nations of 1946 and 1947¹¹. Sometimes, some host agreements include a provision according to which the host State undertakes to extend to the organization any more favorable treatment it may decide to grant to another organization in the future¹².

In the most common case, i.e. where the organization has its headquarters in one of its member states, even if that state is already bound to grant immunities and privileges to the organization and its officials, for example in light of its founding treaty, the particular situation in which it finds itself makes it advisable to conclude a headquarters agreement as well, regulating the many detailed questions inherent in the day-to-day operations of the organization.

Moreover, when an international organization carries out operational functions in a State - whether a member or not of such organization - the consent of the relevant governmental authorities is required in order for it to operate; such consent is normally formalized through an international agreement, but can nonetheless take a variety of forms.

So far, generic reference to the term “host agreements” has been made. Nonetheless, the doctrine¹³ distinguished four types of host state agreements, which for the sake of completeness, should be mentioned: headquarters agreements (which are the main focus of this analysis), premises agreements (relating to the occupancy, operation and maintenance of the building), agreements relating to the Status of United Nations Peacekeeping Missions (the analysis of which would fall out of the scope of this work) and the agreements on technical assistance, particularly common with regard to developing countries, in the service of the United Nations and the concerned Specialized Agencies.

¹¹ Here reference is made to the UNITED NATIONS GENERAL ASSEMBLY, Convention on the Privileges and Immunities of the United Nations, 13 February 1946 and the UNITED NATIONS GENERAL ASSEMBLY, Convention on the Privileges and Immunities of the Specialized Agencies, 21 November 1947.

¹² An example in this respect is provided by Article 53 of the host agreement between the Netherlands and the ICC on 7 June 2007.

¹³ See in this regard HERBST, *Host State Agreements*.

First of all, it is interesting to outline the difference between the above-mentioned headquarters and premises agreements, as the latter normally regard the occupancy, use operation and maintenance of the buildings utilized by the international organization.

It shall be noted that premises agreements provide for, firstly, the transferring of the premises, which commonly remain property of the host state, to the concerned international organization and secondly, the free-of-rent occupancy and utilization of the premises. Moreover, premises agreements set forth the respective responsibilities of the host state and international organization with regard to the more technical aspects of the upkeep and repair of the grounds and buildings of the premises.

Conversely, as mentioned above, headquarters agreements cover not only the issues related to the juridical personality and immunity of the international organization, but also aspects such as “the maintenance of law and order within the headquarters district by security forces of the host State as well as the organization itself, the protection of the headquarters district against assaults from the outside by security forces of the host State, the transit of the organization’s staff or representatives of Member States to and from the headquarters, the establishment and operation of telecommunications and radio broadcasting systems by the organization, or the supply of public services by the host State”¹⁴.

A consistent number of headquarters agreements also include a provision which guarantees a minimum standard of privileges and immunities through a “most-favored status clause”¹⁵ setting forth that, notwithstanding that the legal basis of the treatment remains constituted by the 1961 Vienna Convention on Diplomatic Relations¹⁶ and international customary law, such treatment shall be “at least as favorable as that accorded to other international organizations or institutions located in the host State”¹⁷.

¹⁴ HERBST, *Host State Agreements*, p.13.

¹⁵ See for instance Articles 13, 19, 25, 30, 31 and 33 of the WTO Headquarters Agreement, as an example of this practice.

¹⁶ UNITED NATIONS CONFERENCE ON DIPLOMATIC INTERCOURSE AND IMMUNITIES, Vienna Convention on Diplomatic Relations, Vienna, 18 April 1961, in United Nation, *Treaty Series*, 500, 95.

¹⁷ HERBST, *Host State Agreements*, p.5.

As a conclusive note, the growing intention to establish universal or “model” headquarters agreements (or at least several differentiated but defined types of agreements) should be reckoned, in order to overcome the lack of consistency between the extremely different existing headquarters agreements.

However, no effort of this sort has been actually formalized into a concrete agreement yet.

Overall, “in clear contrast to the diplomatic relations between States, largely governed by a single, almost universally accepted agreement (i.e. the Vienna Convention on Diplomatic Relations)”¹⁸, there is not a single, uniform and universally accepted instrument of law specifically governing the relations between international organizations and institutions and host States.

2. *Host agreement between IFAD and the Italian State (26.07.1978)*

On July 26 1978, the International Fund for Agricultural Development and the Italian State signed in Rome the host agreement for the headquarters of the Fund (complemented by an interpretative note), then ratified and executed by means of the law 23 May 1980, n. 289.

The Agreement is composed of 22 Articles, governing a broad range of issues, including the juridical personality of the Fund, the inviolability and protection of the headquarters and the other privileges and immunities granted to the Fund, as well as the interpretation and issues of compatibility between the Agreement and the 1947 Convention on the Privileges and Immunities of the Specialized Agencies of the United Nations¹⁹.

First of all, the Agreement analyzes the main aspects related to the headquarters of the Fund (located in Rome), subject of Article II²⁰, including its

¹⁸ HERBST, *Host State Agreements*, p.5.

¹⁹ Reference is made to the UNITED NATIONS GENERAL ASSEMBLY, Convention on the Privileges and Immunities of the Specialized Agencies, 21 November 1947.

