

PARLIAMENTARY DEBATES

HOUSE OF COMMONS
OFFICIAL REPORT

Third Delegated Legislation Committee

DRAFT INTERNATIONAL FUND FOR
AGRICULTURAL DEVELOPMENT (TWELFTH
REPLENISHMENT) ORDER 2023

Monday 20 February 2023

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The Committee consisted of the following Members:

Chair: † RUSHANARA ALI

† Ansell, Caroline (*Eastbourne*) (Con)
 † Elphicke, Mrs Natalie (*Dover*) (Con)
 † Gill, Preet Kaur (*Birmingham, Edgbaston*) (Lab/Co-op)
 † Gullis, Jonathan (*Stoke-on-Trent North*) (Con)
 † Harris, Rebecca (*Comptroller of His Majesty's Household*)
 † Hollern, Kate (*Blackburn*) (Lab)
 † Jones, Gerald (*Merthyr Tydfil and Rhymney*) (Lab)
 Law, Chris (*Dundee West*) (SNP)
 † Lewer, Andrew (*Northampton South*) (Con)
 † Mackrory, Cherilyn (*Truro and Falmouth*) (Con)

† Mahmood, Mr Khalid (*Birmingham, Perry Barr*) (Lab)
 † Morris, Anne Marie (*Newton Abbot*) (Con)
 † Morris, James (*Halesowen and Rowley Regis*) (Con)
 † Mortimer, Jill (*Hartlepool*) (Con)
 † Smith, Cat (*Lancaster and Fleetwood*) (Lab)
 † Smith, Nick (*Blaenau Gwent*) (Lab)
 † Trevelyan, Anne-Marie (*Minister of State, Foreign, Commonwealth and Development Office*)

Huw Yardley, *Committee Clerk*

† **attended the Committee**

Third Delegated Legislation Committee

Monday 20 February 2023

[RUSHANARA ALI *in the Chair*]

Draft International Fund for Agricultural Development (Twelfth Replenishment) Order 2023

6 pm

The Minister of State, Foreign, Commonwealth and Development Office (Anne-Marie Trevelyan): I beg to move,

That the Committee has considered the draft International Fund for Agricultural Development (Twelfth Replenishment) Order 2023.

The Minister of State, Foreign, Commonwealth and Development Office, my right hon. Friend the Member for Sutton Coldfield (Mr Mitchell) would have been taking part in this debate, but he is travelling on ministerial duties in Turkey, visiting earthquake sites. He sends his apologies.

It is therefore my pleasure to present this order on the Government's behalf and to seek the Committee's support for a UK contribution of up to £36.96 million to the International Fund for Agricultural Development over the 12th replenishment period from 2022 to 2024. This represents a 44% reduction compared with our contribution to the 11th replenishment, in line with our international development strategy, which sets out how we will shift the balance of the aid budget toward bilateral programmes. This will give us greater control and flexibility over how taxpayers' money is spent. At the same time, we recognise the importance of multilateral organisations such as IFAD. That is why we are continuing our support.

IFAD is unique. It is both a specialised United Nations agency and an international finance institution. It provides loans and grants to developing countries for programmes that improve food security and nutrition, support adaptation to climate change, empower women and increase incomes. IFAD is a comparatively small organisation, with a very specific mandate. It works exclusively in the rural areas of developing countries—where around 80% of the world's poorest people live—to help to end extreme poverty and hunger. Most of those people depend on agriculture, and growth in this sector is up to three times more effective than in other sectors in raising incomes among the poorest. Investing in IFAD makes sense in order to reduce both poverty and food insecurity. Agriculture is crucial to economic growth, and in some of the least developed countries, it can account for more than 25% of GDP.

Covid-19 and climate change have had a devastating impact on the lives and livelihoods of some of the world's poorest people. IFAD's 12th replenishment consultation focused on supporting recovery and building back better. Since then, Russia's invasion of Ukraine has multiplied the threats for developing countries, exacerbating the risks of a food security crisis.

For the first time in two decades, extreme poverty is on the rise. Up to 828 million people faced hunger in 2021 worldwide, and the number of undernourished people has increased by about 150 million since the covid-19 outbreak. In 2021, a third of the global population was affected by food insecurity. IFAD12 is helping to respond to that global challenge. It has committed to reforms to continually improve its performance, and it was ranked first overall in the Centre for Global Development's "The Quality of Official Development Assistance" report in 2021.

