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Enabling poor rural people
to overcome poverty

Update on IFAD's actions in response to the global food security crisis

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For: **Information**

Note to Executive Board Directors

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Update on IFAD's action in response to the global food security crisis

I. Introduction

1. At the ninety-seventh session of the Executive Board in September 2009, IFAD Management agreed to provide an update on the actions that had been taken or supported by the Fund to address the food crisis in developing countries since its emergence at the beginning of 2008.
2. This note provides an overview of the actions undertaken by IFAD, which include enabling governments to request the reallocation of resources under existing loans and to obtain additional grant resources as cofinancing for new and ongoing programmes from the European Commission and Italy and Sweden.
3. Finally and most importantly, through the 2008 and 2009 lending programmes IFAD has supported governments in designing new programmes to enable smallholder farmers (especially women) to benefit from higher productivity, new technologies and better nutrition.
4. In addition to the above country-level efforts, IFAD has actively participated at the global level to ensure a coordinated response that would better address the global aspects of food security. One of the main undertakings has been IFAD participation in the High-Level Task Force (HLTF) on the Global Food Security Crisis. IFAD has also been involved in elaborating the reform of the Committee on World Food Security. In addition, the Fund is actively engaged in the L'Aquila Food Security Initiative launched at the G8 Summit in July 2009 and in the possible establishment of a multi-donor trust fund for global agriculture and food security.

II. Reallocation of committed resources

5. In April 2008 IFAD announced its readiness to reallocate up to US\$200 million from existing loans and grants to provide an immediate boost to agricultural production in the developing world. These funds would enable poor farmers to access essential inputs such as seeds and fertilizer, allowing them not only to prepare for the coming cropping season but also to establish a basis for sustained production increases in subsequent seasons. The funds are distinct from emergency relief, food aid or social safety nets, but could accompany and complement the emergency measures provided by other partners.
6. Reallocations were only made upon the request of governments and subsequent to a careful analysis of the impact of making such changes to the overall project(s). The countries where reallocations have been agreed are listed below.
 - (a) In **Benin**, a specific food security subprogramme has been integrated into the ongoing Rural Development Support Programme within the project's 2008 workplan and budget to stimulate production. **The funds reallocated to the food security subprogramme amounted to US\$680,000.**
 - (b) In **Haiti**, IFAD reallocated funds available in the ongoing Food Crops Intensification Project and Productive Initiatives Support Programme in Rural Areas, for three planting seasons, starting with the 2008 winter season. The project areas were expanded to cover the entire national territory. Activities include seed distribution and support to seed multiplication conducted by farmer's organizations. **The reallocation amounted to US\$10.2 million.**
 - (c) In **Mauritania** a reallocation was agreed to support the Government's Special Intervention Programme to counter the effects of food price rises through the purchase and distribution of seeds, agricultural inputs and the

establishment of cereal banks. **The total amount reallocated is US\$315,000.**

- (d) In **Côte d'Ivoire**, to alleviate the consequences of an increase in commodity prices, IFAD assisted the country through its ongoing Small Horticultural Producer Support Project (PPMS) by implementing an emergency intervention plan for 2008-2009. This intervention is designed to increase rice production, thus reducing vulnerability and improving household food security in the PPMS zones, which comprise seven departments. The direct approach to boosting rice production is intended to rapidly extend farmers' access to seeds, fertilizer and other inputs. Under this intervention, a total area of 7,000 hectares is being developed and cropped, with a target group of 10,000 small-scale farmers. The expected output is 70,000 tons of rice, representing 35 per cent of the planned output under the Government's National Rice Programme. **The amount reallocated is US\$3.0 million.**
- (e) In the **Syrian Arab Republic**, IFAD agreed with the Government to reallocate funds from an ongoing programme to the newly set up Agricultural Support Fund through which the Government assists farmers in coping with rising input prices. The programme provides seeds, fertilizers and services. **The amount reallocated is US\$1.5 million.**
- (f) In **Nigeria**, two ongoing IFAD-funded programmes are to contribute a **total of US\$2.0 million** from existing resources to fund a joint food security project focused on increasing food production in their respective areas. The commodities targeted are rice, millet, sorghum, vegetables, fish and livestock.
- (g) In **Guinea**, a total of about **US\$550,000** was reallocated to an emergency programme from three IFAD-financed ongoing projects. The objective of this emergency programme is to finance the procurement of high-yielding seeds and planting material for rice, yam and vegetables in order to increase smallholders' yields through access to improved seeds.