²⁰ Article II of the Agreement reads: “The Government shall provide or cause to be provided for the use of the Fund, so long as it is located in Rome, adequate premises and facilities for its operation. Such premises shall be provided free of charge except for those expenses mentioned in subparagraphs (c) and (d) of this section. In fulfilment of this provision: (a) The Government shall assist the Fund in renting the property described in the Schedule to this Agreement. (b) The Government shall bear all costs of furnishing furniture and equipment, including that necessary for simultaneous interpretation and internal communications and for the installation of telecommunications equipment and utilities, and of alterations and renovation of the building referred to in subparagraph (a). All property and equipment provided for this purpose shall be the

inviolability (Article III) ²¹, protection (Article IV) ²² and relevant public services (Article V) ²³.

In this respect, Article II of the Agreement sets forth the responsibility of the Italian government to provide the Fund, as long as its headquarters remain located in Rome, with adequate spaces and services, necessary to its correct functioning. In order to comply with such provision, the Article outlines the

property of the Government. The Fund shall participate in any decision concerning the renovation, furnishing and equipment of the said building; (c) The Fund shall bear the cost of the ordinary maintenance of the premises, including the furniture, equipment and other services, as well as communications and utilities in their entirety (d) the Fund shall procure insurance to cover any liability in respect of the property described in the Schedule; (e) the Fund and the Government shall inspect the adequacy of the premises and services provided to the Fund pursuant to sub-paragraphs (a) and (b) above in accordance with the needs of the Fund at a date deemed appropriate by both parties”.

²¹ Article III reads: “(a) The Central Headquarters shall be inviolable. No agent or officer of the Italian Republic or any other person exercising a public function in the territory of the Italian Republic shall enter the Central Headquarters to exercise any function therein except with the consent of the President on such terms as he may prescribe. The consent of the President to enter the Headquarters shall be presumed in the case of fire or other emergency requiring immediate action. However, if so requested by the President, any person whose entry is pursuant to deemed consent shall immediately leave the premises. (b) The headquarters of the Fund shall be subject to the control and authority of the Fund which shall have power to make regulations applicable within the headquarters for the full and independent discharge of its functions; (c) Subject to the provisions of Article XI, the Fund shall not permit the Headquarters to be used as a refuge by any person attempting to evade arrest ordered under the laws of the Italian Republic, or sought by the Government for extradition to another country, or attempting to evade service or execution of a judicial act; (d) The Headquarters shall not be used in any manner inconsistent with its functions”.

²² According to Article IV: “(a) The competent Italian Authorities shall use all due diligence in order to prevent the security and tranquillity of the Headquarters from being disturbed by persons or groups of persons attempting to enter it without authorisation or causing disturbances in its vicinity. The competent Italian authorities shall ensure that adequate police protection is provided in the vicinity of the Headquarters; (b) at the request of the President, the competent Italian authorities shall provide sufficient police forces to ensure that order is maintained within the Headquarters. The competent Italian Authorities shall take all measures reasonably necessary to ensure that the proper functioning of the Headquarters is not impeded”.

²³ As per Article V: “(a) The competent Italian authorities shall, at the request of the President, use their powers to ensure, as far as possible, the provision of necessary public services at Headquarters, including electricity, water, sewage, gas, postage, telephones, telegraphs, local transport, water drainage, garbage collection and fire-fighting services. These public services will be provided on terms no less favourable than those accorded to Italian state administrations. In the event of interruption or threatened interruption of the above services, the competent Italian authorities shall consider the needs of the Fund in the same manner as those of the major governmental administrations and shall take appropriate measures to avoid prejudice to the operation of the Fund; (b) The Chairman shall, upon request, take such measures as may be appropriate to enable duly authorised representatives of the public utilities concerned to inspect, repair, maintain, reconstruct and relocate utilities, drains and sewers within the Headquarters so as not to cause undue disturbance to the functions of the Fund; (c) when gas, electricity and water are supplied by the competent Italian Authorities or by entities under their control, the Fund shall benefit from special tariffs, not exceeding those generally granted to Italian State Administrations”.

distribution of responsibilities and duties to this end between the Fund and the Italian State²⁴.

With regard to the inviolability of the premises of the Fund, the content of article III is based on the 1947 Convention, providing for the inviolability of the headquarters and prohibiting any agent, officer of the Italian Republic or any other person exercising a public function in its territory to enter the premises without the consent of the President and under the conditions approved by them. Nonetheless, such consent shall be regarded as presumed (under a rebuttable presumption²⁵) in the occurrence of fire or other exceptional circumstances of emergency. Generally speaking, according to Article III, the headquarters are subject to the control and the authority of the Fund, and shall not be utilized in any way not compatible with the fulfilment of its functions.

In terms of protection, Article IV provides for the duty of the Italian authorities to preserve, with every diligence, the premises from individuals or groups trying to enter them or otherwise causing disruptions nearby, by means of either the adequate police forces or any other measure deemed necessary.

Furthermore, with regard to the supply of public services (Article V) to the Fund on the part of the Italian State, the latter undertakes to provide IFAD with “electricity, water, sewage, gas, postage, telephones, telegraphs, local transport, water drainage, garbage collection and fire-fighting services [...] on terms no less favourable than those accorded to Italian state administrations”.

