



Enabling poor rural people
to overcome poverty

Annual Report 2008



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IFAD Strategic Framework 2007-2010

The IFAD Strategic Framework 2007-2010 defines how the organization contributes to achieving the Millennium Development Goals, particularly Goal 1 to eradicate extreme poverty and hunger. The Strategic Framework charts IFAD's direction and ways of working in response to the needs of poor rural people in a rapidly changing world, to the evolving international architecture for development, and to the need to increase both the size and effectiveness of investment in agriculture to boost productivity, production and incomes to increase food security and reduce rural poverty and hunger.

Key elements of the framework

IFAD's goal is to empower poor rural women and men in developing countries to achieve higher incomes and improved food security.

IFAD achieves this by ensuring that poor rural people have better access to, and the skills and organization they need to take advantage of:

- natural resources, especially land and water, and improved natural resource management and conservation practices
- improved agricultural technologies and effective production services
- a broad range of financial services
- transparent and competitive markets for agricultural inputs and produce
- opportunities for rural off-farm employment and enterprise development
- local and national policy and programming processes
- local and national institutions, including farmer and producer organizations

Results

The following results contribute to achievement of the strategic objectives:

- participants in IFAD-supported agriculture and rural development programmes and projects have increased productivity and incomes, and better food security
- countries have stronger capabilities to reduce rural poverty through:
 - enabling policy frameworks, including poverty reduction strategies and sector policies that respond to the needs of poor rural people
 - efficient government institutions that focus on poverty reduction
 - strong organizations of poor rural people
 - increased private-sector investment in rural economies
 - enhanced capability of governments, NGOs, the private sector and organizations of poor rural people to develop and implement rural poverty reduction programmes

Principles of engagement

The following principles underpin the IFAD Strategic Framework:

Focused and selective

We focus on our strengths in agriculture and rural development, while working with partners to meet other needs of poor rural communities.

Targeted

We target the poorest and most vulnerable rural people with the capacity to benefit from IFAD-supported programmes and projects. We give special consideration to gender differences, and focus on women in particular. We recognize the special needs of indigenous peoples and ethnic minorities, especially in Asia and Latin America.

Empowering

We empower poor rural women and men to take advantage of economic opportunities and achieve higher incomes and better food security for themselves by building their individual capacities and helping them develop and strengthen their own organizations and communities.

Innovative

We encourage innovation, test new approaches and work with governments and other partners to replicate and scale up successes.

In partnership

We work systematically through partnerships to make development efforts more effective. We work with developing country governments, poor rural people and their organizations, NGOs and the private sector. We also work with other partners in the international development community, combining the best available skills and knowledge to develop new and innovative solutions to rural poverty.

Sustainable

We design and manage programmes and projects for quality, impact and sustainability, following the lead of partner governments to ensure coherence with national policies and strategies. We ensure ownership and leadership by governments and rural poor people themselves.

IFAD at a glance, 1978-2008^{a, b}

TABLE 1

		2004	2005	2006	2007	2008	1978-2008
Operational activities^{c, d}							
Loan and DSF grant approvals							
Number of programmes and projects		24	31	27	35	30	796
Amount	US\$ million	408.7	499.3	515.0	563.1	561.4	10 537.0
Grant approvals							
Number		87	66	109	77	71	2 128
Amount	US\$ million	33.3	36.6	41.8	35.7	40.9	651.3
Total IFAD loan and grant operations	US\$ million	442.0	535.9	556.8	598.8	602.3	11 188.3
Cofinancing^e	US\$ million	167.2	118.7	108.3	427.3	327.5	7 820.2
Multilateral		69.8	72.1	67.3	401.2	202.3	6 147.9
Bilateral		8.6	38.0	31.8	17.4	13.3	1 240.7
NGO		0.0	1.6	0.6	1.0	3.5	30.3
Other ^f		88.8	6.9	8.6	7.8	108.5	401.3
Domestic contributions^g	US\$ million	189.8	414.8	282.7	281.6	286.6	9 517.8
Total programme and project cost^g	US\$ million	768.9	1 018.1	910.8	1 275.8	1 179.8	27 937.8
Programmes and projects							
Number of effective programmes and projects under implementation		193	183	187	196	204	
Number of programmes and projects completed		26	32	26	25	24	550
Number of programmes and projects in the pipeline		47	61	56	58	69	
Number of approved programmes and projects initiated by IFAD		24	29	25	29	27	648
Number of recipient countries/territories (current portfolio)		90	88	85	85	88	
Loan disbursements	US\$ million	313.7	343.5	387.5	399.1	433.8	6 781.1
Loan repayments^h	US\$ million	171.7	157.5	148.5	175.1	186.4	2 047.2
General reserve							
at end of period	US\$ million	95.0	95.0	95.0	95.0	95.0	
Membership and administration							
Member States – at end of period		163	164	165	164	165	
Professional staff – at end of period ⁱ		143	149.5	203	227	233	

Sources: Project and Portfolio Management System, IFAD financial statements for 1978-2008, IFAD's Accounting System.

^a IFAD loans and debt sustainability framework (DSF) grants for investment programmes and projects are denominated in special drawing rights (SDRs). For the reader's convenience, tables and charts use figures shown in US\$ equivalents, as per the President's report for each programme or project presented to the Executive Board. Any discrepancy in totals is the result of rounding.

^b 1986-1995 figures include the Special Programme for Sub-Saharan African Countries Affected by Drought and Desertification.

^c Excludes fully cancelled programmes and projects. Excludes the Programme Development Financing Facility (PDFF).

^d 2005 figures include a loan on highly concessional terms approved for Indonesia made up of unused proceeds of a loan approved in 1997 on intermediary terms.

^e Figures do not include multilateral and domestic financing for the Indonesia National Programme for Community Empowerment in Rural Areas Project approved in 2008.

^f Includes financing under basket or similar funding arrangements, financing from private-sector resources and financing that was not confirmed at the time of Executive Board approval.

^g Includes DSF grants and component grants for investment programmes and projects.

^h Loan repayments relate to principal repayments and include repayments on behalf of Heavily Indebted Poor Countries (HIPC) Debt Initiative countries.

ⁱ Approved positions (excluding those of the President and Vice-President).

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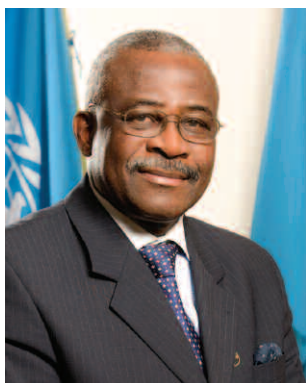
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Abbreviations and acronyms

AfDB	African Development Bank
ADF	African Development Fund
AFESD	Arab Fund for Economic and Social Development
AsDB	Asian Development Bank
BCIE	Central American Bank for Economic Integration
BOAD	West African Development Bank
BSF	Belgian Survival Fund
CGIAR	Consultative Group on International Agricultural Research
COSOP	country strategic opportunities programme
DSF	debt sustainability framework
FAO	Food and Agriculture Organization of the United Nations
GEF	Global Environment Facility
GM	Global Mechanism
HIPC	Heavily Indebted Poor Countries
IBRD	International Bank for Reconstruction and Development (World Bank Group)
IDA	International Development Association (World Bank Group)
IDB	Inter-American Development Bank
ILC	International Land Coalition
IsDB	Islamic Development Bank
JP	Joint Programme (of the Belgian Survival Fund)
MDG	Millennium Development Goal
NEPAD	New Partnership for Africa's Development
OECD	Organisation for Economic Co-operation and Development
OFID	OPEC Fund for International Development
OPEC	Organization of the Petroleum Exporting Countries
SDR	special drawing right
UNCCD	United Nations Convention to Combat Desertification
UNDP	United Nations Development Programme
WFP	World Food Programme

President's foreword



The achievements outlined in IFAD's 2008 Annual Report reflect the fine work of my predecessor, Lennart Båge, who left IFAD in March 2009 after completing two terms in office. During this time, IFAD's programme of work almost doubled. Mr Båge also oversaw the transformation of IFAD into a leaner, results-driven organization, with the effectiveness and efficiency necessary to meet the considerable challenges of today.

These reforms come at a crucial time. In 2008, new data from the World Bank, based on a revised international poverty line of US\$1.25 a day, showed that the incidence of poverty in the world is higher than previously thought. It is now estimated that 1.4 billion people live in extreme poverty. About 75 per cent of these people live in the rural areas of developing countries.

In 2008 there was an intensification of the world food security crisis, with price volatility on international markets putting pressure on global food security. The year also saw the emergence of a global economic recession. These conditions are believed to have already pushed another 100 million people into poverty and hunger, and millions more may follow if global economic conditions deteriorate further. On top of this, another 49 million people are at risk of greater hunger by 2020 as a result of climate change.

This is a challenging time to be taking up the post of President of IFAD, but it also presents real possibilities and opportunities not seen for many years. IFAD is both an international financial institution and a specialized United Nations agency. It is the only such organization dedicated exclusively to reducing rural poverty in developing countries. In 2008, after years in the development wilderness, agriculture was again recognized by government leaders as an issue of key importance.

The renewed interest in agriculture as an agent for lasting development was underscored by the United Nations Secretary-General's decision to form a Task Force on the Global Food Security Crisis, and the subsequent development of the Comprehensive Framework for Action, in which IFAD played an active role. At the High Level Conference on World Food Security held in Rome in June 2008, world leaders focused on smallholder farmers and their needs for the first time in decades.

It is now an accepted fact that sustainable agricultural development is one of the best ways to stimulate economic growth, ensure food security and, at the same time, reduce poverty in developing countries. This was recognized by IFAD Member States when, during the Eighth Replenishment of IFAD's resources in 2008, they agreed to contribute US\$1.2 billion to the Fund, an unprecedented 67 per cent increase over the previous replenishment. This means that we will be able to considerably expand our programme of work up to US\$3 billion – with cofinancing expected to bring total investments to US\$7.5 billion – during the period from 2010 to 2012.

The robust replenishment also reflected confidence in IFAD's improved capability to deliver effective results for poor rural people in developing countries. This was confirmed by several independent reports in 2008.

IFAD's Action Plan for Improving its Development Effectiveness has been a true catalyst for change, leading to improvements based on increased policy influence in borrower countries and better project design, supervision and implementation. The Annual Report on the Results and Impact of IFAD Operations (ARRI), produced by the independent Office of Evaluation, concluded that "IFAD's development effectiveness is improving, and even stronger results can be expected in the future".

Project performance was found to be significantly better in those countries where IFAD has a country presence. During 2008, IFAD continued to strengthen its country presence. By the end of 2008, 77.5 per cent of ongoing programmes and projects were directly supervised, compared with only 5.4 per cent in 2006.

