

# INTERNATIONAL FINANCIAL INSTITUTION (IFI) ACTION PLAN TO ADDRESS FOOD INSECURITY

Collectively prepared by the following institutions: the African Development Bank, the Asian Development Bank, the European Bank for Reconstruction and Development, the Inter-American Development Bank, the International Fund for Agricultural Development, the International Monetary Fund, and the World Bank Group.



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## **International Financial Institution (IFI) Action Plan to Address Food Insecurity**

This Action Plan captures the policy and operational responses of the International Financial Institutions (IFIs) to address rising food insecurity, including the African Development Bank (AfDB), Asian Development Bank (ADB), European Bank for Reconstruction and Development (EBRD), Inter-American Development Bank (IDB), World Bank, the International Monetary Fund (IMF), and the International Fund for Agricultural Development (IFAD).

### ***The Challenge: Rising Food Insecurity Threatens Lives and Livelihoods***

Since the Russian war against Ukraine, global commodity prices and market uncertainty have increased dramatically, creating significant risks to food and nutrition security on top of pre-existing vulnerabilities in many countries. Some countries are now facing physical shortages of food, and many more are experiencing higher food, fuel, and fertilizer prices. More people are hungry and experiencing food insecurity, and more people are at risk of falling into poverty. Rising food prices are adding to global inflationary pressures, stretching household spending, and reducing fiscal space in government budgets, and come at a time when fiscal space is already narrow and debt vulnerability is high. This latest global shock is exacerbating the sharp increase in both acute and chronic food insecurity in recent years driven by conflict, climate change, and economic downturns, such as those associated with the COVID-19 pandemic. The IFIs must come together to respond swiftly to these challenges.

### ***The Response: Delivering an Urgent and Effective Response at Scale***

The IFIs have a solid track record and already make a significant financial and technical contribution to the global food security architecture, which also includes bilateral donors, UN food and agriculture agencies, sector-specific financial intermediary funds, and philanthropic organizations, among other critical actors. The IFIs can bring to bear their financing, policy engagement, technical assistance and knowledge work to address rising food insecurity today. This will include leveraging existing tools and programs in a fast-tracked and scaled up manner, repurposing current programs, prioritizing relevant programs in the portfolio, targeting work that respond to the current needs more purposefully as well as, in some cases, launching new specific initiatives.

Given serious rising food insecurity, together the IFIs will pursue actions to step up, surge, and scale their work across six priority goals, in line with their comparative advantages. The six priority goals are: (i) supporting vulnerable people, (ii) promoting open trade; (iii) mitigating fertilizer shortages; (iv) supporting food production now; (v) investing in climate-resilient agriculture for the future; and (vi) coordinating for maximum impact.

**Goal 1: Supporting Vulnerable People:** IFIs must provide targeted support to vulnerable populations to meet their immediate needs, including through social safety nets and cash transfers.

- *African Development Bank*
  - The AfDB is seeking opportunities to provide budget support to certain countries in North Africa for the purpose of supporting vulnerable consumers that are particularly hurt by the rising price of wheat. Country missions will be underway in the near future to move this work forward.
  
- *Asian Development Bank*
  - For Fragile and Conflict-Affected countries such as Afghanistan and Myanmar, ADB is continuing to work with partners (such as World Food Program and FAO) to address severe food insecurity through emergency food assistance, food-for-work and cash-for-work programs. In Afghanistan, ADB is financing \$200 million for sustaining essential food and livelihood-related services to the vulnerable communities, and will re-align planned activities as necessary to respond to immediate needs. Similar collaboration with WFP is being explored for Myanmar and Sri Lanka.
  - In Sri Lanka, ADB is repurposing/ utilizing current sovereign projects of nearly \$150 million for social protection programs which would include (i) expansion of the existing cash transfer programs; (ii) livelihood development program in relation to food and nutrition insecurity; and (iii) system strengthening and capacity development activities for the existing cash transfer and livelihood development programs.
  - In Central Asia, ADB is currently in the process of exploring counter-cyclical responses as provided during the COVID-19 pandemic. Financing amounts are still under discussion, but operations may include much needed social protection support with potential focus on the most vulnerable communities. This would provide support to enhance purchasing power, and may comprise of cash transfer programs and increased support to smallholder farmers, including through access to credit schemes, markets and nutritious food.
  - As a part of the Philippine Policy based lending project, Competitive and Inclusive agriculture development program (\$400 million), ADB will help the government tackle food insecurity by developing a food voucher program for pregnant and lactating women and their children to improve their access to diverse and healthy nutrition sources.
  
- *European Bank for Reconstruction and Development*
  - The EBRD's Resilience and Livelihood Framework, approved in response to Russia's war against Ukraine, will support businesses and public services across all sectors affected by the war, in Ukraine and neighboring countries with a package of investments expected to reach €2 billion over the next two years. In Ukraine, the Bank will focus on energy security (gas, electricity), vital infrastructure services (railways, logistics and municipal services), trade finance (including for agriculture), food security and pharmaceuticals. Food security and

trade finance of agricultural and food products are expected to represent €500 million, of which €200 million is for Ukraine and €300 million is for neighboring countries.