Consistent with the 1947 Convention on the Privileges and Immunities of Specialized Agencies, the goods and assets of the Fund (“wherever located and by

²⁴ See Article II, Section 3, let. a, b, c, d, e of the Agreement.

²⁵ See in this respect, A. REINISCH, P. BACHMAYER, *The Conventions on the Privileges and Immunities of the United Nations and Its Specialized Agencies: a Commentary*, Oxford University press, Oxford, 2016, p. 149, stating that “the IFAD-Italy agreement goes as far as to establish a presumption of consent by the Director of the Fund to enter the agency’s premises in case of fire or other emergencies requiring prompt action. This is a rebuttable presumption and the same provision stipulates that any person who has entered the premises on the basis of such presumed consent shall immediately leave upon request by the Director of the Fund. Yet, the shift from the older agreements recalled so far is undeniable. The compromise solution retained in the IFAD – Italy Agreement seems realistic and in line with the requirements of contemporary international law (e.g. human rights obligations incumbent on States in the case of man-made or natural disasters and other situations endangering human life). It points in the direction of a narrowly tailored emergency exception to the principle of inviolability of premises sanctioned by Art.3 Section 5 Specialized Agencies Convention.”

whomsoever owned”²⁶) shall be inviolable and “exempt from search, requisition, confiscation, expropriation and any other form of intervention, whether by executive, administrative, judicial or legislative action”²⁷, except in the event of express waiver on the part of the Fund²⁸. Naturally, in terms of inviolability, the notion of asset extends to the archives and all the documents, generally speaking, belonging to or in the possession of IFAD as well.

Moreover, one of the core provisions of the Agreement is Article VII²⁹, which attributes legal personality³⁰ and, consequently, freedom of action to the Fund; in particular, articulating such legal personality in, namely, the capacity to conclude contracts (so-called, *ius stipulandi*), acquire and dispose of movable and immovable property and to participate in legal proceedings.

In accordance with the 1947 Convention on Privileges and Immunities, the Agreement provides for the exemption of the Fund from direct and, to a certain

²⁶ Host Agreement between Italy and the International Fund for Agricultural Development, Rome, 26 July 1978, Article VI.

²⁷ *Ibidem*.

²⁸ See Article VI of the Agreement, entitled “Assets belonging to the Fund”, which reads: “The Fund and its property, wherever situated and by whomsoever owned, shall enjoy immunity from jurisdiction, except in those particular cases in which the Fund has expressly waived it. Waiver of immunity from jurisdiction shall not necessarily imply waiver of immunity from execution of judgements, which shall be subject to a separate waiver. The property of the Fund, wherever located and by whomsoever owned, shall be exempt from search, requisition, confiscation, expropriation and any other form of intervention, whether by executive, administrative, judicial or legislative action. The archives of the Fund and in general all documents belonging to it or in its possession shall be inviolable wherever they are located and by whomsoever they are possessed”.

²⁹ Article VII of the Agreement, entitled “Freedom of action and legal personality” reads “(a) As an intergovernmental organization having international legal personality, the Fund shall have freedom and independence of action; (b) The Government recognizes the legal personality of the Fund, and in particular its capacity (i) to enter into contracts, (ii) to acquire and dispose of movable and immovable property and (iii) to be a party to legal proceedings”.

³⁰ On the concept of legal personality of international organizations and the conditions necessary for the acquisition thereof, see *supra* Ch. I §II.III and II.V.

extent, indirect taxation (Article IX)³¹, financial concessions (Article X)³² and the measures necessary to facilitate the entry, state and departure from the Italian State of the international agents, relative families, representatives of Member and Non-Member States of the Fund, agents of the United Nations or their Specialized Agencies, all other representatives of the Fund or those individuals otherwise linked to, accredited or invited by it, listed in Article XI of the Agreement.

A further specification of the privileges and immunities granted to the agents of the Fund and to experts, who are not agents of the Fund, entrusted with official missions on its behalf or agents of intergovernmental organizations (other

³¹ Article IX reads: “The Fund and its assets shall be exempt from all forms of direct taxation on all official activities.

(a) As regards indirect taxes, the Fund shall enjoy the same exemptions and concessions as are enjoyed by Italian State Administrations. Furthermore, the Fund shall enjoy the exemptions and concessions provided for in subparagraphs (b) to (e), whether or not they are granted to the Italian State Italian Governments;

(b) The financial operations of the Fund which have as their object the achievement of the institutional objectives of the Fund and the performance of the functions provided for in the Agreement establishing the Fund shall be exempt from all forms of indirect taxation;

(c) as regards exemption from turnover taxes and in particular from Value Added Tax (VAT), the Fund shall enjoy exemption from payment of such taxes on relevant purchases. For the purposes of this Agreement a relevant purchase shall mean the purchase of goods or the provision of services with a value of more than 100,000 *lire*;

(d) the Fund shall be exempt from customs duties and all other charges, prohibitions and restrictions on goods of any kind imported or exported by the Fund for official purposes;

(e) In particular, the Fund shall be exempt from customs duties and all other taxes, prohibitions and restrictions on imports for official purposes of not more than 10 vehicles, including spare parts for the same. The Government shall exempt such vehicles from road tax and shall grant for each of them quotas for petrol or other fuels and lubricating oils in quantities and at prices customary for heads of foreign diplomatic missions accredited to the Government of the Italian Republic.

