TRANSCRIPT

Event
“Rural Livelihood Resilience: Keynote Address and Armchair Discussion with IFAD President Alvaro Lario”

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FEATURING
Alvaro Lario
President, International Fund for Agricultural Development

CSIS EXPERTS
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Transcript By
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Good afternoon, everyone. In partnership with the International Fund for Agricultural Development, I’m pleased to extend a warm welcome to CSIS for today’s event, a keynote address from IFAD President Dr. Alvaro Lario.

I’m Caitlin Welsh, director of the CSIS Global Food Security Program. And before we begin, I’d like to make a few housekeeping announcements.

First, as the responsible safety officer for our event, I want to share with you some information about our building safety precautions. Please take a moment to familiarize yourselves with our emergency exit pathways, which are located behind me and to the right – right there – and behind you and to the right. Should the need arise, please follow my instructions and move toward these exits. And overall, of course, we feel very secure in our building, but as a convener we must prepare for any eventuality.

And as a second announcement, about questions. Following today’s keynote address, we will welcome questions from the audience in person and online for President Lario. If you’d like to ask a question, please submit it at the “ask questions here” button on our event page, which for those of you in the audience can be accessed using the QR code on these screens. We do encourage questions and we look forward to addressing them soon.

And before we begin, a short video.

(Video presentation begins.)

(Through interpreter.) With hydroponics, we have several advantages: better pest control, planting quality seed, and high-quality varieties.

(Through interpreter.) Normally, they are not very interested in agriculture, at least not by traditional agriculture. Yet, when we present them with innovative agricultural techniques, then they are more interested.

(Through interpreter.) There have been young people trying to work the farmlands in the rural areas, like their parents, like our grandparents. But now, with climate change, land produces less.

(Music.)
Ms. Lainez: (Through interpreter.) In five or 10 years, my children will be 15. I hope that they will like agriculture. They already do. Since they were very little, they have learned that they can make a career out of it.

(Video presentation ends.)

Ms. Welsh: It is now my distinct pleasure to introduce today’s guest, Dr. Alvaro Lario, president of the International Fund for Agricultural Development. Dr. Lario assumed this office less than two weeks ago, on October 1st, and today’s keynote address will be his first as IFAD president. He is, of course, no stranger to IFAD, having previously served as associate vice president of financial operations at IFAD. In that role, he helped IFAD leverage private capital in addition to public funds to serve the needs of small-scale agriculturalists – those engaged in farming, fishing, forestry, and herding – in low- and middle-income countries. To this current role, Dr. Lario brings 20 years of experience across academia, private-sector asset management, the World Bank Group, and the United Nations.

From the perspective of food security, President Lario takes this office at one of the most challenging times this century. In addition to the effects of climate change and COVID-19, Russia’s war in Ukraine is increasing the costs of agricultural inputs. Inflation and efforts to combat inflation are pushing up prices even further, reducing agricultural yields and incomes worldwide. Such challenges also present opportunities for impact, of course, which we look forward to hearing about soon.

For now, I will simply say that we are honored to host you at CSIS, President Lario, and the floor is yours.

Alvaro Lario: Thank you very much, Caitlin. And my thanks to the Center for Strategic and International Studies and to everyone who has turned up today to discuss how to make rural livelihoods more resilient.

The story you saw in the video today shows how access to better technology increases livelihoods, resilience, and food security, giving young people a future in farming and strengthening rural communities. We will have time in the armchair discussion to explore various issues in more depth, so now I would like to take some minutes to set up the scene.

Let me start with three questions: Why should anyone sitting here in Washington, D.C., care about the resilience and livelihoods of rural people in Africa, Asia, or Latin America? And at a time when so many causes are drawing attention and funding, how can we argue that what is happening on small farms and in remote villages in developing countries matters to the global community? How do we connect the dots between food insecurity,
conflict, and national security not only so that people understand, but so that people and governments act?

My short answer is that all of us are involved in humankind and connected, and that the future of life on Earth depends on leaving no one behind. Being less altruistic, I would say that our world is global and what happens in the Sahel desert, the Hindu Kush, or the Amazon forest affects all of us.