- Projects under the framework will indirectly help to support people's livelihoods and alleviate the social and economic pressures resulting from the war and displacements. They complement measures such as cash transfers and targeted social benefits provided by state budgets and other multilateral agencies to protect refugees and to meet the basic needs of refugees and their host communities.
- *Inter-American Development Bank*
  - The IDB will support countries requesting assistance to broaden and deepen social programs that target the food insecure, including through conditional and unconditional cash transfers, food vouchers, school meals, and other programs. Where relevant, IDB will work to target support to women, minorities, migrants, and hard to reach populations in rural and urban areas. IDB is preparing a \$60 million cash transfer program for Haiti that will support vulnerable populations, as well as one in Honduras (amount to be defined). In addition, IDB is engaged in dialogue with most countries in the region and will respond to specific requests as they arise.
  - The IDB is open to restructure projects, if requested by borrowing member countries, that aim to maintain food consumption of vulnerable populations by strengthening social safety nets. This follows an approach successfully used during the COVID-19 pandemic when the IDB financed projects amounting to about \$3.4 billion.
- *International Fund for Agricultural Development*
  - In response to current global challenges, including the Ukraine crisis and other food system shocks, over the next three years, IFAD will aim to invest \$3.5 billion in 78 countries to build the resilience of the world's poorest and most vulnerable rural people over the next three years.
  - Of these, 22 countries will receive additional targeted support through IFAD's new Crisis Response Initiative (CRI) to address short-term food security needs, leveraging our core programs for scale. These countries include: Afghanistan, Benin, Bhutan, Burundi, Central African Republic, Chad, Comoros, Eritrea, Ethiopia, Gambia, Guinea-Bissau, Haiti, Liberia, Madagascar, Malawi, Mali, Mozambique, Niger, Somalia, Sri Lanka, Uganda, and Yemen.
  - IFAD has received initial pledges of €11 million for the CRI. IFAD is calling on member states to provide additional resources to CRI in order to provision additional support to the prioritized countries.
- *International Monetary Fund*
  - The IMF will support countries affected by food insecurity with the full range of its instruments, focusing on its macroeconomic expertise. Many of the countries with the most urgent financing needs are located in Africa and the Middle East, but the impact of higher prices for food and agricultural inputs on external and fiscal balances is felt around the globe. Working closely with the World Bank and

- others, the IMF will provide policy advice, capacity development assistance, and financial support either through regular programs or emergency financing.
- The IMF is investing in monitoring that will combine information on the balance-of-payments impact of higher prices for food and agricultural inputs with information on other vulnerabilities such as debt sustainability risks to allow for timely identification of countries with the most pronounced financing pressures. It will pay particular attention to fragile and conflict-affected states, which will likely be especially affected by food insecurity.
  - The IMF will work with country authorities on macroeconomic frameworks and policy priorities, and work to identify and support those countries with the most urgent financing pressures. Drawing on the lessons of the 2007-08 food crisis, the IMF strongly focuses on rapidly improving social safety nets to help protect vulnerable households from the imminent threat of food insecurity, including by using digital tools where appropriate.
  - IMF lending will be in the form of general balance of payments support that catalyzes and complements available grant financing and longer-term borrowing from other institutions. Where appropriate, the IMF can quickly scale-up financing for the 41 countries (including 21 low-income countries) with active program arrangements and can consider new arrangements for most others. Recent examples include Moldova (an augmentation of the existing arrangement by \$260 million approved in May), Mozambique (a new three-year program committing \$456 million approved in May), and Senegal (a request by the authorities for augmenting the existing program by \$173 million), where its engagement will support the strengthening of social safety nets for vulnerable households suffering from declining purchasing power due to the price hikes for food and energy.
- *World Bank Group*
    - As of May 2022, the WB is working with countries on the preparation of \$12 billion worth of projects for the next 15 months to respond to the food security crisis (that is, projects for the fourth quarter of the Bank's FY22 and FY23). While the projects are still being scoped, they will include support to agriculture (\$5.2 billion), social protection to cushion the income effect of higher food prices (\$3.3 billion), and water and irrigation (\$2 billion). The majority of resources is going to Africa and the Middle East (\$6.9 billion), Europe and Central Asia (\$ 1.9 billion) and South Asia (\$2.4 billion). In addition, the World Bank's existing portfolio of projects includes an undisbursed balance of \$18.7 billion in agriculture and natural resources projects (\$8.2 billion), including support to nutrition (\$1.1 billion), social protection (\$4.9 billion), and other sectors (\$4.5 billion), all with direct links to food security issues. Of these, \$15 billion are in Africa and the Middle East, and \$3.5 billion in Europe and Central Asia. Moving ahead, altogether, this would amount to over \$30 billion available for implementation. This response will draw on the full range of Bank financing instruments – including financing of specific investments, disbursements against results, and support to development policies. It will be complemented by analytical work.

- In Cameroon, the World Bank supports the recently approved Emergency Project to combat the food security crisis (\$ 100 million) aims at strengthening food and nutrition security and increase resilience to climate shocks of targeted households and producers focusing on the most vulnerable people. In Cameroon, the World Bank supports the recently approved Emergency Project to combat the food security crisis (\$ 100 million) aims at strengthening food and nutrition security and increase resilience to climate shocks of targeted households and producers focusing on the most vulnerable people.
- In Lebanon, the World Bank supports the recently approved Wheat Supply Emergency Response Project (IBRD \$135 million and Global Concessional Financing Facility (GCFF) \$15 million) which aims to ensure the availability of wheat in Lebanon, in response to the global commodity market disruptions, and to maintain access to affordable bread by poor and vulnerable households. In Lebanon, the World Bank supports the recently approved Wheat Supply Emergency Response Project (IBRD \$135 million and Global Concessional Financing Facility (GCFF) \$15 million) which aims to ensure the availability of wheat in Lebanon, in response to the global commodity market disruptions, and to maintain access to affordable bread by poor and vulnerable households.
- In Sudan, the government is preparing the Sudan Emergency Safety Net project using the uncommitted \$100 million to provide cash transfers and food support to food insecure households through WFP direct implementation. In Sudan, the government is preparing the Sudan Emergency Safety Net project using the uncommitted \$100 million to provide cash transfers and food support to food insecure households through WFP direct implementation. The Sudan example brings into focus how the current crisis is impacting countries affected by fragility, conflict and violence. By September 2022, more than 18 million people are expected to face food insecurity. The emergency response is working to ensure coherence with longer-term resilience and livelihood strategies, given the anticipated protracted nature of this crisis. In Ukraine, at the request of the government, the World Bank is reallocating \$60 million from the ongoing Social Safety Nets Modernization Project (\$750 million) that would extend the Guaranteed Minimum Income (GMI) program and adjust the payment model to deliver payments under martial law. In Ukraine, at the request of the government, the World Bank is reallocating \$60 million from the ongoing Social Safety Nets Modernization Project (\$750 million) that would extend the Guaranteed Minimum Income (GMI) program and adjust the payment model to deliver payments under martial law. The GMI program has a well-functioning targeting mechanism to channel assistance to the poor. The GMI stands out among the other social assistance programs globally in terms of targeting accuracy, with around 74 percent of the total funds going to the poorest 20 percent and over 90 percent to the poorest 40 percent. The proposed restructuring will support the Government's efforts to sustain the GMI program and ensure that the program is adequately funded.