The ARRI found that 100 per cent of projects were satisfactory in relevance, effectiveness and efficiency, while 91 per cent demonstrated satisfactory results in rural poverty impact.

Underlying all of IFAD's reforms is our commitment to work in partnership. The 2008 Survey on Monitoring the Paris Declaration found that IFAD is performing well on all indicators. We are living up to the principles of the declaration's partnership commitments, actively participating in the eight One United Nations pilot countries and strengthening cooperation with our sister agencies in Rome – the Food and Agriculture Organization of the United Nations and the World Food Programme – and with the Consultative Group on International Agricultural Research and its member research centres. We also work closely with the wider United Nations system, the World Bank and regional development banks, the OPEC Fund for International Development and the Global Environment Facility. During 2008, IFAD also forged a new partnership with the Alliance for a Green Revolution in Africa to boost food production across the continent.

But our key partners remain the governments of developing countries and poor rural people themselves. More than 1 billion rural people live in extreme poverty. Most dream of a better future – to live with dignity and hope, without fear, suffering or hunger. They do not need pity – nor do they seek it. They need the ways and means to make lasting changes in their own lives.

While this Annual Report reflects the events of the past year, it also points to the future. During the period from 2010 to 2012, IFAD will support larger projects with greater outreach. These will create economic opportunities for approximately 60 million poor rural women and men, 25 million in sub-Saharan Africa alone. Many millions more will benefit indirectly from IFAD's work in strengthening institutional capacities and pro-poor policies in its Member States and internationally. Thanks to Mr Bâgé's legacy, and the efforts of all IFAD staff, IFAD is now better positioned to help poor rural women, men and children improve their lives.



KANAYO F. NWANZE
President of IFAD

Programme of work for 2008



A farming couple water spinach in their vegetable garden.
Bakergonj, Bangladesh.

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In 2008, against a target of US\$650 million, the Executive Board approved new loans and grants for a total of US\$602.3 million. Three loans could not be approved due to last-minute difficulties in negotiations and they will be considered at a forthcoming Executive Board session. Over the six-year period 2002-2008, IFAD's programme of work rose by about 75 per cent, an average of nearly 10 per cent a year. Disbursements in 2008 reached a record high of US\$433.8 million.

During the year, the Board approved 28 loans and 10 debt sustainability framework (DSF) grants in support of 30 investment programmes and projects. Over 77 per cent of the total amount approved was in the form of DSF grants and highly concessional loans.

During 2008, IFAD responded to the global food price crisis inter alia by immediately reallocating funds from existing loans and grants to boost food production by smallholder farmers. The funds were made available to enable poor farmers to access seed, fertilizer and other inputs for the 2008 cropping cycles.

At the end of the year, IFAD was financing a total of 204 effective programmes and projects in 81 Member States and Gaza and the West Bank. IFAD's investment in these activities was worth a total of US\$3.4 billion.

In December 2008, the Executive Board approved IFAD's proposed programme of work for 2009 for a total of US\$715.0 million.

Western and Central Africa

24 countries: Benin, Burkina Faso, Cameroon, Cape Verde, the Central African Republic, Chad, the Congo, Côte d'Ivoire, the Democratic Republic of the Congo, Equatorial Guinea, Gabon, The Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Mali, Mauritania, the Niger, Nigeria, Sao Tome and Principe, Senegal, Sierra Leone and Togo

Portfolio management highlights

- 46 ongoing programmes and projects in 20 countries
- US\$587.4 million invested by IFAD in the region's ongoing portfolio
- 6 new programmes and projects approved in Cameroon, the Congo, the Democratic Republic of the Congo, Ghana, the Niger and Senegal (see page 100)
- 2 new large grants (see page 115)
- 1 new results-based country strategic opportunities programme (COSOP) for Guinea
- supplementary financing provided to an ongoing programme in Cape Verde
- ongoing negotiations to restart programmes in the Central African Republic and Togo, subject to arrears settlement

Overview

Some 550 million people live in Western and Central Africa, and 330 million of them are in rural areas. About 60 per cent of the region's population lives on less than a dollar a day. Thirteen of the 24 countries in the region are in the Low Human Development rank of the Human Development Index. Several countries have experienced strong economic and agricultural sector growth in recent years and have made progress towards achieving the Millennium Development Goals (MDGs), and today Cape Verde and Ghana are on track to reach the first MDG targets on hunger and poverty by 2015. Unfortunately, insufficient investment in the development of the agricultural and rural sectors in the region, combined with the effects of climate change and negative terms of trade, compromise food security and sustainable economic growth.

As prices for key agricultural commodities such as cotton and cocoa rose on international markets during 2008, the income from some of the region's exports increased during the year in review. The continuing process of regional integration also stimulated trade and economic development. The food price crisis helped to increase the commitment of African governments and donors to investment in agriculture, and higher private capital flows to the region are expected in the agricultural sector. However, it is too early to verify the impact of these developments on the livelihoods of most poor rural people.

During the year, annual agricultural growth remained below the 6 per cent growth target set in the context of the Comprehensive Africa Agriculture Development Programme of the New Partnership for Africa's Development (NEPAD) (see page 80). Farmers' productivity levels and use of agricultural inputs lag behind those in Asia and Latin America, and the population continues to grow faster than agricultural production. In countries affected by armed conflict or political instability, rural poverty is worsening.

Activities

In Western and Central Africa, IFAD aims to enable poor rural people to overcome poverty by supporting:

- sustainable smallholder agriculture systems
- capacity-building for farmers' organizations and public and private sector service providers and the development of pro-poor agricultural policies
- access to microfinance, particularly for women and young people, and market development that links agricultural production, value addition and market access through a value chain approach

Cross-cutting regional priorities include reducing poor rural people's vulnerability to major threats to their livelihoods, and focusing on women and young people. During 2008, IFAD continued to focus on improving the quality, results and impact of its programmes and projects in the region, investing in improving the quality of supervision. IFAD will directly supervise 36 programmes and projects in the region in 2009.

Sustainable smallholder agriculture systems

In the context of very volatile food prices in 2008, IFAD worked in countries such as Benin, Côte d'Ivoire, Ghana and the Niger to improve food security by redirecting unspent funds for country interventions to support national programmes facilitating access to inputs for the current and next cropping seasons. And the organization continued its longer-term programmes to increase smallholders' productivity.

In Benin, the government asked IFAD to support its emergency programme to address high food prices and to finance a programme to boost agricultural production by 30 per cent and bring village food surpluses to market. The organization invested US\$680,000 to support increased productivity of short-cycle crops such as NERICA rice and maize.

In Ghana, IFAD financed a fast-track pilot initiative to improve the effectiveness of public-private partnerships in maize and soybean value chains. It attracted approximately US\$2 million in additional funding from the private sector. In Mauritania, the organization reallocated US\$315,000 to boost food production in support of the government's programme to address rising food prices by financing the purchase and distribution of seeds and the establishment of cereal banks in poor rural areas.

Mainstreaming gender into programmes and projects continued to be a priority. The field-level evaluation of IFAD's gender programme in the region, carried out in projects in the Niger and Senegal, showed good progress in this area.

Capacity-building of farmers' organizations and public-private sector service providers

IFAD's approach to the development of farmers' organizations and the private sector in the region has three major thrusts:

- providing direct support for rural microenterprise development, as in Burkina Faso and Senegal, and support for rural financial services associations (144 associations in Benin, 4 in Sierra Leone)
- supporting commodity-chain development to increase rural incomes by improving access to markets through partnerships between producers' organizations and larger-scale private enterprises (e.g. partnerships for organic cocoa in Sao Tome and Principe)
- fostering policy dialogue among all participants in value chains, and a more conducive legal and regulatory framework for rural enterprises and financial institutions

Microfinance and market development

The Regional Cassava Processing and Marketing Initiative, funded by the Italian Government, continued to work with all stakeholders in cassava value chains, including private-sector operators, researchers and farmers' organizations, and with IFAD-financed programmes in Benin, Cameroon, Ghana and Nigeria. It developed a regional database of equipment makers in the cassava value chain.

The Agricultural Commodity Chain Support Project began work in February in Burkina Faso with some 20,000 poor rural households involved in food crop value chains. The project complements a World Bank-funded national programme that operates at the macro level to strengthen commodity chains for cowpea, sesame, goats and sheep, poultry and onions.

Policy and partnerships

IFAD's most important institutional partnerships for agricultural policy dialogue in the region are with NEPAD, ECOWAS (Economic Community of West African States), UEMOA (West African Economic and Monetary Union) and ROPPA (Network of Farmers' Organizations and Agricultural Producers in West Africa). In 2008, IFAD supported these organizations in the implementation of the NEPAD Comprehensive Africa Agriculture Development Programme, deepening market access and implementing the ECOWAS agricultural policy and regional efforts to address fluctuating food prices.

At the technical level, IFAD's key partnerships are with the International Institute of Tropical Agriculture (IITA) on roots and tubers and cowpeas, the Africa Rice Center (WARDA) on rice, the International Food Policy Research Institute (IFPRI) on poverty reduction strategy processes, Sasakawa on millet and sorghum, the International Development Research Centre (IDRC) on knowledge management, the Organisation for

Economic Co-operation and Development (OECD) on policy analysis, the World Bank and the Italian Institute for Africa and the East on community driven development, and the Consultative Group to Assist the Poor (CGAP) and the United Nations Capital Development Fund (UNCDF) on rural finance. IFAD's most important partnerships involving NGOs and producers' organizations are with ROPPA, APM Afrique (Agricultures Paysannes et Modernisation en Afrique), WARF (West Africa Rural Foundation) and AAFEX (Association Afrique Agro Export).

IFAD is strengthening its partnerships with the World Bank and the African Development Bank (AfDB), aligning approaches through knowledge sharing and procedures to improve implementation of cofinanced programmes and projects. Consultations with AfDB focused on a mutual accountability framework to increase cooperation.

During 2008 IFAD and co-funders continued to foster policy dialogue and information sharing through support for The Rural Hub which supports rural development in Western and Central Africa. The Hub launched an electronic community of practice on commodity subsectors and horticulture (cofinanced with the World Bank), deepened the regional network on land, and published a report with UEMOA and the United Nations Foundation on the potential for developing sources of bioenergy in the region.

IFAD worked closely on the food price crisis with the Rome-based United Nations agencies, and it played an active role in the United Nations MDG Thematic Group on Agriculture and Food Security.

Learning and sharing

IFAD has increasingly integrated knowledge management and innovation into country programmes and operations in the region. Thematic working groups backed by e-forums serve as platforms for sharing knowledge and good practices.

