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## **Update on IFAD's activities related to the global food crisis response**

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**Useful references:** Protecting Rural Livelihoods and Resilience - IFAD's Response to the Impacts of the War in Ukraine: A Crisis Response Initiative (CRI) ([EB 2022/135/R.39](#)).

**Action:** The Executive Board is invited to review the update provided on IFAD's activities related to the global food crisis response.

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*For more information on IFAD's Crisis Response Initiative, please visit <https://www.ifad.org/en/crisis-response-initiative?fromhp>.*

## **Update on IFAD's activities related to the global food crisis response**

1. The ongoing war in Ukraine is only one example of the crises the world is facing. The current looming food crisis is being caused by the conflict, but also by climate change and the continued impact of COVID-19, including uneven economic recovery and limited fiscal space. Together, these factors are threatening to undo decades of development gains and push millions of vulnerable people deeper into hunger.
2. These overlapping crises are bringing a growing awareness around the vulnerability of food systems and the need to make them resilient to future shocks. This requires collective, tangible and meaningful actions, both to address immediate needs and to build resilience for the future. Humanitarian aid alone, while critical, cannot be the answer.
3. In that spirit, several new global initiatives have recently been launched to respond to the impacts of the war in Ukraine on food security. IFAD, as a specialized United Nations agency and international financial institution (IFI), has been approached to play a key role in many of these initiatives. This underscores the Fund's track record and expertise in providing longer-term investments in resilience and agricultural productivity to end rural poverty.
4. Through these initiatives, IFAD's primary objective is to elevate the voice and needs of the rural poor, and to ensure global dialogue translates into meaningful action and results for those who are most vulnerable. IFAD's unique mandate positions it as a direct respondent to the crisis. Its programme of loans and grants focuses on medium- and longer-term investments in resilient food systems, increasing productivity, and building and sustaining markets. IFAD is therefore well positioned to direct additional financing where it can easily scale up activities (through the Crisis Response Initiative [CRI]) or to its core resources, in particular as the Thirteenth Replenishment of IFAD's Resources (IFAD13) approaches. Given its mandate, IFAD is also ready and well positioned to coordinate across initiatives and bring innovation to the global response.
5. In response to outreach from Member States on IFAD's engagement in the various global response initiatives, this document provides an overview of IFAD engagement. The aim is to guide a discussion with Executive Board members on how IFAD – and its Member States – can support complementarity among global workstreams to build resilience and food security, and translate it into action where it is most needed. This paper also provides an early update on resource mobilization for and implementation of IFAD's CRI to protect the livelihoods and productive assets of small-scale farmers and the rural poor.

### **I. Global food crisis response**

6. IFAD welcomes the leadership shown by the international community to address the food crisis and its growing impacts. Several new initiatives have been launched that are essential to raise awareness and coordinate global action to counter rising food insecurity. Of those initiatives, this paper highlights the following where IFAD plays a key role as a trusted partner with specific expertise: the United Nations Secretary-General's Global Crisis Response Group (GCRG), the G7 Global Alliance for Food Security (GAFS), the French-initiated Food and Agriculture Resilience Mission (FARM), the United States-led International Financial Institution Action Plan to Address Food Insecurity, the United States-led Global Food Security Call to Action, and the African Development Bank (AfDB) African Emergency Food Production Facility. IFAD has also been approached as a key partner for collaboration as countries and others look to allocate additional resources to

address the impacts of the crisis, including the European Union food crisis plan where IFAD is proposed to be one of the primary implementing partners.