**Goal 2: Promoting Open Trade:** IFIs must ramp up financing to facilitate the purchase of food and agricultural inputs and encourage partner countries to maintain open trade policies and avoid export restrictions that could further increase global commodity prices. IFIs must also invest in the accompanying logistics and rural infrastructure so that food is not only grown, but can be cultivated, stored, and transported efficiently.

- *African Development Bank*

- Many regional member countries have policies in place on i) seed and fertilizer regulations; ii) strengthening of institutions that oversee these regulations; iii) national fertilizer logistics and trade, but implementation is uneven. The AfDB is promoting the implementation of such policies and enhancing coordination to address the structural factors that prevent modern inputs from reaching farmers. This work will be supported by Program Based Operations (PBO) and investment projects. Policy dialogues and reforms will aim to prioritize berths for cargos/ships carrying fertilizer for faster docking and extending special customs treatment that will speed clearance of the cargo, and cross-border trade, regarding non-tariff barriers, along transport corridors.
- The AfDB is working with WFP and others to expand countries' grain storage capacity, such as through the provision of Purdue Improved Crop Storage (PICS) bags and small-scale silos.

- *Asian Development Bank*

- ADB will enhance regional cooperation, including promoting trade facilitation building on the lesson during the 2008 food crisis. Reducing trade barriers and promoting the advantages of unencumbered international trade can help to mitigate the negative impacts of food crises. Wherever possible, ADB's trade finance guarantees will support the import of essential foods. For 2022, ADB's trade and supply chain finance programs will provide guarantees to banks for food and agriculture trade transactions involving nearly 2,800 SMEs in 15 DMCs (\$1.36 billion; For example, in Q1 2022: Armenia, Bangladesh, Georgia, Mongolia, Nepal, Pakistan, Samoa, Sri Lanka, Uzbekistan, and Viet Nam). Looking forward, ADB will continue to assess opportunities to support food imports as the food security situation develops.
- ADB is re-aligning existing projects to support the current needs of developing member countries (DMCs) in developing agriculture value chains and enhancing agricultural competitiveness in and beyond the region, for example, through the GMS Climate-Friendly Agribusiness Value Chains Sector Projects (\$130 million), Lao PDR Climate-Friendly Agribusiness Value Chains Sector Project (\$40.5 million), Cambodia Agricultural Value Chain Competitiveness and Safety Enhancement Project (\$103 million), and Philippines Mindanao Agro-Enterprise Development Project (\$100.4 million).
- ADB is providing direct agribusiness lending for staple food working capital and liquidity targeting nearly 300,000 smallholder farmers in 15 DMCs with significant food security needs (\$420 million; Azerbaijan, Bangladesh, Cambodia, India, Indonesia, Lao PDR, Mongolia, Nepal, Pakistan, Papua New Guinea, Philippines, Sri Lanka, Thailand, Uzbekistan, and Viet Nam).

- ADB has earmarked lending support to financial institutions to support approximately 30,000 food and agriculture MSME borrowers in 7 DMCs (\$110 million in 2022: Cambodia, Georgia, India, Nepal, Pakistan, Philippines, and Uzbekistan).
- ADB will use existing as well as upcoming trust funds (such as OPEC trust fund, under processing, with funding to be determined) to provide immediate financial support to agribusiness across the Asia region, provide emergency assistance to countries that have been hard hit by the crisis (i.e., Sri Lanka, Mongolia) and support interventions to strengthen the agriculture value chain, particularly in countries that have been seriously affected by the crisis.
- *European Bank for Reconstruction and Development*
  - Demand for trade finance exceeds the risk-taking capacity (in volume, as well as risk rating for countries like Ukraine) of foreign commercial banks, insurance underwriters and export credit agencies.
  - Through its Trade Facilitation Program (operated through financial institutions), the EBRD will increase the volume of trade finance commitments dedicated to agricultural inputs (machinery, fuel, seeds, fertilizers, agro-chemicals), agricultural commodities and other food products from €800 million a year to at least €1 billion a year by end 2023.
  - The EBRD is immediately increasing trade finance limits in Ukraine, allowing the utilization (on a revolving basis) of €50 million for trade directly related to the agricultural value chain. In North Africa, the EBRD is working to finance grain importers on a direct basis for €150m.
  - In the medium term, trade finance will be complemented by infrastructure investments in grain storage and logistics, both in Ukraine as part of the post-war reconstruction and in importing countries of North Africa and the Middle East.
  - The EBRD's financial support for increased trade will go hand in hand with policy initiatives to remove trade barriers such as quotas, tariffs, and other measures. EBRD will work on these priorities as part of a joint and coordinated approach by all IFIs as well as the FAO.
- *Inter-American Development Bank*
  - The IDB will advise the policy dialogue in the LAC countries to avoid trade restrictions (e.g., temporary export bans of food and fertilizer) that can distort international markets and further amplify global food insecurity. The IDB will also continue to use its agricultural policy monitoring tool, AGRIMONITOR, to help inform engagement with countries in the region.
  - IDB is seeking opportunities to finance rural infrastructure that help reduce transaction costs to help improve the efficiency of food markets in the LAC region. This will include transportation networks including primary, secondary and tertiary roads as well as port infrastructure. The IDB will seek to complement these interventions with digital technologies that reduce transaction costs, improve market functioning, support trade information systems, ease communication among food producers, distributors, marketers, input providers,



and transport and logistics services providers, as well as monitor food prices, input supplies and transport services.

- *International Fund for Agricultural Development*
  - Twenty per cent of IFAD's current portfolio of \$7.7 billion focuses on market and related infrastructure. Given the emerging impact related to the Ukraine crisis, IFAD anticipates additional demand for investment in this area, and is in the process of assessing how to assist countries most effectively.
  - The new CRI will bring additional investments to promote local and regional markets. For example, in Somalia, IFAD is investing an additional \$3-5 million to improve access to information related to price fluctuations and new market opportunities.
  