The grant-funded FIDAFRIQUE network (www.fidafrique.net) continues to be a key instrument for knowledge management at the regional level. The network connects all IFAD-supported programmes and projects in the region, linking them with key partners. In 2008, in partnership with WARE, FIDAFRIQUE continued to build the capacities of projects to identify, document and share innovations. In July, FIDAFRIQUE held a workshop in Dakar, Senegal to assess achievements and plan for the next phase.

To foster innovation in rural and agricultural development, IFAD continued to support the initiative on Scouting and Sharing Innovation in Western and Central Africa in collaboration with the OECD's Sahel and West Africa Club, ROPPA, the Technical Centre for Agricultural and Rural Cooperation, the United Nations Development Fund for Women and WARF in partnership with FIDAFRIQUE. A workshop-fair, Scouting and Sharing Innovation in Western and Central Africa, was held in Ouagadougou in June.

IFAD also hosted a Regional Consultation of leading stakeholders and experts on rural poverty in Dakar in July in preparation for the forthcoming publication of IFAD's report on rural poverty in 2009 (see page 62).

Eastern and Southern Africa

21 countries: Angola, Botswana, Burundi, the Comoros, Eritrea, Ethiopia, Kenya, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Rwanda, Seychelles, South Africa, Swaziland, Uganda, the United Republic of Tanzania, Zambia and Zimbabwe

Portfolio management highlights

- 43 ongoing programmes and projects in 15 countries in the region at the end of 2008
- US\$730.4 million invested by IFAD in the region's ongoing portfolio
- 6 new programmes and projects in Madagascar, Mauritius, Mozambique, Rwanda, Swaziland and the United Republic of Tanzania (see page 102)
- 2 new results-based country strategic opportunities programmes (COSOPs) for Burundi and Ethiopia
- supplementary financing provided to an ongoing project in Kenya
- 9 countries with IFAD country officers

Overview

About 250 million people, or 70 per cent of the population in the Eastern and Southern Africa region, live in rural areas. Thirty-three per cent of them are extremely poor, living on less than a dollar a day. Over half of the countries in the region have projected growth rates of over 5 per cent in 2008, but only five countries (Angola, Ethiopia, Malawi, Uganda and the United Republic of Tanzania) expect to attain growth rates of over 7 per cent, the level required for African countries to realize the MDGs. Mauritius is the only country in the region on course to achieve all of the MDGs. Three countries, Burundi, Ethiopia and Mozambique, are off course on all of the selected indicators.

Agricultural growth in the region, as in the rest of sub-Saharan Africa, is highly variable among countries and over time. During the past 25 years, only Mozambique and South Africa have maintained agricultural growth rates per capita of agricultural population above 2 per cent per year. Over the past ten years, growth rates have remained positive yet variable in the region, which could signify the end of a long period of stagnation. Therefore, the outlook for Eastern and Southern Africa is positive.

Activities

Within IFAD's Strategic Framework 2007–2010, the organization's work in the region, which is financed by both grants and loans, focuses on:

- increasing agricultural productivity
- establishing effective partnerships
- empowering poor rural people
- targeting
- ensuring sustainability
- supporting innovation, learning and scaling up

Agricultural productivity

During 2008, IFAD continued to re-orient its country programmes and the new projects it supports in the region to focus increasingly on agriculture and on improving agricultural productivity. This includes the development and dissemination of agricultural technologies. Improved soil fertility and better water management are also key elements in programmes that support governments' efforts to boost agricultural productivity. Value chain development is another increasingly important part of IFAD's investment portfolio in the region.

In Eritrea, for example, the Post-crisis Rural Recovery and Development Programme encourages sustainable natural resource management. The objective is to help increase agricultural productivity while safeguarding the environment and ensuring that degraded rangelands and watersheds are rehabilitated. The programme's activities to increase agricultural productivity targeted:

- poor and very poor people in the densely populated rainfed agricultural areas of the highlands
- lowland pastoral and agropastoral communities that have the highest incidence of poverty and extreme poverty
- households in agro-ecological regions that have been severely affected by recent droughts

Establishing effective partnerships

IFAD's extensive network of partnerships in Eastern and Southern Africa includes governments and inter-governmental organizations, cofinanciers, non-governmental and community-based organizations and professional organizations at regional, country, programme and project levels. The majority of IFAD-supported programmes and projects in the region are cofinanced by partners. Only 17 of the 49 programmes and projects in the portfolio are financed exclusively by IFAD.

During the year, the Paris harmonization and alignment agenda continued to guide IFAD's work with partners in the region. In addition, the focus on improving agricultural productivity provided the basis for strengthening partnerships with regional initiatives such as the NEPAD Comprehensive Africa Agriculture Development Programme (CAADP). This positions and drives IFAD's response to international efforts to improve agricultural performance in Africa as a whole. In addition, IFAD has developed strategic partnerships with AfDB, several regional agricultural research organizations and the Alliance for a Green Revolution in Africa.

IFAD is actively involved in the One United Nations pilot initiatives in Mozambique, Rwanda and the United Republic of Tanzania. In Mozambique, IFAD worked with the Food and Agriculture Organization of the United Nations (FAO) and the World Food Programme (WFP) under the United Nations One Programme 2007–2009. The organizations developed a joint programme to build commodity value chains and market linkages for farmers' associations, working within the framework of major government development programmes. IFAD supports sector-wide approaches (SWAs) in three countries (Mozambique, Uganda and the United Republic of Tanzania) and is involved in discussions on possible SWAs in four other countries (Kenya, Malawi, Rwanda and Zambia).

In some countries, IFAD contributes to building partnerships with the private sector. In Uganda, IFAD supported a partnership agreement between the government and a private sector consortium that has led to direct investment of US\$120 million by the private sector in the country's new oil palm industry. IFAD ensures that smallholders benefit from investments in the new industry by helping them to establish their own oil palm plantations and to set up a producers' association to consolidate their role as suppliers for commercial palm oil production. IFAD funds also contributed to the establishment of the Kalangala Oil Palm Growers Trust, a farmers' organization that holds a 10 per cent stake in the private sector consortium.

Empowering poor rural people

Empowering poor rural men and women to overcome poverty is a core objective of IFAD's work in Eastern and Southern Africa and the basis for its work at country level. It is a prerequisite for sustainable economic development.

In the United Republic of Tanzania, the Agricultural Marketing Systems Development Programme and the Rural Financial Services Programme worked together to establish a warehouse receipt system. This ensures that farmers have secure access to credit and reliable storage facilities for their grain, enabling them to sell when they can get the best price. Consequently, some farmers have doubled their incomes, invested in their farms, paid school fees for their children and started small businesses. Fifteen warehouses were operating under the programme at the end of 2008. And farmers' groups had established many more with the encouragement of the government, which is promoting warehouse receipts beyond the regions covered by the IFAD-supported system.

In Mozambique, the Sofala Bank Artisanal Fisheries Project supported the revision of national maritime fishery regulations and the formulation of national policy protecting artisanal fisheries from the encroachment of industrial and semi-industrial trawlers. The policy changes have improved the livelihoods of about 100,000 artisanal fishers, helping them gain access to markets and credit and financing for new investments and technologies, and improving local social services.

Targeting

IFAD targets the poorest and most vulnerable rural people in developing countries. Within this group, IFAD strives to reach poor women and men who have the potential to take advantage of improved access to assets and opportunities for agricultural production and rural income-generating activities. In 2008, an IFAD assessment of the organization's targeting approach found that programmes and projects in the region were reasonably to highly successful in reaching target groups.

During the year, the ongoing Rural Financial Intermediation Programme in Ethiopia expanded microfinance services to reach 1.7 million clients, surpassing the mid-term and end-of-programme targets by 30 per cent and 15 per cent, respectively. The programme established and strengthened rural savings and credit cooperatives, creating a much-needed institutional base for the transformation of the microfinance sector in the country.

Ensuring sustainability

One of the greatest challenges in Eastern and Southern Africa is ensuring that institutions established or strengthened during a project are sustainable and have a lasting impact on rural poverty once the project is closed.

As part of its efforts to address the challenge of sustainability, IFAD helped establish PhytoTrade Africa, a membership-based association dedicated to the development of a fair trade and environmentally sustainable natural products industry. PhytoTrade Africa helps small farmers in southern Africa commercialize their unique products and skills. In 2008, primary producers sold more than 800 tonnes of raw or semi-processed natural products to members of the association. And PhytoTrade members added almost US\$1 million in value to the raw materials they purchased. The association has developed 50 new products, many of which have received organic and Fair Trade certification. Market prospects for the products forecast future growth. PhytoTrade Africa has two further long-term sales agreements in place.

Supporting innovation, learning and scaling up

In recognition of the important role innovation plays in its work, and of the challenge of ensuring that lessons learned are shared, applied and scaled up, IFAD systematically gathered stories and case studies from the field during 2008.

IFAD recognizes that knowledge sharing is key to improving development effectiveness, and to this end it supports regional and thematic networks. In 2008, funding was approved to enable the FIDAFRIQUE regional network to expand into Eastern and Southern Africa from its present base in Western and Central Africa. The expanded network will increase the development effectiveness of IFAD-supported programmes and projects in Eastern and Southern Africa, and it will enhance policy dialogue.

During the year, IFAD continued to support the work of its regional thematic networks on issues such as water, market access and rural finance. It also held a regional implementation workshop in Uganda, which brought together representatives of IFAD-supported programmes and projects to share experiences on the role of public-private partnerships in ensuring sustainable development.

Asia and the Pacific

34 countries: Afghanistan, Bangladesh, Bhutan, Cambodia, China, the Cook Islands, the Democratic People's Republic of Korea, Fiji, India, Indonesia, Islamic Republic of Iran, Kazakhstan, Kiribati, Kyrgyzstan, Lao People's Democratic Republic, Malaysia, Maldives, Marshall Islands, Mongolia, Myanmar, Nepal, Niue, Pakistan, Papua New Guinea, the Philippines, Republic of Korea, Samoa, Solomon Islands, Sri Lanka, Tajikistan, Thailand, Timor-Leste, Tonga and Viet Nam

Portfolio management highlights

- 49 ongoing programmes and projects in 14 countries
- US\$1,046.5 million invested by IFAD in the region's ongoing portfolio
- 9 new programmes and projects in China, India, Indonesia, Kyrgyzstan, Lao People's Democratic Republic, the Philippines (2 projects), Tajikistan and Viet Nam (see page 104)
- 3 new results-based country strategic opportunities programmes (COSOPs) for Afghanistan, Indonesia and Viet Nam

Overview

Inflation in the region was high during 2008 in contrast with 2007, and the volume of output and trade contracted. High and volatile international prices for both food and oil led to increasing production costs and a decline in export demand despite the depreciation of some currencies.