Let’s unpack this a bit more. It’s a truism to say that the food we eat is as fundamental to life as the air we breathe and that food is primarily grown in rural areas. Today, more than 800 million people lack access to sufficient nutritious food to lead productive and active lives. That’s almost a hundred people – sorry, hundred million more people than the populations of the United States, Canada, Mexico, and Brazil combined.

Let me give you also three facts. First, most of the world’s hungriest people live in the rural areas of developing countries. Second, most depend on small-scale agriculture for their lives and livelihoods. And third, more than 3 billion rural people rely on small farms for their food.

Today’s food crisis is not only the result of the war in Ukraine or of the COVID pandemic or of climate change; it is primarily the result of longstanding weaknesses and underinvestment in the overall food system architecture. And it is a result of the glaring inequalities that have left too many small-scale producers in dire poverty.

So why do small farms matter? Small farms are central to food production. They produce one-third of our food on only 11 percent of the agricultural land. Large farms, meanwhile, contribute only 18 percent of the food calories on more than half of the world’s farmland. But small-scale farmers are often poor. They just receive 6.5 cents of every dollar for the value of the food they produce, and most small farmers are net buyers of food. Sustainable food systems need small farms, and they need farmers to be fairly and decently compensated for the enormous benefits that they bring to all of us. Not only are small farms efficient; they also have a lighter footprint on essential ecosystems than large farms. They are not a major source of greenhouse emissions. They do not depend heavily on freshwater for crops. They preserve biodiversity instead of depleting it. And they are home to a wide range of plants, insects, and pollinators. Without pollinators, humanity would not survive on our planet.

Productive and profitable small farms work hand-in-hand with micro, small, and medium enterprises. Agrifood enterprises provide farmers with vital inputs like seeds and fertilizers. And they perform a variety of essential functions of the farm such as processing, storing, and marketing food. We
need these micro, small, and medium enterprises to get from food farms to plates. They are a vital source of jobs and income for rural people, and they fuel growth in the rural economy that benefits local people.

Ladies and gentlemen, underinvestment in rural areas is neither economically nor ethically sound. As long as agriculture remains at the subsistence level, as long as the roads are unpaved and the villages are without electricity, health clinics, or clean water, rural people will continue to migrate, first to the city and then, if they cannot find decent employment, across borders to neighboring countries and beyond. When poverty and hunger begin to take their toll in rural communities, it is the young men who leave first, often to city slums where they may fall prey to extremism or where they may exchange rural poverty for urban poverty and exploitation.

We should also remember that rapid urbanization comes with its own problems. Cities have a finite carrying capacity. They cannot provide always good jobs, good housing, and sanitation for everyone. Urbanization does not necessarily translate into affluence. We do not need bigger cities with bigger slums.

And of course, few people really want to leave their homes, family, friends, culture, and heritage to trek hundreds of thousands of miles to an unknown and often uncertain future. What they really want is to be able to adapt to climate change, improve their food security, and enhance their quality of life with better prospects for their children and grandchildren. But this requires resilience.

At IFAD, we define resilience as the ability to function in the face of shocks and stresses, and to bounce back when crisis hits. Everyone benefits when rural livelihoods are resilient and when there is an even more – even distribution of employment, services, and opportunities between rural and urban areas. By investing in rural economies, we can create a range of opportunities for young people so that they are not compelled to migrate. A better, fairer, and more sustainable world offers landscapes of opportunities both rural and urban.

Climate change is another obstacle we must confront. The consequences of rising average temperatures and disrupted global weather systems cannot be overstated, especially against the backdrop of a growing population, as is the case in much of Africa and Asia. Climate change is one of the lead drivers of food insecurity. A rise in temperature by just one degree reduces cereal yields by about 5 percent. In Africa, agriculture productivity growth has slumped 34 percent since 1961, largely as a result of climate change. This, in turn, undermines livelihoods and living wages.
As we have seen this year around the world, farmers are on the frontlines of climate change. When food production fails, farming families face a stark choice: They can migrate, they can compete with neighboring communities for food, or they can risk starvation. What would you choose?

To confront these changes, we also need innovation at a scale and speed the agriculture sector has never seen before. We need to help farmers introduce new drug-resistant varieties, new breeds of stock, and new practices that enable them to increase output despite climate change and input constraints.