- *International Monetary Fund*
  - The IMF is engaging its members and is working with the World Bank, the WTO, and others to promote open trade. The IMF's trade policy tracker is monitoring trade restrictions on food and agricultural inputs and has already identified some 20 countries that have resorted to such practices since the start of 2022. IMF policy advice, informed by the lessons of the 2007-08 global food crisis, is highlighting that such restrictions can lead to retaliation by other countries, exacerbate shortages, contribute to price pressures, and generate higher market volatility. IMF country teams collaborate with the World Bank and others to help members identify ways to safeguard food security without resorting to export restrictions.
  
- *World Bank Group*
  - One flagship program of the WB providing both short-term support and long-term investments is the West Africa Food System Resilience Program. By applying a food system approach, as promoted at the UN Food System Summit, the program (\$641 million) will contribute to transform West African food systems and make them more resilient. By applying a food system approach, as promoted at the UN Food System Summit, the program (\$641 million) will contribute to transform West African food systems and make them more resilient. It will help West Africa and the Sahel region to cushion the war's impact, as it enables governments to provide emergency assistance to their populations, e.g., through the ECOWAS Regional Food Security Reserve and invest in resilience-enhancing activities. These include the promotion of intra-regional food trade with the objective to lower the region's dependence on food imports.
  - IFC is preparing a Global Food Security Platform targeting affected countries as well as Ukraine which will seek to close the large finance gap for agribusinesses in the food supply chain. In doing so, IFC will focus on facilitating financing to maintain trade flows of commodities from alternative origins and meeting increased working capital needs of its private sector clients along the supply chain. This will be done through financial intermediaries as well as by directly lending to agribusiness companies. In addition, IFC will explore work with private sector companies to support the evacuation of grain and oilseeds from

Ukraine through alternative channels in the near future and engage closely with the World Bank on this effort.

- IFC recently provided working capital to HSA, a leading processor of staple foods in Yemen, to expand access to flour, sugar and dairy products in a country affected by internal strife and high levels of food insecurity. IFC also extended a financing facility to ETG, a commodity trader, to support its storage and trading operations for grains and fertilizers, targeting countries such as Benin, Malawi, South Africa, Tanzania, Zambia, and Zimbabwe.
- MIGA is working to support trade finance for countries affected by increases in prices and disruptions to supply chains for staple foods and fertilizers. Partnering with IFC, EBRD and others, MIGA's Trade Finance Facility will target (i) Ukraine (through donor-supported blended finance); and (ii) countries experiencing food insecurity and shortages. Trade finance will be made available for urgent imports of food supplies and imports and short-term loans for the agricultural sector, addressing humanitarian needs and contributing to food security, including in Ukraine and Ukraine's export markets—especially in the Middle East and Sub-Saharan Africa.

**Goal 3: Mitigating Fertilizer Shortages:** Fertilizer is crucial for agricultural production, and shortages will negatively impact yields, food security and nutrition. IFIs must invest in projects to expand fertilizer production and access, increase the efficient use of fertilizer, and innovate for cleaner fertilizer.

- *African Development Bank*
  - As part of the African Emergency Food Production Facility, a proposed \$1.3 billion facility, AfDB will provide financing for large-scale procurement of fertilizer to African countries, wholesalers and credit guarantees to aggregators, local input suppliers, and other large fertilizer users. Beneficiary countries will be those eligible to access AfDB loans and with large shortfalls in fertilizer supply. The framework proposal for the facility is due for Board discussion on May 20, 2022.
  - AfDB convened fertilizer company CEOs to analyze the current supply gap for fertilizer at the country level, and is working to secure commitments from African governments on implementing policy reforms on fertilizer to facilitate priority processing of fertilizers at landing ports and transport corridors. Factors that are included in how AfDB will prioritize countries for engagement include demand from regional member countries, the level of resources allocated for 2022, the severity of the impact on the economy and food sector, dependency on food imports, whether countries serve as a “bread basket” for other countries in the region, and considerations around country concentrations and prudential risk.
  - AfDB will encourage open cross-border trade, and secure commitments to reduce non-tariff barriers and other obstacles that impedes access and raises cost of fertilizer to the farmer.

- *Asian Development Bank*
  - The ADB will engage in policy dialogue within the agriculture sector to encourage countries to increase the efficient use of fertilizer.
  - The ADB is supporting integrated nutrient/ irrigation management practices that will lead to increased fertilizer use efficiency while not adversely affecting crop yields, through investment projects and technical assistances. The ongoing \$5.5 million GMS Sustainable Agriculture and Food Security Program (Cambodia, Lao PDR, Myanmar, PRC, Thailand and Viet Nam) includes all of these interventions, and is being adapted to respond more directly to country needs in light of the food security crisis.
  
- *European Bank for Reconstruction and Development*
  - The EBRD is committed to finance investments for the development of technologies to expand fertilizer production and decarbonize the sector, which requires a technological shift.
  - In Egypt, the EBRD expects to provide a loan in 2022 to one of the largest private fertilizer producers in North Africa and Middle East, to pioneer a green hydrogen to green ammonia manufacturing facility fully powered by renewable energy. This will be the first green hydrogen to green ammonia project in Africa. It aims to decarbonize the value chain of fertilizers and reduce the dependence on the price and supply volatility of feedstock (natural gas) hence increasing the supply resilience of fertilizers to the food sector.
  
- *Inter-American Development Bank*
  - The IDB Group will promote, both through public and private sector partners, the implementation of extensive technical assistance programs that improve fertilizer use efficiency, modernize and revamp the production capacities of agricultural inputs when feasible, promote practices to reduce dependence on chemical fertilizer, and encourage the complementarity of chemical and organic fertilizers.
  - IDB has several projects that aim to reduce dependency on chemical fertilizers currently being financed or under the process of approval that respond to countries' needs, including in Panama (\$40 million) and El Salvador (\$45 million), and Colombia (\$8 million).
  
