



# IFAD's approach in Small Island Developing States

A global response to island voices for food security



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Investing in rural people

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# Foreword

IFAD recognizes the specific challenges and particular needs of food security for smallholder farmers and fishers in Small Island Developing States (SIDS) and the obligation of taking into account SIDS-specific vulnerabilities in defining the post-2015 development agenda.

IFAD is both an international financial institution and a specialized agency of the United Nations. This double role ensures that development cooperation is backstopped by adequate financial resources and that development programmes are sustainable over time. A core strength of IFAD lies in its experience of designing, cofinancing and supervising innovative projects and programmes that are aligned with and fully integrated into government systems. IFAD is recognized for its expertise in designing rural on-farm and off-farm programmes that are pro-poor, pro-youth, gender-inclusive and resilient to climate change. It focuses on small-scale farmers and fishers – a target group that is particularly relevant to small island states.

IFAD's approach in SIDS will be integral to the attainment of the Strategic Vision for IFAD10: to 2018 and beyond. The updated approach provides IFAD with strategic guidance in systematizing, intensifying and scaling up its efforts in SIDS. This paper is addressed to donor countries, governments of SIDS, and private sector and civil society organizations.

In this paper, IFAD rethinks its approach in line with and building on lessons learned from field experience in poverty reduction, national governments' priorities and its own expertise in smallholder agriculture and rural development. This approach draws on the priorities identified during the preparatory meetings for the Third International Conference on Small Island Developing States (Samoa, September 2014), desk research and extensive in-house consultation.

IFAD's approach in SIDS is in line with the commitment of the broader United Nations system to advancing the sustainable development agenda of SIDS, including by defining SIDS-relevant Sustainable Development Goals. The decision at Rio+20 to convene the Third International Conference on SIDS in 2014, the election of John Ashe from Antigua and Barbuda as President of the 68<sup>th</sup> United Nations General Assembly and the designation of 2014 as the International Year of SIDS clearly show that SIDS are gaining momentum.



# Contents

|   |            |
|---|------------|
| <b>Abbreviations and acronyms</b>   | <b>vi</b>  |
| <b>Executive summary</b>  | <b>vii</b> |
| <b>Background</b>   | <b>1</b>   |
| IFAD's portfolio  | 2          |
| Gaps and challenges for project delivery  | 3          |
| <b>The way forward: strategic objectives and operational programme management</b> | <b>5</b>   |
| Strategic themes of the current plan  | 5          |
| 1. Sustainable small-scale fisheries and aquaculture                              | 5          |
| 2. Opportunities and employment for smallholder agriculture                       | 7          |
| 3. Environment and climate change   | 11         |
| Operational programme management  | 13         |
| 1. Partnerships and policy dialogue   | 13         |
| 2. Additional investment and financing  | 14         |
| 3. Multi-country programming  | 15         |
| 4. Technical assistance   | 15         |
| <b>Conclusions and next steps</b>   | <b>17</b>  |
| <b>Appendix I: IFAD current pipeline</b>  | <b>19</b>  |
| <b>Appendix II: Figures on IFAD's portfolio</b>                                   | <b>20</b>  |
| <b>Appendix III: SIDS facts and figures</b>                                       | <b>21</b>  |
| <b>Bibliography</b>   | <b>24</b>  |
| <b>Map</b>  | <b>26</b>  |

## Abbreviations and acronyms

|            |   |
|------------|---|
| ASAP       | Adaptation for Smallholder Agriculture Programme                                    |
| CPM        | country programme manager   |
| FAO        | Food and Agriculture Organization of the United Nations                             |
| FFR        | Financing Facility for Remittances  |
| GEF        | Global Environment Facility   |
| HIC        | high-income country   |
| LDC        | least developed country   |
| LIC        | low-income country  |
| LIFDC      | low-income food-deficit country   |
| LMIC       | lower-middle-income country   |
| MIC        | middle-income country   |
| MTCP       | Medium-term Cooperation Programme   |
| PAPAFPA    | Participatory Smallholder Agriculture and Artisanal Fisheries Development Programme |
| PIFON      | Pacific Island Farmers Organization Network   |
| PPP        | public-private partnership  |
| PPPP (4Ps) | public-private-producer partnerships  |
| RTA        | reimbursable technical assistance   |
| SIDS       | Small Island Developing State(s)  |
| UMIC       | upper-middle-income country   |



# Executive summary

This paper outlines IFAD's strategic approach to enhancing food security and promoting sustainable smallholder agriculture development in Small Island Developing States (SIDS) in the context of exacerbated impacts of climate change and persistent challenges to market access. A renewed approach will provide an opportunity for increasing results and impacts from agriculture and fisheries, reducing the high transaction costs of project delivery in SIDS, adjusting to an ever-changing development environment and – most of all – avoiding the overlooking of SIDS' persistent fragility and the risk that they are cut off from development assistance.

SIDS are a distinct group of developing countries with specific social, economic, environmental, food and nutrition-related vulnerabilities directly linked to their small size and island geographies. They are especially distinguished by their vulnerability to climate change and persistent exposure to disasters and weather-related risks. IFAD has invested a total of US\$476 million in 23 SIDS since its inception and is currently implementing 19 projects in 14 countries, for a total of US\$139 million benefiting more than 5 million people, including smallholder farmers, rural dwellers and fishers.

IFAD focuses on financing agricultural and rural development projects aimed at promoting business opportunities for smallholder farming by enhancing access to food markets and strengthening crop, livestock, and fish value chains. Its people-centred approach with special reference to small-scale farmers and fishers provides IFAD with a comparative advantage in SIDS.

Along with challenges linked to the remote location and dispersed character of SIDS, graduation from least developed country to middle-income country status, while a positive step, often masks the persistence of deep pockets of poverty as higher gross domestic product is often associated with persistent vulnerability and increased inequality.

IFAD's approach to SIDS links to its support to low-income and middle-income countries and enhanced investment in fragile states as many SIDS fall into these categories. Sustainable production and consumption of nutritious food, climate change adaptation and mitigation, renewable energy and the blue economy all play key roles in strengthening the resilience of food value chains, achieving food security and, ultimately, improving the livelihoods of vulnerable communities in SIDS.

IFAD's work will focus on three thematic areas: i) sustainable small-scale fisheries and aquaculture; ii) opportunities and employment for smallholder agriculture; and iii) environment and climate change. Enabling islanders to benefit from business opportunities in their home countries will eventually contribute to discouraging migration and brain drain, with resulting positive impacts on local institutional settings. In terms of operational programme management, IFAD's approach will be founded on: i) public-private-producer partnerships; ii) additional investment and financing; iii) flexible multi-country programming; and iv) technical assistance. IFAD plays a fundamental broker role in domestic investments as well as in favouring foreign direct investment and North-South, South-South and triangular cooperation.

Rethinking IFAD's approach in SIDS provides an opportunity to position the Fund as a partner of choice in addressing SIDS issues, including food and nutrition security, tackling environmental and climate change, and providing technical support to countries that have graduated from least developed country (LDC) status in light of the post-2015 agenda.



# Background

Small Island Developing States (SIDS) are a distinct group of developing countries with specific social, economic, environmental, food and nutrition-related vulnerabilities. SIDS are extremely diverse. The group includes countries that are relatively rich by developing country standards, but also some of the poorest countries in the world. Common traits include smallness, abundance of marine resources, and remoteness. With a few exceptions, the bulk of the population in SIDS is concentrated in rural areas, often on or near the coast. Traditionally, SIDS are highly dependent on fisheries for food and

incomes, especially for the poor. Limited land area restricts agricultural production, typically resulting in low diversity of crops and food products, and significantly increasing import dependence. Great distances to major import and export markets and high sensitivity to external shocks, particularly food price volatility, further hamper food and nutrition security. These countries are threatened by sea-level rise, coastal erosion and diminished freshwater availability for agriculture as a consequence of both climate change and overexploitation of natural resources.

## SIDS in a nutshell

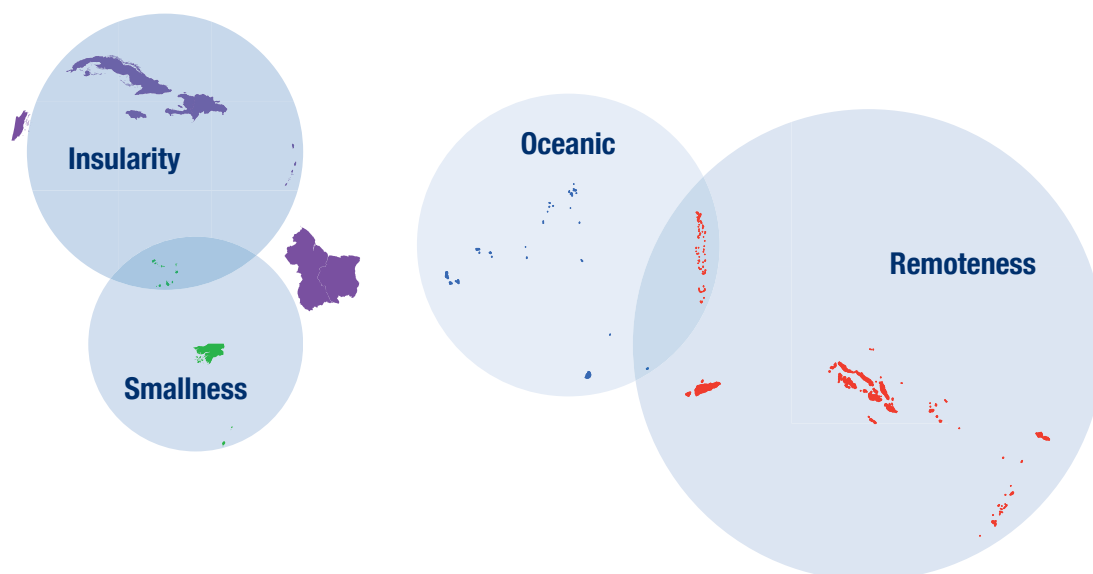
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**Smallness:** Limited land area – increasingly affected by sea-level rise – restricts agricultural production, typically resulting in low diversity of crops and food products, and significantly increasing import dependence. However, smallness also implies opportunities for smallholder agriculture, as modestly financed projects in SIDS can have a significant impact and bring substantial socio-economic benefits.

