

PARLIAMENTARY DEBATES

HOUSE OF COMMONS
OFFICIAL REPORT

Tenth Delegated Legislation Committee

DRAFT INTERNATIONAL FUND FOR
AGRICULTURAL DEVELOPMENT (ELEVENTH
REPLENISHMENT) ORDER 2018

Tuesday 17 July 2018

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The Committee consisted of the following Members:

Chair: MR LAURENCE ROBERTSON

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| † Baldwin, Harriett (<i>Minister of State, Department for International Development</i>) | † Osamor, Kate (<i>Edmonton</i>) (Lab/Co-op) |
| † Bryant, Chris (<i>Rhondda</i>) (Lab) | † Peacock, Stephanie (<i>Barnsley East</i>) (Lab) |
| † Day, Martyn (<i>Linlithgow and East Falkirk</i>) (SNP) | † Percy, Andrew (<i>Brigg and Goole</i>) (Con) |
| † Drax, Richard (<i>South Dorset</i>) (Con) | † Phillips, Jess (<i>Birmingham, Yardley</i>) (Lab) |
| † Francois, Mr Mark (<i>Rayleigh and Wickford</i>) (Con) | † Thomas, Derek (<i>St Ives</i>) (Con) |
| † Freer, Mike (<i>Finchley and Golders Green</i>) (Con) | † Thomson, Ross (<i>Aberdeen South</i>) (Con) |
| † Keegan, Gillian (<i>Chichester</i>) (Con) | † Tracey, Craig (<i>North Warwickshire</i>) (Con) |
| Leslie, Mr Chris (<i>Nottingham East</i>) (Lab/Co-op) | Jack Dent, <i>Committee Clerk</i> |
| † McDonagh, Siobhain (<i>Mitcham and Morden</i>) (Lab) | |
| † Moon, Mrs Madeleine (<i>Bridgend</i>) (Lab) | † attended the Committee |

Tenth Delegated Legislation Committee

Tuesday 17 July 2018

[MR LAURENCE ROBERTSON *in the Chair*]

Draft International Fund for Agricultural Development (Eleventh Replenishment) Order 2018

8.55 am

The Minister of State, Department for International Development (Harriett Baldwin): I beg to move,

That the Committee has considered the draft International Fund for Agricultural Development (Eleventh Replenishment) Order 2018.

It is a pleasure to serve under your chairmanship this morning, Mr Robertson. After last night's late votes, is it not wonderful to be here bright and early to consider the order?

I am here to ask the Committee to support a contribution of up to £66 million over the three-year period from 2019 to 2021 to the International Fund for Agricultural Development, which, despite my dislike of acronyms, I will now refer to as IFAD, so I can go faster through my script. IFAD focuses exclusively on the rural areas of developing countries, where an estimated 3 billion people live, most of whom depend on agriculture for their food and income. They are also the world's poorest and most vulnerable people, with 80% of women, children and men in extreme poverty living in rural areas. IFAD makes loans and grants to Governments for projects in those areas, supporting countries also to invest their own resources in rural development.

The UK's contribution to IFAD's eleventh replenishment will help the fund to reach 110 million to 130 million people, delivering results to transform lives and poor rural communities. With our support, IFAD will work with Governments to improve the agricultural production of 47 million people, improve the market access of 46 million, help 44 million to achieve economic mobility, provide more than 16.5 million in rural areas with financial services, and support up to 120,000 rural enterprises to access business development services.

Our investment in multilateral organisations such as IFAD not only helps us to meet our responsibilities to the world's poorest, but it is firmly in Britain's national interest. Investing in IFAD and rural development helps the UK to tackle many of the global development problems the world faces today. Hunger, extreme poverty and youth unemployment all have their roots in rural areas and can all be improved through investing in agriculture and inclusive rural development. World Bank and other international reports highlight the fact that investment in agriculture is one of the most effective strategies for economic growth and for reducing extreme poverty and hunger, because successful small farms provide jobs, generate income and stimulate rural economies. Many are led by women, and IFAD has a particular

focus on promoting gender equality and women's empowerment, helping to transform rural communities economically and socially.

IFAD has committed to stepping up its work for youth in this 11th replenishment. Today, the world's population includes the largest ever generation of young people—1.8 billion—and that population growth is set to continue, particularly in Africa. Most of those young people live in the rural areas of low and middle-income countries. They are more likely to be unemployed and to leave their home in search of work, first to cities and then, if they cannot find decent jobs there, to travel across borders to neighbouring countries and, indeed, beyond. Investing in IFAD helps to build rural economies and create economic opportunities, also for young people. With a growing population, the world needs to produce more food—enough for more than 9 billion people by 2050. IFAD supports rural communities to build their resilience to the effects of climate change and to increase production.

Our commitment to UK aid and our strong partnership with IFAD, together with other member states, addresses those global challenges and is an important part of Britain's leadership and global offer. The United Kingdom continues to drive reform, to strengthen the international system to deliver better results. Together with other member states, the UK has succeeded in agreeing reforms with IFAD, including to increase the proportion of core funding that is allocated to those poorest countries that are least able to self-finance to 90%; to report against an ambitious results management framework that disaggregates by gender and age, ensuring a focus on women, girls and young people; to develop a transition framework that sets out how IFAD's lending terms will increase as its borrowers' incomes increase; to address the needs of people with disabilities, in line with the sustainable development goal agenda of leaving no one behind; and to strengthen work on nutrition and climate change in all IFAD-supported projects. It will also mobilise additional financial resources, including through domestic co-financing, sovereign borrowing, and concessional partner loans, increasing the level of development assistance for every pound of UK investment.