III. Supplementary loans and grants

- 7. IFAD received proposals from governments requesting the provision of supplementary financing for ongoing programmes in response to increased food prices.
 - (a) In **Honduras**, a supplementary loan was approved by the Executive Board in September 2008 for the ongoing Project for Enhancing the Rural Economic Competitiveness of Yoro to assist an additional 1,700 farm families in increasing their grain, milk and vegetable production. **The supplementary loan amounts to US\$2.25 million.**
 - (b) In **Nicaragua**, a supplementary loan and grant were approved by the Executive Board in September 2008 for the ongoing Inclusion of Small-scale Producers in Value Chains and Market Access Project to assist small-scale producers in increasing the production of basic grains such as corn, rice, beans and sorghum. The supplementary financing will allow the project to reach an additional 1,200 family farmers. **The supplementary loan and grant amount to US\$1.22 million.**
 - (c) In **Haiti**, a supplementary grant was approved by the Executive Board in September 2009 to expand the Small-scale Irrigation Development Project (PPI-2) and thus assist an additional 3,000 small farms. The project aims to: (i) increase agricultural production through efficient water management and the consolidation of irrigated agriculture on both a collective and an individual basis; (ii) develop agricultural production systems and other productive and income-generating activities; and (iii) strengthen the

capacity of communities for planning, organization and management in order to facilitate market linkages and access to financial services. **The supplementary loan amounts to US\$5.6 million.**

- (d) **In Yemen**, a supplementary loan and grant were approved by the Executive Board in December 2008 for the Pilot Community-Based Rural Infrastructure Project for Highland Areas. **The total amount approved is US\$3.4 million (50 per cent loan and 50 per cent grant).**

IV. Supplementary financing from other donors

8. In September 2008 the **European Commission** invited the United Nations system, the World Bank and several regional organizations to submit project proposals for financing from the 1 billion euros (EUR) Food Facility to reduce the immediate impacts of the food crisis on vulnerable populations.
9. The Food Facility was to provide grant financing for the following programmes:
 - (i) safety nets that ensure the well-being of populations vulnerable to the effects of the crisis, and
 - (ii) boosts to food production and marketing for smallholder farmers that would increase their resilience in the face of price volatility and other external shocks.
10. The agencies presented proposals for 62 countries that were prioritized to produce a final list of 37 countries to receive grant financing from the Food Facility. The selected programmes were approved by the European Parliament in December 2008. Of the 18 country project proposals submitted by IFAD, the European Commission decided to provide grant financing to scale up ongoing programmes in **Madagascar** and **Mozambique** and for new programmes in **Burundi** and **the Philippines**. These were approved by the IFAD Executive Board in April 2009. The total amount provided by the European Commission for these countries stands at **EUR 30 million (equivalent to approximately US\$42 million).**
11. **Italy** has provided grants for ongoing food security and food price response programmes supported by IFAD in the following countries:
 - (a) **Liberia**. The **Support to Vulnerable Groups in Rice Production and Productivity Project** is designed to assist the Government of Liberia in mitigating the negative effects of soaring food prices on Liberian smallholders and to enhance national food security. The project is financed entirely through Italian supplementary funds and administered by IFAD. It will both support and complement the Government's objectives of: (i) promoting increases in domestic production of rice; and (ii) fostering the reconstruction of the agricultural sector by providing essential basic inputs, particularly seeds, fertilizers, agrochemicals and tools, so as to improve food security. **The grant from Italy amounts to US\$2.5 million.**
 - (b) **Mauritania**. The new IFAD-financed **Value Chains Development Programme for Poverty Reduction** was presented and approved by the IFAD Executive Board in September 2009. The programme aims to achieve growth through the development of seven agricultural value chains (vegetables, dates, milk, chicken, red meat, non-timber forest products, and skins and hides) within which the rural poor are major players and from whose development the poor will benefit most. It is financed by IFAD with a US\$6.0 million grant and a US\$6.0 million loan, and with a **grant from Italy of US\$2.0 million.**
 - (c) **Kenya**. The **Southern Nyanza Community Development Project** is designed to support, with the full participation of beneficiaries, the adoption of already developed, tested and proven technologies for soil and land management, horticulture and traditional crop production, and small livestock production and produce marketing. This will lead to sustainable land use through improved soil, land and water conservation and management practices;