**Oceanic:** Significant potential for fisheries and aquaculture (blue economy), but risks in receding land area and diminished availability of freshwater for agriculture.

**Remoteness:** Relative isolation and great distances to major import and export markets. Transportation from food-producing countries is costly, resulting in higher food prices.

**Insularity:** Extreme openness of small economies and high sensitivity to external shocks.



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The diagram is a representation of the concepts outlined above and is not intended as an accurate reflection of the full array of characteristics of these states.

## IFAD's portfolio

IFAD works to enable rural women and men in SIDS to achieve higher incomes and improve food security at the household level. IFAD has been operating in SIDS for 36 years, investing a total of US\$476 million in 23 countries across 78 projects. The Caribbean represents the biggest portfolio in terms of both number of projects and financing. Currently, IFAD is implementing 19 projects in 14 SIDS,<sup>1</sup> for a total of US\$139 million. IFAD's efforts in SIDS have benefited more than 5 million people, including smallholder farmers, rural dwellers and fishers. IFAD's work has contributed to enhancing access to markets and credit, strengthening value chains, developing alternative livelihoods, empowering young women and men in SIDS, and strengthening resilience to environmental change. IFAD has applied a people-focused approach with capacity- and institution-building central to its programming.

### *West and Central Africa*

Successful experiences of IFAD projects in the island states of West and Central Africa have been mainstreamed into the rural development strategies of these countries. The case of São Tomé and Príncipe demonstrates the vast potential of public-private partnerships (PPPs) to further rural economic development and poverty reduction. Although the end of the cocoa industry in São Tomé and Príncipe seemed inevitable, IFAD recognized the potential for entering the high-quality cocoa market and, with the assistance of companies operating in organic and fair trade markets, supported the relaunch of the cocoa industry. In Cabo Verde, IFAD is enhancing the local governance system by ensuring the influence of community-based organizations, with special attention to the inclusion of women and youth in local decision-making. In both countries a multidimensional approach to rural development, including poverty reduction, and environmental and gender considerations, improves the quality of

projects. Flexible financing mechanisms facilitate the achievement of solid performance and sustainable results.

### *Caribbean*

The island of Hispaniola, which is home to Haiti and the Dominican Republic, is the greatest recipient of IFAD SIDS funds (45 per cent of the total since 2005). IFAD has invested most in markets, business and value chains. Activities include facilitating access to production factors for small-scale producers; modernizing rural infrastructure, particularly for irrigation; establishing linkages between agricultural and non-agricultural organizations and markets; revitalizing agroprocessing by supporting rural microenterprises; and supporting access to rural financial services. IFAD also promotes sustainable agriculture, particularly through improved land-use management. After the devastating 2010 earthquake in Haiti, IFAD promptly responded by providing support to agricultural production in some of the poorest regions.

### *Pacific*

Despite the fact that the Pacific has the smallest allocation of IFAD resources, those funds reach a relatively high number of beneficiaries compared with the other regions due to the high cofinancing ratio. Since 2005, IFAD investments in the Pacific have focused on working with the private sector in agriculture-based value chains, food security, and community empowerment. Participatory planning approaches, institution and capacity building (including supporting women in markets), and easing access to organic crop certification standards and procedures have been central to IFAD's work. During implementation, resources have often been allocated to assist rural people in recovering from natural disaster and adapting to climate change in agriculture. In the Maldives<sup>2</sup> artisanal fisheries figure prominently in the IFAD-financed activities, with one project specifically dedicated to supporting rehabilitation of the livelihoods of fishers

1 Belize, Cabo Verde, Comoros, Dominican Republic, Grenada, Guyana, Haiti, Maldives, Papua New Guinea, São Tomé and Príncipe, Seychelles, Solomon Islands, Timor-Leste and Tonga.

2 The Maldives are located in the Indian Ocean. However, for reasons of consistency with IFAD's regional approach where projects in the Maldives are managed by the Asia and the Pacific Region division, this paper includes the Maldives in the Pacific Region.

whose homes, boats and equipment were destroyed by the tsunami in 2004.

### *Indian Ocean*

As Indian Ocean islands are particularly diverse, IFAD has adopted a tailored approach at the country level. In Seychelles, IFAD is contributing to reviving the agriculture sector, strengthening small-scale artisanal fisheries and promoting rural microenterprises. In Mauritius, IFAD has shifted from financing projects towards policy dialogue and building partnerships to reduce the incidence of poverty, mitigate the effects of economic upheavals after the loss of preferential trade treatment, and address complex policy dilemmas involving both environmental conservation and marine resource management. IFAD projects in Comoros focus on creating employment and income-generating activities for the poorest, and encourage sustainable natural resources management. An enabling institutional environment is key to project success.

The involvement of implementing partners with clear vision and leadership, and the presence of committed local champions have a strong influence on scaling up success.

## Gaps and challenges for project delivery

Investment in SIDS has not been immune to challenges and limitations. A common trait among SIDS is the higher costs that they incur in a multitude of sectors, which significantly affect project costs. For example, distance, isolation and low transport volumes have resulted in higher transport costs. Along with the challenges related to higher average project costs, delivering projects in these countries is also becoming increasingly difficult because of their constrained access to loans on highly concessionary terms. SIDS have also demonstrated institutional structural problems and weak project implementation capacity. The relatively high gross domestic product (GDP) per capita and graduation from LDC status of some SIDS masks the fact that these countries are fragile and highly dependent on conditions outside their own control. Their successes in development are often associated with persistent vulnerability and increased inequality.

## MICS versus fragile states: challenges for project delivery

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Whether the country concerned is a middle-income country (MIC) or a fragile state, project delivery in SIDS presents particular challenges.

### **Middle-income countries**

Twenty-five small island IFAD Member States are MICs. IFAD's ongoing SIDS portfolio is concentrated in MICs (12 out of 19 countries), which host 75 per cent of the projects. SIDS encounter limited access to concessional financial resources, with only a handful of SIDS having qualified for access to debt relief under the World Bank-International Monetary Fund Heavily Indebted Poor Countries and Multilateral Debt Relief Initiative, despite being among the most heavily indebted countries in the world. Allocations under the IFAD performance-based allocation system (PBAS) for SIDS are much lower than those in regional neighbours, mostly because SIDS have relatively smaller rural populations and some have relatively high income. As the agriculture sectors in MICs generally represent far lower portions of GDP than in other countries, agriculture might not be given as high a priority than in countries where it occupies most of the population.

### **Fragile states**

Eight SIDS countries are currently classified as fragile states (OECD, 2013); IFAD has six ongoing projects in four of these countries (Comoros, Haiti, Solomon Islands and Timor-Leste). Project delivery in fragile states is hindered by poor local management, poor governance and weak public institutions. For example, some activities have been affected by political instability and economic difficulties, resulting in governments' inability to meet their debt obligations and causing problems on the ground. Lack of government accountability often translates into delayed disbursements of counterpart funding. The Rural Rehabilitation and Community Development Project in Guinea-Bissau, for example, was designed in line with IFAD's post-conflict strategy.

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# The way forward: strategic objectives and operational programme management

IFAD's strategic objectives and themes in SIDS post-2015 will be guided by the progress of and the emerging trends and lessons learned from IFAD's operations, and will respond to the demands made by these countries during preparation for the Third International Conference on SIDS in 2014. These objectives are to:

- (i) promote sustainable small-scale fisheries, including aquaculture and mariculture of nutrition-rich fish, and strengthen fish value chains;
- (ii) enhance opportunities for smallholder agriculture to become a vibrant business by catering to new dynamic markets and providing employment opportunities and financial inclusion, especially for women and youth;
- (iii) strengthen resilience to environmental and climate change and enhance adaptation capacity, including by facilitating access to relevant data and information and mainstreaming environmental and climate change considerations into development planning.

The new approach includes the following means of implementation:

- (i) durable and genuine public-private-producer partnerships (4Ps) and South-South cooperation;
- (ii) additional investment and financing;
- (iii) multi-country programming and greater knowledge management coordination on SIDS-related initiatives;
- (iv) technical assistance, including reimbursable technical assistance (RTA).

The endorsement of a new approach for engagement with SIDS provides flexibility and allows IFAD to tailor country-specific solutions; despite their commonalities, SIDS often have very context-specific needs. On the basis of IFAD's experience and comparative

advantage, a range of options are presented in the following section.

## Strategic themes of the current plan

### *1. Sustainable small-scale fisheries and aquaculture*

IFAD recognizes the importance of the "blue economy", with special attention to sustainable small-scale coastal fisheries, for improving human health and well-being, alleviating hunger and fighting poverty. The importance of oceans for sustainable development has been recognized since the beginning of the United Nations Conference on Environment and Development process and was strongly renewed during the preparatory meetings for the 2014 Third International Conference on SIDS. The blue economy is founded on the principles of low carbon, resource efficiency and social inclusiveness, which also characterize the green economy concept; the blue economy approach reflects the circumstances and needs of countries whose main resource base is marine. The blue economy conceptualizes oceans as "development spaces", but it decouples socio-economic development from environmental degradation. It incorporates the real value of oceans (i.e. environmental, social and economic value) in all aspects of economic activity and decision-making. The approach encompasses governance, policies, legislation, infrastructure and incentives. Equity is central to this concept and includes equal access to and benefits from marine resources, decent jobs for all, and gender equality.

### **Promoting sustainable aquaculture**

Since the mid-1970s, the proportion of overexploited fish stocks has increased from 10 to 30 per cent, and 57.4 per cent of the remainder are fully exploited, leaving little or no room to increase catches.<sup>3</sup> Aquaculture and its specialized branch, mariculture, offer

<sup>3</sup> FAO, *The State of World Fisheries and Aquaculture 2012* (Rome: 2012).

huge potential for the provision of food and livelihoods in SIDS. As the fastest-growing food sector, aquaculture provides 47 per cent of fish for human consumption globally<sup>4</sup> and is projected soon to surpass capture fisheries as the primary provider of proteins. However, inadequate management of aquaculture can lead to damage to the environment and unsustainable development models. IFAD will promote sustainable aquaculture models that create entrepreneurship and employment opportunities for the rural poor and youth, and that are based on the precautionary principle and integrated ecosystem-based approaches. These models will include the culture of fish, shellfish and aquatic plants such as seaweed. Environmental education and the establishment of a system of incentives and disincentives at the community level will help reconcile food security with environmental sustainability.

