

**International Fund for Agricultural Development (IFAD) submission to UK International Development Committee inquiry examining, ahead of COP26 in November, the progress the Government has made putting climate change at the centre of aid policy.**

Written evidence of 10 May 2021 for addressing climate justice, the rebalancing of climate finance, meeting all SDGs and the potential of COP26 to highlight the crucial role of small-scale farmers in tackling climate change.

**Introduction to IFAD**

The International Fund for Agricultural Development (IFAD) is an international financial institution and a specialised agency of the United Nations that works to address poverty and hunger in rural areas of developing countries. IFAD is the only multilateral development institution that focuses exclusively on transforming rural economies and food systems. It works in remote regions of developing countries and fragile situations, where few aid agencies or international financial institutions venture.

IFAD acts as a catalyst for increasing public and private investments in agriculture and the development of rural enterprises. It places poor rural women and men at the centre of its activities and involves them as participants in project design and implementation. IFAD invests in the very people most likely to be left behind: poor small-scale producers, women, youth, indigenous people and other vulnerable groups. Investing in rural areas promotes prosperity, food security and resilience. Economic growth in agriculture is two to three times more effective at reducing poverty and food insecurity than growth in other sectors.

**Reason for submitting an evidence to the International Development Committee**

The small-scale farmers that make up IFAD’s target demographic are on the front lines of climate change. This group comprises the world’s poorest people, on which multiple social and environmental crises converge, who subsequently lack the capacity and resources to adapt to the impacts of climate change. Many people in different regions across the globe are already feeling the acute effects of climate change acutely, which damages their livelihoods and well-being. Currently, around 63 per cent of the world’s poorest people work in agriculture, with small-scale producers providing 50 per cent of all food calories and up to 80 per cent in Sub-Saharan Africa and parts of Asia. Many of these producers live in climate “vulnerability hotspots”<sup>1</sup>. Failure to support small-scale farmers to adapt will have devastating impacts on rural communities and the global food systems of which they are the backbone.

Most of the poorest, hungriest and most marginalized people live in rural, climate change affected areas, and that is where the development community needs to focus its mid- to long-term efforts. IFAD wishes to provide the perspective of rural people and rural areas to the International Development Committee so that any long-term development strategy focuses on tackling the challenges faced by the most vulnerable.

**COP26, rural people and climate finance**

Agriculture, specifically small-scale agriculture, is facing multiple challenges, including the need of feeding a growing population on diminishing yields caused by degradation of arable land, natural resources and biodiversity. In addition, the impacts of climate change are posing increasing threats to the world’s farmers and our food systems. Continued global temperature rises could cut crop

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<sup>1</sup> <https://link.springer.com/article/10.1007/s10584-019-02645-w>

yields by more than 25%, while more frequent extreme weather events will have devastating effects on farmers' land, livelihoods and food security<sup>2</sup>.

The agriculture sector is a significant emitter and a lead driver of deforestation and biodiversity loss, and a great transformation is needed to reconcile current global food systems, the agriculture sector and approaches to land use, with human and environmental health. This will not be possible without significant increases and rebalancing of climate finance to ensure it reaches the frontlines of our food systems – to build the adaptive capacity and resilience of rural women and men small-scale agricultural producers, who produce 50% of the world's food calories on just 30% of its agricultural land.

Climate finance flows, especially for adaptation, are nowhere near sufficient to respond to country priorities and meet the challenges posed by the climate crisis. Without changing approaches, millions of people, especially rural and vulnerable people, are at risk of being left behind. Just this week (06/05/2021) the UN Secretary General, António Guterres reiterated his concerns and call for greater adaptation finance: "I am deeply worried about the lack of progress on climate adaptation. People are already dying, farms are failing, millions face displacement. I reiterate my call to ensure that at least 50 per cent of climate finance is for adaptation and resilience. This is a matter of urgency and trust."

Last year IFAD released a joint report with the Climate Policy Initiative (CPI), which revealed that just 1.7 per cent of all tracked climate finance is directed to small-scale farmers<sup>3</sup>. Considering agriculture has been prioritized in 95 per cent of country Nationally Determined contributions (NDCs) as key for adaptation, climate finance will be essential to transform agriculture and food systems towards climate resiliency. Moreover as highlighted by the Intergovernmental Panel on Climate Change (IPCC) land use report, climate mitigation responses in the sector have high impact on people, livelihoods, land restoration, and GHG emissions reduction<sup>4</sup>.