Digital technology, such as mobile phones and satellites, can help both to get the information about what is happening on the ground, and to share solutions with farmers. They can provide financial services and tools like insurance, so that when crops fail, or crisis strikes, farmers can bounce back.

Farmers in remote areas are already using mobile phone networks to bypass fixed-line networks. The same could be done with renewable energy such as PV panels, which have become cheap and can be installed locally without the need for massive infrastructure spending or dependence on coal plants.

At IFAD we promote investment in the most rural and vulnerable smallholder farmers and communities because it works. It costs less to fix a problem than it does to respond to emergency, but the more we delay the higher the cost.

Climate adaption in developing countries is likely to cost almost 300 billion (dollars) a year by 2050. The cost of climate proofing food systems is estimated at 1.3 trillion (dollars) a year. The GDP generated by agriculture is two to three times more effective in reducing poverty than growth in any other sector, and in terms of investments, every U.S. dollar invested in agriculture development yields $10 worth of benefits.

That is why emergency relief, while necessary, needs to be matched by long-term investment in resilience and improved livelihoods. After every disaster, we spend a fortune just to get back to where we were. We need to invest in a more resilient future instead of lurching from crisis to crisis.

It’s not just a government job either. Smallholders need to be involved in partnership with the private sector, specifically in partnerships that are mutually beneficial, equitable, and transparent. For example, in a project in Rwanda key factories established by private sector partners buy directly from the cooperatives, and they cooperatives participate as equity shareholders in the factories. Each cooperative has around 4,000 members.
Finally, we also invest in multiple benefit solutions. In Nicaragua, we have promoted planting trees to shade coffee and cocoa crops. This scheme sequesters carbon, reduces temperature, and enhances land productivity.

As another example, in Niger we have helped design a program that encourages farmers to plant grasses and trees, to restore watersheds, and conserve soil and water. In this project, yields of onions, cabbage, and tomatoes are up 40 percent; rainfed millet, 78 percent; and sorghum, 63 percent.

Ladies and gentlemen, today’s problems are complex, and the challenges interconnected. IFAD has about 200 projects in a hundred countries, but there is so much more to be done. We act as an assembler of development, finance, and bring together partners who want to invest in people, in ending poverty and hunger, in building resilience, and a peaceful and more sustainable world.

I’m looking forward to taking the discussion farther and work with all of you together. Thank you very much. (Applause.)

Ms. Welsh: President Lario, thank you so much for your keynote address, and thank you for being with us at CSIS today.

Mr. Lario: So a few questions from me, and then, I’ll be happy to turn to the audience for questions as well.

I’d like to start with some scene setting with talking about the challenges that are facing small-scale agriculturalists today – related, as you pointed out, to rising costs related to Russia’s war in Ukraine, which has increased the cost of fertilizer and fuel, important inputs for agriculturalists around the world – and also, looking around the world financially, we see that a strong dollar means that poor countries need to pay more to import – even more to import fertilizer and fuel.

So when small-scale farmers and fishers and those engaged in forestry and herding, when they had a difficult time accessing these inputs – before the war broke out – certainly this is an even greater challenge today. So what is IFAD doing to help farmers to access these inputs that they need?

Mr. Lario: Thank you very much and thank you for the invitation.

So we have set up – I mean, as you mentioned, there have been a lot of different shocks, and it has been a convergence of crisis as we are hearing
from everybody nowadays. The reality is that small scale farmers in our programs are not able to absorb the increase in prices from fertilizers, energy, fuel, just food prices, inputs, and many of them are actually having to sell their assets or just not plant them because they cannot afford it. And they cannot pass it into the markets.

One of the things that is very important when we are looking at the entire food system architecture, it’s actually that we look at production, also at distribution, also at storage – the entire, I would say, value chain, and also, that the value chain is inclusive and resilient.

So when we talk about inclusive and resilience, let me try to make it more visible. Inclusive is actually to make the communities on the ground participate in the actual design of the programs to make sure that we are really addressing their needs and not our needs, that they are part of the solution, and that they can also participate.

In the case of IFAD, we actually bring farmers organizations, we bring rural communities, and we have a consultation with them before we actually partner with the government.

In terms of resilience, let me put you another example. Right now we saw the project in El Salvador, in Honduras, like a very basic type of basket of food that’s actually costing 95 percent of the minimum wage. So many of them cannot really afford to have a healthy, nutritious diet.