#### **Adding value to nutrition-rich fish**

Nutrition and health are increasingly central concerns of IFAD's agricultural development initiatives. Investment in fisheries has traditionally focused on the exploitation of high-value (i.e. profitable) larger fish, overlooking the high-value (i.e. nutrition-rich) small fish. Small fish species provide a precious source of food and livelihoods for small-scale fishers and make a major contribution to the nutrition of poorer non-fishing households that cannot afford more expensive larger fish. Encouraging fishers to target small pelagic fish species can also reduce pressure on overexploited reef and other coastal fisheries and incurs lower risks, as smaller species tend to breed faster and earlier in their lives and so recover much faster. In small-scale aquaculture systems, adding micronutrient-rich small fish can have significant impacts on household food and nutrition security. Training women, who have a central role in nutrition decisions, is key.

#### **Strengthening fish value chains**

Because of their remoteness and island status, SIDS encounter physical constraints along fish value chains, from production through commercialization. Local markets

have limited absorptive capacity, and the difficulty of either selling to external markets or adequately storing fish leads to significant food losses. IFAD will invest in the improvement of fish processing, storage and marketing facilities. Fish is often sold on the beach or the roadside. Financing sheltered fish landing stations can improve handling, sorting and grading of fish prior to sale, thus significantly improving revenues.<sup>5</sup> Cold chain storage and transportation of raw fish can also help to reduce food losses substantially. IFAD will help small-scale fishers obtain higher prices on the market, for example by facilitating access to market information and improving management skills. IFAD can encourage a balance between sustainable marine production and business value chain development. To this end, training through community centres is pivotal. Fishing is generally considered an activity for men and boys, but women often play an important role in harvesting, post-harvest handling and marketing. Empowering women's groups can help ensure that women's role along the fish value chain is recognized.

#### **Promoting alternative livelihoods and reducing dependence on fisheries**

Almost all fisheries are fully or overexploited. Ocean warming and acidification will further damage coral reef ecosystems and their associated fisheries. As there is little or no opportunity to increase employment in capture fisheries sustainably, and as many existing fisher livelihoods will become less viable in the near future, a core part of IFAD's strategy will be promoting non-fisheries-dependent livelihoods. The creation of alternative livelihoods will reduce the overexploitation of marine resources and ease the introduction of sustainable fisheries management practices, which face more resistance when more people rely on fishing to survive. The creation of attractive alternative livelihood opportunities will not only benefit fishers but will also more generally contribute to the social and economic development of small island communities.

<sup>4</sup> FAO, 2012, *Ibid.*

<sup>5</sup> SmartFish, *Value Chain Analysis for Fisheries Sector for Rodrigues*, Report No. SF/2012/18 (2012).



## 2. Opportunities and employment for smallholder agriculture

For most island countries, agriculture still provides the best opportunities for generating broadly based livelihoods beyond mere subsistence. Two of the main challenges faced by SIDS are: i) reaping the benefits from existing and emerging business opportunities in the absence of adequate human and institutional capacity; and ii) addressing unemployment among youth and women. Both challenges are linked and contribute to migration. IFAD can enhance the livelihood opportunities of islanders, making returning or staying home an attractive option. IFAD will focus on opportunities for youth and women, for example in adapted mechanised farming.

Job options on islands are often linked to the sustainable management of natural resources and rural non-farm activities such as sustainable tourism, agrotourism and conservation of terrestrial and protected areas. Supporting the development of niche markets and national or regional branded rural products will play a significant role in raising incomes. The production and commercialization of non-fish marine resources such as seaweed present significant potential in the food, cosmetics and energy sectors. Investment in remunerative niche markets will be complemented by reduced dependence on foreign markets for households' well-being. Availability of locally grown food products will be favoured through the development of diversified home gardens and community-managed nurseries in schools or community centres. IFAD will also look at livestock production in SIDS because of livestock's potential contributions

to employment generation, foreign exchange earnings and/or savings through import substitution, and food and nutrition security. Strengthened farmers' organizations can contribute to alleviating the restrictions of size and isolation faced by many island smallholders.<sup>6</sup>

### Developing niche markets

IFAD will increasingly support access to value-added niche markets. Benefiting from new markets can initially be costly and time-consuming. Smallholder producers often lack information on market opportunities, standards, environmentally sound practices and new uses of traditional products.<sup>7</sup> IFAD can help identify supply capacity for environmentally friendly products, and enhance opportunities for agricultural production. Non-timber forest products are both consumed domestically to meet nutrition and health needs and exported, especially in the Pacific. IFAD will promote the processing of high-value non-timber forest products such as essential oils<sup>8</sup> in Comoros; nutmeg oil<sup>9</sup> in Grenada; ornamental plants<sup>10</sup> in Mauritius; coconut<sup>11</sup> in the Pacific; and bee products and aromatic and medicinal plants in the Caribbean. IFAD will support the development of trademarks that acknowledge the cultural values of these products and can ensure steady and fair prices. The example of the Participatory Smallholder Agriculture and Artisanal Fisheries Development Programme (PAPAFPA) in São Tomé and Príncipe shows that producers can receive up to twice the price that conventional producers receive if they certify their coffee as both organic and fair trade.

6 IFAD and PIFON Secretariat, A Request for MTCP II funding from the Pacific Island Farmer Organisation Network (PIFON) (Nadi: 2013).

7 UNCTAD, *Is a special treatment of small island developing States possible?* (New York and Geneva: 2004).

8 The demand for essential oils in the world market is increasing because of its widespread applications in the culinary, food and beverage, liquor, medicine and perfumery industries. Along with vanilla, coconut and cinnamon, ylang ylang is an important source of revenue.

9 Nutmeg production continues to play a pivotal role as a source of income, employment and revenue in Grenada. Despite the declining demand for raw nutmeg, nutmeg oil has significant market potential.

10 About 1,000 small and 20 large growers are involved in the production of ornamental plants valued at about MUR 230 million in 2007. Ministry of Agro Industry and Fisheries, *Blueprint for a Sustainable Diversified Agri Food Strategy for Mauritius* (Port Louis: 2008).

11 Coconut is of critical importance to many families in the Pacific, providing food, fuel and income from copra. Prices for copra have doubled in the last 12 months, and there is increasing demand from Western and Gulf countries. The market for virgin coconut oil is expected to grow by 30 per cent annually, according to the Central Plantation Crops Research Institute.



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## Cocoa and smallholder farming: a success story from São Tomé and Príncipe

IFAD has supported the establishment of public-private partnerships between local smallholders and organic and fair trade operators in São Tomé and Príncipe – also known as the “cocoa island” – with the aim of expanding exports of dried cocoa beans certified as very fine quality, while delivering environmental, social and food security benefits to smallholder farmers. Since 2004, cocoa exports have increased thirtyfold and smallholder farmers have seen their incomes rise fivefold.

Because of its proximity to the equator, rich soil, perfect balance of temperature and humidity, and forest shade, São Tomé and Príncipe is one of the few places in the world that grows the *criollo* cocoa bean, which is the rarest and most expensive cocoa on the market, representing just 5 per cent of beans grown. At the end of the 1990s, cocoa producers in the country were suffering because of falling global prices for cocoa, which culminated in the cocoa price crash of 1998. Many producers abandoned their cocoa plantations, while others cut down the trees to clear land for maize or other crops. A national politician announced the end of the cocoa industry in São Tomé and Príncipe.

In response to this situation, IFAD asked Kaoka, a leading French organic chocolate producer, to undertake an assessment of São Tomé and Príncipe's cocoa sector. The assessment concluded that the country's cocoa varieties could produce superior aromatic cocoa beans that would fetch higher and more stable prices than ordinary cocoa. The study also found that traditional cropping methods could easily be adapted to organic production.

In 2003, IFAD launched the 13-year Participatory Smallholder Agriculture and Artisanal Fisheries Development Programme (PAPAFPA) involving 500 farmers in 14 communities. Kaoka committed to purchasing all the organic-certified cocoa that the farmers could produce and provided technical and commercial advice. Farmers learned how to use solar cocoa dryers and storage facilities to limit spoilage of the cocoa beans. A local research station endorsed the cocoa's



aromatic qualities, and an international certifier began the process of certifying that the cocoa was organic. The organic cocoa programme is now a *dynamic multi-stakeholder partnership* led by the Government and supported by IFAD under PAPAFFPA. The project encouraged smallholder cocoa producers to resume cultivation of their trees and to organize into associations and cooperatives. PAPAFFPA constructed infrastructure and provided economic incentives to keep the farmers engaged throughout the probation period. In 2005, the Cooperative for Export and Market of Organic Cocoa (CECAB) signed a five-year contract with Kaoka to supply organic cocoa. PAPAFFPA, with the support of Cafédirect and the fair trade company GEPA, organized 430 cocoa growers not benefiting from the Kaoka experience into 11 producer associations and one export cooperative – the Cooperative for Export and Market of Quality Cocoa (CECAQ-11). In 2013, CECAB exported more than 700 tons of dried cocoa beans, while CECAQ-11 sold more than 200 tons on external niche markets.

### Project benefits

- Export of cocoa has increased from 50 to more than 900 tons (in 2013, between CECAB and CECAQ-11).
- Producers now sell their cocoa for more than double the price they used to get for fresh cocoa from local buyers.
- Producers now have only few, stable buyers for all their production.
- Incomes have increased fivefold and cocoa exports 30-fold.
- Producers also benefit from the two-payment system: the primary association pays them an advance on the fresh beans, and the balance when the product is sold by the export cooperative (CECAB or CECAQ-11).
- Producers received training and support in establishing cooperatives and associations.
- Producers felt empowered and developed a sense of ownership for their businesses.