- *International Fund for Agricultural Development*
  - IFAD is investing to help small-scale farmers, fishers and livestock producers have affordable access to fertilizer , bio-fertilizers and bio-fortified legume varieties, through training and provision of assets and technologies.
  - Over 30 per cent of IFAD's current portfolio focuses on agricultural productivity and natural resources management. Early indications suggest that additional investment is needed in this area to respond to rising demand. For example, Burundi has requested additional support for input supply (mainly fertilizer) along with infrastructure to increase productivity and support market access, and IFAD is assessing how best to provide assistance.
  - IFAD expects the CRI to bring additional support in this area. For example, in Afghanistan, IFAD is investing an additional \$3-5 million to provide inputs,

including fertilizers, and technological packages to support livestock production. In Malawi, it will top up an existing project by \$3-5 million to scale up work on bio-fertilizer and bio-fortified legume varieties. Should additional funds be mobilized, IFAD will ensure access to fertilizers and other inputs where appropriate in the identified 22 priority countries.

- *World Bank Group*

- Within the ongoing portfolio, actions to mitigate against fertilizer shortages and short-term measures to address deficiencies are being supported. For example, in Central Asia, under the Agricultural Productivity and Nutrition Improvement Project in Kyrgyz Republic (\$38 million), and the Tajikistan Strengthening Resilience of the Agriculture Sector Project (\$58 million), there are specific requests for fertilizer and seeds. For example, in Central Asia, under the Agricultural Productivity and Nutrition Improvement Project in Kyrgyz Republic (\$38 million), and the Tajikistan Strengthening Resilience of the Agriculture Sector Project (\$58 million), there are specific requests for fertilizer and seeds.
- MIGA will continue to provide risk-mitigation instruments to support fertilizer manufacturing in developing countries, in line with countries' low-greenhouse gas and climate-resilient development pathways. For example, MIGA supported Bangladesh Chemical Industries Corporation, a state-owned company, to raise commercial financing for the construction of a urea fertilizer plant at Ghorasal, replacing two obsolete plants at the location.
- With respect to private sector interventions, IFC will focus on easing supply chain issues by providing working capital support for competitive producers as well as extending trade finance solutions for traders of fertilizers and crop nutrition products. IFC will also look to leverage existing client partnerships to support urea, potash, and phosphate production in countries that can competitively manufacture these products. In other countries, IFC will look to expand fertilizer import, storage and distribution logistics, and domestic blending of fertilizers. IFC will also carry out country mappings to determine where installation or expansion of fertilizer production capacities would be most appropriate and support such investments.
- In addition to supporting trade and production, IFC will expand its focus on financing local distributors as well as farmers to allow for efficient delivery and effective use of crop inputs, including through the greater use of digital technologies where appropriate. In FY22, IFC partnered with financial institutions to support an establishment of a financing facility for Nitron for the purchase, storage and transportation of fertilizers for further sales primarily into Africa and Latin America. IFC also continues to support its existing client Agrofertil with financing that facilitates distribution of agricultural inputs, origination of grains, and provision of pre-harvest financing and technical advice to farmers in Paraguay. Several new fertilizer projects are under consideration in Africa.

**Goal 4: Support Food Production Now:** IFIs must provide finance to increase supplies of seeds and fertilizer, to help raise productivity for the upcoming planting season and mitigate food supply shortages next year.

- *African Development Bank*
  - Under the African Emergency Food Production Plan (AEFPP), AfDB will deliver certified seeds of climate adapted varieties, fertilizer, and extension to 20 million farmers across the continent working with a wide range of public and private sector partners, and will support post-harvest management and market development.
  - The AEFPP focuses on four key commodities: a) scaling up of wheat production with heat-tolerant varieties; b) scaling up maize production with water-efficient maize; c) raising rice production across Africa; and d) enhancing soybean production, for nutrition-sensitive diets, and poultry and aquaculture production. In addition, the Plan will use digital and e-platforms to deliver support to farmers to ensure transparency and inclusion, especially for women. AEFPP's short-term response covers the next four crop production seasons: wet season (rain-fed farming) in the Northern hemisphere; dry season (irrigated wheat) in the Southern hemisphere; wet season (rain-fed farming) in the Southern hemisphere and the dry season (irrigated wheat) in the Northern hemisphere the following year.
  - Delivery of agricultural inputs to farmers will be based on a high-tech approach, by which smart subsidies are delivered and gradually transitioned to private sector players.
  
- *Asian Development Bank*
  - ADB's Microfinance program is re-aligning funds in response to the food security crisis, providing guarantees to banks for lending to microfinance institutions that will support 1.4 million farmers and rural micro-borrowers in 6 DMCs (Bangladesh, Cambodia, Georgia, India, Indonesia and Pakistan).
  - In Mongolia, ADB is repurposing and accelerating about \$87.7 million to engage financial institutions to support MSMEs, farmers, and agricultural cooperatives.
  - ADB will support Timor-Leste, of which almost 50 percent total cereal consumption needs are being met through imports, in improving agriculture performance by developing climate-resilient farming systems and market linkages (\$76.5 million).
  
- *European Bank for Reconstruction and Development*
  - In addition to the trade finance commitments mentioned above, the EBRD will increase its debt, risk-sharing and equity investments directly connected to the food value chain (from primary agricultural production to food processing) from €400 million per year to €500 million per year by end-2023.
  - Specifically in Ukraine, the EBRD is immediately providing up to €150 million in direct loans and risk sharing together with local banks for the benefit of Ukrainian agribusiness companies and SMEs (or a total of €200 million for Ukraine with the €50 million agri/food trade finance mentioned above).

- *Inter-American Development Bank*
  - IDB Invest is ready to scale-up its product base to provide liquidity to agribusinesses through its various platforms (Working Capital, Trade and Supply Chain Finance), either directly or through financial institutions. These interventions are based on specific demand from businesses, and will give special focus to financing schemes that cater to small-holder farmers and SMEs through anchor companies or financial intermediaries.
  - In addition, to reduce liquidity constraints of small and medium landholder farmers without disrupting market dynamics, the IDB will continue promoting the implementation of income support interventions such as vouchers for the purchase of fertilizers and other critical inputs and technologies. These interventions will be complemented with the promotion of agricultural technologies (AgTech) that aim to improve the functioning of agriculture value chains and link farmers to markets.
  - Specific projects, that are currently being financed or are in the pipeline for approval, that aim to support food production include: (i) Haiti: the “Rural Productivity and Connectivity Program with a Territorial Approach” provides vouchers to partially cover the adoption of technologies and inputs to increase agricultural production (\$60 million); (ii) Panamá: the “Sustainable and Inclusive Agricultural Innovation Project” (\$41 million) aims to reduce liquidity constraints of small landholder farmers by providing vouchers that finance inputs and technologies; (iii) El Salvador: the project “Strengthening the Climate Change Resilience in El Salvador’s Coffee Forests” (\$45 million) provides vouchers that cover the cost of inputs and technologies of small landholder farmers; (iv) Dominican Republic: the “Sustainable Agroforestry Program” (\$150 million) provides inputs and technologies for small landholder farmers; and (v) Bolivia: the project “Direct Support for the Creation of Rural Agri-food Initiatives II” (\$62 million) provides vouchers to finance the adoption of agricultural technologies that aim to improve climate change adaptation.
  