In 2008, the region's acute vulnerability to natural disaster was dramatically evident. In May, a devastating earthquake struck Sichuan Province, China, and typhoons in Myanmar took many victims and inflicted heavy damage on property and the environment. During the year, social conflict and political unrest erupted in several countries in the region.

Worldwide, food prices surged unexpectedly in 2008. The most striking increase was in the price of rice. Following bans on rice exports from India and Viet Nam, rice traded at US\$953 per tonne in the second quarter of 2008, some 180 per cent higher than in 2007. But by late 2008 rice prices had dropped back to US\$563. High food prices and food market volatility are expected to continue in 2009.

Activities

Activities in the region during 2008 were aligned with the objectives of IFAD's Strategic Framework 2007–2010 (see page 2), and included responses to the food price crisis and the effects of the earthquake in China.

Natural resources and improved natural resource management and conservation practices

During 2008, ongoing programmes and projects supporting natural resource management in the region worked with more than 1,400 natural resource management groups, training some 47,000 resource users. User groups prepared more than 850 natural resource management plans. The Sunamganj Community-Based Resource Management Project in Bangladesh worked to improve incomes and the environment. It issued leases to local fishers that give them long-term tenure rights over water bodies, replicating an approach pioneered in the Oxbow Lakes Small-Scale Fishermen Project in Bangladesh in 1990 by IFAD, the Danish International Development Association (DANIDA) and the Bangladesh Rural Advancement Committee (BRAC).

Improved agricultural technologies and effective production services

Approximately one fifth of the IFAD-funded programmes and projects in the Asia and the Pacific region in 2008 focused on improved agricultural technologies and production services. Training in improved technologies benefited some 227,000 crop farmers and 89,000 livestock farmers. To complement these efforts, IFAD sustained working partnerships with several key research institutions, including the International Rice Research Institute (IRRI), the International Center for Agricultural Research in the Dry Areas (ICARDA), the International Centre for Integrated Mountain Development (ICIMOD), the Center for International Forestry Research (CIFOR) and the World Agroforestry Centre (ICRAF). Collaboration with IRRI in marginal uplands contributed to development of technologies for rehabilitating weed-infested fields in Lao People's Democratic Republic and for intercropping rice and legumes in Nepal.

In India, the Programme for Farmer-Participatory Improvement of Grain Legumes in Rainfed Asia worked to develop improved technologies for groundnut production. The programme collaborated with private seed companies to make improved seed available to small farmers in Gujarat and Maharashtra states.

In partnership with the International Food Policy Research Institute (IFPRI), IFAD undertook a study of technology approaches such as low-input agriculture, organic agriculture and biotechnology, producing recommendations for policymakers on their potential use in poverty reduction efforts. In 2008 IFAD published the study as an occasional paper, *Agricultural Technology Choices for Poor Farmers in Less Favoured Areas of South and East Asia*, for widespread dissemination.

A broad range of financial services

During the year, IFAD worked strategically with established microfinance institutions such as the Poverty Alleviation Fund in Pakistan and the Palli Karma-Sahayak Foundation in Bangladesh to consolidate sustainable access to financial services for rural poor people. The organization designed a number of projects exclusively to support the microfinance sector and build the capacities of microfinance institutions. The projects promote training for staff, provide funds for technical support, develop innovative credit products and work with microfinance apex institutions.

Some countries have called for alternative approaches such as providing rural financial services through credit and savings groups. As a result of efforts to promote savings among target groups in the region, some 940,000 people were active savers in 2008, and active borrowers numbered about 457,000.

To share its recent experience in this field with partners, IFAD made rural finance the theme of the January–February 2008 issue of the electronic newsletter, *Making a Difference in Asia and the Pacific*.

Transparent and competitive markets for agricultural inputs and produce

In 2008, IFAD continued to expand investments and activities that aim to improve poor rural people's access to agricultural input and output markets. Initiatives went beyond the construction of market infrastructure and access roads to focus more closely on improving poor people's access to market information, adding value to their outputs, developing on-farm processing and establishing rural enterprises. The Programme for Improving Market Participation of the Poor in Ha Tinh and Tra Vinh Provinces in Viet Nam implemented a value-chain analysis for 18 different commodities to help commune-level institutions provide pro-poor planning and investment support.

Fifteen of the 45 ongoing projects in the region now include work on value chains and market access. Ten additional projects that include sizeable investments in this area have been designed, and they will be approved or become effective in 2009.

Within the framework of the IFAD partnership with the United Nations Industrial Development Organization (UNIDO) this year, the Asia and the Pacific Division held talks about future knowledge sharing and complementary programming of UNIDO technical assistance and IFAD investment activities. Members of ENRAP, the regional network for knowledge sharing, participated in online discussions on value chains and exchanged visits. Their efforts had the support of the International Development Research Centre (IDRC) and of colleagues working in ICIMOD in the IFAD-funded Programme for Securing Livelihoods in the Uplands and Mountains of the Hindu Kush-Himalayas.

Opportunities for rural off-farm employment and enterprise development

IFAD loan resources allocated to rural off-farm employment and enterprise development increased from US\$19 million for programmes and projects approved during the 2005–2007 period to approximately US\$105 million by end-2008. Work in the sector is largely coupled with the provision of financial services. Initiatives such as the Rural Micro-Enterprise Promotion Programme in the Philippines led to the establishment of more than 720 new businesses in 2008. Other programmes and projects in Sri Lanka and Viet Nam also provided both business and microfinance services. The Post-Crisis Programme for Participatory Integrated Development in Rainfed Areas in Indonesia includes training for on-farm, off-farm and non-farm enterprises as a means of improving household food security.

Local and national policy and programming processes

In 2008, IFAD continued to use project outcomes as a basis for discussion of policy issues. Country-specific approaches for reaching policymakers through better knowledge management were developed by IFAD in consultation with governments and other stakeholders in Afghanistan, Indonesia, the Philippines, Sri Lanka and Viet Nam.

IFAD's country programme management team in the Philippines reached out to a wide range of stakeholders in October 2008 with the second annual edition of the Knowledge and Learning Market. The event focused on the food price crisis and lessons about food security that are being learned through IFAD-supported programmes and projects.

Latin America and the Caribbean

32 countries: Antigua and Barbuda, Argentina, Barbados, Belize, Bolivia, Brazil, Chile, Colombia, Costa Rica, Cuba, Dominica, Dominican Republic, Ecuador, El Salvador, Grenada, Guatemala, Guyana, Haiti, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Suriname, Trinidad and Tobago, Uruguay and Bolivarian Republic of Venezuela

Portfolio management highlights

- 31 ongoing programmes and projects in 17 countries in the region at the end of 2008
- US\$535.2 million invested by IFAD in the region's ongoing portfolio
- 5 new projects in Belize, Costa Rica, Guatemala, Panama and Bolivarian Republic of Venezuela (see page 107)
- supplementary financing provided to ongoing projects in Honduras and Nicaragua
- 2 new results-based strategic opportunities programmes (COSOPs), for Brazil and Guatemala

Overview

Despite rapid economic growth in Latin America and the Caribbean, high levels of poverty persisted in the region during 2008, particularly in rural areas. According to an estimate of the United Nations Economic Commission for Latin America and the Caribbean, poverty affected more than 54 per cent of the rural population. High levels of inequality make efforts to reduce rural poverty much more challenging. The deterioration of the global economy affected the region: the estimated growth rate of 4.6 per cent in GDP in 2008 was substantially lower than the 5.7 per cent growth rate recorded in 2007, and it is expected to decline further to 1.9 per cent in 2009.

As a whole the region is on track to meet the first Millennium Development Goal (MDG1) targets on poverty and hunger. But some countries, including Argentina, Bolivia, Guatemala, Honduras, Nicaragua, Paraguay and Uruguay, are likely to fall short. The rise in oil prices, the decrease in remittances and the sharp increase in food prices all contribute to a reversal of gains made in poverty reduction.

The rise in food prices across the entire Latin America and Caribbean region affected both food exporting and food importing countries. Seven countries in the region experienced double-digit inflation in food prices during 2008. The sizeable increases followed several years of limited inflationary pressures and had a direct impact on overall inflation in most countries because food costs weigh heavily on the consumer price index. In most cases higher food prices have not brought higher prices for producers. IFAD is following the situation closely in order to adapt its initiatives and minimize the effects on poor rural people.

Activities

IFAD's main priorities in Latin America and the Caribbean are:

- empowering poor rural people, particularly women, promoting demand-driven approaches to development
- supporting indigenous populations and rural populations of African descent
- promoting policy dialogue, engaging direct stakeholders, governments and the donor community
- promoting South-South cooperation

In 2008, in this region as in others, responding to the food price crisis was a cross-cutting priority. Promoting remittances as a tool for poverty reduction is also an important part of IFAD's work in Latin America and the Caribbean.

Innovation, knowledge management and the scaling up of successful initiatives are increasingly key aspects of IFAD-supported operations in the region. IFAD's wide range of knowledge products are based largely on the programmes and projects that it supports. They are a source of learning for countries in Latin America and the Caribbean and allow the organization to reach remote areas not reached by other organizations.

Empowering poor rural people

IFAD works to strengthen the economic and social assets of poor rural people. In Peru, the Development of the Puno-Cusco Corridor Project, which was completed in December 2008, provided support to more than 79,000 rural families. Nutritional standards improved in 90 per cent of beneficiaries' households, and income levels rose by about 140 per cent. There was also a substantial increase in the participation of women in local organizations.

In the Dominican Republic, the South Western Region Small Farmers Project – Phase II (PROPELUR) which closed in December 2007, successfully strengthened grass-roots and economic organizations. It supported improvements in infrastructure, including aqueducts, machinery and facilities for coffee drying and banana packing, and it has led to substantial increases in rural incomes. The project prepared case studies on rural finance, gender and best practices in agriculture that are being used by other projects.

Supporting indigenous populations and rural populations of African descent

Indigenous peoples are directly involved in more than one third of IFAD's ongoing programmes and projects in the region. IFAD also supports specific programmes such as the Indigenous Peoples Assistance Facility (see page 77). In 2008, some 16 microprojects approved under the Facility were being implemented in 13 countries in Latin America and the Caribbean region. The projects, designed and implemented by indigenous peoples' communities and their organizations, focus on social and territorial mapping that utilizes a geographic information system; on building awareness about indigenous peoples' rights, particularly through local radio; and on empowering women through initiatives such as developing microenterprises and improving their access to markets.