**“The PAPAFFPA programme clearly demonstrates the vast potential of public-private partnerships to further rural economic development and poverty reduction,” says Mohamed Beavogui, former Director of IFAD’s West and Central Africa Division. Thanks to IFAD and its partners, nearly 2,200 farmers have enhanced their living conditions and strengthened food security by growing cocoa certified as organic or fair trade.**

*Source: IFAD Rural Poverty Portal.*

## Livestock production

Most SIDS, especially those in which tourism is an important economic activity, allocate a significant portion of foreign exchange to the importation of livestock products. Indiscriminate imports, together with the increasing cost of imported inputs (e.g. feed and restocking animals) and the dismantling of trade barriers, have gradually contributed to wiping out commercial dairy, pig and poultry enterprises from many island states. However, there are opportunities for reducing reliance on imported livestock products by adopting less-intensive livestock farming practices and aiming to produce quality livestock products that can take advantage of existing niche markets, responding to the needs of middle-income classes and tourism. Livestock is also an integral part of traditional social and cultural systems, especially in the Pacific, where pigs feature in most traditional ceremonies. IFAD will encourage: i) diversification and import substitution through semi-intensive livestock production systems that capitalize on local feedstuffs and improved waste management (with special attention to poultry and swine raising in the Pacific, and small ruminant production, such as goat rearing, in the Caribbean); ii) processing, value addition and commercialization of livestock products targeting niche and quality markets; iii) better integration of livestock into existing export crop production systems; and iv) development of platforms involving the private and public sectors in the design of policy to support livestock sector development.

## Supporting farmers' organizations

Farmers' organizations can play a critical role in linking farmers to input suppliers, traders, processors and consumers along the supply chain. IFAD projects will continue to involve and empower fishers' and farmers' organizations, including cooperatives, in representing their communities at the policy and strategic levels, owning and managing assets, and providing services to their members. Projects will offer different

types of support to different organizations, depending on the level of organizational development, capacity and the enabling environment and ranging from setting up or strengthening an organization to providing extension, production, processing and management training; and from advocating for and influencing policy processes to facilitating access to financial services. In the Pacific, IFAD will play a leading role in the Pacific Island Farmers Organization Network (PIFON), a mechanism launched in 2013 for promoting farmer-to-farmer collaboration across island states. PIFON is a regional implementing agency in the Medium-term Cooperation Programme with Farmers' Organizations (MTCP II),<sup>12</sup> co-funded by IFAD and the Swiss Agency for Development and Cooperation.

## Promoting financial inclusion

Overall, SIDS have a very low level of access to financial services. The Pacific is one of the least banked regions in the world, with less than 20 per cent of poor people (including urban populations) having access to formal or informal financial services. Financial inclusion is hindered by the geography and isolation of SIDS and their dispersed populations (especially in rural areas), high levels of poverty and extremely high transaction costs. Efficient payment systems and safe savings and credit institutions for rural populations are virtually absent in SIDS. There are also extremely low levels of personal investment in livelihoods and improving income from production. The main constraints lie in lack of knowledge and capacity development support. IFAD has gained sound experience in facilitating access to a wide array of financial services, including credit, saving schemes, insurance facilities and channelling of remittances to development. Some of the models piloted in Tonga and Comoros seem particularly suitable to the small island context and could therefore be scaled up and out and improved through closer technical support. IFAD will invest in the development of rural finance as a whole, including by establishing partnerships with commercial banks.

<sup>12</sup> MTCP 2 aims to strengthen the capacities of farmers' organizations in Asia and the Pacific to deliver improved and inclusive services to their members, and to engage in effective dialogue with governments, thereby making farmers' organizations more viable, responsive and accountable to their members and more respected by their partners, and facilitating their greater participation in the policy-making and programme implementation processes of governments and IFAD country operations.

## Channelling remittances to development

The migration rate from SIDS, at 30 per cent of their total population, is the highest in the world. Remittances to SIDS amount to almost US\$9 billion each year, and are constantly increasing. Investing in and donating funds to local communities back home creates more job opportunities, discourages further migration and provides social services. To tap this great potential, IFAD's Financing Facility for Remittances (FFR), with pilot projects in Haiti and Jamaica, provides replicable business models for SIDS.

IFAD has been working to identify and explore innovative ideas that maximize the development impact of remittances, supporting among others: i) the use of new technologies such as mobile banking for money transfer, thus reducing the time, transport costs and risks associated with travelling to the bank (or microfinance institution or post office); ii) provision of entrepreneurial education and financial literacy; and iii) the adoption of disaster-resistant equipment,<sup>13</sup> fundamental in climate change prone countries such as SIDS. Furthermore, IFAD contributes through the provision of entrepreneurial education and financial literacy to developing ways to best use these financial resources and avoid the families' dependence on remittances. The Diaspora Investment in Agriculture is a flagship initiative by the FFR which aims at encouraging migrants to reinvest back home in sustainable agricultural projects, particularly in fragile and post-conflict countries. By strengthening existing links between migrants and their home communities and building new partnerships, the initiative aims at supporting entrepreneurship, creating job opportunities, enhancing food security and tapping potential export markets. Such investment is critical to fragile and post-conflict countries as these countries are often dependent on food imports, experience significant emigration and have difficulties in attracting investment from abroad.

## 3. Environment and climate change

Development planning cannot disregard the cross-cutting nature of environmental and climate change and the subsequent need to take this into account in every sector of economic activity and at every stage of development planning. In 2012, IFAD launched its Adaptation for Smallholder Agriculture Programme (ASAP), which serves as its flagship initiative for integrating climate resilience into its investment portfolio. ASAP is a multi-year and multi-donor programme that works through the full mainstreaming of climate change into project design (fully blended projects) or, in ongoing or planned interventions, through additional funds as required. IFAD has also been an executing agency of the Global Environment Facility (GEF) since 2004. Currently, among SIDS, only Comoros and São Tomé and Príncipe are recipients of GEF funds through IFAD. Scaling out these efforts in other SIDS will significantly contribute to addressing the links between poverty and global environmental degradation.

Risk from and vulnerability to the impacts of environmental and climate change can be tackled by taking steps to mitigate negative effects by diversifying, adopting climate-resistant crop varieties or climate-resilient economic activities, including through disaster risk management; sharing losses through insurance mechanisms and other capital market mechanisms; or relocating economic activities, retreating or migrating. IFAD will promote: i) a reef-to-ridge approach to ecosystem conservation; ii) an integrated vision for disaster risk management and climate change adaptation; iii) (as a leading organization in the area of land tenure) poor people's access to land and the management of increasingly scarce natural resources, while reducing the potential for conflicts; iv) development of renewable energy sources capable of capitalizing on the islands' natural resources and reducing the significant costs associated with imports of fossil fuel; and v) appropriate insurance schemes.

<sup>13</sup> After the earthquake in Haiti, Fonkoze, the country's largest microfinance institution, with the support of IFAD and the Inter-American Development Bank (IDB), was able to deliver remittance services within a few days of the disaster because of the use of satellite telephones and diesel generators.

### Improving access to agro-meteorological and landscape change data

SIDS suffer from significant data gaps. Availability of adequate data and information is necessary not only for measuring progress towards a defined goal but also for taking informed development choices, especially in environment-related decision-making. Statistics bureaux are often understaffed and have limited resources and institutional capacity. Information that is central to SIDS includes, but is not limited to, countries' exposure to varying levels of risk from natural hazards such as floods, storm surge and seismic activity; data on climate, water resources management and population; prevalence of land degradation; vegetation cover and soil properties; economic activity by area; and mitigation measures for disasters. IFAD will: i) fund the improvement of weather station networks that can provide more reliable forecasts and facilitate the planning of cropping calendars; ii) establish partnerships with research bodies capable of setting up adequate databases and providing impact assessments and risk appraisals; iii) coordinate and facilitate information flows among different ministry departments; and iv) continue to rely on geospatial information, historical data and crowd-sourcing at the grassroots level.

### Insurance schemes

The economic cost of natural disaster in SIDS since 1900 amounts to more than US\$33 billion according to the Centre for Research on the Epidemiology of Disaster's emergency events database, EM-DAT.<sup>14</sup> Because of their high economic and environmental vulnerability, SIDS can benefit from pro-poor insurance mechanisms. The Africa, Indian Ocean, Mediterranean and South China Sea regional outcome document in preparation for the 2014 SIDS Conference called for an insurance scheme to cater for food shortages resulting from natural disasters. Since 2008, IFAD has joined forces with the World Food Programme to launch the Weather Risk Management Facility (WRMF), which works on index insurance.

The essential feature of index insurance is that the insurance contract corresponds to an objective parameter (e.g. measurement of rainfall) during an agreed time period and payouts are made when the index triggers a yield loss.<sup>15</sup> The WRMF is leading the testing and evaluation of the use of remote sensing for index insurance, with a focus on delivery at the micro (i.e. individual farmer) and meso levels (i.e. organizations such as microfinance institutions). However, index insurance is not a panacea and will be considered in light of the wider country context for disaster risk management.

## Partnering with the private sector

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Micro, small and medium-sized enterprises provide approximately 45 per cent of employment and 33 per cent of GDP in developing countries.<sup>16</sup> The public sector is ready to help unlock private-sector investments through strategic targeted partnerships. Since 2005 IFAD has started looking strategically at how to catalyse private investments in the rural areas in a way that is socially and environmentally sustainable. IFAD can link producers to processing, marketing and certification companies (to ensure safety, traceability or higher quality). Through its 4Ps approach, IFAD is exploring ways to attract private-sector investment by reducing the transaction costs of working with individual smallholder producers at the bottom of the economic pyramid by helping them to organize themselves into groups and cooperatives, providing negotiation skills and building trust while auctioning public funds to private investors to engage in public or semi-public goods development. Partnerships with the private sector can: i) ease access to sustainable innovative technologies, as the private sector is more likely to embrace change and take risk; ii) support planning of production based on market demand; and iii) encourage the uptake of modern management practices. Ideally free from political constraints, private companies can ensure longer-term relationships and therefore greater business sustainability. It is worth highlighting that in 2009 IFAD revised its grant policy to provide direct grant support to private-sector entities or to contribute to multi-donor trust funds that provide financing to private companies.