- *International Fund for Agricultural Development*
  - Demand for increased IFAD investment and support for local food production investment through IFAD’s core programs is increasing, and IFAD is seeking opportunities to provide additional short-term investment through the CRI. Mozambique has requested IFAD’s assistance in enhancing the productivity of small-scale agriculture and fisheries.
  - In Yemen, IFAD will top up an existing project by \$3-5 million through the CRI, to provide agricultural and livestock inputs for production, drought resistant seeds and modern irrigation equipment. It will also provide trainings on water efficient technologies and practices, soil conservation techniques, and consumption of locally produced substitute e.g. millet.
  - Should additional funds be mobilized for the CRI, IFAD will support access to finance for rural producers’ immediate needs and invest in small-scale infrastructure to improve productive capacity for small-scale producers where appropriate in the identified 22 countries.

- *World Bank Group*
  - The WB is supporting food emergency responses using IDA Crisis Response Window's Emergency Response Financing (CRW ERF) and/ or IDA country allocation resources to support production in Niger (\$50 million CRW ERF), Burkina Faso (\$50 million CRW ERF and \$23 million IDA), Cameroon (\$50 million CRW ERF and \$50 million IDA), Mauritania (\$42 million IDA), and using Trust Fund resources for the Afghanistan (\$195 million Afghanistan Recovery Trust Fund).
  - In Ukraine, the government has requested the restructuring of the Accelerating Private Investment in Agriculture Program for Results (\$30 million) to ensure support to small and medium farms.
  - Multi-sector approaches: in the East Africa Region, the Contingent Emergency Response Component (CERC) in a number of projects has been activated to scale up WB support on food security, including through social protection schemes. Programs such as the Emergency Locust Response MPA Program has large investments in livelihood restoration and food security and includes investments to date of \$147 million, with another \$125 million in the pipeline.
  - In the immediate term, along with the World Bank, IFC is assessing alternative routes to market for evacuating grains from Ukraine that are currently lacking a pathway to markets. This evacuation would need higher financing requirements due to longer transit times for products to reach markets as well as risk mitigation mechanisms to finance such evacuation from a country that is in war. Since the beginning of the war, IFC has disbursed \$17.5 million to its two existing clients – Galnaftogaz, a supplier of fuel and fertilizers to farmers, and Nyva, a pork producer, to support the companies' operations and enable access to key inputs and food production for the domestic market. In addition, IFC is exploring which countries could be good candidates for a more aggressive scaling up of its agribusiness investments with a focus on value chains that are competitive in the current environment.

**Goal 5: Investing in Climate-Resilient Agriculture for the Future:** Looking beyond the near-term challenge, IFIs must increase green investments in agricultural capacity, adaptation, smallholder farmers, food systems and climate-smart technologies to boost client/partner countries' food production and resilience in the longer-term.

- *African Development Bank*
  - The AfDB conducts work on climate-resilient infrastructure through its Program to Build Resilience for Food and Nutrition Security, amounting to \$195.6 million covering six Horn of Africa countries: Djibouti, Eritrea, Ethiopia, Kenya, Somalia, and Sudan. A second project to build resilience for Food and Nutrition Security in ten West African countries for \$159.75 million is going to the Bank's Board later this year for approval.

- *Asian Development Bank*
  - As part of the ADB's upcoming climate action plan announced last year, through which ADB aims to provide a cumulative \$100 billion in climate finance between 2019 and 2030, climate-smart agriculture will be promoted as a key priority of operations across the entire agriculture and food value chains. This would involve increasing climate adaptation and mitigation objectives across the entire agriculture value chain from production to consumer. ADB is also developing guidelines to ensure all agriculture projects will be aligned to the goals of the Paris agreement in the future.
  - ADB is in the process of developing an Innovative Natural Capital Financing Facility to attract natural capital investments to build better food systems as well as promote a more balanced diet. ADB is also exploring digital transformation initiatives that can be applied to agricultural production and value chains including blockchain, IoT and satellite imagery to create a more transparent and efficient agriculture value chain.
  - ADB is supporting efforts to strengthen long-term sustainable food security and response capability to locust attacks, natural disasters, and climate change in Pakistan (\$1.5 million) through technical assistance to the country's agriculture sector.
  - In Indonesia, ADB and IFAD are developing a Horticulture Development of Dryland Areas Project for approval in 2022 (\$125 million) to help improve food security in the country and increase climate resilience and profitability of farmers.
  
- *European Bank for Reconstruction and Development*
  - The EBRD will work with producers, processors and retailers to promote a more sustainable food value chain. This includes the support for the application of better agricultural practices and new technologies, incentivizing low-carbon solutions along the value chain while protecting biodiversity. Support will come both through finance and advisory services. A combination of better practices and new digital technologies creates significant potential to increase productivity, improve quality standards, reduce carbon emissions per unit produced, increase efficiency of resources usage such as water and limit the use of agricultural chemicals. The EBRD will pursue this with the FAO, mobilizing a joint advisory envelope of up to \$5 million, which will focus particularly on training of SMEs and smallholders.
  
- *Inter-American Development Bank*
  - The IDB will promote policies that promote food system resilience to climate change including, among others: expanding the provision of public goods (e.g., access to information, land tenure, agricultural health, irrigation and infrastructure); particularly investments in agricultural research and innovation, with an emphasis on fertilizer use efficiency, increased use of organic fertilizer, practices that enhance soil fertility, nutrition-sensitive agriculture, and climate change adaptation practices.
  - The IDB will provide technical assistance to strengthen agricultural research and innovation networks in the region, including the leading international agricultural



research centers in close collaboration with national research and innovation systems.

