

Document:	<u>EB 2020/129/INF.9</u>
Date:	<u>22 April 2020</u>
Distribution:	<u>Public</u>
Original:	<u>English</u>

E



Investing in rural people

Opening Statement and Update on COVID-19 by President Gilbert F. Houngbo

Executive Board — 129th Session
Rome, 20-23 April 2020

For: **Information**

Opening Statement and Update on COVID-19

Colleagues, ladies and gentlemen,

Let me officially and formally welcome you to this 129th session of IFAD's Executive Board.

I thank you particularly for your flexibility and your quick response to our proposal to hold this session virtually.

We will be piloting virtual interpretation as well. I understand that the Office of the Secretary has followed up with you to ensure that you have the latest version of Zoom. This is our first time and our technical team will do their very best to make sure everything runs smoothly. But let me ask for your indulgence ahead of time. Bear with us and I think, *inshallah*, things will go quite smoothly.

I would like to extend a special welcome to our newly accredited representatives:

- For Argentina, His Excellency, Ambassador Carlos Bernardo Cherniak, Ambassador and Permanent Representative of the Argentine Republic to FAO, IFAD and WFP;
- For Egypt, Dr Ramzy Steno, Agricultural Counsellor and Deputy Permanent Representative of the Arab Republic of Egypt to IFAD.

Let me also inform the Board that Bangladesh has replaced Pakistan in the Board as alternate member to India. On this occasion, I would like to welcome Mr Manash Mitra, Economic Counsellor, Alternate Permanent Representative of the People's Republic of Bangladesh to IFAD.

Before we start our official business, ladies and gentlemen, allow me to ask for a minute of silence to remember His Excellency Ambassador Antonio Vargas Hernández, Governor and Executive Board representative of IFAD for the Dominican Republic. Don Antonio was a part of the IFAD family, a dear friend to many of us, who dedicated himself to improve the lives of so many poor in rural areas. We will certainly miss him.

Ladies and gentlemen,

Allow me now to frame our discussions for today and share a video message from another part of the IFAD family being affected by the current pandemic – the Asian Farmers' Association. In recognition of IFAD's role in mobilizing the support of donors and development partners, the Association is requesting IFAD's support in scaling up local efforts to ensure that food security, nutrition and small-scale producers are prioritized – that people are at the centre – and to mitigate the risks that are facing the communities that we work with.

Ladies and gentlemen,

Let me now share an update on COVID-19. When we last met in December none of us could have imagined that our next meeting would be held remotely, with most of us locked down in our homes. This global pandemic reminds us that we are all in this together, rich or poor, donors or beneficiaries, urban or rural, in every corner of the world we are all together. COVID-19 has been compared by some to a tsunami and that is no exaggeration quite frankly. But as we have learned, also from tsunamis, the first wave is often not the most destructive. Unfortunately the next wave, in this case, is already approaching. With an economic recession looming and talk of a possible depression, the outlook for global poverty and hunger is bleak.

Among the many scenarios is a warning that extreme poverty could rise by 20 per cent this year alone – leading to a spike in food insecurity. Development progress could be set back 30 years, with sub-Saharan Africa and South Asia the hardest hit. The Board agenda items highlight some issues. Clearly our world has changed, and IFAD must adapt accordingly. The economic implications for our Member States are enormous and are even more so for the poor rural population we serve.

We know our work will be more relevant than ever, but how does the new reality fit with IFAD's plans for the future? What are the technical, operational and financial implications of COVID-19 for IFAD? And finally the question I know is on all of our minds: how do we move forward with the IFAD12 replenishment process?

This is the context in which we will be discussing our agenda items, which include: the Targeted Capacity Investment plan; IFAD's work with the private sector – including the approval of the Private Sector Framework; the proposed investment for the ABC Fund; the allocation of US\$25 million in grants as seed funding for the private sector and other new initiatives, including of course ASAP+.

At a time of such global uncertainty, I do not pretend to have all the answers. But in preparing for this Executive Board meeting, it strikes me that this may be the time to go back to fundamentals and to reconsider and reconfirm jointly – Board and Management – what is the IFAD we want, particularly in this changing world? Not just for this IFAD12 replenishment, but for the years to come.

We have already received requests for debt relief from three countries, and we have been informed more are coming. Other IFIs are taking various actions in response to the recent measures adopted by the G20. The looming recession and socioeconomic impacts of COVID-19 will likely increase the number of countries eligible for DSF.