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<sup>14</sup> Accessible at: <http://www.emdat.be/>.

<sup>15</sup> IFAD, *Weather Index-based Insurance in Agricultural Development. A Technical Guide* (Rome: 2011).

<sup>16</sup> McKinsey & Company and International Finance Corporation, *Two trillion and counting: Assessing the credit gap for micro, small, and medium-size enterprises in the developing world* (2010), quoted in IFAD, *Private Sector Strategy: Deepening IFAD's engagement with the private sector* (Rome: 2012).

## Operational programme management

### 1. Partnerships and policy dialogue

In a complex and constantly evolving development world, there is a huge push towards greater collaboration among development actors to achieve a larger impact on the reduction of poverty in the developing world consistent with the Paris Declaration. In addition, the global economic crisis has negatively affected the domestic welfare of many traditional donor countries. As these countries turn their attention and funds to their own national issues, the flow of development funds will most likely decrease in the coming years, putting pressure on development organizations to do more with less. Partnerships, including South-South and triangular cooperation, can enable the achievement of desired impacts under the new circumstances. IFAD has been working in partnership with a diverse range of international and European organizations, including multilateral development organizations<sup>17</sup> and bilateral institutions.<sup>18</sup> However, IFAD does not limit its partnerships to fundraising and cofinancing. Along with cofinancing partners, IFAD also works with national governments, a number of public and private institutions, including universities and research centres, smallholders' and

fishers' organizations, associations of women and youth, and services and infrastructure companies, whose technical and institutional support has proved invaluable. Public-private-producer partnerships can ensure the integration of different competences and mindsets, reinforce efforts towards common objectives, and set a solid and sustainable basis for policy dialogue and advocacy.

### South-South and triangular cooperation

IFAD has successfully supported South-South cooperation as a facilitator or broker. This role will be enhanced by: i) facilitating the application of lessons and innovations from successful MICs in low-income countries; ii) more generally integrating knowledge from developing countries and regions into programme design; iii) supporting the development of easy-to-transfer or adaptable SIDS-grown technology, especially green technologies; iv) favouring cross-country learning opportunities (including through learning routes); and v) providing technical expertise or favouring business matching opportunities.<sup>19</sup> Promoting South-South horizontal partnerships in SIDS also means giving voice to SIDS governments and contributing to a stronger negotiating block in the international arena. South-South and triangular cooperation include partnering with both the private sector and civil society.

## Enhancing engagement of and with non-governmental organizations (NGOs) and civil society

IFAD recognizes the fundamental role of non-governmental and civil society organizations in empowering smallholder farmers to overcome rural poverty.<sup>20</sup> Enhancing the engagement of and with NGOs and civil society in SIDS will: i) make it possible to reach segments of the population that are generally neglected (including indigenous peoples and other minorities) or simply not targeted as a priority by their governments; ii) support the centrality of capacity-building, core to IFAD's people-focused approach; and iii) promote the adoption of participatory approaches – not only in the implementation of programmes or projects but also in their conception, design, monitoring and evaluation – that contribute to empowerment, add legitimacy to IFAD-supported initiatives and increase their likelihood of success. NGOs and other civil society organizations can also ease implementation of context-specific and culturally compatible solutions. Because of their “lighter” and more flexible structures, NGOs are also more prone to experimentation and innovation. IFAD will work increasingly with national and international NGOs in SIDS, especially in the areas of environmental conservation, natural resources management and climate change, and advocacy and empowerment.

17 The European Union, the European Commission, the GEF, the World Bank International Development Association, the Organization of the Petroleum Exporting Countries Fund for International Development, the Caribbean Development Bank, the Central American Bank for Economic Integration and the Inter-American Institute for Cooperation on Agriculture.

18 The Government of Australia's Department of Foreign Affairs and Trade, the Spanish Agency for International Cooperation and Development, the Government of Italy, the Government of Taiwan Province of China, the Government of Sweden and the French Development Agency.

19 IFAD, *South-South cooperation in IFAD's business model* (Rome: 2011).

20 To know more about IFAD engagement with civil society consult the IFAD website: <http://www.ifad.org/ngo/>.

## Entry points for partnerships

Thirty-eight of the 1,382 partnerships and voluntary commitments registered in the Sustainable Development Registry<sup>21</sup> benefit SIDS. These SIDS-related partnerships and voluntary commitments include the Global Island Partnership (GLISPA),<sup>22</sup> SIDS-DOCK,<sup>23</sup> the International Renewable Energy Agency's (IRENA's) Initiative on Renewables and Islands,<sup>24</sup> Productive Use of Clean Energy for SIDS,<sup>25</sup> Ocean Watch,<sup>26</sup> and 21 voluntary commitments by individual SIDS. The Global Partnership for Oceans<sup>27</sup> is a growing alliance of more than 140 governments, international organizations, civil society groups and private-sector representatives committed to addressing threats to the health, productivity and resilience of the oceans. Existing partnerships and voluntary commitments focus on climate change mitigation (mostly through sustainable energy) and, to a lesser extent, on oceans and seas. However, the process leading to the Third International Conference on SIDS in 2014 underlined the importance of establishing partnerships on waste management, sustainable tourism and natural disaster resilience, and doing more on climate change adaptation and ocean economy. These all play roles in strengthening the resilience of food value chains, achieving food security and, ultimately, improving the livelihoods of vulnerable communities in SIDS. In this context, IFAD will explore the possibilities for joining existing partnerships and establishing new ones, especially with organizations that have a regional scope, including the Indian Ocean Commission, the Secretariat of the

Caribbean Community, the Secretariat of the Pacific Community and the Secretariat of the Pacific Regional Environment Programme. The New Partnership for Africa's Development is a key partner for the Indian Ocean islands through the Partnership for African Fisheries.

## 2. Additional investment and financing

In the context of the economic crisis and the growing demand for transparency and accountability in governments' financial management, donors are increasingly interested in channelling their funds to thematic or geographic priorities in line with national political agendas. Non-core grant resources provide IFAD with some flexibility to pilot innovative approaches and increase the loan resources that are available for borrowing by Member States, allowing them to increase their investments in smallholder agriculture. Multi-donor thematic agreements, combined with the introduction of a minimum threshold for contributions, reduce segmentation and lower transaction costs. The establishment of a trust fund was identified as the most suitable mechanism for pooling grant money from different sources (including IFAD's own resources) and providing a degree of flexibility in relation to IFAD's performance-based allocation system (PBAS) and core resources grant ceiling. IFAD has successful experience in implementing large-scale bilateral and multilateral supplementary funds.<sup>28</sup> An ad hoc, multi-donor SIDS fund will ensure continuous and increasing support to SIDS.

21 United Nations Sustainable Development Knowledge Platform: <http://goo.gl/q1pmyD>.

22 More than 60 governments of SIDS, large island countries, countries with islands and overseas territories, multi- and bilateral agencies, and international, national and regional organizations have worked with GLISPA on biodiversity and sustainable livelihoods: <http://goo.gl/CGIH6i>.

23 This is an initiative among member countries of the Alliance of Small Island States (AOSIS) to provide SIDS with a collective institutional mechanism that assists them in transforming their national energy sectors into a catalyst for sustainable economic development and generating financial resources to address adaptation to climate change: <http://goo.gl/PxXbXR>.

24 This engages IRENA Members and IRENA Signatories in accelerating the global adoption of renewable energy on islands: <http://goo.gl/tbmjZW>.

25 Partners include the United Nations Industrial Development Organization, the United Nations Department of Economic and Social Affairs, the United Nations Fund for International Partnerships, AOSIS, and the Energy and Security Group: <http://goo.gl/HKgZCn>.

26 Through which the Global Ocean Forum, the United Nations Development Programme (UNDP), the Intergovernmental Oceanographic Commission of the United Nations Educational, Scientific and Cultural Organization (UNESCO), and the Ocean Policy Research Foundation of Japan engage in assessing and promoting progress in global commitments on oceans, coasts and SIDS: <http://goo.gl/TsrDbh>.

27 Partners include the Food and Agriculture Organization of the United Nations (FAO), the United Nations Environment Programme, UNDP, UNESCO, the World Meteorological Organization, GLISPA, the Nature Conservancy, the German Agency for International Cooperation, the WorldFish Center, the International Union for Conservation of Nature, the United States Agency for International Development, the United States National Oceanic and Atmospheric Administration, and the Governments of Australia and Norway: <http://www.globalpartnershipforoceans.org/>.

28 IFAD-managed thematic initiatives include those for the Support to Farmers' Organizations in Africa Programme, the FFR and the Platform for Agricultural Risk Management.



Associating IFAD's lending activities with GEF grants or ASAP funds will widen the spectrum of interventions and strengthen the development of programmes and projects in marginal lands, degraded ecosystems and climate change-prone countries. As a starting point, ASAP grant funding (US\$3 million) has been newly set aside, to be programmed for Pacific SIDS in 2015.

The identification of additional financing sources and increased cofinancing will be fundamental to ensuring the long-term sustainability of operations in these countries. In addition, a revision of lending terms towards a differentiated approach for upper-middle-income (UMICs), middle-income (MICs) and low-income (LICs) countries, taking into account classification as fragile, least developed countries (LDCs) or low-income food-deficit countries (LIFDCs), can also play an important role.

### *3. Multi-country programming*

IFAD will encourage multi-country programming to help: i) reduce the transaction costs of project delivery in SIDS; ii) exploit economies of scale; iii) provide a critical mass of production that can open up opportunities in regional and international markets; and iv) enhance horizontal exchanges and learning opportunities. A package of initiatives for SIDS will be designed with the possibility of tweaking it to country needs. Multi-country initiatives will also be funded to facilitate the scale-out of successful solutions. Because of the high diversity among SIDS, these benefits are most

likely to be achieved when multi-country programmes and grants are developed at the subregional level. Subregional strategic opportunities programmes can provide guidance on this when corresponding financial resources are made available for implementation. As mentioned, IFAD will adopt a differentiated approach for low-income fragile states and MICs. This differentiated approach is in the process of being applied in the Indian Ocean.