So, from our side, in the very short-term, access is very important. Price affordability is also very important. I would say we are putting schemes to try to address the side of the affordability, but we have to also look at other sustainability, sustainable use, suitability to local solutions, locally adopted crops, local production of food and fertilizers.

So it’s a very complex, I would say, structure that we need to address in – from a very holistic point of view.

Ms. Welsh: Certainly. Again, the challenge being that the prices of inputs are rising faster than the prices of food itself, so we see farmers going into debt or selling off assets to access these inputs – a threat being that through applying less fertilizer, for example, then yields will be lower and lower for farmers who are already applying low amounts of fertilizer to begin with.

Talking about this this term of resilience – which I think is a term that a lot of people love to talk about – I think we can assume that everybody knows what we meant by that when in reality different – people might mean
different things. You noted that you have 200 projects in 100 countries. What does resilience look like, let’s say, for – you know, for someone – a herder in Somalia, or someone who fishes in Bangladesh, or a farmer in Central America?

Mr. Lario: So that’s, I would say, a fascinating question. Indeed, I’m sure in our audience if we have a thousand people in the audience, probably they have a thousand different definitions of resilience.

I mean, for me resilience is about people. Resilience is about their ability to withstand the shocks – where it’s an income or cost of living shock, or it’s a climate, or it’s any type of shock that affects a community. In that sense, as I said, the most important part is that actually the people are at the center of the design of the programs.

So in terms of resilience, this might imply that they can actually adapt to a drought, that they can adapt to having much less money because of the increase of prices, and that they do not fall into poverty. Even before the Ukraine war, what we were seeing in COVID-19 is that 150 million more people fell into poverty and food insecurity.

That means that actually they are not able to have a decent living wage. They are not able to have a livelihood, and we have seen some of the consequences in terms of social unrest, migration.

So to me resilience, as I said, is about people and about their ability to adapt without necessarily having to fall into poverty. In our own impact assessments, we do measure resilience. We have household surveys. We run some innovative methodologies. And we see how many of those people exposed of our programs actually are able to be resilient to some of these shocks based on their own assessment as well as our assessment.

Ms. Welsh: Great. Thank you for those examples, particularly for those of us who have not been able to travel since the pandemic so thank you.

Let’s talk about funding a bit. What is it that IFAD is doing on the ground, at the ground level, for the people that you just illustrated for us? And then I want to talk about how IFAD is accessing funds, but first let’s talk about on the ground.

So what are some examples of ways that you get these – get funding and inputs to farmers and agriculturalists.

Mr. Lario: So I would say over the last two, three years it has been really tough because there have been this series of shocks. Our programs usually are – our DNA is
just to focus on medium-term resilience, long-term investment, not humanitarian assistance. So this is what the world currently is looking for.

In the meantime, we have had the COVID-19 shock. We have had also right now the Ukraine war shock. So we put together a rural poor stimulus facility. We repurposed programs. We tried to address both the food insecurity as well as the access to inputs. We put another Crisis Response Initiative. And the U.S. government has also supported us with their leadership. So in that sense, I would say that on top of the medium-term we have also had to adapt to the shocks, to repurpose, to try to see what we can do with our current programs to address the current issues.

So it has been really tough. It has been a challenge, really, to have to redirect, repurpose, see what are the priorities, because the funding was not enough to really tackle all of the challenges.

Ms. Welsh: OK. And let’s talk about how you’re accessing funding for the projects that you do on the ground. In June, IFAD was the first U.N. fund to enter the capital markets when it issued its first sustainable development bond for a value of a hundred million U.S. dollars, and I know it’s been an IFAD priority to explore innovative funding models.

Can you tell us a bit about those and how they complement traditional funding?

Mr. Lario: Yeah, thank you. So I think it’s clear that no institution can continue to function like we used to function 40 years ago. So the business model, the challenges are evolving, and we need to evolve the same way. For as we are United Nations’ agency, we are also an international financial institution, so we have to draw on advantages of both cases.

In the case of being an international financial institution, we have started with borrowing. We were the first United Nations specialized agency, outside the World Bank, to get a credit rating without being a bank, and that has enabled us to really mobilize pension-fund money and to mobilize it for the small poorer rural holders. So I think that’s fantastic news.