In the IFAD12 replenishment negotiations, the UK, together with the other member states, secured commitments from IFAD to allocate 100% of core replenishment funding to the poorest countries and at least 50% to Africa; to step up focus on climate change and ensure that at least 40% of core funding supports that; to dedicate at least 25% of core resources to fragile situations, particularly in the Sahel and the horn of Africa, strengthening collaboration with partners to help reduce humanitarian need; and to continue strengthening its focus on social inclusion, empowering women and girls, indigenous peoples and persons with disabilities.

Nick Smith (Blaenau Gwent) (Lab): I have just been looking through the House of Lords Library paper, "Horn of Africa: Projections of a famine in 2023". It states:

"The Horn of Africa is experiencing its longest drought in 40 years. Compounded by high food prices and political instability, this has led to 36.4 million people suffering from hunger across the region...Although a famine has yet to be officially declared, it is projected to occur in 2023."

How will cutbacks in the IFAD contribution affect the UK's support for the horn of Africa?

Anne-Marie Trevelyan: I will cover that. The hon. Gentleman raises exactly the point about the challenges of food insecurity and the extended challenges that so many communities and countries face, not only because of the impacts of the disruption to supply chains from covid-19, but because the climate change impacts driving such things as famine are becoming more and more common.

Although IFAD is a small organisation, it will continue to focus on—and has made commitments to focus on—those countries most in need. Helping to improve their agricultural base and provide food opportunities for growth for those communities is at its heart. It is a relatively small organisation and, of course, if the challenges of famine hit countries and areas of Africa as they have done, the challenges for the World Food Programme and other organisations will continue to rise—that has been one of the great challenges. The Minister of State, Foreign, Commonwealth and Development Office, my right hon. Friend the Member for Sutton Coldfield, is in Turkey visiting the earthquake sites, and the work that Turkey did to help get the Black sea grain initiative up and running to ensure that Ukrainian grain could get out to some of those poorest countries, for which that grain was critical and delivered often by the World Food Programme, was really important.

So many of these disruptions happening all at once are putting our most vulnerable friends and neighbours under enormous strain. The hon. Member for Blaenau

Gwent is absolutely right that finding funding in all our restrictive financial envelopes continues to be a challenge, but we are pleased to support IFAD and its 12th replenishment.

Nick Smith: I thank the Minister for her response. Will she tell me in detail why there has been, or what has happened, with the 44% reduction in the UK's pledge to IFAD, and about its possible effect on what is going on with a probable drought in the horn of Africa?

Anne-Marie Trevelyan: As I set out, redirecting our funding towards a more bilateral programme was a decision taken by the Foreign Secretary. My right hon. Friend the Member for Sutton Coldfield, the Minister responsible for development, is working through that.

The realities of the challenges we are facing with limited budgets for ODA and the huge costs that the refugee crises are adding to the ODA budget mean that there is a reduction in the commitment this year. We have wanted to continue to make a contribution to IFAD's replenishment, because we consider it to be an important and very effective organisation in helping to reach some of the poorest communities. I do not have the details of whether the horn of Africa will be in this. I am happy to write to the hon. Member for Blaenau Gwent about that specifically, because I do not have the details of the country-by-country plan.

Nick Smith: This is my last contribution, and I thank the Minister for her response. I said "drought", but I meant famine. I would be really grateful if the Minister could outline what resources are being made available to help with the famine in the horn of Africa.

Anne-Marie Trevelyan: I will ensure that my right hon. Friend the Member for Sutton Coldfield writes to the hon. Gentleman with the appropriate information in the coming days.

I will set out IFAD's aims over the coming replenishment period. It aims to increase the incomes of over 60 million people and help to improve the agricultural production of over 50 million people, while improving market access—the all-important aspect—to sell produce to over 50 million people and enhance the resilience of 28 million people, including, as the hon. Member for Blaenau Gwent mentioned, to the challenges that climate change is bringing to some of those communities.

The objective is to reach the most vulnerable people at risk of being left behind, and there is a particular focus on women, young people, indigenous groups and people with disabilities. For example, in Asia, where more than 418 million people are estimated to suffer from hunger, IFAD is supporting projects such as the adaptation for smallholders in Nepal, promoting climate-resilient farming and better community infrastructure. These are practical, targeted projects that can help to make a difference.