The Government shall issue to each vehicle a diplomatic plate or a plate suitable for identifying it as an official vehicle of an intergovernmental organisation.

The exemptions and concessions provided for in this Article shall not include taxes and charges:

(i) which are no more than payment for services rendered;

(ii) the payment of which constitutes an obligation on any person other than the Fund.”

³² As per Article X, “Without being subject to any control or financial moratorium, the Fund may freely:

(i) acquire or receive any funds, gold securities or currency through authorised bodies, hold and dispose of them;

(ii) carry out transactions in any currency;

(iii) transfer its funds, gold securities and currencies into or out of the Italian Republic, into or out of any other country or within the territory of the Italian Republic and convert any currency in its possession into any other currency; - with the exception of the Italian Lira which may be converted into another currency only in an amount not exceeding the total amount of other currencies previously converted into Italian Lira;

(b) the Government shall give its support to the Fund in order that it may obtain the best conditions as regards exchange rates;

(c) The Fund shall be bound, in exercising the rights granted to it under this section, to give due consideration to all observations of the Government, accepting them to the extent possible while safeguarding its own interests.”

than those indicated in article XV), international institutions or organizations visiting the Fund for official business are outlined, respectively, in Articles XV³³ and XIV³⁴.

³³ According to Article XV, “the officials of the Fund shall enjoy in the territory and with respect to the Italian Republic the following privileges and immunities:

(a) Immunity from preventive arrest, except in the case of *flagrante delicto* or an offence carrying a term of imprisonment of not less than two years, in which case the competent Italian authorities shall immediately notify the President of such arrest;

(b) immunity from seizure of official baggage;

(c) immunity from search of official baggage and, if the official is one of those mentioned in section 33, immunity from search of personal baggage;

(d) Immunity from legal process of any kind in respect of words spoken or written and in respect of all acts performed in the exercise of their official functions, it being understood that this immunity shall continue even after the persons concerned shall have ceased to be officers of the Fund;

(e) Exemption from all forms of direct taxation on salaries, emoluments and allowances paid by the Fund;

(f) Exemption, for officers who are not of Italian nationality, from all forms of direct taxation on income derived from sources outside the Italian Republic;

(g) exemption for themselves, their spouses and dependent family members, from immigration restrictions and from the formalities of registration of aliens;

(h) exemption from national service obligations, provided that, in the case of officials having Italian citizenship, such exemption shall be limited to those officials who, by reason of their duties, have been listed by name on a list drawn up by the President and approved by the Government; provided further that, in the case of the call to national service of officials having Italian citizenship but not included on the list, the Government shall, at the request of the President, agree to such temporary postponements in the call of such officials as may be necessary to avoid the interruption of an essential service;

(i) for officials not having Italian citizenship, freedom to hold, in the territory of the Italian Republic or elsewhere, foreign securities, foreign currency accounts and other movable property and, under the same conditions as Italian citizens, immovable property. Such officials may freely take their foreign securities and currency out of the Italian Republic and, in the course of each calendar year, may make transfers abroad, debiting the accounts they hold in Italian lire, for an amount not exceeding one third of the salary and allowances received by the Fund in that year. Moreover, at the termination of his employment with the Fund, any official may take out of the Italian Republic, through authorized agencies, without prohibition or restriction, his funds in the same currency and in the same amount as he has received from the Fund or has taken into the Italian Republic through authorized agencies;

(j) The same facilities for repatriation and the same rights to protection by the Italian authorities for themselves, their spouses and dependents as are enjoyed by members of diplomatic missions in times of international tension;

(k) the right to import, free of customs and other taxes, prohibitions and restrictions on imports, at the time of initial assumption of their posts, their furniture and personal effects, including a car, in one or more successive shipments to be made within a reasonable time and to import thereafter in reasonable quantities any necessary additions or replacements for such furniture and effects

(l) Officials in categories of personnel of the Fund that are deemed by the Fund to be equivalent to the professional and higher categories of the United Nations common system shall be entitled to:

(i) import, free of customs and other import duties, prohibitions and restrictions, one motor vehicle every four years and, after four years from the date of the import certificate issued by the competent Italian authorities, to nationalize and sell, free of customs, such vehicle in the territory of the Italian Republic;

(ii) exemption from road tax;

(iii) a quota of petrol or other fuels and lubricating oils in quantities and at prices customary for members of diplomatic missions of equivalent rank.

In addition to the privileges and immunities specified in section 32: (a) the President shall be accorded the privileges and immunities, exemptions, and facilities granted to Ambassadors who are Heads of Mission;

(b) the Vice-President or such other senior officer of the Fund as may deputise for the President in his absence shall be accorded the rank of Ambassador;

(c) other senior officials of the Fund, designated by the Chairman by reason of their responsibilities in the management of the activities of the Fund, shall be accorded the same privileges, immunities and facilities as are accorded to diplomatic personnel of missions accredited to the Government of the Italian Republic. The level of such officials shall be agreed between the President and the Government.

Each year the Fund shall communicate to the Government the list of its officials.

The Government shall issue to the officials of the Fund, their spouses and dependents enjoying privileges, immunities and facilities, a special identity card certifying that the holder of such document is an official of the Fund, or his or her spouse, or a member of the family and that he or she enjoys the privileges, immunities and facilities provided for in this Article.