We will continue to press IFAD to implement reforms, and its president has committed to using 30% of our funding to provide further incentives. The reforms will increase the focus of our resources on the poorest countries, strengthen work on women's empowerment, increase transparency and improve value for money, to deliver even better results on the ground.

I recommend that we continue our support for IFAD and our contribution to its results. It is an effective way for the UK to reach some of the world's poorest people in some of the remotest areas. It improves food security and creates opportunities to increase incomes—both essential to reducing poverty and supporting economic growth. I commend the order to the Committee.

9.1 am

Kate Osamor (Edmonton) (Lab/Co-op): It is a pleasure to serve under your chairmanship, Mr Robertson. I thank the Minister for introducing the statutory instrument. The Labour party welcomes the replenishment of the International Fund for Agricultural Development. We recognise that supporting small-scale farmers is a crucial

part of achieving the sustainable development goal agenda, in particular SDG 2 to end hunger, achieve food security, improve nutrition and promote sustainable agriculture.

Smallholder farmers provide up to 80% of the food supply across Asia and sub-Saharan Africa. They are essential to ensuring global food security and play a vital role in local economies. I therefore ask the Minister for reassurances that 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, and 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. I am happy to confirm that the Labour party does not intend to divide the Committee on the order.

9.2 am

Martyn Day (Linlithgow and East Falkirk) (SNP): I will try to set a record for brevity this morning. I think the recommendation before us is a correct one. I think it is a worthy use of funds, and I am happy to support it on that basis.

9.3 am

Chris Bryant (Rhondda) (Lab): A few questions. Of course, I completely support the measure. Successive British Governments have supported the fund, because we recognise that in dealing with the greatest areas of poverty in the world, one has to tackle the issue of agricultural poverty and agricultural communities. However, I have a few questions for the Minister.

First, can the Minister tell us how the Government arrived at the figure of £66 million? It seems remarkably round and convenient. Is it more or less than Germany, France or Italy? Is the United States of America reneging on its payments, or is it abiding by its commitments? How do we know that that £66 million is an appropriate rise since the last replenishment? I notice that the figures have not necessarily increased in a straight line; sometimes they have gone down and then gone back up again. Why is £66 million the right amount for Britain to contribute?

Secondly, the Minister referred to the fact that there has been quite a push, not only in IFAD but in other organisations of the United Nations, to ensure that more of the money goes to the poorest countries. She said that we are trying to get up to 90% of the money going to the poorest countries. I wholeheartedly agree with that, but can she lay out for us which countries will now not receive money? For instance, I think China has received money in the past. That would seem rather odd now, as it is one of the fastest growing economies in the world. Likewise, although we recognise that there are areas of considerable poverty in India, perhaps India ought to look to its own resources.

Finally, several countries that are very close allies, with whom we ally in many different spheres, have not signed up to IFAD. Why is that? For example, why has Australia, with whom we share views on nearly everything under the sun, not signed up to IFAD, or for that matter

several member countries of the European Union? The European Union itself is an observer of IFAD, but not a contributor to it, so why are Latvia and the Czech Republic not members? I wonder whether we would do anything to persuade those countries to sign up. Obviously, if we could get not just 174 but all countries in the world to sign up, we would have more contributions and could do more good work.

9.5 am

Harriett Baldwin: I shall respond briefly to points made by hon. Members. I confirm that we emphasise continuing to work directly with rural communities. We shall also continue to put an emphasis on ensuring that smallholders are at the heart of our work.

In reply to the hon. Member for Rhondda and to elaborate on how we came up with the figure of £66 million, which would make us the largest contributor to IFAD, the increase is about 15% in sterling terms; our contribution over the previous cycle was £57 million. At the moment, we have not yet heard what Germany will pledge, but we anticipate a similar amount. The Netherlands, for example, is a strong contributor and just behind the UK. China is now a net contributor to the system, increasing its contribution from US \$60 million to \$80 million. Italy has pledged \$63 million, Sweden \$57 million and Canada \$55 million. The US commitment is on an annual basis, so about \$30 million per year takes it up to about \$90 million—again, a similar amount to us.

A range of different countries have a strong sense of ownership. Cameroon, for example, has put money in—\$1.1 million—and Bangladesh has put in \$1.5 million, up from \$650,000, Kenya \$1 million, Ghana \$585,000 and Rwanda \$100,000. I confirm that widening the donor base towards the total—it is also important to say that the total replenishment we aimed for was US \$1.2 billion—is an important part of the reforms.

Chris Bryant: I am proud of the fact that Britain is doing more than other countries—that is excellent—but are the Government seeking to use that leadership as a means of persuading others to put their hands in their pocket more effectively? The Minister cited the United States of America giving roughly the same as the UK, but it is a much bigger economy and I would have thought that it gave significantly more. I want to know how much more the Government are trying to leverage in from others.

Harriett Baldwin: We certainly make that point. In all our work, we try to do exactly that: we must get the balance right between being one of the leading donors and at the same time ensuring that we leverage in money from other countries. That is a constant part of our work on the replenishment. I think that I have addressed most of the points made by hon. Members, so I ask the Committee to support the motion that we have considered this replenishment.

Question put and agreed to.

9.9 am

Committee rose.