2020 was overshadowed as the "year of climate action" by the corona virus pandemic. However, the postponement of COP26 provides us with a succession of key events in 2021 embark upon the UN decade of ecosystem restoration. As approaches to development become more holistic, the linkages between COP26, the postponed COP15 (Convention on Biological Diversity) and the Food Systems Summit. The common group that suffers the most from the interrelated climate, biodiversity and food crises are poor rural farmers. Failure to help them to adapt will only take us further from achieving the 2030 agenda, as last resort, negative agricultural coping strategies further contribute to the degradation of the environment and the resilience of food systems. Investing in agricultural adaptation to climate change is essential to meeting the Sustainable Development Goals, providing multiple co-benefits for climate mitigation, ecosystem restoration, food security and nutrition, and poverty, to name just a few.

Small-scale producers, including women, youth and indigenous peoples must be at the forefront of the development agenda at COP26 and throughout the entire decade of ecosystem restoration. Ignoring their crucial role as actors in sustainable development, not just as beneficiaries, jeopardizes global climate goals and threatens the achievement of the objectives of the 2030 Agenda, which is only nine harvests away.

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<sup>2</sup> [Climate change will reduce crop yields sooner than thought -- ScienceDaily](#)

<sup>3</sup> <https://www.climatepolicyinitiative.org/publication/climate-finance-small-scale-agriculture/>

<sup>4</sup> [Special Report on Climate Change and Land — IPCC site](#)

As the President of COP26, a founding member and reliable top donor to IFAD and supporters of the first phase of the Adaptation for Smallholder Agriculture Programme (ASAP), the UK is well positioned to continue to ensure the equitable representation of small-scale farmers and to amplify their voices. It is imperative that UNFCCC negotiations are not deaf to the voices of those who need the most help and hold perhaps the greatest potential to contribute to COP26 climate action and the UN decade of ecosystem restoration. All decisions must include and elevate the voices of smallholder farmers.

### **IFAD's role in directing climate finance to rural people**

With IFAD's strong targeting of the poorest people, particularly small-scale producers, in the hardest to reach areas, based on its experience, the Fund is uniquely placed to ensure that rural communities receive the support and financing they need to adapt to the threats posed by climate change. At the same time, rural people are often stewards of natural resources, therefore investments in their livelihoods offer opportunities to mitigate climate change and preserve biodiversity.

In IFAD's next replenishment, IFAD12, efforts to address environment and climate issues and to facilitate social inclusion will be expanded. There will be an enhanced focus on climate finance in IFAD's investment projects, an increased target for climate finance to constitute 40 per cent of the IFAD12 programme of loans and grants (PoLG). Additionally, 90 per cent of projects will aim to include activities that build climate-related adaptive capacity across multiple dimensions (e.g. increasing incomes, improved access to productive resources, and empowerment of vulnerable groups). This will contribute to increasing the resilience of 28 million people.

IFAD's commitment to adaptation finance is being continued through the enhanced Adaptation for Smallholder Agriculture Programme (ASAP+), aiming to mobilise an additional US \$500 million, comprising 100 per cent climate finance. ASAP+ will make it possible to direct targeted resources towards building climate resilience among small-scale producers in the lowest-income countries. ASAP projects use a diverse array of adaptation strategies including alternative fuels, renewable energies and nature-based solutions, which exhibit multiple other environmental and social co-benefits.

IFAD will also increasingly partner with climate finance vehicles such as the Global Environment Facility (GEF), Green Climate Fund (GCF) and Adaptation Fund (AF) to complement other IFAD investments. The Fund will also embed biodiversity considerations into its operations as part of its environmental and climate assessment, and help small-scale producers leverage agrobiodiversity for development gains (e.g. improved nutrition and climate resilience), while contributing to global conservation efforts. Specific initiatives focused on promoting agrobiodiversity will be developed to improve management and restoration of water or land ecosystems, often leading to improved terrestrial carbon storage, leveraging ASAP+ to increase resources and strengthen partnership. This will be part of IFAD's broader efforts to enhance its focus on agrobiodiversity as an important means to increase the productivity of small-scale farmers and improve the nutritional value and climate resilience of crops.