The Regional Programme in Support of Rural Populations of African Descent in Latin America started work in 2008, organizing a competition to reward the best local development initiatives with a cultural identity component. Of the 157 initiatives proposed, 13 were selected and the winning communities received an award of up to US\$300,000 to help develop their workplans. The programme also promotes policy dialogue to address discrimination against the Afro-Latino population in the local culture.

Promoting policy dialogue

Promoting policy dialogue at country, subregional and regional levels is key to IFAD's work in the region. In the Southern Cone, IFAD has contributed to the institutional development of the Commission on Family Farming MERCOSUR (REAF), as the regional platform of national family farmers' organizations. This has become a model for policy dialogue and South-South cooperation for other regions. In Central America, the Rural Dialogue Programme, which is funded by an IFAD grant, builds on experiences in the Southern Cone facilitating participation by small-scale farmers in the definition

and implementation of Central America's common agricultural policy. The Southern African Development Community (SADC) is interested in these experiences and participated in the REAF meeting held in Brazil in November.

South-South cooperation

During 2008 IFAD continued to support sharing and learning activities among developing countries in the region. The Learning Routes Training Programme, administered by the Regional Programme for Rural Development Training (PROCASUR) and cofinanced by IFAD, provides an innovative tool for sharing knowledge and learning from other people's experiences. Learning routes take participants to a number of communities so they can directly observe and share the communities' development experiences, problems and solutions. Between 2002 and 2008 about 22 learning routes were organized in six Latin American countries. In 2008 participants visited African countries, including South Africa, Uganda and the United Republic of Tanzania. The Mexican Association of Credit Unions organized exchanges with several African countries, including Burkina Faso, Mali and Senegal.

Responding to food price increases

During the year, IFAD provided support to the region's governments in their responses to the impact of rising food prices. In the Dominican Republic, IFAD worked with the Ministry of Agriculture to design a rural development and food security project with a focus on providing financial and technical assistance to poor rural families. In Honduras and Nicaragua, the organization provided additional funding to help small-scale producers increase their production of basic crops such as maize, rice, beans and sorghum. In Haiti, IFAD and FAO jointly prepared a project to boost agricultural production by increasing the availability of seed, fertilizer and related inputs. Total IFAD support to this project amounts to US\$10.2 million and will benefit approximately 250,000 farmers over the next three planting seasons.

Remittances as a tool for poverty reduction

Private money transfers, particularly remittances, are a growing source of income for rural communities. Through programmes and projects, IFAD is working with migrant workers' associations and local communities to promote sustainable development in the migrants' communities of origin. The Remittances and Rural Development Programme in Latin America and the Caribbean, which is funded by IFAD and the Inter-American Development Bank's Multilateral Investment Fund, currently finances related projects in eight countries: Bolivia, El Salvador, Guatemala, Haiti, Honduras, Mexico, Paraguay and the Dominican Republic.

Near East and North Africa, Central and Eastern Europe and the Newly Independent States

30 countries: Albania, Algeria, Armenia, Azerbaijan, Bosnia and Herzegovina, Croatia, Cyprus, Djibouti, Egypt, Georgia, Iraq, Jordan, Kuwait, Lebanon, Libyan Arab Jamahiriya, Malta, Republic of Moldova, Morocco, Oman, Qatar, Romania, Saudi Arabia, Somalia, the Sudan, the Syrian Arab Republic, the former Yugoslav Republic of Macedonia, Tunisia, Turkey, United Arab Emirates and Yemen

Portfolio management highlights

- 35 ongoing programmes and projects in 16 countries and Gaza and the West Bank in the two regions at the end of 2008
- US\$523.5 million invested by IFAD in the regions' ongoing portfolios
- 4 new programmes and projects in Albania, Bosnia and Herzegovina, Republic of Moldova and the Sudan (see page 109)
- 1 results-based country strategic opportunities programme (COSOP) for Morocco
- supplementary financing provided to an ongoing project in Yemen

Overview

A single division in IFAD covers two distinct regions: the Near East and North Africa and Central and Eastern Europe and the Newly Independent States.

In the Near East and North Africa region as a whole, economic growth remained strong despite the global financial crisis and a high degree of disparity among the countries. But the region was particularly hard-hit by rising food prices in the first half of the year. Most Arab economies are heavily dependent on food imports, and high food prices affect their food security and trade balances. Some have increased government food subsidies and/or wage increases to quell social unrest. Political instability remains a serious concern in Gaza and the West Bank, Lebanon, Iraq, Somalia and the Sudan.

The Near East and North Africa region has less than 1 per cent of the world's total renewable water resources and is by far the most arid region in the world. Egypt, Jordan and Yemen extract more water than can be renewed, depleting water resources. The region also faces declining soil fertility and is very vulnerable to climate change.

Economic growth in the region of Central and Eastern Europe and the Newly Independent States remained strong, with annual growth rates of real GDP at between 5 per cent and 20 per cent. Top performers included Azerbaijan, where surging oil exports and robust domestic demand drive growth, and Armenia, which has a booming construction industry and a vigorous financial services sector. The conflict in Georgia, which caused severe infrastructure damage and loss of output, was a major setback for the country's economic performance.

The region of Central and Eastern Europe and the Newly Independent States still faces the challenges of developing trade links outside the former Soviet Union and building effective public and private institutions. Meanwhile, the enlargement of the European Union is slowing down; the latest entry was Romania in 2007.

Activities in the Near East and North Africa

The priorities guiding IFAD's work in the Near East and North Africa region are:

- expanding poor rural people's access to rural finance
- tackling unemployment among young people in rural areas
- linking small-scale growers of non-traditional crops with domestic and international markets
- improving management of land and water resources and reducing vulnerability to climate change

In 2008, addressing the food price crisis also became a priority. And assisting areas in conflict is another central aspect of IFAD's work in the region.

Expanding poor rural people's access to rural finance

IFAD's approach to rural finance in the region includes alternative models and instruments to bring financial services to poor rural people. In the Syrian Arab Republic, the IFAD-funded Idleb Rural Development Project established its first *sandug* network of 15 village credit funds. In Djibouti, the Microfinance and Microenterprise Development Project inaugurated its first savings and credit association in February.

Tackling unemployment among young people in rural areas

IFAD-supported operations in the Near East and North Africa region increasingly address rural unemployment, particularly among young people. In Egypt and the Syrian Arab Republic, through the establishment of rural business development centres, IFAD provides training in business practices and marketing, as well as technical training for the unemployed and for potential entrepreneurs.

Linking small-scale growers of non-traditional crops with domestic and international markets

IFAD-supported activities in the region focused on developing domestic and export marketing of horticultural products and on promoting the production and export of herbs and medicinal and aromatic plants cultivated by small-scale growers. Investments in non-traditional crops represent a promising economic development opportunity because of higher economic returns and good potential for adding value through processing and marketing.

Managing land and water resources and reducing vulnerability to climate change

In Morocco, the Rural Development Project in the Mountain Zones of Errachidia Province is working to improve living conditions and incomes for poor households by rehabilitating small-scale irrigation infrastructure, supplying drinking water and promoting soil and water conservation. In its final year of implementation, the IFAD-supported Yarmouk Agricultural Resources Development Project in Jordan completed the rehabilitation of 19 water springs. The activities benefited more than 1,100 farming families in the Yarmouk Valley.

Assisting areas in conflict

During the year in Gaza and the West Bank, IFAD continued to support effective programmes and projects in areas with few alternative income-generating opportunities. The objective is to increase the incomes and living standards of small-scale farmers by assisting them in developing and managing land and water resources to enhance productivity, and by improving access to rural finance. In December, the IFAD Executive Board approved the cancellation of undisbursed funds for the Participatory Natural Resource Management Programme and made the balance of approximately US\$5.0 million available to the Palestinian Authority through grant funding. The programme helps Palestinian villagers plan and implement development schemes for the land and water they control.

Addressing the food price crisis

To address the global food price crisis IFAD focused on improving agricultural productivity and food security. In agreement with IFAD, the Government of Yemen reallocated funds in the amount of US\$1.5 million within the Dhamar Participatory Rural Development Project to help small farmers maximize their production over the

2008/09 cropping seasons. Farmers in 133 villages received packages of improved seed and fertilizer, and crop extension workers were provided with training, agricultural equipment and threshing machines.

In response to the rise in food prices, the Government of the Syrian Arab Republic established an agricultural support fund within the Ministry of Agriculture and Agrarian Reform. IFAD agreed to contribute US\$1.5 million to the fund, reallocating the amount from the Badia Rangelands Development Project. The money is being used to cofinance activities that directly benefit small-scale producers through provision of improved seeds, fertilizers and feed.

Activities in Central and Eastern Europe and the Newly Independent States

IFAD has three closely interlinked priorities in Central and Eastern Europe and the Newly Independent States:

- establishing market linkages for smallholders
- developing the non-farm rural economy through support to small and medium-sized enterprises
- promoting rural financial services

During the year, IFAD completed a study documenting the organization's experiences with refinancing facilities in Armenia, the Republic of Moldova and the former Yugoslav Republic of Macedonia. The study showed that the establishment of refinancing funds in Armenia and the Republic of Moldova encouraged 17 private financial institutions and banks to widen their outreach to rural areas. This innovative approach has proved to be a profitable investment opportunity, leading banks gradually to invest their own funds in lending operations. In Albania, the IFAD-supported Mountain Areas Finance Fund and Mountain Areas Development Agency are platforms for small and medium-sized enterprise development. The institutions provide financial services, assistance for market access and technology transfer, and they are having a positive impact on employment generation in disadvantaged mountain areas.

The establishment of financially sustainable supply chains continues to be IFAD's focus in most countries in the region. In Bosnia and Herzegovina, the Livestock and Rural Finance Development Project's integrated value chain approach demonstrated the income-earning potential of the livestock sector. In 20 targeted municipalities it contributed to the revival of rural areas through improvements in small-scale commercial livestock production. The project's approach will be further scaled up through the Rural Enterprise Enhancement Project. In December, the Executive Board approved the Rural Livelihoods Development Project, which is designed to include a greater number of rural enterprises, of more varied types (see page 109).

Policy, partnerships, knowledge management and communication in the Near East and North Africa and Central and Eastern Europe and the Newly Independent States

During the year, the President and other IFAD officials visited Kuwait, Qatar, Saudi Arabia and the United Arab Emirates and held talks with leaders and senior government officials in all four member countries of the Gulf Cooperation Council. The need for greater investment in agriculture and food production in response to high and rising demand was at the centre of discussions. The key message was that a greater share of official development assistance must be allocated to the agriculture sector, and extensive media coverage of the visits helped deliver that message.