Now we are exploring what else can we do. Can we blend part of our resources with that borrowed money? Can we use guarantees? We are seeing more and more from the United Nations’ food crisis response and the secretary-general looking for new ways of operating.

We are seeing also the big multilateral development banks are being asked and questioned about their model and how to expand their AAA. We’re a double-A-plus. So what can we – how can we make sure that all of those instruments are working for the poor and are addressing poverty and
hunger, that they are not only trying, so to say, to make sure that institutions remain working in the same way.

And there’s a push to actually revisit. We saw Secretary Yellen also asking for a revisit of all of those models. I think we are in a very interesting and challenging situation for all of us, and we need to find new solutions.

So we need to find out-of-the-box solutions and really stretch the current models because they will not be enough. The private sector is part of it. Local government investment is, too.

In the case of food systems, I would say the key challenge has been under investments – and I’ve said it before – over many years from local governments, from the international community, from private sector.

So it’s not only one actor. The type of distortions, taxes, subsidies that the system is seeing in terms of food systems – we’re talking about 500, 600 billion (dollars). They’re massive amounts. If those were repurposed and redirected, we could really end poverty and hunger.

Ms. Welsh: Thanks for those examples, and as you and I were talking about previously, they're becoming much more important in the context of – as you said, it’s just a changing world right now, but also IFAD’s next replenishment is next year. Given the rising price of the dollar, it will be even more expensive for governments to contribute to IFAD as they have in the past so it'll be interesting to watch the success of these new funding models that you're launching.

So one last question from me, and then, I’m going to be excited to hear questions from the audience. But this is about why, and there are many reasons why IFAD is doing what it’s doing as you explained in your keynote and as we saw in the video as well.

But one thing in particular that you have noted that you heard a lot from leaders at UNGA, from leaders across – at the U.N. General Assembly and also from leaders across Washington is this – the fact that food security relates to national security, as leaders defined it for themselves. Can you talk to me a bit about those conversations that you’ve had?

Mr. Lario: Yeah, indeed what we are seeing more and more is that actually food security is becoming a top priority in many of the governments. They’re saying that if they do not address many of the food insecurity for rural areas this might result of social unrest, also in future lost generations.
So, in that sense, I’m hopeful that this food crisis is not only focusing on grain and getting out grain or fertilizers, but it’s actually making people aware that food systems are very important; that countries need to be also self-reliant – make sure that local production of food and fertilizers is a priority – that they need to integrate regional markets to make sure that they can make their own food consumption, not rely on any external shock.

We were talking before about resilience. Resilience can be thought at the household level, at the – at an entire economy level, at a country level. So it’s important that for many of the leaders I’m talking to this is becoming one of the key topics.

(Microphone feedback.) Sorry.

Ms. Welsh: Thank you, and thank you for that.

So I see we have a number of questions in the audience, and – from folks in the audience, and I’ll welcome you to ask the question yourself. And then, we can turn to answers.

So I see that there is a question from, let’s see, John Coonrod? Yeah, you’re welcome to – sorry – thank you. Here – the microphone is right behind you.

And if you could – sorry, if you could state your name, your affiliation, and then, succinctly state your question. And we’ll take a few questions at a time and turn it over to the president.

Q: Very good. So my name is John Coonrod with the Hunger Project.

And my question is – relates to this new consensus of small-scale farmers.

And the number one request of the farmers was for a voice in policymaking, and I’m just wondering how IFAD can help with that.

Ms. Welsh: Thank you, John.

We have a question from Helen from Oxfam who’s also in person. Great. Thank you.

Q: Thank you. So Helen Ripmeester of Oxfam America.

I basically had two questions. One was your perspective on the role of U.S. big food companies in relation to the resilience of smallholders, and the second question was, what do you see the role of those big U.S. multinationals in the food crisis, specifically now that their profits are breaking records?
Ms. Welsh: Great. Thank you, Helen.

And last, a question from Lawrence Schaefer, also in the room.

Q: Yeah, Lawrence Schaefer, Schaefer Global Management.

The relevancy of controlled environment agriculture – is it relevant? Is it – does it work? Do you see it as something that’s going to be a significant player in the changing of the world in food security? Controlled environment agriculture.