- The IDB aims to finance investment projects and technical cooperation for over \$400 million in 2022, to increase food systems' resilience, inclusiveness, and productivity in LAC countries.
- Specific projects that are currently being financed or that are under the process of approval by the IDB, that aim to promote food systems resilience to climate change include: (i) Belize: the project "Sustainable and Inclusive Belize" (\$15 million) will promote climate resilient technologies; (ii) Bolivia: the project "National Pressurized Irrigation Program with a Watershed Approach" (\$150 million) will finance irrigation systems that aim to improve climate change adaptation by small landholder farmers and improve water use efficiency; and (iii) Peru: the "Program for the Improvement of Systemic Agrarian Services in Peru" (\$40 million) will finance agricultural research and innovation with a climate change approach. Also, the Dominican Republic is starting the execution of the "Agricultural Health and Innovation Project" (\$50 million) to increase food system resilience by improving animal and plant health.
- *International Fund for Agricultural Development*
  - The Adaptation for Smallholder Agriculture Program (ASAP+) directs additional targeted resources towards building climate resilience of small-scale producers in the lowest-income countries to pursue nature-based solutions and climate smart practices that build climate resilience, reduce or avoid emissions, and sequester carbon.
  - Seven new ASAP+ investments are currently under design for a total value of \$60 million. Six of the seven projects are in low-income countries and the majority are in countries facing high degrees of fragility and that are most affected by the current crisis. These additional investments will help countries boost their food production and resilience in the longer-term.
  - For example, in Somalia, ASAP+ will finance climate smart agriculture and innovative approaches to agroecology as well as the design and implementation of a pilot microfinance facility to target most vulnerable groups, mainly women and youth, for climate resilient income-generating activities. ASAP+ will add 105,000 beneficiaries to the 650,000 beneficiaries that are targeted by the baseline A2R2.
- *World Bank Group*
  - The *Accelerating the Impact of CGIAR Climate Research for Africa project, AICCRA*, is a \$60 million initiative under implementation that supports research and capacity-building activities carried out by the Consultative Group on International Agricultural Research (CGIAR) and partner organizations, with the goal of enhancing access to climate information services and proven climate-smart agriculture technologies in Africa. It takes an innovative approach to filling the "missing middle" by bridging gaps between the organizations that generate and make available climate knowledge and Climate-Smart Agriculture (CSA) technologies and the organizations and individuals that use these knowledge and technologies. While AICCRA investments will be concentrated in Ethiopia,

Ghana, Kenya, Mali, Senegal and Zambia, spillover benefits are expected in other African countries as the project works with Regional Economic Communities and associated research networks. To date, partnerships have been forged across the continent to disseminate climate smart information services and build capacity for the adoption of climate smart agriculture technologies.

- In the Sahel and West Africa, the World Bank supports a large program addressing Food System Resilience (\$641 million – Mali, Chad, Burkina Faso, Niger, Togo, Ghana and Sierra Leone) to strengthen regional food system risk management, improve the sustainability of the productive base in targeted areas and to develop regional agricultural markets. A second phase of this Food Security Program is under preparation to be delivered by end of the FY.
- New food security-related operations are being prepared across regions including in Cameroon, Ghana, Chad, Sierra Leone, Ethiopia, Madagascar, Lebanon, Pakistan, Bangladesh, Kyrgyz Republic, Moldova, Albania, Georgia, Kazakhstan, Ukraine, Bolivia, Nicaragua, Pakistan, Indonesia, the Philippines, etc.
- One Health approaches, including in health projects also contribute to ensuring food security, such as the Additional financing to the Regional Disease Surveillance Systems Enhancement Project in Central Africa, Phase IV (\$280 million) are a critical response to ensuring animal and human health.
- When the situation in Ukraine allows, IFC will re-engage with the private sector in the country to rebuild the agribusiness infrastructure to re-establish the country's role as a competitive exporter of grains and oilseeds.
- An important area of focus for IFC will be to build resilience and optimize the use of resources in food production systems by deploying and scaling the use of climate smart solutions including integrated irrigation solutions that use, *inter alia*, solar power to reduce reliance on non-renewable energy sources. Exploration of alternative crops for commercial production as a substitute for imported grains would enable countries to reduce reliance on volatile imports while strengthening local food systems. Production of horticultural crops and fruits (as well as affordable animal protein) will be explored to allow diversification and nutritional balance of diets.
- IFC will continue to focus on improving the climate impact of fertilizers. These investments with private sector enterprises will focus on preserving and improving soil health through climate smart agriculture practices; farmer education advisory programs for proper use of correct fertilizers; incorporating organic matter into fertilizer application programs; ensuring new fertilizer production capacities are Paris-aligned, use best-in-class technologies for efficiency and emissions, and are constructed such that they are not locked in with their climate footprint but can evolve by accommodating newer technologies as they emerge.
- Disease and pest control to reduce crop losses and deploying improved storage and logistics solutions to reduce food waste in supply chains can significantly increase the availability of food, while lowering the climate footprint and resource utilization of food systems. IFC will continue to focus on the appropriate use of crop care products as well as deploying cold storage and logistics solutions to reduce farm-to-table losses.

**Goal 6: Coordinating for Maximum Impact:** While focusing on their areas of expertise, IFIs will coordinate closely to strengthen the collective response for maximum impact.

- *African Development Bank*
  - The AfDB is working with Ministers of Finance and Ministers of Agriculture, Heads of of MDBs, Rome-Based UN Organizations and other development partners, to support the Bank’s African Emergency Food Production Plan (AEFPP). The AfDB has planned a coordination meeting with regional member countries and development partners for May 19, 2022.
  - The AfDB will enter into agreements with WFP on input distribution and expansion of smallholder grain storage capacity in selected countries and also with FAO on design on investment operations targeted to private-sector led and public-sector enabled delivery of agricultural inputs to farmers. The AfDB is seeking opportunities to co-finance fertilizer procurement and resilience building investment programs with other MDBs.
  
