

IFAD GC44 Statement Switzerland

The last year has been one of setbacks, especially as we must watch how a pandemic and its economic consequences have savaged the prospects for tens, possibly even hundreds of millions of people across the world. Meanwhile, even though displaced from primetime news, environmental degradation and climate change continue unabated. We are now in many respects further from achieving the Agenda 2030 goals that we thought we were this time last year. Nevertheless, rather than embarking on a pertinent discussion of the importance of working on the triple nexus and root causes, I would prefer to dwell on one single issue, namely the role of the private sector for IFAD's future.

One lesson of the last few years has been that even with the generous increase in member state contributions, IFAD cannot hope to make a significant contribution to achieving Agenda 2030, and particularly SDG2, without leveraging significant additional sources from the private sector. Going from here, there are three key reflections Switzerland would like to make. Firstly, we have to unlock the entrepreneurial potential of small-scale farmers in such a way that solvent small and medium-sized enterprises can access the necessary capital for knowledge-driven investments that will grow their businesses in promising markets. Within the portfolio of the Private Sector Financing Programme (PSFP), the Agribusiness Capital (ABC) Fund has already stridden down this path, not least aided by a Swiss contribution of USD 9.5 million in 2019. The initial results have emboldened us to plan a further substantial contribution to the PSFP within the course of 2021.

Secondly, capital investment at scale is a prerequisite for transforming rural production. What credible small and medium-sized enterprises crave most are lending terms that make financial risks manageable. In practice, this means accessing credit at affordable rates. IFAD can make a lasting impact by de-risking these investments for small and medium-sized agribusiness through lending at favourable rates as far as they are tied to conditions that favour sustainable development.

And thirdly, as hinted above – and in line with its ambition and mandate – IFAD has to increase its ability to offer these services and expand its capacity to de-risk lending to governments. In pursuit of this, Switzerland favours a prudent opening to capital markets. In line with IFAD's principle of universality, IFAD members should be able to access such de-risked finance, albeit on the basis of differentiated concessionality and in terms of the agreed concept, as a means to sustaining IFAD's financial health.

Switzerland has pledged over 50 million US dollars to the 12th replenishment, and firmly believes that this contribution must be used to encourage also the private sector finance segment, as far as we share common values and interest, to invest in sustainable rural enterprises. If we do not support IFAD in this endeavour, whatever we will have to offer is at risk of being too little and too late.