IFAD is also increasing its work on climate change, building on the UK-supported adaptation for smallholder agriculture programme to channel climate finance directly to the most vulnerable. The programme has reduced forest and land fires in Indonesia and boosted prosperity for local people. The challenges of bringing enhanced sustainable management to over 3 million hectares of

peatland across Indonesia, for instance, have helped to prevent 20 million tonnes of carbon emissions and restore nature. IFAD is focused on those most critical areas.

IFAD is also partnering with the Green Climate Fund and others to help countries access larger pots of climate finance, particularly in Africa. That includes the joint programme for the Sahel in response to the challenges of covid-19, conflicts and climate change. The programme will strengthen the livelihoods of small producers, especially women and young people in very challenging, fragile contexts. Since its creation, there has been strong support across the House for IFAD and its impact on the lives of millions of the world's poorest and most marginalised people.

I recommend that we continue our support to IFAD. In doing so, we will deliver our objectives to reach some of the world's poorest people in countries with the greatest need, boosting food security and enhancing economic opportunities and growth. I commend the order to the Committee.

6.10 pm

Preet Kaur Gill (Birmingham, Edgbaston) (Lab/Co-op): I am grateful to the Minister for outlining the IFAD order. I welcome the support that the replenishment indicates for tackling poverty, food insecurity and climate change, and for promoting agricultural development in the world's poorest countries.

IFAD's 45 years' experience of supporting rural communities in developing countries equips it well to meet the current global crisis. IFAD was created to fund agricultural development projects, especially for food production, and to strengthen the systems to deliver food and economic security to millions of smallholders. Since it was founded in 1977, global extreme poverty has dropped from around 40% of the global population to 10%. It is international development, driven often by concerted multilateral efforts, that has helped to drive progress forward.

In 2023, the final frontier in the fight against extreme poverty depends on us reaching the most remote rural communities. An estimated 3 billion people live in rural areas in poor countries, most of whom depend on agriculture for their food and income. They are also among the world's poorest and most vulnerable people, with 80% of women, children and men in extreme poverty living in rural areas. Where we have made so much progress in recent decades, reaching people over those last 10 miles will be integral to ending extreme poverty by 2030. That is exactly what IFAD specialises in and was set up to do.

We face a global food security crisis—800 million women, children and men are too hungry to live normal and productive lives. The people who grow our food do not have enough to feed themselves. The ripple effects of Vladimir Putin's war on Ukraine have shaken global food systems and supply chains. Food prices reached an all-time high last year. High fuel and fertiliser costs hampered food production, and price hikes forced many small-scale farmers to choose between spending their limited financial resources on purchasing food or planting crops.

Small-scale food producers in poor countries have been among the hardest hit by the food crisis, which has been compounded by the lingering effects of the pandemic,

[Preet Kaur Gill]

global inflation, accelerating climate change, and conflict. Our continued commitment to IFAD is therefore completely necessary if we are to achieve sustainable development goal 2 by 2030. I am happy to confirm that we will not seek to divide the Committee on this issue today.

We know the consequences when extreme poverty is allowed to fester: conflict, as in the Sahel; irregular migration and displacement; and the deep moral injury of lost lives, lost opportunities and lost human potential. It is firmly in the UK's interests to continue to invest in IFAD's work for that reason. Every billion of investment has increased the incomes of 8.6 million beneficiaries by 20%. IFAD's work is at the frontline of some of the great challenges facing the world, creating enough sustainable jobs and food to meet the challenges of population growth; adapting and building resilience to climate change; and addressing a global hunger crisis that is, at this moment, killing someone in east Africa every 32 seconds. I therefore welcome that at least half of IFAD's funding in the replenishment will go towards rural development projects in sub-Saharan Africa—a continent of 1.4 billion people just miles from Europe. Africa's strategic importance to the UK should not be understated.

I put on record my support for the news this week that IFAD has welcomed Ukraine as its 178th member. The war has had far-reaching consequences for food security worldwide, given Ukraine's role as a leading global exporter of cereals, but less often talked about is food insecurity and poverty in the country itself. According to a recent report, many rural populations in Ukraine are on the brink of poverty, with 44% living on incomes below the subsistence minimum and 7% experiencing malnutrition. In this week of all weeks, as we mark a year since Russia's barbaric invasion, it is important that the UK contributes so that Ukraine will benefit from IFAD's work in the years to come.