- *Asian Development Bank*
  - ADB has successfully collaborated with partners such as AFD (co-financing technical assistance in Pakistan and future loans in Georgia), WFP, Global Agriculture and Food Security program (GAFSP), FAO (supporting efforts in AFG and exploring opportunities in Tajikistan and Uzbekistan) and the OPEC Trust funds, among others. ADB will use this proven approach to ideate, design and implement projects in the agriculture sector.
  - ADB collaborates and exchanges knowledge with agencies such as WFP, to be abreast of the latest state of food security in the region.
  - ADB will engage multiple stakeholders through its annual the Asia-Pacific Rural Development and Food Security Forum. The 2022 event held between March 22-24, 2022, brought together 1000 participants, innovators, experts, and thought leaders to: (i) rethink the future of agriculture amidst complex and evolving crisis; (ii) explore new research, innovations, and technologies that can help build nature-positive food systems; and (iii) forge partnership and collaboration to mobilize finance for innovation, research, and business to promote food and nutrition security in the Asia and Pacific region.
  - So far in 2022, ADB and WFP have launched projects in Afghanistan and the Philippines and are in the process of finalizing a project in Myanmar, while others remain in the works. For its Sustaining Essential Services Delivery Project (Support for Afghan People), ADB is providing direct financing to FAO, UNDP, UNICEF and WFP for immediate humanitarian support in response to the unprecedented crisis and to help sustain the country’s human development. WFP has received \$135 million to enable the provision of emergency food to over 800,000 people. Around 168,000 people will be covered under asset creation and livelihood activities.
  
- *European Bank for Reconstruction and Development*
  - The EBRD will continue to engage regularly and in a coordinated manner with other IFIs on the implementation of policies designed to promote food security

and strengthen resilience to shocks, while ensuring the right incentives for the private sector and no distortion of markets.

- *Inter-American Development Bank*
  - The IDB is working closely with other international organizations including the FAO, the World Bank, IICA, ECLAC, IFAD and other institutions, through technical meetings that address the main challenges faced by Latin American and the Caribbean countries regarding food security, as well as the main policies and interventions that must be promoted to reduce the impact of the war on food insecurity.
  
- *International Fund for Agricultural Development*
  - As an IFI and specialized UN Agency, IFAD plays a key role in the UN system and among Rome-based agencies. IFAD is a key member of the Secretary General's Global Crisis Response Group on Food, Energy and Financing (GCRG) and liaises closely with the WF) and FAO. IFAD also hosts the Global Donor Platform for Rural Development (GDPRD).
  - IFAD will continue to work with partner IFIs to scale up development finance for agriculture and rural development. IFAD's partnership approach begins with the close alignment of its country programs with national priorities, which requires strong partnerships with government and other development actors in-country, including other multilateral, bilateral and non-state actors.
  - IFAD increasingly partners with climate finance vehicles such as the Global Environment Facility (GEF), Green Climate Fund (GCF) and Adaptation Fund (AF) to complement other IFAD investments.
  - IFAD is also coordinating closely within the UN system as a part of follow up to the Food Systems Summit, including by co-leading, with the World Bank, on finance as a means of implementation for food systems transformation.
  
- *International Monetary Fund*
  - The heads of the World Bank, IMF, WFP and WTO issued a joint call for urgent action on food security on April 13, 2022. The IMF stands ready to continue engaging with all partners participating in this IFI action plan and others to address food insecurity, including UN entities such as the WFP, the FAO, and the UN High Commissioner for Refugees that collaborate in the GCRG.
  
- *World Bank Group*
  - In West Africa, the Bank is working with a diverse coalition of partners on the food security agenda including UN agencies and other humanitarian and development organizations, research institutions, and regional entities. This includes work on early warning systems, identifying food insecurity 'hot spots', and on design and implementation of operations (with WFP emerging as a key partner). At the country level, the Bank actively engages and coordinates with development partners through established donor coordination mechanisms.
  - The WB has long supported the role of several UN agencies as humanitarian first-responders in food crises and will continue to do so with the support and

agreement of its clients. Since 2008, the WB has developed and refined a number of procedures and modalities to streamline direct financing of UN agency interventions, such as WFP procurement and distribution of food, where circumstances warrant, and clients agree. The WGB can facilitate the engagement of specialized UN Agencies as humanitarian first-responders in food crises, with mode of engagement determined by participating country preference, level of capacity, fragility and insecurity, and project design.

- The WB is an active participant in the Food Workstream Working Group of the GCRG. GCRG is composed of representatives of multilateral agencies under the UN and Bretton Woods systems and advises the UN Secretary General.
- The WBG (including IFC) has been a major participant in the externally funded and governed GAFSP, whose Coordination Unit is located at the WB. GAFSP has not only funded projects undertaken by the WB under its regular procedures, but also projects at many Regional Development Banks, IFAD and FAO.
- The WB is committed to longer-term adaptation and resilience agenda and in its responses, also taking into consideration and building upon commitments and agreements from the UN Food Systems Summit and the UN Climate Change Conference (COP26). The current crisis also offers opportunities to make food systems more sustainable, nutritious, and resilient – for example by investing in biofertilizers, improving fertilizer use efficiency, restoring marine ecosystems, reducing water use in rice systems, reducing food loss and waste, and leveraging technology.
- Following the recent announcement by Svenja Schulze, Federal Minister for Economic Cooperation and Development, Germany during the WBG Spring Meetings, to establish a ‘Global Alliance for Food Security<sup>1</sup>’ (GAFS); and unanimous endorsement of GAFS during a DG-level G7 meeting the week of May 9, the Global Alliance will be formally launched as an initiative of the G7 Presidency, supported by the World Bank, at the G7 Development Ministers Meeting on May 18, 2022 in Berlin. This forum is intended to be a temporary platform to achieve maximum synergy and complementarity in mounting a short-term response over the next two years.

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<sup>1</sup> Objective of GAFS is to, ‘Catalyze an agile, immediate, and coordinated response to the unfolding global food security crisis as an act of solidarity in support of those most affected.’ Important to note that GAFS is not a new institution; rather, it is a political alliance for like-minded countries/institutions to lend support to and leverage existing structures, mechanisms, and initiatives.