I want to be very clear: we welcome these financial measures and expect even more robust action very likely will follow. At the same time, unless special compensatory steps are taken, implementing such measures could severely affect IFAD's financial sustainability. And on the programmatic side, the pandemic requires us to adjust our current value proposition.

In view of these substantive issues, we have been asking ourselves whether we should postpone the June session of the replenishment. I would therefore like to hear from you in this regard. Obviously, if the tendency is to postpone the June session, we will have to consult the rest of the Replenishment Consultation and look for potential dates that will suit everybody. The postponement could allow time for a more thorough analysis of the likely impact of the pandemic and its aftermath on IFAD's operations and financial sustainability, and to integrate what we have learned into the papers for the session.

If we decide not to postpone the second session, the timing of the third and fourth sessions, including the pledging, could be determined during the second session. Please reflect on this. I really would like to hear from you.

Ladies and gentlemen,

We must not allow the pandemic to undo years of good work with our partners in reducing poverty and enhancing food security in rural areas. We cannot afford to be unprepared for present and future dangers – including the impact of climate change, and the locusts currently threatening crops and the food security of millions of people in East Africa.

Now, more than ever, we are reminded of the importance of international cooperation and the need for a strong global multilateral system – not only to face with greater strength and unity, but also to shape our common future.

At IFAD we are grateful for the continued support of our Member States in ensuring that the world's COVID-19 response includes building resilience – resilience at the household level, resilience at the community level and at the food system level. The link between good nutrition and human health is absolute and indisputable. And good nutrition depends on productive, sustainable and inclusive food systems.

In this context, investments now by the international community will not only address the current crisis, but also better prepare us in the future.

We have an opportunity to shape the right kind of interventions: ones that not only address immediate needs but create jobs and small businesses that increase

employment options particularly in rural areas – while improving overall agricultural productivity, and safeguarding the food supply for both rural and urban populations for the future.

Let me assure you that in all we do, IFAD will be working in partnership with our Member Governments, with the United Nations particularly at the country level, the UNCTs (UN country teams) and, obviously, with our colleagues from RBAs.

Ladies and gentlemen,

Permit me to give you an update on IFAD's status. Thankfully, we have had only one person test positive for COVID-19 and she has now fully recovered. We have now 567 staff teleworking from their duty station, 65 from their home countries and 18 from third countries.

On the operational front, in most of the countries where we work, there has been some disruption or a partial stop of operations. We have been working very closely with governments to make sure rural areas and agricultural development do not fall off the agenda during this difficult period. In Bangladesh, for example, IFAD worked with the Government to make sure that maintaining transport and logistics for agricultural products was part of the national response plan.

Not surprisingly, there is increased demand from Member States for IFAD support. We have currently received requests from over 100 projects across 65 countries to reallocate or add funds, or to extend project length. This includes repurposing projects to contribute to long-term recovery or considering debt restructuring and new borrowing needs.

What is key for us is to note that the requests we are receiving call for immediate action, although they do not fall within the humanitarian reaction as we know it. In other words, we cannot and we do not have the time to wait for the humanitarian piece, and then start a recovery phase or a post-crisis phase. A key initiative is our new Rural Poor Stimulus Facility – one of our new initiatives designed specifically to mitigate the effects of COVID-19 on production, market access and rural employment. The Facility has been designed to complement the UN socioeconomic response framework, following the UN Secretary General's call for solidarity and coordinated global action.

This rapid response Facility will address the immediate needs of small-scale producers as a result of COVID-19 for the next 18 months. It is therefore time-bound. It aims to improve the food security and resilience of poor rural people by ensuring timely access to inputs, information, markets and liquidity.

The Facility will focus first and foremost on IFAD project beneficiaries, to ensure gains at the project level are not reversed, and that projects are able to adapt to the new circumstances. We are proposing that IFAD initiate the Facility with US\$40 million in seed funding. We are seeking additional support from Member States and other partners to mobilize somewhere in the vicinity of US\$200 million to US\$250 million.

Ladies and gentlemen,

During IFAD10 – from 2016 to 2018 – about 26 million rural people improved their resilience as a result of IFAD projects. These gains must not be lost.

We recognize that every issue we discuss over the next three days must be viewed through a COVID-19 lens. As we look to the future, we need to consider how to build rural resilience to shocks and foster self-reliance of rural communities, coupled with a better contribution to social protection schemes.

Unusual times require decisive action. By taking action now, we can make sure the current pandemic does not provoke an even bigger global poverty and food crisis.

Thank you.