(a) The privileges and immunities provided for in this Article shall be conferred in the interests of the Fund and not for the personal benefit of the persons concerned. The President shall waive the immunity of any officer in all cases where, in his opinion, the immunity would impede the course of justice and where it can be waived without prejudice to the interests of the Fund. In the case of the President, any decision as to the waiver of his immunity shall be taken by the Board of Directors of the Fund;

(b) the Fund and its officials shall co-operate at all times with the competent Italian authorities in order to facilitate the proper administration of justice, to ensure compliance with police regulations and to prevent any abuse of the privileges and immunities granted under this Article.

³⁴ In this regard, Article XIV reads: "The following categories of persons shall enjoy in the territory of and in respect of the Italian Republic, the following privileges and immunities to the extent necessary for the effective performance of their duties:

(i) Experts who are not officers of the Fund within the meaning of Article XV and who undertake official missions on behalf of the Fund or serve on subsidiary bodies of the Fund;

(ii) Officials of intergovernmental organizations other than those referred to in Article XV, international institutions and non-governmental organizations visiting Headquarters on official business or to attend meetings. The President shall notify the Government of the names of such persons as far as possible in advance.

(a) Immunity from preventive arrest, except in the case of *flagrante delicto* or an offence carrying a term of imprisonment of not less than two years, in which case the competent Italian authorities shall immediately notify the President of such arrest;

(b) immunity from seizure of their official baggage;

(c) immunity from legal process of any kind in respect of words spoken or written and of all acts performed in the exercise of their functions, it being understood that this immunity shall be maintained even after the persons concerned have ceased to perform duties on behalf of the Fund or in its subsidiary bodies or have ceased to be present at its Headquarters or to attend meetings convened by the Fund;

(d) inviolability of their official papers and documents;

(e) Exemption for themselves and their spouses from immigration restrictions, alien registration formalities and national service obligations;

(f) the same facilities in respect of currency and exchange restrictions as are accorded to representatives of foreign governments on temporary official missions;

(g) the same immunities and facilities in respect of their personal and official baggage as are accorded to members of equivalent rank of diplomatic missions accredited to the Government of the Italian Republic.

Where the incidence of any form of tax is dependent upon the duration of the stay of the person charged, the periods during which the persons mentioned in this Article are in the territory of the Italian Republic for the performance of their duties shall not be counted.

The persons mentioned in section 28, who are of Italian nationality or are permanently resident in the Italian Republic, shall enjoy only such privileges and immunities in respect of immunity from legal process and inviolability in respect of official acts performed by them in the exercise of their functions.

Furthermore, Article XVIII is of particular interest ³⁵, governing the interpretation of the Agreement and the issues of incompatibility between the latter and the 1947 Convention: it states indeed that the two shall be considered as complementary when dealing with the same matter, while in case of incompatibility the Agreement shall prevail, as *lex specialis*.

In terms of interpretation of the Agreement, Article XVIII provides for a “functional” interpretation, in light of its fundamental aim to enable the Fund to carry out its functions fully and effectively at its seat in the Italian Republic.

Article XX ³⁶ provides for the resolution of disputes concerning the interpretation or application of the Agreement or any dispute with regard to the headquarters of the Fund or the relations between the latter and the Italian Government, by means of negotiation or any other agreed means of settlement; in case of failure thereof, the dispute shall be submitted to a panel composed of three arbitrators (one nominated by the President of the Fund, one by Italian Government and the third one – the President of the panel - by the other two arbitrators), issuing a final and binding decision.

The privileges and immunities provided for in this Article shall be conferred in the interests of the Fund and not for the personal benefit of the persons concerned. The Fund shall waive the immunity of such persons in all cases where, in its opinion, such immunity would impede the course of justice, and in so far as such immunity can be waived without prejudice to the interests of the Fund”.

³⁵ Article XVIII reads: “(a) In the event that the Government is required to apply to the Fund the provisions of the Convention on the Privileges and Immunities of Specialized Institutions, approved by the General Assembly of the United Nations on 21 November 1947, including all Annexes relating to the Fund, the said Convention and this Agreement shall be regarded as complementary if their provisions relate to the same matter. In case of inconsistency between the Convention and this Agreement, the provisions of this Agreement shall prevail;

(b) this Agreement shall be interpreted in the light of its fundamental purpose which is to enable the Fund to perform its functions fully and effectively in its seat in the Italian Republic and to achieve its objectives.”

³⁶ As per Article XX: “Any dispute between the Fund and the Government concerning the interpretation or application of this Agreement or any question concerning the Headquarters or the relations between the Fund and the Government, which is not settled by negotiation or by any other agreed means of settlement, shall be submitted to the decision of a tribunal composed of three arbitrators: one appointed by the President, one appointed by the Government and the third, who shall be the Chairman of the Tribunal, appointed by the first two arbitrators. If the first two arbitrators fail to agree on the choice of the third arbitrator within six months from the date of their appointment, the third arbitrator shall be appointed by the President of the International Court of Justice at the request of either party. A majority vote of the arbitrators shall be sufficient to reach a decision, including decisions on procedural matters, which shall be final and binding on the parties.”

