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Opening Statement by President Gilbert F. Houngbo

Executive Board — 135th Session
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For: **Information**

Excellencies, ladies and gentlemen,

When we last met in December, obviously none of us would have predicted that in April, four months later, we would be living with a war in Ukraine, which would today be having a devastating impact on millions of civilians, as well as sobering and far-reaching repercussions for global food security and poverty.

I would like to echo the Secretary-General's call "to stop the fighting now and give peace a chance."

Some of you might recall that two years ago I said that yesterday was climate change, today was COVID, and very likely an unknown crisis could be on the horizon. Our world is complex, volatile and uncertain.

As one shock compounds another, the poor women and men of the developing world are once more facing a threat to their food security, and risk being pushed more deeply into poverty.

Food prices have risen 34 per cent in just one year. Crude oil is up by 60 per cent. And the price of gas and fertilizer has more than doubled.

This is a time when we are made acutely aware of our common humanity.

Never has it been more important to build the resilience of the world's poorest and most vulnerable.

Climate change. Pandemic. Conflict. Financial shocks. Each causes untold suffering and personal tragedy. But to focus only on the specific is to miss the fact that crisis will follow crisis.

We must invest not only in recovery and rebuilding, but insist on investing in medium/long-term resilience, so that the world's poorest and most vulnerable people can withstand today's shocks and tomorrow's – and continue to improve their lives.

In the international community, there is widespread agreement on what needs to be done at the macro level – the need for policy and financial support to vulnerable countries; actions to mitigate balance of payment pressures, and to keep trade flowing and international commodities markets functioning. The need for agreement on safeguarding international trade in food and fertilizers has been widely discussed.

The international discourse needs to press harder on the need for investment in agriculture and rural areas at the local, micro level.

We need initiatives that target the bottom of the pyramid, where poverty and hunger are most pervasive.

Let us not ignore the role of these producers in feeding their communities and contributing to sustainable food systems. Small-scale farmers produce around one third of all food calories on less than 11 per cent of the world's agricultural land.

Investments in these small farmers, at the micro level, are every bit as important as those at the macro level, if we don't want to exacerbate a crisis by creating more inequality and vulnerability.

I cannot insist enough on this. We must have initiatives that benefit the bottom of the pyramid. And this is exactly IFAD's space in the development architecture – investing in the micro, and connecting it to the macro.

Dear colleagues,

IFAD has a long history, as you know very well, in recovery and building resilience. So, in response to the fallout from the conflict in Ukraine, IFAD is launching a crisis response initiative. The initiative aims to protect the development gains and livelihoods of poor rural households and producers within our projects, while reinforcing their resilience to this new shock, focusing on the poorest and most affected countries. We look forward to discussing this further with you later today.

During this session of the Executive Board, we will be presenting you with the Medium-term Budget paper, containing the budget outlook for the period 2023 to 2025. It gives an overview of actual and projected costs for D2.0 as well as an outline for an approach to strategy, results focus and prioritization.

Based on this analysis – taking into account cost drivers and the need to focus on long-term financial sustainability – IFAD is proposing three multi-year budget scenarios.

We are looking forward to your feedback on these scenarios.

In addition, a paper will be presented on IFAD's participation in the Heavily Indebted Poor Countries Initiative, and next steps. This will be complemented by a paper on Sudan and Somalia.

As we enter discussions on these papers, I hope members will consider the need to balance alignment with other international financial institutions at the same time as safeguarding IFAD's balance sheet and our credit rating. Of particular importance is the need to decide about how to proceed with Sudan, bearing in mind the sensitivity of offering debt benefits at a time when the Paris Club has halted bilateral debt relief as a result of the military takeover in Sudan.

With our focus on financing agriculture and rural development, IFAD is uniquely placed to support global efforts to transform food systems and end hunger.

To contribute to these goals, Membership and Management continue to take important steps to expand IFAD's operational and financial capacity – for example through our Integrated Borrowing Framework and increasing attention to climate financing. But, even with these efforts, the current level of IFAD capital falls far short of what is needed to deepen and double our impact on those we serve: the rural poor and smallholder farmers.

Our strategic dialogue will initiate discussions on a longer-term vision of how to finance IFAD's crucial global role in a sustainable way.

So, I look forward to our discussions during the formal board session, and eventually to continuing, if deemed necessary, the discourse during the Executive Board retreat.

Allow me also, ladies and gentlemen, to update you on where we stand on the Twelfth Replenishment of IFAD's Resources.

First of all, I want to recognize, once again, that our Member States have provided a very substantial level of core contributions. To date, 96 Member States have provided core contributions for an amount of US\$1.219 billion.

We are deeply grateful to all of you who have made pledges and transformed them into instruments of contribution. However, there is still a shortfall of US\$81 million required for us to keep the US\$3.5 billion programme of loans and grants that we used as a basis for our programming in IFAD12.

Ladies and gentlemen,

As you know, in the fall I will be leaving IFAD to take on the leadership of the ILO. I would like to humbly express my gratitude to the Board for your support and partnership throughout my time as IFAD President. And allow me also to take this opportunity to reaffirm my commitment to IFAD during and after the remaining months of my tenure. In this period, I will do my utmost to ensure a smooth transition.

With your continued support, I have no doubt that in the years ahead, IFAD will continue to build on what we have achieved and to deliver on its noble mission, and ensuring that we move towards a world where no rural person lives in poverty or hunger.

Thank you.