

**IFAD’s bond issuance marks milestone, connecting capital markets to rural poor around the world**

**Rome – 8 June 2022:** The International Fund for Agricultural Development (IFAD) today issued its first sustainable development bond with Folksam, a leading insurance and pension fund in Sweden investing in a US$100 million bond. The entry to capital markets sets the stage for IFAD’s increased investment in food security, rural development and economic growth at a time when the war in Ukraine is pushing global food, fertilizer and energy prices to record levels, putting millions more rural people already reeling from the COVID-19 pandemic at risk of falling into hunger and poverty.

IFAD is the first United Nations Fund and the only UN body and specialized agency other than the World Bank Group to enter capital markets, following the completion of its credit rating process in 2021 which resulted in a AA+ rating from both Standard & Poor’s and Fitch.

“This inaugural transaction is a key milestone for IFAD and an opportunity to significantly step up its financing to build the resilience of rural populations,” said Katherine Meighan, IFAD’s General Counsel and acting Chief Financial Officer. “We urgently need to scale-up investments to ensure that rural populations who produce one third of the world’s food can continue to feed communities and offer a decent future to their children.”

Small-scale farmers are vulnerable to many shocks in particular climate change impacts, with yields affected by extreme weather events, higher temperatures and changing weather patterns. Currently one in ten people globally do not have enough to eat, while hunger has been on the rise for the last five years reaching more than 800 million people in 2020.

“The proceeds of IFAD’s first bond issuance will augment IFAD’s capacity to help small-scale farmers adapt to climate change, access supply chains and markets, and produce more diverse foods, thus stimulating rural economies and directly contributing to many Sustainable Development Goals, in particular ending hunger and poverty,” said Natalia Toschi, Head of Funding at IFAD’s Financial Operations Department.

“The need for investment in agriculture is great. The war in Ukraine has, in addition to the suffering of the Ukrainian people, meant record high prices for energy, food and fertilizers. In addition, there is climate change, which is already affecting farmers in many parts of the world. There is therefore an imminent risk of a famine in the world's poorer countries,” said Ylva Wessén, President and CEO of Folksam.

Christopher Flensborg, Head of Climate and Sustainable Finance at SEB, which arranged the bond transaction said: “We are very happy to welcome IFAD to the bond market. Their mandate has never been more important and it is a privilege to assist IFAD to broaden the knowledge around food challenges, solutions and security. To enable private capital to support their effort is essential and we are pleased to see that the Folksam Group takes the lead in this effort and are looking forward to bring additional food and agriculture related finance to the market.”

In recent years, IFAD has been exploring new funding models to empower vulnerable rural populations, meet the changing needs of developing countries which borrow from IFAD and reach its objective of doubling its impact on reducing poverty and hunger by 2030.

**Contacts:**

Caroline Chaumont, IFAD Rome

Mobile: +39 3496620155

Email: [c.chaumont@ifad.org](mailto:c.chaumont@ifad.org)

*Press release No.: IFAD/XX/2022*

IFAD is an international financial institution and a United Nations specialized agency. Based in Rome – the United Nations food and agriculture hub – IFAD invests in rural people, empowering them to reduce poverty, increase food security, improve nutrition and strengthen resilience. Since 1978, we have provided more than US$23.2 billion in grants and low-interest loans to fund projects in developing countries. Last year, IFAD-supported projects reached an estimated 130 million people.

*A wide range of photographs of IFAD’s work in rural communities are available for download from its* [*Image Bank*](https://photos.ifad.org/asset-bank/action/viewHome)*.*