Ms. Welsh: Thank you very much. So we – so you got those?

Mr. Lario: Not the last one.

Ms. Welsh: The last one was about controlled environment agriculture, which is a term for vertical – indoor farming.

Mr. Lario: Vertical farming.

Ms. Welsh: Yeah.

Q: (Off mic.)

Ms. Welsh: Great. Yeah. OK, so over to you for comments on all those questions.

Mr. Lario: Thank you very much. So on the policy and the voice for us, it’s very important, as I said, to make sure that our programs are inclusive, and we have the people on the ground being part of it.

One of our, I would say, key strategies over the last year has been to decentralize, to make sure that we have more people in the field – that they are able to actually construct this policy dialogue with the governments.

One of the important parts of the Food Systems Summit, I would say, is that we have all agreed that the measure to – all the interventions coming together through the national pathways. I think that’s a very good way of really making sure that many of the vulnerable groups – where its indigenous people, youth, women – have a say in how these policies are being shaped and how these policies are being executed. And for us, in our programs it’s very important to bring that policy dialogue.

In terms of the big corporations, for us the most important part, given our focus on smallholder farmers, is that they actually – when they interact with
the bigger corporations and with the value chains, they get a fair share of the entire value chain.

Many times that’s not the case – that they are also part – we know they are part of the solution – so that there’s not that I would say power struggle, and that they receive their fair share. We were part in the Food Systems Summit of the – of the track on living wages, and for us it’s very important they are actually able to earn a decent living wage – and not that they work and then they cannot really afford a healthy, nutritious diet. So that’s part, I would say, of the big discussion.

On the controlled environment agriculture, I’m not sure I will have enough information to really give you an answer.

Ms. Welsh: Thank you. It could be an answer in itself.

Two questions online – one about climate change and about how IFAD supports climate change adaption and mitigation activities; and how you’ve sustained attention to this issue amid so many competing priorities?

And another question online about your collaboration with other Rome-based agencies – with the U.N. Food and Agriculture Organization and with the U.N. World Food Programme?

Mr. Lario: Yeah. So on the first one, for us, what we have seen over the last years is that before you had a conversation on food and a conversation on climate. Clearly, right now they are together. So it’s – as I said in my speech, I believe that climate shocks are really impacting the livelihoods of the poor people in a way that we have to make sure that all of our programs actually are mainstream.

All of our programs currently are mainstream in terms of climate. Ninety percent of our climate financing goes to adaptation. For us, there’s not enough attention to adaptation. Actually, smallholders receive less than 2 percent of the entire climate financing and adaptation is really key to make sure that they continue with their livelihoods.

We have the biggest, probably, smallholder adaptation fund, which is called ASAP+. We have been in this first phase. We have outreach to 6 million smallholders in 41 countries. And what I’m seeing also from global leaders is that there’s more and more demand on climate financing. They are seeing that their populations are suffering. We have a big opportunity in COP-27 to get the Global North and the Global South in all of their commitments to really make sure that they happen and that they are financed as they were committed. So I think that’s a – that’s a very big opportunity.
The other question was on?

Ms. Welsh: The collaboration with the – yeah.

Mr. Lario: Collaboration with the RBAs. So we do have some joint-designed programs. For example, in Central America we have a very exciting program on school meals whereby each of us has a different – is coming from a different angle. As you know, World Food Programme focuses very much on humanitarian assistance, FAO works mostly in normative policy data, and we work on the financing of the food systems, rural areas. So our spheres are very different.

We do have many common, let’s say, policies together. We work on the ground together. We have – in many of our offices, we are either based at the World Food Programme or we share an office with FAO, too. The FAO Investment Centre is a big supplier of many of the technical work of our programs. So actually, I would say that the technical teams are working well together.

There’s always room for improvement. And that’s also one of my commitments, to see how we can actually work together. Because we are – we have also the Food Systems Coordination Hub, which is trying to see on the ground how many of the, I would say, summary recommendations can be implemented in our programs – in each of our programs.

Ms. Welsh: OK, thank you. Thanks.

Questions from the audience. Anything else from the audience here in the room? Great, we’ll take – OK. So we’ll do one, two, and then three. And again, your name, affiliation, then a quick question.