The UK government has been among those supporting ASAP in the past, but the issue of rebalancing climate finance for agricultural adaptation, particularly for small-scale farmers, needs to be a global priority. It must be a conscious and conspicuous inclusion at COP26, where we hope that the

successes of ASAP can be well reflected to help galvanise greater finance to small-scale farmers from both the public and private sectors.

IFAD is also the lead agency for the GCF Great Green Wall Umbrella Program (GGW UP), in which we will use our past experiences in across the Sahel (particularly from ASAP projects) to help rejuvenate affective action on the GGW contribute to the rejuvenation of action. The recently accepted phase of the Inclusive Green Financing Initiative (IGREENFIN) project, which has seen success in Niger, is set to be implemented in five more GGW countries (Burkina Faso, Côte d'Ivoire, Ghana, Mali, and Senegal). IGREENFIN works with national banks, particularly agricultural banks, to remove financial barriers to provide finance to small-scale farmers and fair and inclusive rates.

### **Lessons from the field and IFAD's impacts**

IFAD currently finances over 200 projects across more than 100 countries, with an estimated outreach to 110 million beneficiaries. These beneficiaries are some of the most vulnerable to climate change in the world and lack the capacity and resources to adapt. IFAD's experiences working with vulnerable rural farmers provide many lessons from different regions across the globe, including:

- Financing rural smallholders is seen as high-risk and it can be expensive to extend services to the remote locations that they occupy. Innovative finance mechanisms and solutions, such as blended finance (used by ASAP+) and finance agreements (such as in IGREENFIN) are required to support equitable and sustainable small-scale agriculture. Greater evidence of successful investments in small-scale agriculture will also help to galvanise greater finance.
- Small-scale producers are actors in sustainable development, not just beneficiaries. They hold specific traditional knowledge that can contribute to sustainable, climate resilient agriculture and healthy environments.
- Women, youth and indigenous peoples all have significant roles to play in the uptake of new technologies and innovations and well as the use of ancestral knowledge, local biodiversity and traditional food systems. They are all disproportionately affected by climate change and require support to attain greater agency and decision-making power.

**IFAD's impact** assessments of our progress against our corporate objectives have confirmed that IFAD beneficiaries are better off than comparison or control groups. The most recent results of the impact assessment of IFAD10 showed that beneficiaries increased their economic mobility, or economic status, by 74 per cent. This increase in economic mobility was achieved through positive results in our three strategic objectives: Production, which was increased by 44 per cent; Market access, which was increased by 76 per cent, and; Resilience, which increased by 13 per cent<sup>5</sup>. Data will soon be available for IFAD11 with a more specific focus on climate, as well as ASAP projects.

IFAD's work on gender is reducing the climate vulnerability of women by: i) Promoting economic empowerment; ii) Enabling women and men to have equal voice and influence, and; iii) Achieving a more equitable balance in workloads and in the sharing of benefits between women and men. IFAD continues to lead in the use and evolution of household methodologies, tackling embedded gender biases, discrimination and disproportionate vulnerabilities at the household level, as well as improving women's agency, resources and opportunities outside of the home. From a target of 25 per cent, 32 per cent of the total loan value of projects designed during IFAD 11 has been validated as gender transformative. This is equivalent to an investment of USD 226,196,934.

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[https://www.ifad.org/documents/38714170/41082471/IFAD10+IA+Policy+Report\\_web+%28002%29.pdf/55cf5fe1-11ac-54b5-4eee-bdd83bdd92b7?t=1576853082000](https://www.ifad.org/documents/38714170/41082471/IFAD10+IA+Policy+Report_web+%28002%29.pdf/55cf5fe1-11ac-54b5-4eee-bdd83bdd92b7?t=1576853082000)

Across the IFAD portfolio, including ASAP, the results of gender intervention have shown that by reducing women's drudgery and promoting greater social and financial empowerment, women are central to providing multiple intergenerational, equitable benefits, including improved food security and nutrition, improved incomes and, overall, greater community productivity and resilience.

### **IFAD's global appeal to tackle climate change**

COP26 must go beyond "just climate change". Climate change impacts all of life on Earth and those who the world continue to marginalise and ignore – small-scale farmers, indigenous people, rural women and youth – are those who are closest to the natural world – and they are our greatest allies in combatting the global biosphere crisis.

Greater climate finance is required to give rural people the resources and capacity to adapt to climate change and lead on re-building a healthy environment and resilient food systems.