Lastly, Article XXI ³⁷, entitled “General Provisions”, sets forth the duty of those benefitting from the above-mentioned privileges and immunities to nonetheless comply with the laws and regulations of the Italian State and not to interfere with the domestic affairs thereof, refraining from an abuse of the privileges and immunities granted to them in virtue of their functions, in a framework of cooperation between the President of the Fund and the competent Italian authorities.

3. *Partnership between Italy and IFAD*

Since the establishment of the Fund, Italy has been a key partner; not only hosting its headquarters, but also being one of the top donors and a long-standing leader in terms of financial innovation and agriculture and nutrition expertise ³⁸.

³⁷ In this respect, Article XXI of the Agreement reads: “Without prejudice to the privileges and immunities conferred by the Agreement, all persons enjoying such privileges and immunities shall be obliged to respect the laws and regulations in force in the territory of the Italian Republic. Such persons shall also have the obligation not to interfere in the internal affairs of this State.

(a) The President shall take all appropriate measures to prevent any abuse of the privileges and immunities granted by the present Agreement and shall establish for this purpose such rules and regulations as may be necessary and useful with respect to the officials of the Fund and all other interested persons;

(b) if the Government considers that there has been an abuse of any privilege or immunity granted by this Agreement, the President shall, upon request, consult with the competent Italian authorities to determine whether or not there has been an abuse.

Should such consultations not lead to a result satisfactory to the President and the Government, the matter shall be settled in accordance with the procedure provided for in Article XX.

The Fund shall make appropriate provision for the establishment of systems of resolution of:

(i) disputes under private law arising out of contracts or other transactions to which the Fund is a party; and

(ii) disputes involving an officer of the Fund who, by reason of his official position, enjoys immunity, if such immunity has not been waived”.

³⁸ Some of the innovative partnership initiatives, leveraging the contribution of Italy to further its work, include the following:

“(i) US\$1.9 million from Italy was invested in the Regional Cassava Processing and Marketing Initiative for sub-Saharan Africa, with an additional US\$12 million leveraged from IFAD, the Global Environment Facility, the OPEC Fund for International Development and FAO.

(ii) US\$450,000 under the Italy-IFAD Facility to Support Rural Finance (RuralFin) supported the introduction of innovative financial services in Sierra Leone, and an additional US\$38 million was mobilized from the national government. Rural Fin was established in 2005 as a mechanism to enable IFAD-financed programmes in selected priority countries to enhance rural finance and value chains. The facility received US\$6 million in Italian supplementary funds. Burkina Faso, Ghana and Mauritania also benefited from the facility.

(iii) Italy funded US\$1.4 million of the US\$1.6 million project on Food Security and Ecosystem Management for Sustainable Livelihoods in Arid and Semi-Arid Lands in Kenya beginning in 2010. In this collaboration between Italy, IFAD and the Africa Harvest Biotech Foundation International (Africa Harvest), the project targeted the Eastern Province, where 80 per cent of the households were food-insecure and relied on food aid for half the year. Some 80 household groups consisting of 13,111 people were established, through which beneficiaries were trained in livestock and

The Italian State has significantly contributed to the development and strengthening of the financial architecture and enterprise risk management of the institution; additionally, its contribution is consistent also in terms of staff – welcoming over 660 staff from 177 Member States of the Fund, 28.3% of whom are Italian ³⁹.

To date, the core contribution of Italy to IFAD amounts to 600.55 million US dollars, its complementary contribution to 3.87 million and its supplementary contribution to 73.71 million. As stated in the Report on the Italy-IFAD Partnership published by the Fund in 2020, “every dollar Italy provides to IFAD’s core contributions mobilizes an additional US\$8.4, focused exclusively on poverty reduction in rural areas, where 80 per cent of the world’s poorest people live” ⁴⁰.

Especially from 2008, in the aftermath of the launch of the L’Aquila Food Security Initiative in the framework of the G8 (of whom Italy held presidency), the efforts of Italy have been increasingly intensifying.

Building on this practice, further advocacy platforms followed, including high-level Italy-Africa Conference in 2014, an event organized jointly by the Fund, the World Bank and the Italian Ministry of Economy and Finance to investigate the possibility of exporting mechanism belonging to the health sector to the agricultural one, and the Expo of Milan in 2015, entitled “Feeding the Planet, Energy for Life”

agroforestry practices, water management and conservation, and the use of sorghum to increase food availability.

(iv) US\$1.2 millions of Italian supplementary funds supported farmers’ organizations in sub-Saharan Africa and the Farmers’ Forum process in 2005, which laid the groundwork for the establishment of the Forum (see box), and IFAD’s regional Support to Farmers’ Organizations in Africa Programme, today funded with US\$40 million from the European Commission, the Government of Switzerland and the Government of France.

(v) US\$330,000 in supplementary funds enabled IFAD to develop a EUR 20 million concessional loan from Italy to the Government of Niger for the financing of the five-year project on rural infrastructure and market access to support the implementation of the new national strategy for food security and sustainable agricultural development (the 3N Initiative, *les Nigériens nourrissent les Nigériens*), which aims to eradicate rural poverty and hunger by improving the sociological and economic conditions of farmers in Niger. An additional EUR 750,000 in supplementary funds were channelled to support IFAD technical assistance to the project. IFAD co-financed the 3N Initiative with a US\$50 million concessional loan”. (IFAD, *IFAD and Italy: partnering to end hunger and poverty*, pp. 3 – 6)

³⁹ Further information and figures on the contribution of Italy to the Fund are available on IFAD official website: INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT, *Italy*, <https://www.ifad.org/en/w/member/italy>.