### *4. Technical assistance*

Small island MICs are increasingly requesting IFAD to provide technical assistance. IFAD has a comparative advantage in building capacity in the areas of project design and management, public policy and financial services. Other areas in which IFAD will focus its attention include nutrition vulnerability, including the gender aspects of nutrition decisions; marketing and certification; and – most important – increased availability of locally grown food. Piloting of innovative modalities of providing technical cooperation in SIDS, such as RTA,<sup>29</sup> is currently under discussion. It is worth noting that additional financing resources may be needed to cover IFAD's cost for technical assistance. IFAD's role in facilitating reimbursable or non-reimbursable technical assistance will once again be that of a broker, matching SIDS' needs with national, regional and international expertise. IFAD can play an increasing role in providing technical assistance, including through collaboration with FAO and using RTA facilities.

<sup>29</sup> The RTA instrument was introduced in IFAD in 2012.



## Conclusions and next steps

Having worked in SIDS for more than 35 years, IFAD is familiar with their distinct social, economic, environmental, food and nutrition-related vulnerabilities. IFAD's first-line engagement with the most vulnerable and remote areas and its small-scale, pro-poor, pro-youth and gender-inclusive approach suggest that it has a specific responsibility to provide responses to the governments of SIDS. IFAD is also committed to providing continuous support to MICs and enhancing investment in LDCs and fragile states.

Sustainable production and consumption of food, climate change adaptation and mitigation, clean energy and the blue economy all play key roles in strengthening the resilience of food value chains, achieving food security and, ultimately, improving the livelihoods of vulnerable communities in SIDS. The relevance of health and nutrition-related problems in SIDS led the East and Southern Africa division to hire a nutrition specialist. The remarkable per capita areas of marine resources available to SIDS suggest that investing in small-scale fisheries, and more generally in blue economy businesses, offers the prospect of sustained, environmentally sound, socially inclusive economic growth. The decision of the IFAD Policy and Technical Advisory Division to hire a senior expert in fisheries suggests that IFAD is committed to shifting increasing resources and investment to sustainable fisheries. However, the promotion of attractive alternative rural livelihood opportunities will remain a cornerstone

of IFAD's work. Enabling islanders to benefit from business opportunities in their home countries will eventually help to discourage migration and brain drain, with positive impacts on local institutional settings. Environmental and climate change considerations will be increasingly mainstreamed into IFAD investments.

IFAD's approach will be founded on genuine and durable public-private-producer partnerships. IFAD will play a continuous broker role in North-South, South-South and triangular cooperation and in favouring foreign direct investment. The identification of new sources for funding, including earmarked funds for SIDS, and innovative financing mechanisms such as the 4Ps will determine the long-term sustainability of IFAD's work in these countries. Multi-country programming is expected to reduce the cost of project delivery in SIDS and to provide the basis for economies of scale. Reimbursable and non-reimbursable technical assistance will respond to the new demands of countries that have recently graduated from LDC status and cannot or do not want to rely on "official development assistance as usual".

IFAD has a number of projects and grants in its pipeline to benefit SIDS (see Appendix I) and will join forces with like-minded organizations committed to providing development support to SIDS and to making sure that SIDS' needs and priorities are reflected in the post-2015 development agenda.



# Appendix I: IFAD current pipeline

**Table 1: Work in progress: IFAD pipeline<sup>30</sup> (April 2014)**

| Country               | Project name   | Thematic focus  | Tentative IFAD financing (US\$ thousand) |
|-----------------------|--|---|--|
| São Tomé and Príncipe | Projet d'Appui à la petite agriculture commerciale (PAPAC) <sup>31</sup>         | Organic agriculture; 4Ps  | 12 970                                   |
| Kiribati              | Outer Island Water and Food Project (OIWP)                                       | Food security; nutrition  | 3 000                                    |
| Haiti                 | Rural Entrepreneurship Support Programme (PAER)                                  | Market access; rural finance; institutional capacity-building               | 19 388                                   |
| Guinea-Bissau         | Community and Economy Development Project of Tombali and Quinara (PADEC Phase 2) | Rice production; community-driven development; climate change mainstreaming | 4 981                                    |
| Papua New Guinea      | Productive Partnerships in Agricultural Projects (PPAPs)                         | 4Ps in agriculture  | 22 362                                   |
| Solomon Islands       | Rural Development Programme Phase II   | 4Ps; value chains; community-driven development                             | 4 260                                    |
| Fiji                  | Fiji Agricultural Partnerships Project   | 4Ps; value chains   | 3 500                                    |
| Timor-Leste           | Timor-Leste Maize Storage Project  | Post-harvest technology; rural enterprise development; food storage         | 4 730                                    |
| Cuba                  | Cooperative Rural Development Project in the Oriental Region (PRODECOR)          | Institution building/support to cooperatives                                | -  |

| Country   | Regional grant programmes  | Thematic focus   | Tentative IFAD financing (US\$ thousand) |
|---|--|--|--|
| Mauritius, Madagascar, Seychelles, Comoros and Zanzibar | Alternative Livelihoods for Food and Income Security in Five Indian Ocean Island Nations Off the Eastern and South-eastern Coast of Africa | Alternative livelihoods; apiculture; technical assistance                                      | 1 500                                    |
| Seychelles, Madagascar, Mauritius and Comoros           | Project for the Development of the Malgasy Agricultural Export in the Indian Ocean (DEXAGRI)   | Production; market development and trade; exports; capacity-building of farmers' organizations | 1 000                                    |

<sup>30</sup> At the time of writing, these projects were still under design and had not yet undertaken the internal approval process.

<sup>31</sup> This project will scale up the impact of PAPAFA.

# Appendix II: Figures on IFAD's portfolio

Figure 1: IFAD SIDS funding

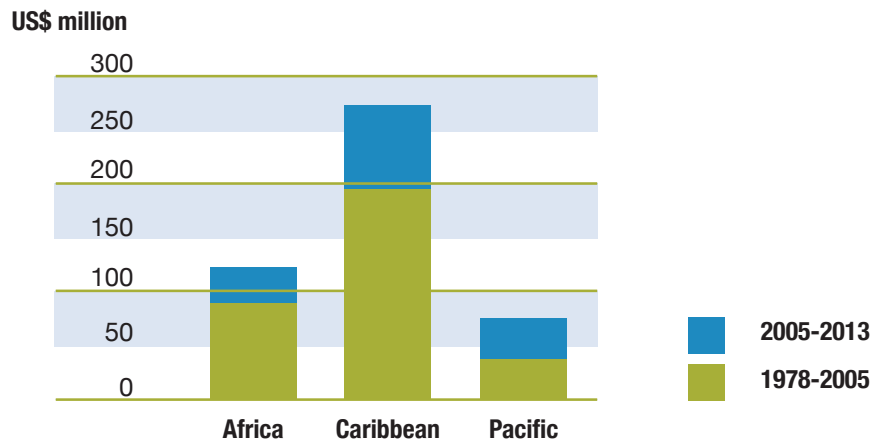


Figure 2: IFAD outreach: beneficiaries and cofinancing ratio (post-2005)

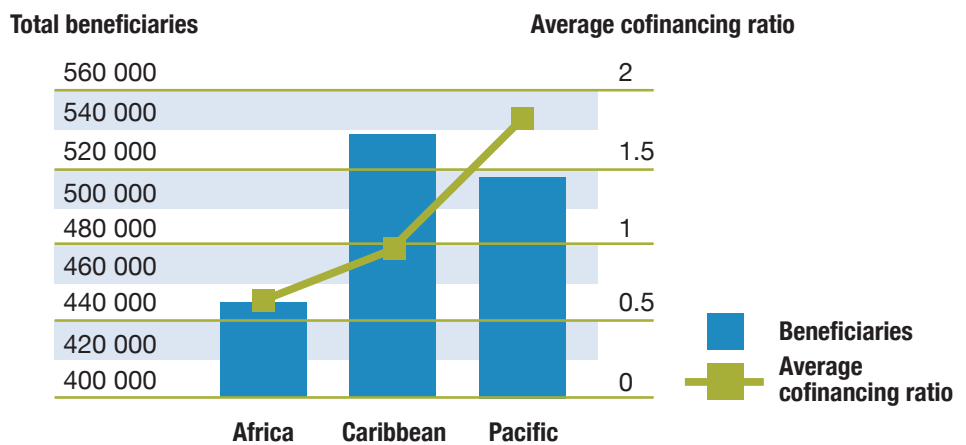
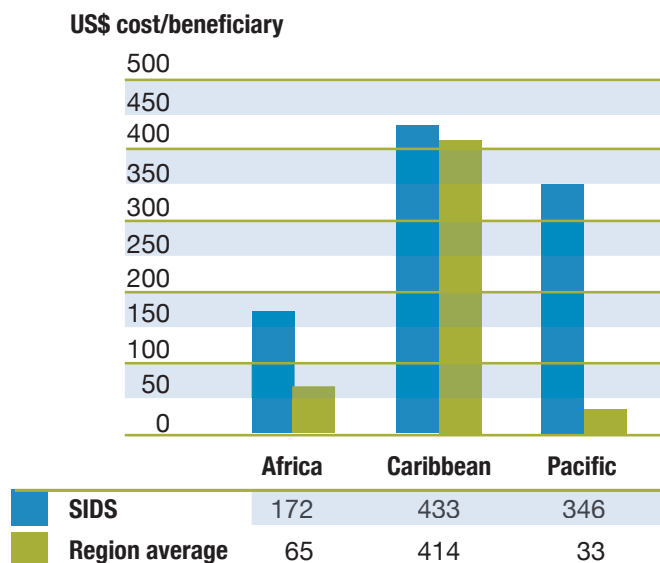


Figure 3: Transaction costs in SIDS (US\$/beneficiary)



Data source: Project and Portfolio Management System, accessed August–September 2013.