investment in water conservation, harvesting and recycling practices, support for short-cycle livestock farming to provide protein in diets and for the generation of incomes to lessen the impact of soaring food prices. **The grant from Italy amounts to US\$1.5 million.**

12. **Sweden** pledged a complementary contribution of **100 million Swedish kroner** (equivalent to approximately **US\$16.1 million**) to the Eighth Replenishment of IFAD's Resources as additional grant financing for food security. The IFAD Programme Management Department, in collaboration with the Investment Centre of the Food and Agriculture Organization of the United Nations (FAO), is using these funds to design and finance the scaling up of ongoing programmes in **Afghanistan, Haiti, the United Republic of Tanzania and Zambia**, and new programmes in **Bhutan, Mali and The Sudan**.¹ These latter projects will be submitted to the Executive Board in 2010.

V. IFAD financing of new projects during 2008 and 2009

13. IFAD presented 55 new projects to the Executive Board between September 2008 and September 2009. Approved lending amounts to US\$900 million. **Approximately 79 per cent** of this total was for 40 projects amounting to **US\$700 million** (see the annex for countries and amounts) that aim to address the key aspects of improving agricultural production to ensure a better level of food security for poor smallholder families. One example is a new project in Pakistan approved by the Executive Board in September 2009 that supports the Government's Crop Maximization Project. The overall project objective is to improve food security and poverty reduction through productivity enhancement and income diversification. A key element of the project is the provision of crop loans for smallholder farmers to purchase seasonal inputs. The IFAD loan amounts to US\$18.33 million.

IFAD approved lending from September 2008 to September 2009^a

	<i>September 2008</i>	<i>December 2008</i>	<i>April 2009</i>	<i>September 2009</i>	<i>Total</i>
Total lending (thousands of U.S. dollars)	234 802	258 367	194 984	215 820	903 973
Lending with food crisis components (thousands of U.S. dollars)	157 208	240 337	169 940	142 720	710 205
Percentage of total	67%	93%	87%	66%	79%
Total number of projects	14	17	9	15	55
Number with food crisis components	9	13	8	10	40
Percentage of total	64%	75%	89%	67%	72%

^a Also includes the supplementary loans and grants reported in paragraph 7.

VI. IFAD support for coordination and global action

14. IFAD recognizes that the current situation has serious and profound implications for the poor rural people who constitute its target group. Investing in smallholder agriculture is necessary in order to contribute to solving the global problem of hunger. However, IFAD also recognizes that the issue is much broader in scope, requiring a range of global, regional and country policies and investments that need to be coordinated.

¹ At its ninety-seventh session in September 2009 the Executive Board approved this complementary contribution from Sweden. Up to 25 per cent of the contribution will be allocated to the FAO Investment Centre to provide technical assistance in the design, supervision and implementation of the projects that will benefit from the additional grant financing. The remaining 75 per cent will be provided as additional grant financing for projects in the mentioned countries.