During 2008, IFAD and the International Development Research Centre (IDRC) completed a self-assessment of the knowledge management network (KariaNet) in the Near East and North Africa, in preparation for the launch of a second phase of the programme in 2009. In June, a workshop held in Rome brought together the other three IFAD-sponsored regional knowledge networks for an exchange of experiences, best practices and lessons learned.

During the year, IFAD carried out several knowledge-sharing activities in the Near East and North Africa and Central and Eastern Europe and the Newly Independent States, including:

- an Expert Consultation, Developing a Small Ruminant Research and Development Strategy for Rural Poverty Reduction in Non-Tropical Dry Areas of the Near East and North Africa, organized by IFAD and the International Center for Agricultural Research in the Dry Areas (ICARDA) and held in March in Cairo, Egypt
- a regional consultation workshop on poverty challenges in preparation for the forthcoming publication of IFAD's report on rural poverty (see page 62), held in June in Cairo
- a regional programme implementation workshop on monitoring and evaluation systems in Central and Eastern Europe and the Newly Independent States, held in September in Sarajevo, Bosnia and Herzegovina
- publication of several studies and three issues of the regional Rural Echoes newsletter
- a regional workshop on capacity-building in effective communication, held in October in Fez, Morocco
- participation in regional conferences and exhibitions, such as the 5th Congress of Scientific Research Outlook in the Arab World in October, in Fez, and the 1st Arab Water Forum in November, in Riyadh, Saudi Arabia

Quality enhancement and assurance

The quality enhancement and quality assurance processes became fully operational in IFAD early in 2008. These processes work to improve the quality of project designs and boost IFAD's ability to achieve its goals and objectives. Early feedback indicated that the additional support provided to project designers is having a positive impact on the quality of designs at entry.

During the year, 46 projects, including six Global Environment Facility projects, were reviewed in the Programme Management Department under the quality enhancement process. The key features of quality enhancement are a self-assessment process used by project designers, a due diligence technical review, and a panel-based assessment that combines in-house and external expertise. The project design is then finalized according to the panel's recommendations and subsequently submitted for the quality assurance process.

Quality assurance entails the review of project designs by the Office of the Vice-President as a final step before loan negotiations and submission of projects to the Executive Board. The process complements the improved quality enhancement process and operates 'at arm's length' from the Programme Management Department, which is responsible for project development.

Quality Assurance Reviews:

- clear designed projects for loan negotiations and submission to the Executive Board
- determine quality-at-entry ratings according to four of the indicators used by IFAD's corporate Results Measurement Framework (RMF)
- evaluate the quality enhancement process

In addition, reviews assess the appropriateness of project design in relation to IFAD's policy and guidance documents.

In 2008, IFAD held quality assurance sessions in February, June and October. A total of 30 projects were reviewed, the majority of which had previously been through the quality enhancement process. Five of them were reviewed between quality assurance sessions. Three projects required substantial changes, which delayed their presentation to the Board. One of the three projects was deemed immature for a Quality Assurance Review and was sent back to quality enhancement. Table 2 summarizes the results of the 2008 Quality Assurance Reviews.

All projects undergoing the quality assurance process were also assessed according to four RMF indicators. Results from these assessments, which are presented in Table 3, show that all quality-at-entry ratings for the four RMF indicators were moderately satisfactory overall. In relation to the overall rating, 80 per cent of all projects were rated moderately satisfactory or better.

IFAD's Global Environment and Climate Change Unit

As an agency of the Global Environment Facility (GEF), IFAD works with the facility to fight rural poverty and environmental degradation. Because climate change is both an environmental challenge and a development issue, in May 2008 IFAD broadened the mandate of its GEF Unit. The unit became the technical arm of the Programme

TABLE 2
2008 Quality Assurance Review results

Final project categories	Number of projects	Percentage of cohort
Ready to proceed, with minor changes	9	30
Ready to proceed, subject to additional assurances during loan negotiations and/or further modifications/ reviews during implementation	18	60
Requiring substantive changes, resulting in a delay in presentation to the Executive Board	3	10
Outstanding issues are so severe as to justify dropping the project	0	0

TABLE 3
Quality-at-entry ratings

RMF indicators	Description	Satisfactory or better ratings ^a (percentage)
1	Effectiveness of thematic areas	87
2	Projected impact on poverty measures	87
3	Innovation, learning and scaling up	83
4	Sustainability of benefits	80
Overall rating		80

^a The quality-at-entry ratings are based on a scale of 1 to 6, with 1 being highly unsatisfactory and 6 being highly satisfactory. The percentage indicates the number of projects receiving a rating of 4 or more, out of the total number of projects.

Management Department on climate change issues and was renamed the Global Environment and Climate Change (GECC) Unit.

Through the GECC Unit, IFAD promotes investments in IFAD's country portfolios that support adaptation to and mitigation of climate change. The unit also identifies funding, training and other opportunities in relation to climate change issues outside the GEF Trust Fund, and facilitates technical dialogue with the Secretariat of the United Nations Framework Convention on Climate Change (UNFCCC). The GECC coordinator is the IFAD focal point for the Nairobi Work Programme, a UNFCCC programme established to assist all parties, particularly developing countries, to improve their understanding and make informed decisions on climate change adaptation. IFAD maintains the unit's GEF function of designing impact-oriented grants that complement IFAD's investments, and the unit participates in relevant international meetings and committees.

At year-end, the IFAD GEF portfolio of 15 project grants and 14 preparatory grants was valued at US\$71.5 million (of which US\$52.6 million were encashed), cofinancing IFAD investments of approximately US\$185.6 million. The GEF grants are associated with five standing GEF Programme Frameworks approved in 2007 and 2008, including the IFAD-led US\$50 million Integrated Sustainable Natural Resource Management Framework in the Middle East and North Africa Region – MENARID; and the World Bank-led Country Program Framework for Sustainable Forest Land Management in Viet Nam. New initiatives during 2008 included development of 2 secured grants worth US\$3.6 million, direct execution by the unit of 11 preparatory grants worth US\$2.0 million, and formulation of 14 project grants worth US\$53.8 million.

IFAD secured two new grants under the UNFCCC adaptation funds operational under the GEF Secretariat: a Special Climate Change Fund project proposal in Mongolia valued at US\$1.5 million, and a national adaptation programme of action implementation project in Sierra Leone financed by the Least Developed Countries Fund, valued at US\$2.7 million.

In the context of the GECC Unit's expanded mandate on climate change, during 2008 IFAD also secured additional funds outside the GEF.

- In October, the Spanish Agency for International Cooperation (AECI) approved IFAD's €1.5 million programme proposal, Support to Rural Poor to Address Climate Change in Africa. The objective is to reduce the risks and vulnerability that climate change causes in rural communities by developing community-based adaptation and mitigation activities in selected African countries.
- In April, IFAD's Initiative for Mainstreaming Innovation (IMI) approved a grant supporting the US\$100,000 CLIMTRAIN project, a training programme to strengthen in-house knowledge on climate change issues. It provides a platform for sharing knowledge and builds and reinforces partnerships inside and outside IFAD to improve understanding about the links between climate change and rural development. In 2008, the programme held two workshops, training over 100 staff.

The unit participates in the Chief Executives Board for Coordination/High-Level Committee on Programmes' Working Group on Climate Change and is an active member of IFAD's climate change policy reference group. The unit attends Adaptation Fund Board meetings and international conferences on climate change. The GECC Unit is also a member of the multi-agency GEF Adaptation Task Force.

In 2008, the GECC Unit issued four publications:

- *MENA region: Local livelihoods and global environmental challenges in perspective*
- *Combating poverty through better land and forest use: IFAD's contribution to sustainable forestry management*
- *CLIMTRAIN: a climate change tailor made training programme for IFAD's Programme Management Department*
- *Fighting a global challenge at the local level: the rural poor and climate change (updated)*

During the year, the GECC Unit continued to foster strong partnerships with other United Nations agencies and with international conventions and bilateral or multilateral agencies and partners (TerrAfrica). It developed new partnerships with AECL, the European Commission, the United Kingdom's Department for International Development (DFID), the World Agroforestry Centre (ICRAF), the International Institute for Sustainable Development (IISD), the United Nations Institute for Training and Research (UNITAR) and the World Meteorological Organization (WMO).

Country presence

IFAD strengthened its country presence significantly during the year. The organization:

- developed and issued internal guidance for country presence staff on planning, programme implementation, financial management, monitoring and reporting
- signed a framework agreement with the United Nations Development Programme (UNDP) and worked to finalize a similar agreement with FAO
- signed host country agreements with the governments of Colombia, the United Republic of Tanzania and Viet Nam, and accredited country programme managers for these countries
- fully mainstreamed the country presence budget into IFAD's overall budgetary framework
- increased information technology support and connectivity, and improved the access of country presence offices to IFAD's corporate information resources

During the year, country presence staff helped improve the quality of project design and implementation. They contributed significantly to the design of results-based country strategic opportunities programmes (COSOPs) and projects, and took part in supervision missions and mid-term reviews. Their contribution also enhanced IFAD's efficiency. For example, they contributed to reducing delays between project approval and effectiveness, which is when work actually starts.

IFAD's improved country presence facilitated knowledge sharing, mainly by promoting exchanges between projects and South-South exchange. Country presence also strengthened IFAD's partnerships. It enabled the organization to play an active role in United Nations country teams, to participate in policy dialogue at country level, and to contribute to alignment and harmonization of policies and practices (see page 63).

In December, the Executive Board approved an expansion of the country presence programme, formalizing 27 IFAD country offices. This included establishing ten new offices and out-posting six additional country programme managers. IFAD does not have its own offices in borrowing countries, but co-locates its staff with other United Nations agencies.

Performance-based allocation system

The performance-based allocation system (PBAS) allocates IFAD's loan and country grant resources, including grants under the DSF (see page 51), to country programmes. The system bases allocations on population, per capita GNI and country performance. Country performance includes broad policy framework, rural development policy and the performance of IFAD's portfolio. Under the PBAS, IFAD makes annual resource allocations in three-year cycles and administers them within a six-year time frame.

The first allocation exercise covered the period 2005 to 2007. The current exercise covers 2007 to 2009, the same period as the Seventh Replenishment of IFAD's resources. In the fourth quarter of 2008, as data on portfolio and rural sector performance became available, country scores were updated. The updated data was reflected in the final 2008 country scores and 2009 country allocations, tabled at the Executive Board session in December 2008 and subsequently published in accordance with the procedures agreed for disclosure of PBAS information on the IFAD website (www.ifad.org/operations/pbas).