⁴⁰ INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT, *IFAD-Italy Partnership, 2020*, front page.

⁴¹, during which the “Finance for Food” event – co-organized by the three institutions above-mentioned - took place.

In 2017, during the international conference on Investing in Inclusive Rural Transformation (held by the Brookings Institution and the University of Warwick) the launch of the Smallholder and Agri-SME Finance and Investment Network (SAFIN) was announced by the Italian government and IFAD.

Numerous initiatives and activities can be offered by way of example of the of Italian supplementary funds contribution in promoting rural financial inclusion, aiming at “piloting innovation and scaling up success” ⁴².

An example can be easily provided by the warehouse schemes in Burkina Faso, Mauritania and Sudan financed by the Italian government, in the context of a strategic program amounting to US\$ 6 million aimed at improving the access of small-holder farmers to microfinance, inputs and markets.

Moreover, Niger - one of the poorest countries of the globe – has benefitted from the joint forces of the Fund and Italy, in the framework of the reform of the Italian development cooperation system carried out in 2014; “through highly concessional loans, complemented by technical assistance from the Minister of Foreign Affairs and International Cooperation, and expertise from the Italian Agency for Development Cooperation, together with additional funds from the European Union-Africa Infrastructure Trust Fund in collaboration with *Cassa Depositi e Prestiti*” ⁴³, Italy and IFAD have been collaborating to enhance the rural infrastructure and access to the market in the country.

⁴¹ As outlined in the Report on the Italy-IFAD Partnership published by the Fund in 2015, “EXPO Milano 2015 Feeding the Planet, Energy for Life is a universal exhibition whose primary objective is to foster international dialogue on global challenges involving food security, nutrition and natural resources. It takes place as world leaders and the international community are facing major humanitarian challenges, and at a crucial time for the United Nations system as the Millennium Development Goals come to an end and the post-2015 global development agenda is launched. The participation of the Rome-based agencies - the Food and Agriculture Organization of the United Nations (FAO), IFAD, and the World Food Programme (WFP) - is an opportunity to raise the image of Rome as a global centre of excellence for rural development and food security issues. The agencies are working in synergy to coordinate events that will raise awareness of food security and malnutrition issues among civil society” (*IFAD and Italy: partnering to end hunger and poverty*, p. 3)

⁴² INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT, Italy and IFAD, published in June 2017.

⁴³ *Ibidem*.

Furthermore, on a closing note, it should be remarked that in 2019 Gilbert Houngbo (President of the Fund) and Emanuela Del Re ⁴⁴ (then Italian Deputy Minister for Foreign Affairs) renewed - for the second time - the Partnership Agreement signed in 2001 by Italy's Directorate General for Development Cooperation of the Ministry of Foreign Affairs, with the objective of "supporting farmers and vulnerable groups (in particular peasant associations and indigenous populations); developing value chains, including boosting financial services and storage systems in rural areas; and strengthening food and nutritional security, with a special focus on sub-Saharan Africa" ⁴⁵.

⁴⁴ "The new framework agreement is a template for future project agreement financed by the Italian government", remarked Del Re. "I believe that this new agreement will be an effective platform for developing new collaborations between Italy and IFAD, also through an involvement of Italian research centers, universities and civil society", said the Italian Deputy Minister of Foreign Affairs.

⁴⁵ INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT, IFAD-Italy Partnership, 2020, p. ii.

CONCLUDING REMARKS

From the analysis conducted in this study emerges the privileged position of the International Fund for Agricultural Development (IFAD) as the only international financial institution and specialized global development organization focused exclusively on rural transformation.

The mission of the Fund to transform agriculture, rural economies and food systems in an inclusive and sustainable way is steadily incardinated in the universal commitment of the United Nations 2030 Agenda to “leave no one behind” in the pursuit of the Sustainable Development Goals.

Since the dawn of its operating activity in 1978, the Fund has provided US\$ 23.2 billion in grants and low-interest loans, supporting an estimated 518 million people in the most remote areas of developing countries.

Naturally, cooperation is key: the projects developed and financed by the Fund are often co-financed by other institutions, bilateral or multilateral donors, allowing a much broader reach. In addition, collaboration with entities, such as local governments, is strategically crucial for the positioning of IFAD in the recipient countries.

The growth in global population, expected to exceed 9 billion by 2050, will widen the already deep gap existing between the rich and the poor, exacerbated by further challenges; climate change, *in primis*, constitutes a major threat in this respect. Nonetheless, in challenge relies opportunity: agriculture has proven to be a massive engine with respect to poverty reduction, generating remarkable growth in the gross domestic product (GDP) of developing countries.

Investigating the substantive and institutional profiles of IFAD as an international organization, the Fund silhouettes as a major depository of expertise in the field of food security, agriculture and rural development.

Clearly, there are some criticalities inherent to the Fund itself as an international financial institution. First of all, a potential concern relies in the structure of IFAD, which does not include stable mandatory contributions from its

Members: instead, its replenishments rely exclusively on a voluntary basis, which could lead (and has led in the past) to a decline in funding.