15. At the global level, a fully coordinated response is required from the international community to: (i) meet emergency food needs; (ii) enable poor and vulnerable smallholder farmers to boost their production; (iii) provide safety nets for the most vulnerable segments of the population; (iv) promote sustainable livelihood options for vulnerable women, men and young people; (v) provide economic support for poor net-food-importing countries; and (vi) make progress in the Doha Round.
16. In 2008 IFAD undertook joint assessment missions with FAO, the World Food Programme (WFP) and the World Bank in Africa, Asia and Latin America. This has resulted in several joint initiatives in Haiti, Liberia and Sierra Leone.
17. IFAD has participated from the outset in the work of the United Nations Secretary General's HLTF on the Global Food Security Crisis. The resulting Comprehensive Framework for Action (CFA) highlighted the need to boost smallholder farmer food production through a menu of actions such as:
 - Improve the enabling policy framework;
 - Stimulate public/private investment in agriculture;
 - Ensure secure access to and better management of natural resources, including land, water and biodiversity;
 - Invest in agricultural research; and
 - Improve rural infrastructure.
18. Recommendations made in the CFA are currently being followed up by the World Bank, FAO, WFP, IFAD and others. The Secretary General, supported by the HLTF, is actively seeking ways to mobilize new financial resources from the donor community and from governments. Most recently a contribution was made to the Food Security Initiative established at the G8 Summit in L'Aquila, where donor pledges of up to US\$20 billion were made to improve agriculture as a whole and, specifically, to ensure food security for all.
19. The HLTF and its member agencies have worked together in support of the 62 countries most in need of technical and financial assistance to address their food security. Of these, some 35 countries have been prioritized to promote coordinated efforts to realize the CFA outcomes. To better address the coordination challenges, the HLTF coordination hub in Rome has initiated regular dialogues with in-country staff in several of countries and engaged with actors at the regional level (e.g. Economic Community of West African States, Common Market for Eastern and Southern Africa, Comprehensive Africa Agriculture Development Programme).
20. The HLTF has contributed to increasing synergy among its member agencies. However the quality of coordination at the country level still requires considerably more work to define a planning framework through which multilateral and bilateral financing can be oriented under government leadership and developed initiatives. A first step in this direction is the more coordinated and joint working arrangement between the international financial institutions and the United Nations agencies.
21. There is a continuing need for intensified action during 2010 both as a response to the immediate needs of food-insecure populations and to stimulate increased investment in agriculture. IFAD, FAO, WFP and the World Bank will continue to work with national and regional partners to address longer-term structural and policy issues both to avert a worsening of the crisis and to meet future food security needs.
22. As a follow-up to the G8 Summit "L'Aquila" Joint Statement on Global Food Security, which pledged "to act with the scale and urgency needed to achieve sustainable global food security", IFAD and the members of the HLTF collaborate with donors and the World Bank in the development of a global agriculture and food security fund. The intention is that this multi-donor trust fund will provide grant financing to support and finance country-led initiatives for improved agriculture and food security.

Overview of lending with a food security focus approved by the Executive Board from September 2008 to September 2009

<i>Country</i>	<i>Thousands of U.S. dollars</i>
Afghanistan	23 895
Albania	9 600
Bangladesh	22 000
Belize	3 000
Benin	17 924
Bosnia and Herzegovina	11 113
Brazil	20 000
Burkina Faso	16 150
Burundi	13 576
Chad	19 500
China	62 345
Congo	8 574
Costa Rica	23 326
Democratic Republic of the Congo	9 189
Dominican Republic	13 800
Ecuador	8 625
Ethiopia	52 016
Guatemala	18 423
Haiti	5 660
Honduras	2 250
India	41 109
Indonesia	68 530
Kyrgyzstan	9 000
Lao People's Democratic Republic	15 000
Lebanon	4 605
Mexico	5 000
Nicaragua	1 220
Niger	16 000
Pakistan	18 330
Philippines	15 900
Republic of Moldova	13 243
Rwanda	20 446
Senegal	15 156
Tajikistan	12 300
United Republic of Tanzania	56 000
Venezuela (Bolivarian Republic of)	13 000
Viet Nam	21 000
Yemen	3 400
Total	710 205