## Appendix III: SIDS facts and figures

**Table 2: SIDS<sup>32</sup>**

|   |  |
|---|--|
| Atlantic, Indian Ocean, Mediterranean and South China Sea | <ul style="list-style-type: none"> <li>Cabo Verde</li> <li>Comoros</li> <li>Guinea-Bissau</li> <li>Maldives</li> <li>Mauritius</li> <li>São Tomé and Príncipe</li> <li>Seychelles</li> <li>Singapore</li> </ul>  |
| Caribbean Region  | <ul style="list-style-type: none"> <li>Antigua and Barbuda</li> <li>Bahamas</li> <li>Barbados</li> <li>Belize</li> <li>Cuba</li> <li>Dominica</li> <li>Dominican Republic</li> <li>Grenada</li> <li>Guyana</li> <li>Haiti</li> <li>Jamaica</li> <li>Saint Kitts and Nevis</li> <li>Saint Lucia</li> <li>Saint Vincent and the Grenadines</li> <li>Suriname</li> <li>Trinidad and Tobago</li> </ul> |
| Pacific Region  | <ul style="list-style-type: none"> <li>Cook Islands*</li> <li>Fiji</li> <li>Kiribati</li> <li>Marshall Islands</li> <li>Federated States of Micronesia</li> <li>Nauru</li> <li>Niue*</li> <li>Palau</li> <li>Papua New Guinea</li> <li>Samoa</li> <li>Solomon Islands</li> <li>Timor-Leste</li> <li>Tonga</li> <li>Tuvalu</li> <li>Vanuatu</li> </ul>  |

<sup>32</sup> This list includes independent small island states that are members of the United Nations. Niue\* and Cook Islands\* are not independent but associated to New Zealand and are not members of the United Nations. However, their status has been accepted by United Nations organizations as equivalent to independence for international law purposes. Full list available at <http://www.sidsnet.org>.

**Table 3: Data on poverty in IFAD SIDS Member States**

| No. | IFAD Member State                | IFAD region | Total population | GNI per capita (US\$) |
|-----|----------------------------------|-------------|------------------|-----------------------|
| 1   | Antigua and Barbuda              | LAC         | 89 070           | 19 320                |
| 2   | The Bahamas                      | LAC         | 371 960          | 21 540                |
| 3   | Barbados                         | LAC         | 283 221          | 15 080                |
| 4   | Belize                           | LAC         | 324 100          | 4 180                 |
| 5   | Cabo Verde                       | WCA         | 494 400          | 3 810                 |
| 6   | Comoros                          | ESA         | 717 503          | 1 520                 |
| 7   | Cook Islands                     | APR         |                  | NA                    |
| 8   | Cuba                             | LAC         | 11 270 000       | 5 440                 |
| 9   | Dominica                         | LAC         | 71 684           | 6 460                 |
| 10  | Dominican Republic               | LAC         | 10 280 000       | 5 470                 |
| 11  | Fiji                             | APR         | 874 742          | 4 200                 |
| 12  | Grenada                          | LAC         | 105 483          | 7 110                 |
| 13  | Guinea-Bissau                    | WCA         | 1 663 558        | 1 180                 |
| 14  | Guyana                           | LAC         | 795 400          | 3 410                 |
| 15  | Haiti                            | LAC         | 10 173 775       | 1 620                 |
| 16  | Jamaica                          | LAC         | 2 712 000        | 5 140                 |
| 17  | Kiribati                         | APR         | 100 786          | 2 260                 |
| 18  | Maldives                         | APR         | 338 400          | 5 750                 |
| 19  | Marshall Islands                 | APR         | 52 555           | 4 140                 |
| 20  | Mauritius                        | ESA         | 1 291 000        | 8 570                 |
| 21  | Nauru                            | APR         | NA               | NA                    |
| 22  | Niue                             | APR         | NA               | NA                    |
| 23  | Papua New Guinea                 | APR         | 7 167 000        | 1 790                 |
| 24  | Saint Kitts and Nevis            | LAC         | 53 584           | NA                    |
| 25  | Saint Lucia                      | LAC         | 180 870          | 6 530                 |
| 26  | Saint Vincent and the Grenadines | LAC         | 109 373          | 6 380                 |
| 27  | Samoa                            | APR         | 188 889          | 3 220                 |
| 28  | São Tomé and Príncipe            | WCA         | 188 100          | 1 320                 |
| 29  | Seychelles                       | ESA         | 87 780           | 11 640                |
| 30  | Solomon Islands                  | APR         | 549 598          | 1 130                 |
| 31  | Suriname                         | LAC         | 534 500          | 8 480                 |
| 32  | Timor-Leste                      | APR         | 1 210 000        | 3 670                 |
| 33  | Tonga                            | APR         | 104 941          | 4 240                 |
| 34  | Trinidad and Tobago              | LAC         | 1 337 000        | 25 480                |
| 35  | Tuvalu                           | APR         | 9 860            | 6 070                 |
| 36  | Vanuatu                          | APR         | 247 262          | 3 080                 |



| Classification<br>(High income/Upper middle income/ Low income) | Other classification<br>(Fragile/Low income food deficit country/Least developed country) | % of population living below US\$1.25 PPP per day | Rural population | Poverty headcount ratio at rural poverty line (% of rural population) |
|---|---|---|------------------|---|
| HIC   |   | NA  | 62 467           | NA  |
| HIC   |   | NA  | 57 849           | NA  |
| HIC   |   | NA  | 156 026          | NA  |
| UMIC  |   | NA  | 179 562          | NA  |
| LMIC  |   | 21  | 181 326          | NA  |
| LIC   | Fragile, LIFDC and LDC  | 46.1  | 515 402          | NA  |
| UMIC  |   | NA  | NA               | NA  |
| UMIC  |   | NA  | 2 798 466        | NA  |
| UMIC  |   | NA  | 23 442           | NA  |
| UMIC  |   | 2.2   | 3 061 796        | 49.4  |
| UMIC  |   | 5.9   | 414 388          | 44  |
| UMIC  |   | NA  | 63 825           | NA  |
| LIC   | Fragile, LIFDC and LDC  | 48.9  | 922 030          | 75.6  |
| LMIC  |   | NA  | 568 776          | NA  |
| LIC   | Fragile, LIFDC and LDC  | NA  | 4 615 313        | NA  |
| UMIC  |   | 0.2   | 1 297 577        | NA  |
| LMIC  | Fragile and LDC   | NA  | 56 373           | NA  |
| UMIC  |   | NA  | 195 507          | NA  |
| UMIC  | Fragile   | NA  | 14 639           | NA  |
| UMIC  |   | NA  | 751 423          | NA  |
| NA  |   | NA  | NA               | NA  |
| NA  |   | NA  | NA               | NA  |
| LMIC  | LIFDC   | NA  | 6 265 945        | 41.6  |
| HIC   |   | NA  | NA               | NA  |
| UMIC  |   | NA  | 150 178          | NA  |
| UMIC  |   | NA  | 55 017           | NA  |
| LMIC  | LDC   | NA  | 151 694          | NA  |
| LMIC  | LIFDC and LDC   | NA  | 69 009           | 59.4  |
| UMIC  |   | 0.3   | 40 370           | NA  |
| LMIC  | Fragile state, LIFDC and LDC  | NA  | 434 647          | NA  |
| UMIC  |   | NA  | 159 721          | NA  |
| LMIC  | Fragile state and LDC   | 37.4  | 862 543          | NA  |
| UMIC  |   | NA  | 80 212           | NA  |
| HIC   |   | NA  | 1 150 476        | NA  |
| UMIC  | LDC   | NA  | 4 834            | NA  |
| LMIC  | LDC   | NA  | 184 914          | NA  |

Source: UNDP Multidimensional Poverty Index (<https://data.undp.org/dataset/MPI-Population-living-below-1-25-PPP-per-day-/ehe9-pgud>), World Development Indicators (<http://data.worldbank.org/indicator/SI.POV.RUHC>), UNCTAD The Least Developed Countries Report 2013, ([http://unctad.org/en/PublicationsLibrary/lfdc2013overview\\_en.pdf](http://unctad.org/en/PublicationsLibrary/lfdc2013overview_en.pdf)), OECD Fragile states 2013: Resource flows and trends in a shifting world (<http://www.oecd.org/dac/inca/FragileStates2013.pdf>), FAO Low-Income Food-Deficit Countries (LIFDC) - List for 2014 (<http://www.fao.org/countryprofiles/lifdc/en/>).

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Centre for Research on the Epidemiology of Disasters (CRED), International Disaster Database, EM-DAT: <http://www.emdat.be/>

IFAD, Partnership with NGOs and Civil Society: <http://www.ifad.org/ngo/>

United Nations Conference on Small Island Developing States 2014, Partnership Platform: <http://www.sids2014.org/index.php?menu=1507>