However, the Fund has addressed such indwelling issue through a number of measures: among the pivotal ones, the implementation of the Sovereign Borrowing Framework (SBF) and the Concessional Partner Loan (CPL) Framework, with the aim of securing the needed additional funds. Additionally, IFAD continuously explores new paths for the further diversification of its funding base.

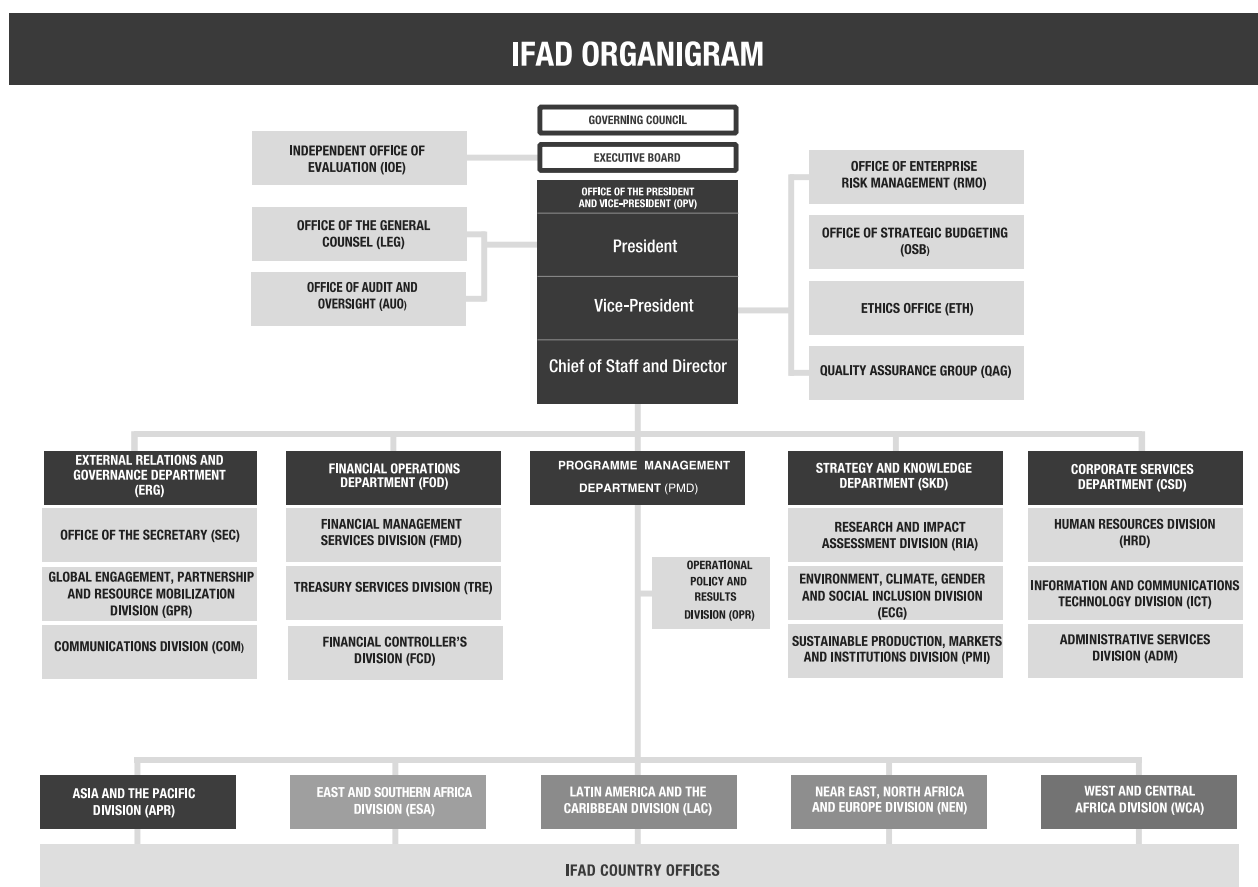
Furthermore, as with many other international financial institutions, the Fund has been confronted with a conspicuous number of demands for increased transparency and accountability mechanisms, which constitute today one of its strengths.

Indeed, as outlined in Chapter IV, IFAD has been promoting the adoption of the highest standards of accountability throughout its work, adhering, for instance, to the International Aid Transparency Initiative (IATI) since 2011 and considerably widening its disclosure policy, adopting the principle of presumption of full disclosure of documents.

As a closing note, the future scenario of the Fund (under the Twelfth Replenishment Period 2022-2024) is envisaged as stronger in terms of evidence and data collection, reinforcement of the results focus throughout the whole project cycle, enhancement of the country approach, as well as improved ownership and alignment around its investments. Besides, IFAD's way forward includes an even higher commitment to inclusiveness, diversity and sustainability, enucleating and enhancing the four key thematic areas of environment and climate change, gender, nutrition and youth.

In the coming years, the International Fund for Agricultural Development will mobilize substantially more resources for investment, strengthen and innovate its country programmes and deliver development results in line with the evolving demands of the recipients, continuing to go the extra mile to "leave no one behind".

ANNEX I.



Source: International Fund for Agricultural Development, www.ifad.org.

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