Q: Bob Tansey, global policy lead for agriculture, the Nature Conservancy.

Sir, if you could elaborate a little bit more on the policy side, the Nature Conservancy did a report a couple years ago documenting that about $500 billion a year in subsidies and other financing goes for practices that are not helpful to the environment. How do you help shift subsidies and other financing to support small-scale producers in a transition to greater resilience and greater sustainability? Thank you.

Ms. Welsh: Thank you very much.

Right there. Thank you. Right there.
Q: Thanks so much for being here two weeks into the job. Keith Martin, the executive director of the Consortium of Universities for Global Health next door.

One of our vexing challenges has been how do we strengthen the capacity of low- to middle-income countries, particularly low-income countries, within their governments so they can strengthen the ecosystem that will help to operationalize exactly the things you mentioned. And thank you for bringing the triple benefits up of the Sustainable Development Goals – social determinants of health, sorry; climate change; and the biodiversity crisis as the triple benefits of this. Thanks so much.

Ms. Welsh: Great. Thank you.

And then there’s a question in the back.

Q: Hi. My name is Covey Willkens. I’m with a company called Development Finance International. We’re based in Bethesda. And we work closely with IFAD in a number of countries with a lot of your colleagues.

And you brought up the pension fund, being able to leverage pension-fund money. And you know, pension funds, they have – one of the unique aspects is the longer – the longer tenures for their returns and the mandates might not be as focused on the return as other institutional investors, lets them take on more risk. So when you think about engaging with the private sector, I’m curious what are some of the most unique and valuable aspects that the private sector can bring to these - to these programs, especially when dealing with local partners – your local implementing partners. Thank you.

Ms. Welsh: Thank you very much. Just to remind you, so one generally speaking was about the environment, another about health, and then another about private investment. (Laughs.)

Mr. Lario: OK. Thank you. Thank you very much.

So let me start with what can we do. Actually, that’s a very good question because the type of challenge that we are seeing is massive from our side, but we try to bring together in terms of conservancy, nature-based solutions is to make sure that we bring the communities and their knowledge in terms of restoration of soil, restoration of water, conservation of watersheds, and so on through their – I would say through nature-based solutions, through agroecology.
And also the case, for example – let me put you an example of fertilizers and chemical fertilizers. We also promote organic fertilizers, mixture with organic matters, trying, so to say, to make sure that we are not the only ones bringing the solution but that many of the knowledge that is out there and that makes the difference in terms of restoring and conserving nature is brought by the community. So that inclusivity for us is very important.

In terms of the overall 500, 600 billion that I also mentioned, I think that’s a – that’s a question that I many times ask the governments and I think I will continue advocating because I think it’s part of the solutions.

In terms of the second question, the way I understood was on the institutional capacity at the government level. For us, it’s very important that we do not do single interventions but that, actually, there are some long-term benefits, and that there’s institutional capacity that is in the government, and that they can share and learn the knowledge. Also, when we are designing the programs, that it’s not just a one-off but that we build the long-term knowledge.

Many of the – I was recently talking to the minister in UAE on how they transitioned also over time. And they were very clear that at the beginning they took the consultants, but that there was a time where they put a consultant next to a government official to learn, really, the long term so that they did not have to rely on long-term consultants. That would be the really good way out of – out of building the capacity internally, which to me is one of the key issues in the – in many of the low-income countries.

On the last question, vis-à-vis the pension funds and private money, so here there’s two aspects. One is how we fund ourselves, and other how we do the public-private partnerships with governments and private enterprises. I will focus on the private funding.

So IFAD currently works in 16 out of the 17 SDGs. So when we issue a bond, we can call it SDG bond, ESG bond, blue bond, green bond, anything you want. (Laughter.) So, basically, they all want to partner with us. We have – currently, our board has approved 20 potential partners that we could actually issue private placements with them. So it’s something that, to be frank, we have to tell them that we cannot do as big sizes as they would like because we have to diversify. So I think our main issue is, actually, how much we can leverage as an institution rather than the access to those funds.

We track our projects per SDG. So we are actually really able to show them and report on the impact. So in that sense, I think they all want to work with us.
Ms. Welsh: Great. Thank you. Thanks very much.