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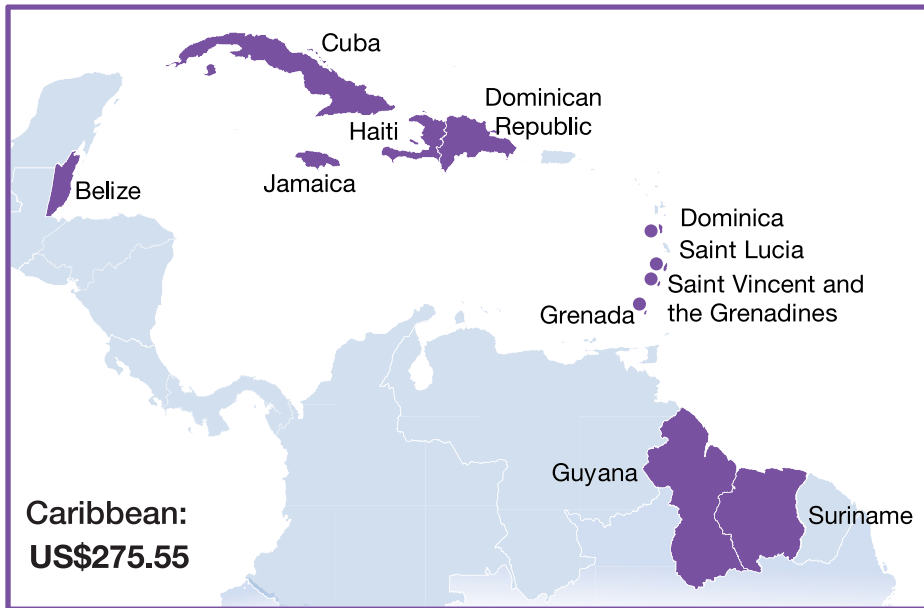
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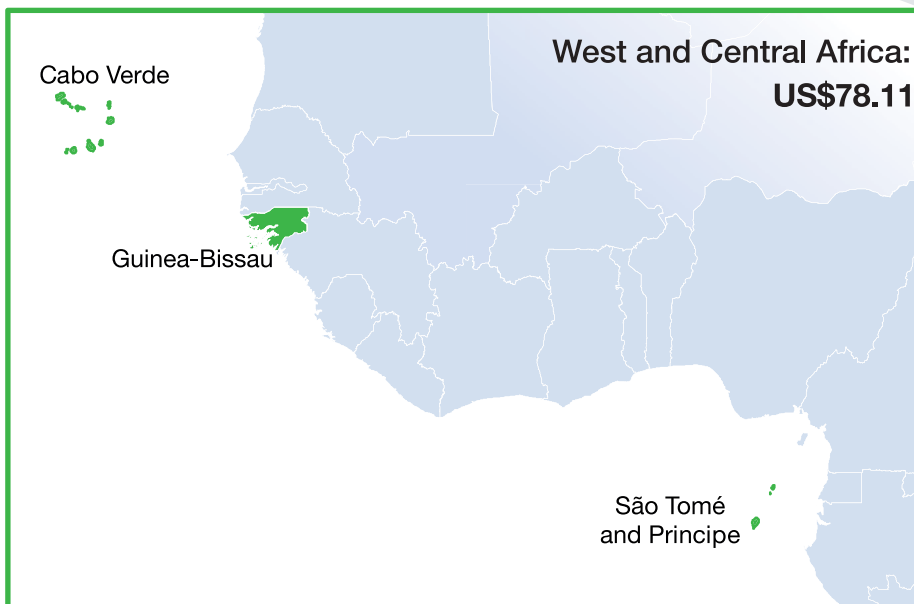
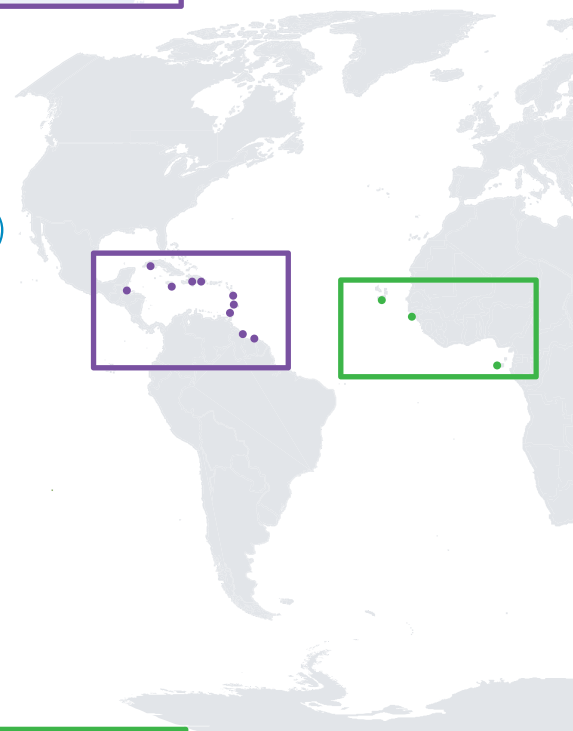


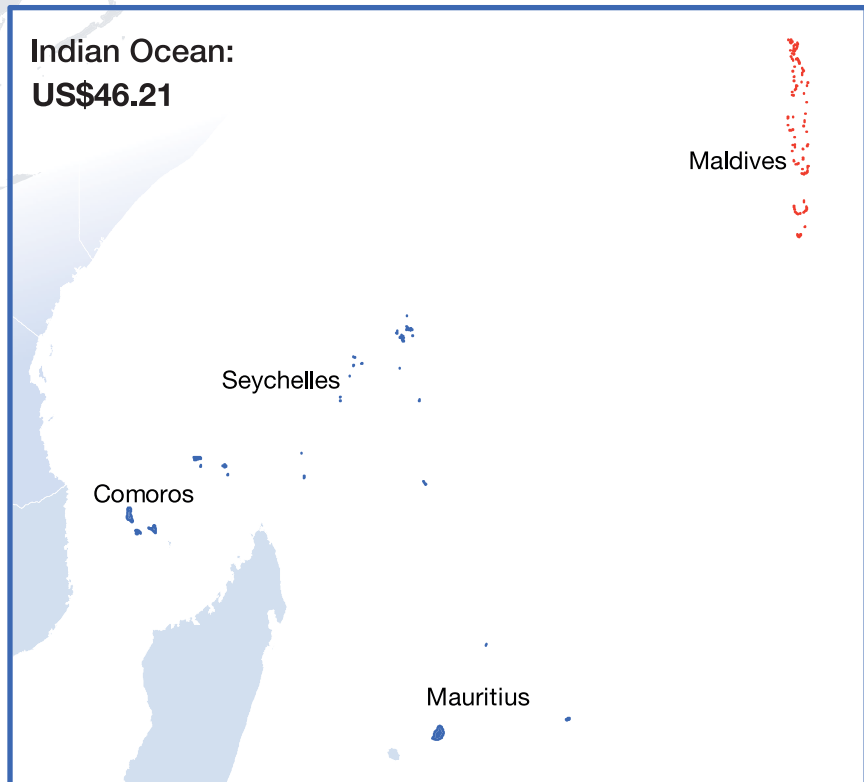
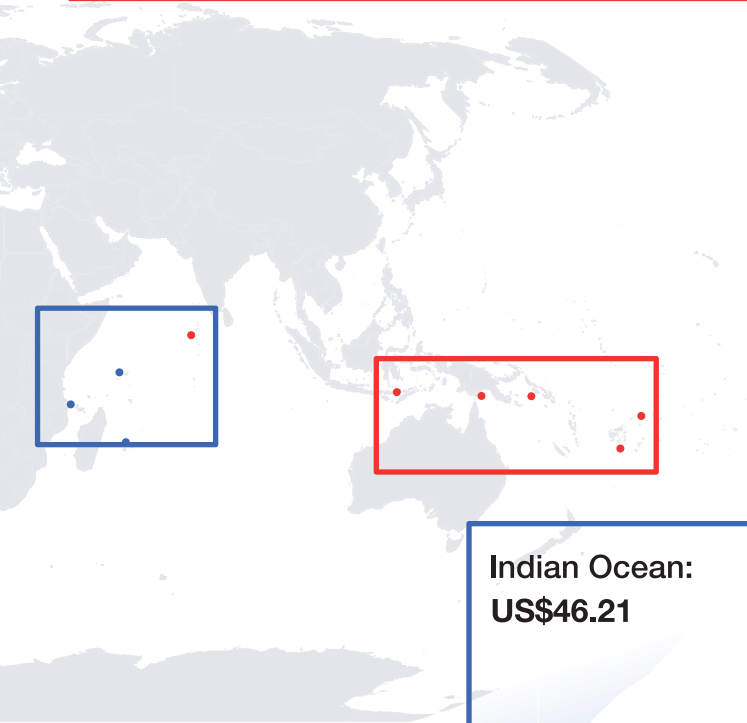
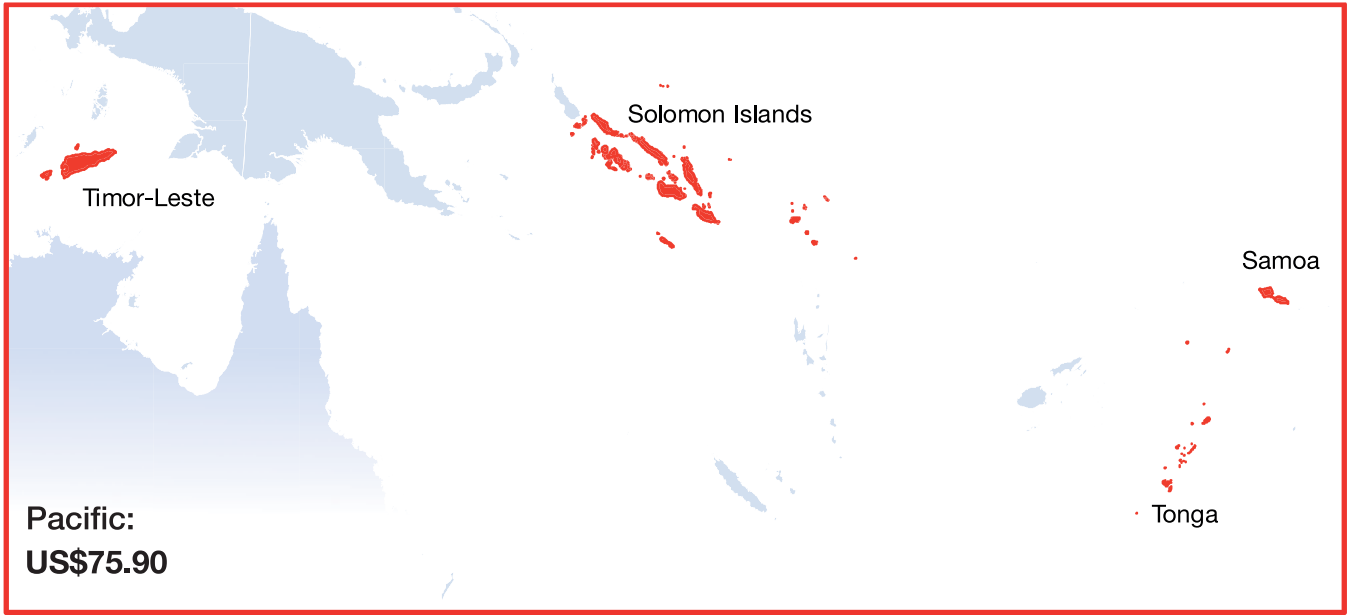
## IFAD's engagement with SIDS

Countries and regional funding (in US\$ million)

### Regional Divisions

- APR
- ESA
- LAC
- WCA











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