## A. Global initiatives

7. **Global Crisis Response Group on food, energy and finance.** The GCRG is an initiative of the United Nations Secretary-General and is the key coordination mechanism for the United Nations for high-level messages and recommendations on food, fuel and finance in response to the crisis. It aims to help decision makers mobilize solutions and develop strategies and recommendations to help countries, including the most vulnerable, weather the crisis.
8. The GCRG has three workstreams: food, energy and finance. The work of the GCRG is guided by a steering committee, which is chaired by the Deputy Secretary-General and made up of a broad range of United Nations principals and the principals of key institutions such as the World Bank, International Monetary Fund and regional development banks. The leads of each workstream are also members. The GCRG has produced two briefs to date, along with associated high-level messaging.
  - **IFAD's role.** IFAD actively contributes to the food workstream and the IFAD President participates in the steering committee.
9. **Global Alliance for Food Security.** Launched by the G7 German Presidency and the World Bank, the GAFS aims to catalyse an agile, immediate and coordinated response to the unfolding global food security crisis and complements the work of the GCRG. This is not a pledging mechanism but rather a platform for coordination among key partners. The secretariat is hosted by the Global Agriculture and Food Security Program (GAFSP).
10. The GAFS steering group agreed to focus on five priority short-term actions: (i) create solidarity lanes to help Ukraine export agricultural goods; (ii) avoid further hunger with country-led needs assessments, humanitarian response and expanded social safety nets; (iii) boost sustainable agricultural production for upcoming harvests; (iv) provide regular agricultural market information; and (v) develop a dashboard and interactive map to consolidate and present data, track financial resources and share research.
  - **IFAD's role.** IFAD has been involved in the GAFS since its inception and is part of the steering group. IFAD has been invited to play a key role in the third priority track to boost sustainable agricultural production and contribute to policy recommendations.
11. **The Food and Agriculture Resilience Mission initiative.** The French European Union Presidency has proposed FARM as a new umbrella initiative to address short- and medium-term food security and nutrition, and to promote longer-term sustainable and resilient food systems.
12. FARM has three pillars: pillar 1 focuses on trade and commodity prices; pillar 2 focuses on solidarity and emergency response; and pillar 3 is dedicated to strengthening and making resilient local agricultural production in vulnerable countries. It proposes a "3Cs" approach: capital (mobilize new funding), commitment (donors committing to a resourcing plan for food systems transformation) and coordination.
  - **IFAD's role.** IFAD has been asked to lead on pillar 3, in coordination with other relevant IFIs and stakeholders, and has provided technical inputs. IFAD has accepted to host a secretariat and coordinate across stakeholders to develop joint workplans, projects and actions, report to beneficiaries and donors, monitor and report results and coordinate communication.
13. **The African Emergency Food Production Facility and Mission 1 for 200.** The AfDB is investing US\$1.5 billion in this plan for African emergency food production.

The facility is intended to address short-term needs by raising the production of wheat, maize, rice and soybean to compensate for supply lost due to the war in Ukraine.

- **IFAD's role.** While IFAD does not have a formal role in the facility, there is a strong link between it and the Mission 1 for 200 initiative that IFAD is currently designing jointly with the AfDB. The Mission 1 for 200 initiative will boost productivity of core commodities in Africa to address food insecurity in the continent.

14. **The International Financial Institution Action Plan to Address Food Insecurity.** Recognizing the role of IFIs in times of crises, the United States Department of the Treasury released an IFI action plan to capture and promote the policy and operational responses of several institutions, including IFAD. The plan highlights the actions IFIs will take across six priority goals: (i) supporting vulnerable people; (ii) promoting open trade; (iii) mitigating fertilizer shortages; (iv) supporting food production now; (v) investing in climate-resilient agriculture for the future; and (vi) coordinating.
  - **IFAD's role.** IFAD was closely involved in the development of the action plan, which features IFAD's programme of loans and grants as a key mechanism to build the resilience of the world's most poor and vulnerable rural people. The plan also highlights the role of IFAD's CRI to scale up immediate support.
15. **Global Food Security Call to Action.** At a ministerial meeting chaired by the United States, a Roadmap for Global Food Security – Call to Action was issued. The roadmap reaffirms commitments made by United Nations Member States to: (i) make new, additive financial donations to key humanitarian organizations; (ii) provide in-kind donations; (iii) keep food and agricultural markets open; (iv) increase investments to support the sustainable transformation of agriculture and food systems; (v) increase investments in research; and (vi) closely monitor markets and share information.
  - **IFAD's role.** IFAD took part in the United States-chaired ministerial meeting, and highlighted the CRI and its broader role in international crisis response. The roadmap refers to IFAD, the broader United Nations system, IFIs and sustained investments in long-term resilience.