One more question here and then I’ll offer you an opportunity for any final remarks. But one thing that I’ve noticed is that you sense – in your long tenure of about 10 days as president of IFAD, you’ve talked a lot about doing things – doing business differently. In your first blog post as IFAD president, you noted that things need to change; we can no longer rely on the same old playbook. And then there was an article in The Guardian featuring you a couple of days ago and quoting you saying: “The fact that we have not really paid enough attention to how food is produced, how food is distributed, how food is stored, and the creation of jobs in many of these rural areas is at the forefront of the crisis we’re experiencing today.”

So I’m just wondering if you can give us some really specific examples of things that you see on the ground and ways that you now as president might be approaching these challenges differently related to, as you’ve mentioned, production, transportation, storage, et cetera. So what’s an example of something where, like, really I would think we all like to talk about doing business differently, but can you give us – put some meat on the bones if you don’t mind. (Laughs.)

Mr. Lario: Yeah. So let me start with the bigger picture and then I’ll try to make it as visible as I can.

So IFAD for 40 years had been only doing public-sector lending. Three or four years ago, we started also lending to the private sector and seeing how that could also fit with our public-sector loans. That was already a big change for an institution. We know that many times what’s missing is the missing middle between subsistence farming, making small-scale producers commercial, so we are trying to see what we can actually address at the policy and at the investment level. So after 40 years, that has meant a big change of culture in the institution.

Then we have also tried to mobilize funds, as we were mentioning, from the big capital pool that is out there and savings, and really making sure that it’s working for the rural poor. Only that we had to amend our articles of agreement three or four times to just make sure that the institution could do many of these things. There has been a big push, big support from the donors, so that has completely changed how we are actually working.

What we are seeing currently, for example, is that IFAD needs also to become an assembler of development finance. So our financing will not be enough. In COP-27, we’re working with the government of Egypt on their food track to make sure that we mobilize. We are talking here about 2 or 3 billion into
their food sector in a way. So we need to bring together other multilaterals, governments, private sector. So that’s key in the way we work.

Vis-à-vis our work on the ground, I think it’s important – and IFAD has a great reputation. Everywhere I go, I get a lot of very positive feedback. So in that sense, what we need to make sure internally is that our offer is very strong. So our main key four topics or themes are gender, nutrition, climate, and youth. So we need to make sure that all of our programs are being transformational – we are not just checking boxes, we are not just saying they’re sensitive to these issues; actually, we are transforming the rural economies.

Then what does it mean to transform a rural economy? I can perhaps talk at the gender level. So when women have the access to resources, when they have a voice in the community, their choices in terms of how they feed their children, where their children go to school, the risks they take, the entrepreneurship, how the community works changes completely. That’s one of the really nice things when you go to the field and you see the programs, is changing not just one household but actually the community.

So those are the issues to make sure that our programs are transforming the communities. And that’s easier said than done, but that has to be our focus.

Ms. Welsh: Yeah. Thank you. Thank you very, very much.

Anything else you’d like to share with our audience before we conclude?

Mr. Lario: No. I’m – well, it’s a pleasure to be with all of you today, with the audience online too. I look forward to joining forces. I think it’s the civil society organizations, it’s the NGOs, it’s the multilaterals, it’s the public sector – it’s the public sector, so it’s not going to be enough with only one of us. My message is always that we need to join forces, make sure that we all speak to the same voice. And to – when we are talking about challenges that are Earth-sized challenges – in terms of climate change or food insecurity, hunger – just one actor is not going to make it. So I’m very happy that we can partner with all of them.

Ms. Welsh: Thank you. I know you’re based in Rome, but a pleasure to have you in Washington and an honor to have you here at CSIS. And we hope to welcome you back at some point. So thank you. Thank you so much to IFAD President Dr. Alvaro Lario for delivering your keynote address and engaging with our audience here today.

I’d like to thank IFAD for partnering with us for today’s event. I’d like to thank the CSIS Global Food Security and External Relations teams and all others who help make today’s event possible. And thank you, our audience,
for joining us in person and online. This concludes today’s event. And you can please follow us on Twitter at @CSISFood.

Mr. Lario: Thank you.

Ms. Welsh: Thank you.

Mr. Lario: Thank you very much. (Applause.)

(END)