All loans and country-specific grants presented to the Executive Board for approval in 2008 were within countries' individual PBAS allocations. In line with DSF implementation, those countries assessed as not at risk of future debt distress (classified as 'green'), and therefore eligible to receive loans from IFAD, received slightly higher allocations under the PBAS. For the overall programme of work in 2008, projections show that about 96 per cent of resources available for commitment were allocated according to PBAS guidelines. IFAD allocated about 45 per cent of its resources to sub-Saharan Africa during 2008. During the Consultation on the Eighth Replenishment of IFAD's Resources (see page 50), IFAD committed to continue improving the implementation of the PBAS during the period 2010-2012.

Communication, learning and knowledge sharing

Communication

IFAD's Communications Division gives media, video, internet, design and publishing support to the organization's fight against rural poverty. The division provides external and internal communication services. It raises global awareness about the realities of rural poverty and about IFAD's work with poor rural women and men. It develops and strengthens IFAD's corporate identity on the Web. And it promotes effective internal communication to improve the efficiency of the organization. During 2008 the division developed and implemented a new Electronic Records Management System. This is the corporate repository of all IFAD official records and a key part of IFAD's knowledge management strategy (see page 60).

During the year, IFAD gave media support to global conferences and events including the Fourth Tokyo International Conference on African Development (TICAD IV) in Yokohama in May (see page 67), the High-Level Conference on World Food Security in Rome in June, the Third High Level Forum on Aid Effectiveness in Accra in September and the International Conference on Financing for Development in Doha in November (see page 66).

IFAD used the occasion of its 30th anniversary to focus media attention on the plight of poor rural people in the face of soaring food prices, financial volatility and climate change, including through the development of the highly acclaimed BBC World debate "*Food – Who pays the price?*".

The Rural Poverty Portal

In 2008 IFAD's fully functional Rural Poverty Portal went online at <http://www.ruralpovertyportal.org>. The portal is an IFAD-powered website through which poor rural people, policymakers, donors, research institutes, NGOs and other development partners can share information. The portal responds to recommendations made in IFAD's Action Plan for Improving its Development Effectiveness (see page 44).

IFAD country programme managers, regional economists, staff across the organization and colleagues in the field worked together to build the portal, which serves as the cornerstone of information and knowledge management at IFAD.

Through the portal, users:

- search for information by topic, region or country
- share information about what works in rural development, and what doesn't
- listen to farmers, development practitioners and decision makers explain the challenges of rural poverty eradication
- access information about IFAD-funded programmes and projects in real time
- view demographic, socio-economic, health, nutrition and other statistics at a glance

The portal has been developed to ensure accessibility for users with slow Internet connections.

Gender in rural development

Female smallholder farmers experience the same constraints as all small farmers: poor access to assets, capital and markets. But they are also more likely than men farmers to be illiterate and less likely to have secure land rights. IFAD believes that without a significant investment in improving the livelihoods, assets and decision-making ability of rural women, the MDGs are unlikely to be achieved.

On the International Day of Rural Women in 2008, experts from FAO, IFAD and the World Bank gathered in Rome to launch the *Gender in agriculture sourcebook*. The sourcebook contains 30 detailed case studies and highlights more than 300 projects. It shares experiences on gender mainstreaming in a range of agricultural development interventions in areas such as food security, access to credit, access to land, rural infrastructure, technology, rural finance and education. The sourcebook is a vital tool for understanding and applying practices and innovative activities that increase attention to women's role in agriculture and their contribution to reducing rural poverty.

IFAD's new *Framework for gender mainstreaming* was adopted in 2008 as a follow-up to the 2003-2006 Gender Plan of Action. The framework sets basic standards for operations and defines indicators to assess performance. Results will be reported annually in the Report on IFAD's Development Effectiveness (see page 45).

In June, IFAD and the Government of Canada signed a two-year CAD\$1 million grant agreement for projects to empower poor rural women to reduce their vulnerability to HIV/AIDS. Priority was given to projects in Africa that focus on policy dialogue to ensure gender equality, economic empowerment of rural women and knowledge management activities.

During the High-level Segment of the 16th Session of the Commission on Sustainable Development in May 2008, IFAD joined with Women Organizing for Change in Agriculture and Natural Resource Management (WOCAN), and Heifer International to launch the Network of Women Agriculture Ministers and Leaders in New York. The aim of the network is to connect women working in agriculture at different levels, from ministers to representatives of rural women, in order to respond to the needs and concerns of women farmers.

Human and social assets

During 2008, IFAD worked on several major initiatives in the areas of human and social assets. It launched a Web portal on rural institutions to strengthen knowledge sharing and networking with key partners. IFAD also published a sourcebook, *Institutional and organizational analysis for pro-poor change: meeting IFAD's millennium challenge*, to encourage more systematic institutional analysis in project design and implementation, and to contribute to in-house and in-country capacity, learning and knowledge management. The process of testing the sourcebook in the field started in September, with missions in India, Indonesia and Kenya.

In relation to food security and nutrition, IFAD took part in several multi-agency initiatives, including:

- the United Nations Standing Committee on Nutrition Task Force on Assessment, Monitoring and Evaluation
- the joint European Union/FAO/IFAD development of improved survey methodology to estimate children's birthdates when written records are not available

Productive assets and technology

In the area of productive assets and technology, IFAD focused on knowledge management, direct supervision support, grant management and implementation of the quality enhancement process (see page 30), and on the following corporate products:

- the forthcoming report on rural poverty (see page 62)
- the Policy on Improving Access to Land and Tenure Security (see page 60)
- the Environmental and Social Assessment Procedures

The thematic areas covered relate to community-based natural resource management. Much knowledge stems from loan and grant projects, partnership relations and the Web. But farmers remain the most important source of knowledge, and IFAD continues to look for ways to further tap into and disseminate their knowledge.

Collaborative activities with partners continued to grow in 2008. Partners included multilateral and bilateral organizations, civil society, networks, research organizations and, increasingly, the private sector. Innovative resource mobilization is the object of growing attention, for example in relation to land and water governance initiatives, rural roads, travel and transport, livestock, fisheries and aquaculture, microfinance, gender and environment, land and biofuels.

Financial services and access to markets

In the area of financial services and access to markets, during 2008 IFAD focused on:

- updating the Rural Finance Policy, which was presented to an informal seminar of Executive Board members for discussion in December
- reviewing the supporting operational guidelines – *Decision tools for rural finance*
- highlighting the cross-cutting approach in IFAD's rural finance interventions by issuing guides for practitioners on gender mainstreaming in rural microfinance, and on sustainable natural resource management and access to finance
- setting up the Weather Risk Management Facility, which will develop and pilot index-based weather insurance products and services in collaboration with WFP (see page 76)
- providing the second round of support to innovative projects in the area of remittances through the multi-donor Financing Facility for Remittances (see page 77)

- presenting the concept of the Rome partnership for Disaster Risk Management at the International Disaster and Risk Conference in Davos, Switzerland in August, together with FAO and WFP
- launching the Market Access Community of Practice Portal in November, based on a multi-country study of IFAD-financed projects, as a tool for sharing knowledge in value chain financing and facilitating poor rural people's access to markets on equitable terms
- emphasizing IFAD's role in pro-poor, pro-gender, pro-environment biofuel production (see page 67)
- organizing the Global Agro-Industries Forum in New Delhi in April, together with FAO and the United Nations Industrial Development Organization (UNIDO)
- providing support to and playing an active role in the Donor Committee for Enterprise Development

Learning notes

Learning notes cover key issues in programme and project design and implementation. They provide concise reminders of core issues, key tasks, sources of information and examples of good practice for designing, implementing and evaluating pro-poor investment projects. Twenty learning notes are posted on IFAD's intranet. They cover a wide range of topics, including project targeting, technology change, environment and natural resource management, rural finance and sustainability. In 2008, IFAD updated all the learning notes and rearranged them by key success factors, in harmony with the new quality enhancement process (see page 30). This year, IFAD developed new learning notes and posted them on the website. They are: *Marketing and the rural poor*, *Mainstreaming UNCCD objectives in IFAD operations*, *Pro-poor policy dialogue for change*, and *Land tenure*.

Technical advisory notes

Technical advisory notes are tools for promoting innovation and disseminating research results. They provide inputs to current or future programmes and projects. During 2008, IFAD:

- finalized a corporate template for technical advisory notes
- disseminated 44 technical advisory notes through IFAD-related communication channels such as regional electronic networks and the intranet, and through grant recipient dissemination channels such as websites, publications and CDs
- prepared an organizational framework for the generation, validation and follow-up of technical advisory notes by setting up a vetting committee to co-validate received technical advisory notes, ensure quality assessment and develop a system to monitor their use

IFAD evaluation activities in 2008

Overview of the sixth Annual Report on Results and Impact of IFAD Operations

IFAD's Office of Evaluation is fully independent of IFAD's management and reports directly to the Executive Board. In 2008 the Office of Evaluation prepared the sixth Annual Report on Results and Impact of IFAD Operations (ARRI). The report synthesizes results and impact from the 12 IFAD-funded projects evaluated by the Office in 2007. It also draws on the conclusions of one corporate-level and two country programme evaluations. Building on a similar presentation of data in previous ARRIs, this year's report includes an aggregate six-year block analysis of IFAD's results for the period from

2002 to 2007, based on the set of ratings for the 85 projects evaluated by the Office of Evaluation since 2002. It also includes a breakdown analysis of this data divided into three two-year clusters (2002–2003, 2004–2005, 2006–2007).

The 2008 ARRI presents the following key results:

- One hundred per cent of the projects evaluated in 2007 showed satisfactory project performance (namely, relevance, effectiveness and efficiency).
- Ninety-one per cent of the projects showed satisfactory overall achievement (based on the project assessments for relevance, efficiency, effectiveness, impact, innovation and sustainability).
- There were marked improvements in sustainability in the 2007 sample. Sustainability – the continuation of benefits in the post-project period – was satisfactory in 67 per cent of the projects evaluated in 2007, compared to 40 per cent in 2002.
- The results in promoting pro-poor innovations are good, particularly in introducing low-cost technologies, mainstreaming gender and strengthening pro-poor institutional arrangements. But more can be done to ensure systematic replication of innovations and scaling up by others. To achieve this, more attention needs to be paid in country programmes to policy dialogue, partnership-building and knowledge management.
- Relevance of programmes and projects to the needs of poor rural people and to the policies and strategies of governments and IFAD remains a strong point.
- Particularly positive achievements are evident in the critical areas of promoting agricultural productivity and the physical assets of poor people (including access to land, water, livestock, tools, technology and infrastructure).

The 2008 ARRI also identified weaknesses to be addressed by IFAD. These included improving the efficiency of IFAD operations, promoting access to markets and improving environmental and natural resource management. In addition, gender equity and women's empowerment is an important area in which IFAD operations can further enhance their performance. While some projects have obtained good results in this area, further improvement can be achieved by ensuring that the activities promoted are tailored to foster women's development.