## **B. IFAD's engagement approach**

16. Through its engagement in various global initiatives, IFAD is highlighting the importance of medium- and longer-term investments in food security and resilience. Its key areas of focus include increasing productivity in a low-emission climate-resilient manner and supporting inclusive markets, while ensuring no one is left behind. The Fund is also demonstrating its role as a trusted partner and convenor of food systems investments, leveraging its strength as an IFI and specialized United Nations agency.
17. In its engagement, IFAD also emphasizes the following five points:
  - (i) **Complementarity of initiatives must be enabled and supported,** recognizing the comparative advantages and strengths of different institutions. IFAD believes in the strength of multilateralism and that the global community working together can achieve much more than bilateral assistance alone. With global attention on the food crisis, the opportunity exists to show how the international community can mobilize to deliver results.
  - (ii) **As a direct and immediate response to the current food crisis, no new institutions or funds should be created.** There are existing institutions with clear mandates and comparative advantages already operating in the food security space. These should be funded appropriately and new initiatives

should focus on redirecting existing development funding or attracting new non-traditional resources for these institutions.

- (iii) **Policy must be built to explicitly target and support small-scale producers and the rural poor.** One third of the world's food production is dependent on small-scale producers, most of whom live in rural areas. IFAD's engagement in global crisis response initiatives is rooted in the realities faced by the communities it serves. The voices of the rural poor and small-scale producers must be incorporated into policy, design and delivery. Special attention must be paid to those who are most vulnerable: the rural poor, women, youth and indigenous peoples.
- (iv) **Global crisis initiatives must be connected to country demands.** Global dialogue must fuel effective action at the country level. IFAD's engagement in global initiatives is therefore informed by its country-level work and the needs of its client countries.
- (v) **Global crisis initiatives must be underpinned by funding and measurement.** Without adequate resources and monitoring, impact will be neither possible or measurable. Global crisis response, policy dialogue and coordination are fundamental, but must translate into actual support for actions on the ground. Further, without measurement systems built in from the start, efforts will not be credible. This will require resources and political commitment.

## II. Update on IFAD's Crisis Response Initiative

18. In April, IFAD launched the CRI to protect the livelihoods and productive assets of small-scale farmers and the rural poor in the context of the current food crisis. It scales up support to meet demands from countries, focusing on: (i) ensuring small-scale farmers have access to inputs and basic assets; (ii) investing in small-scale infrastructure; (iii) supporting access to finance; and (iv) facilitating access to market-related information. These actions address immediate needs associated with the current crisis, while also building resilience and food security for the future. The CRI works alongside other IFAD instruments to build resilience, including the enhanced Adaptation for Smallholder Agriculture Programme (ASAP+), which channels climate finance to small-scale producers, and the Private Sector Financing Programme, which scales up private sector financing in small-scale agriculture to close the funding gap faced by smallholders and the rural poor.
19. **Update on observed impacts.** IFAD continues to closely monitor the impacts of the ongoing war in Ukraine on the communities it serves and food systems more broadly. From a global perspective, massive spikes in the prices of food, fuel and fertilizer are having a significant impact on rural households and small-scale farmers. Disrupted grain flows are also having dramatic short-term effects on agriculture and food systems. These trends, in combination with existing structural challenges and rising global debt levels, present a significant risk for a food availability crisis in 2023. The 2022 report on the State of Food Security and Nutrition in the World estimates that under the moderate shock scenario, the global number of undernourished people in 2022 would increase by 7.6 million people, while this rise would amount to 13.1 million people above baseline estimates under the more severe shock setting. Projections are that nearly 670 million people will still be facing hunger in 2030 – 8 per cent of the world population, which is the same as in 2015 when the 2030 Agenda was launched.
20. At the portfolio level, IFAD is seeing rising inflation and increases in the cost of energy (notably fuel), fertilizer, inputs and food, with a significant impact on livelihoods and local markets and services. The effects are being felt by ongoing projects and programmes in different ways: increased costs for construction materials slowing down the building of local infrastructure in the Central African