I must remark on the fact that our contribution to IFAD has been depleted in this replenishment. When other countries are stepping up and have supported IFAD with record contributions, the UK has dropped from being its top donor and influencer to 11th. I ask the Minister: why? After the raft of reforms that the Government said they succeeded in securing in the previous replenishment, why has the UK suddenly stepped back from the role it once played, in the middle of a global food security crisis?

IFAD is clearly a strong investment. The Government's multilateral development review in 2016 found that it had a good impact, provided value for money and aligned strongly with the United Kingdom's priorities. In the Centre for Global Development's 2021 report on quality of ODA, which compared UN agencies and Governments across the world on the quality of their development work, IFAD came top out of all 49 countries and agencies assessed. It was rated among the top agencies on all metrics for its prioritisation of long-term challenges over short-term results, for its collaboration and capacity building in partner countries, and for its transparency, accountability and improvement. The UK, by comparison, dropped to 16th.

I am concerned about how long it has taken to introduce this statutory instrument. The 12th replenishment of the International Fund for Agricultural Development

was agreed in February 2021. It has been two years since then. It took until June 2022 for us to announce any commitment, and it took a further seven months to bring forward this SI. Our last payment to IFAD was June 2021 and, at the earliest, our next will come 14 months into the 36-month funding cycle. Where on earth has the UK been? If every donor had taken the same course of action as us, the 20 million people IFAD helps would go hungry. Why have the Government taken so long to bring in this order? What assessment have they made of the impact of IFAD's ability to plan and deliver projects, and of the UK's influence on its board?

As they say, trust takes years to build, seconds to break and forever to repair. Does the Minister accept that the FCDO's chaotic management of the ODA budget has done serious harm to the UK's hard-won reputation as a trusted partner on the world stage?

On reform, what monitoring of progress against the reform secured in the last replenishment has taken place? What reassurance can the Minister provide that the money spent through the International Fund for Agricultural Development will remain focused on local producers and domestic markets that support food security and local economies around the world? Can she reassure us that that is not undermined by steering small-scale farmers towards disproportionately focusing on links to international commodity markets, where they face immense power imbalances? What efforts have been made to steer IFAD to do more—through not just Governments, but other partners and agencies—to ensure that its work reaches smallholders in fragile and conflict-affected states in an effective and cost-effective way? I again ask the Minister to publish the global food security action plan so that the House can scrutinise how our investment in IFAD and other initiatives and partners joins up with the rest of the UK's work in this very important area.

The next Labour Government's approach to international development would underline the importance of tackling global poverty. We would reclaim the UK's past leadership on international development within the multilateral system and bring Britain back to the world stage as a trusted partner. It is both the right thing to do and in Britain's interest to invest in climate action, eradicate poverty and improve global food security for the century to come.

The International Fund for Agricultural Development has played a big part in helping us to achieve that over many years, and has been a very effective vehicle for doing so. We do not oppose the order, but I reiterate my regret about the Government's retreat from the multilateral system and the damage done to Britain's reputation and influence on the world stage.

6.18 pm

Anne-Marie Trevelyan: IFAD is an important partner in supporting the poorest and most vulnerable people in the world. Its work helps to build resilience to crises, from natural disasters to the impact of covid-19 and the war in Ukraine. Its reforms are allowing it to bring together partners to increase investment in hard-to-reach rural areas of developing countries. As the hon. Member for Birmingham, Edgbaston highlighted, the most in need are deepest in those most rural communities.

The hon. Lady is aware of the incredible work that the Minister of State, Foreign, Commonwealth and Development Office, my right hon. Friend the Member for Sutton Coldfield, has been doing since he took up the post. He is ensuring that our restricted ODA budget this year is put most effectively to use to deliver the greatest impact. I am pleased to reassure her that IFAD has received contributions that will assure its ability to deliver its plans through this replenishment period. Its work is changing lives around the globe. It is increasing the reach and scale of UK aid, and it is working to match with organisations such as the Green Climate Fund to ensure the maximum output.

In supporting this order, we continue to promote IFAD's reforms, which are helping to deliver the best possible results. I welcome the Committee's support for IFAD and its 12th replenishment. I thank Members for the points that they raised; I will ensure that those I have not been able to answer today are responded to in due course. I commend the order to the Committee.

Question put and agreed to.

6.19 pm

Committee rose.