Republic; rising fuel prices leading to decreased use of tractors for land preparation processes in Fiji; and a smaller than planned number of youth entrepreneur incubation centres in the Nigeria country programme. Farmers across Africa and in many parts of Asia are also struggling with scarcity or higher costs for fertilizer and livestock feed, and countries that are highly dependent on long food value chains, such as small island developing states, are seeing high increases in the cost of imported food, as well as of other important commodities including agricultural inputs and equipment.

21. As a result of these challenges, the farmers IFAD supports are likely to have reduced profit margins and governments are likely to struggle to afford subsidies for fertilizer and other fiscal support. This means producers are not only struggling this season, but may reduce investment in future production seasons. This poses a significant risk to food security and longer-term development goals.
22. **Update on CRI implementation.** The CRI helps small-scale producers access inputs (such as breeding stock, seeds, fodder, fuel, fertilizer and technology), credit, small-scale infrastructure and information to maintain food security and sustain decent livelihoods, while also adapting to the ongoing impacts of climate change. CRI prioritizes 22 countries where needs are most immediate and severe. Strong commitments made by IFAD's Member States have led to the mobilization of approximately US\$21 million as of 1 August 2022 (EUR 10 million from the Netherlands, EUR 1 million from Ireland, US\$10 million from the United States), with advanced conversations ongoing with other partners for additional financing.
23. Programming has started in the countries highest on the priority list. Confirmed funding has enabled programming for Somalia, Afghanistan, Yemen, Ethiopia, Mozambique and Haiti. Proposals have been developed for subsequent priority countries so that action can be taken immediately as new funds materialize. This includes proposals for projects in Madagascar, Burundi and Eritrea. IFAD is also undertaking policy studies to support country and regional responses.
24. For Somalia, CRI funding will provide support to agricultural productive capacity and functionality of food supply chains (including livestock) and to resilient irrigation and domestic water supply infrastructure through innovations and access to sustainable production technologies. In Afghanistan, CRI funding will support the protection and restoration of livelihood assets and production capacity, as well as access to finance and markets in the dairy value chain in particular. For Yemen, CRI financing will provide food for assets, enabling support to vulnerable rural livelihoods in the immediate term while also fostering investment in critical local food system infrastructure and productive community assets.
25. Based on country demand and the ongoing war, the need for IFAD to undertake both immediate actions and longer-term investments is great. IFAD continues to look for ways to further increase funding for the countries and people most impacted.

### **III. Commitment towards building resilient food systems**

26. One of the three strategic objectives set out in the IFAD Strategic Framework 2016-2025 is to enhance the resilience of rural poor people. IFAD12 also focused on recovery, rebuilding and resilience. IFAD is unique in that it reports at the impact level on an indicator for resilience that captures households' ability to recover from any shocks dealt with during the project or reference period. During the IFAD11 cycle, impact assessments show that 38 million beneficiaries reported an improvement in their resilience (strategic objective 3) by at least 20 per cent as a result of IFAD investments. Strengthening the resilience of those most vulnerable is critical to ensure that future shocks and crises do not lead to setbacks in the progress that has been made on food security and poverty over the decades.

27. Given its expertise in building resilience, IFAD welcomes guidance from its Executive Board on how to harness the attention of the current global crisis to make meaningful investments in longer-term resilience and food security. The Fund sees this as a critical moment for Member States to reaffirm a shared commitment to achieving the Sustainable Development Goals. This means cooperation and coordination to ensure global initiatives lead to investments that are sustainable, resilient, inclusive and fair. These objectives will underpin IFAD's strategic direction for IFAD13, which comes at an opportune time to scale up impact. Global challenges require global solutions – and IFAD will continue to engage in crisis response in that spirit.