This year's ARRI devoted more attention than previous reports to the importance of learning from IFAD's own experience and that of other development organizations. The report focused on two learning themes: the importance of the country context, and project-level monitoring and evaluation systems. The ARRI also highlighted four themes that emerge repeatedly in evaluations and which the Office of Evaluation will address in future reports:

- access to markets
- the environment and natural resource management
- social capital and empowerment
- sustainable pro-poor institutions

IFAD management welcomed the 2008 ARRI, which showed "an encouragingly positive picture of the Fund's operations". Performance has improved in all areas and IFAD is broadly on track to meet the Action Plan targets (see page 44), although further progress is needed on sustainability.

Management particularly welcomed the fact that this was the first time that 100 per cent of projects evaluated showed satisfactory results in terms of project performance and overall project achievement.

The management response compared the ARRI's findings with those of IFAD's self-evaluation reports – the project completion reports (PCRs). The criteria and ratings reported on in PCRs are now the same as those used by the Office of Evaluation, meaning that the results can be compared and that any discrepancies between the two can be identified and the reasons for them studied. The PCR review reported success rates for relevance, effectiveness and efficiency that are very similar to those in the ARRI. This indicates that IFAD's self-reporting tools are working well and generates confidence in both sets of results.

Management noted also that the sample of projects evaluated by the ARRI is relatively small, and that continued efforts are needed to maintain and enhance further portfolio performance and to meet the Action Plan targets. Particular attention will be paid to improving the sustainability of the programmes and projects IFAD supports, and to improving the organization's efficiency.

Evaluation activities in 2008

In 2008 the Office of Evaluation carried out its fifth work programme. It completed country programme evaluations in Ethiopia, Nigeria and Pakistan. It also continued work on the joint evaluation undertaken with the African Development Bank (AfDB) assessing the results of the AfDB's and IFAD's policies and operations in agriculture and rural development in Africa.

The country programme evaluations in Ethiopia and Pakistan produced far-reaching results and recommendations. In Ethiopia the evaluation found that IFAD-supported operations were performing above average for sustainability and innovation, both key criteria. This was measured against the overall average for IFAD operations in all regions, as reported in last year's ARRI. Among other issues, the evaluation found that there was a need to ensure wider synergies within and across projects in the country. It highlighted the importance of strengthening linkages between research and extension to ensure better adoption of technologies by small farmers. And it noted the need to encourage further development of the private sector to promote poor rural people's access to markets.

The country programme evaluation in Pakistan concluded that IFAD has made an important contribution to agriculture and rural development in the country, despite the relatively limited volume of its investments. At the same time, the evaluation highlighted the need for IFAD to ensure a better balance between agricultural and non-farm investments for rural poverty reduction in its future country strategy for Pakistan. In line with the views of the Government of Pakistan, the evaluation also underlined the need for IFAD to continue its work in disadvantaged and remote areas of the country, some of which are also experiencing conflicts.

The evaluation in Nigeria noted that IFAD has made a significant contribution to promoting community-driven development in projects it supports in the country. The report also stressed the need to carefully study the roles of federal, state and local government institutions in future projects. And it underlined the importance of focusing on the development of smallholder farmers as a key to improving the livelihoods of poor people in rural areas and to strengthening food security across the country.

The Office of Evaluation continued work on the joint evaluation with the AfDB, preparing an interim report that draws on four studies:

- the challenging context and prospects for rural development in Africa
- a meta-evaluation of the past performance of both organizations
- an assessment of the partnership between the AfDB and IFAD, and of their partnerships with other major actors
- a review of key business processes

The final report will build on the interim report and on insights from the field.

The Evaluation Committee held four sessions during the year. The committee discussed a project evaluation undertaken in Burkina Faso and the country programme evaluations for Brazil, undertaken in 2007, and for Pakistan, in addition to other key documents. It also discussed the modalities and options for a peer review of the Office of Evaluation in 2009, which would include a review of the IFAD Evaluation Policy.

The committee visited the Philippines on its annual field trip and met with the country's President, Gloria Macapagal-Arroyo. The President underlined IFAD's role in improving agricultural productivity, which is especially important in the context of rising food and commodity prices.

The Office of Evaluation continued work on its new evaluation manual, which will be issued in early 2009. It will set out country programme and project evaluation methodologies and processes and take into account initiatives under IFAD's Action Plan for Improving its Development Effectiveness, such as the development of IFAD's Strategic Framework 2007-2010 (see page 2). It will also bring IFAD's independent and self-evaluation methodologies further into line.

Major corporate initiatives in 2008



Denise Guingane Zigani uses the sun's heat to dry vegetables. Garnago village, Burkina Faso.

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IFAD's Action Plan for Improving its Development Effectiveness

IFAD's Action Plan for Improving its Development Effectiveness is the principal vehicle for change and renewal in the organization. When IFAD management presented its last written progress report on the Action Plan to the Executive Board in December 2007, most of the agreed outputs had been delivered. But Action Plan-related work continued during 2008 with a focus on mainstreaming the outputs within line functions and core business processes. The key areas of work were:

- implementing IFAD's new operating model, and in particular managing the direct supervision of the majority of IFAD-supported programmes and projects (see page 86)
- promoting and mainstreaming IFAD's knowledge management and innovation agenda (see page 60)
- strengthening IFAD's management for development results tools
- establishing the quality assurance system for project design (see page 30)
- developing the organization's enterprise risk management policy, which was approved by the Executive Board in September 2008 (see page 59)
- above all, forging ahead on the human resources reform agenda, a key area in which only limited progress had been made during 2007 (see page 120)

During the year, the Action Plan secretariat provided a forum for senior managers to discuss areas requiring reform, to promote new reform initiatives and to facilitate the mainstreaming of existing ones. The secretariat also developed a strong relationship with FAO, which has started its own reform programme. And in June it hosted a workshop that brought together staff members from nine multilateral finance institutions and United Nations agencies to share experiences and learn from one another about issues related to organizational reform. Through the workshop, which will be held again in 2009, IFAD made contacts with key change agents in a wide range of organizations and developed a common understanding on essential issues related to United Nations agency reform.

In July, an independent external assessment, commissioned by IFAD Executive Board member countries Canada, the Netherlands and Norway, confirmed IFAD's progress under the Action Plan. The assessment concluded that the Action Plan is a "meaningful, serious and multi-dimensional effort at organizational reform". It also noted that the Action Plan "is leading to improvements in IFAD's development effectiveness and that these ... will become more evident over time".

In October, in order to maintain corporate focus on change and reform, the institutional arrangements for managing the Action Plan were modified and put on a more permanent footing. To provide guidance and oversight to IFAD's work in this area, a Change and Reform Management Team was established. Led by the Executive Director, Change and Reform, its key members include the three Assistant Presidents. It meets weekly. To support the team and facilitate implementation of the evolving reform agenda, the Action Plan secretariat was reformulated as the Change and Reform function and placed in the Office of the President. Consolidation of the Action Plan reforms was one of the key commitments made by IFAD during the Eighth Replenishment Consultation (see page 50), including by strengthening IFAD's management for development results tools.

Report on IFAD's Development Effectiveness

In 2008, the organization produced the second edition of the annual Report on IFAD's Development Effectiveness. The report was significantly revamped to make it the primary vehicle for accountability and reporting by IFAD management to the governing bodies. In its new form, the report incorporates analysis previously contained in the Portfolio Performance Report, and it gives details on the delivery of major reform initiatives and their contribution to improved results. It also provides a comprehensive account of performance against the indicators in IFAD's Results Measurement Framework, which was approved by the Executive Board in September 2007. During the Eighth Replenishment Consultation (see page 50), IFAD committed to present the final Results Measurement Framework for the approval of the Executive Board, before the start of the replenishment period (2010-2012).

The report aims to provide a fair and comprehensive account of IFAD's performance, principally in terms of the development effectiveness and field-level impact of the programmes and projects IFAD finances, and also in terms of its organizational effectiveness. The report gathers information from several sources, including: IFAD's independent Office of Evaluation (see page 37), new 'arms-length' or third-party review mechanisms, such as the quality assurance systems for country strategies and projects (see page 30), and client/partner surveys.

The report assesses the relevance of IFAD's mandate in the context of the evolving international development architecture, and global progress towards the first Millennium Development Goal (MDG1) targets of poverty reduction and food security. It is the place where IFAD identifies its areas of strength and of weakness. These features, which distinguish the report from development effectiveness reports of other organizations, received positive recognition from the Danish International Development Assistance (DANIDA) and the OECD Development Assistance Committee during 2008. They found that the structure and focus of the report represent a possible way forward in terms of self-reporting by multilateral organizations.

The 2008 report shows that IFAD's mandate remains highly relevant, especially in the context of the food price crisis. It has become increasingly clear that efforts to reduce global poverty necessarily involve increasing the agricultural productivity of smallholders in developing countries. IFAD's own findings and those of its independent Office of Evaluation show that the performance of recently completed projects is improving. Indicators for effectiveness, poverty impact, innovation, learning and replication are already above targets set in the Results Measurement Framework for 2010. With respect to sustainability, ongoing changes in IFAD's operational model should permit substantial progress towards achievement of the target by 2010.

The report also shows that improved development effectiveness is being achieved more efficiently on the basis of tighter planning and financial and human resource management, and closer monitoring. Moreover, these achievements have been made at the same time as IFAD has expanded its programme of work by an average of 10 per cent each year since 2003.

But the 2008 Report on IFAD's Development Effectiveness underlines the fact that there is no room for complacency, especially as progress in the fight against poverty suffered a series of severe setbacks in 2008 as a result of the fuel crisis, the food price crisis and the financial crisis.

The main challenges for IFAD are in areas such as climate change and natural resource management, sustainability, market linkages, gender and targeting. Data on IFAD's ongoing portfolio show that newer projects are performing better in these areas, and further improvements are expected as the effects of ongoing changes to IFAD's operating model take further root.

Corporate planning and performance management system

The year 2008 was the second year of implementation for IFAD's corporate planning and performance management system, which was established in 2006. The system is central to the implementation of managing for development results at IFAD. It serves to focus and manage IFAD's work at all levels and across all units, in line with the organization's corporate strategic results. The system also strengthens coherence between IFAD's country-level activities and the management of its budget, human resources, internal processes and policies.

The system is organized around eight corporate management results. Achievements against these are monitored quarterly for proactive management at every level of the organization. The system has links to the budget through the results-based programme of work and budget, to IFAD's enterprise risk management system (see page 59), and to the personal performance plans and assessments of all staff members. IFAD reports to the Executive Board on performance managed and measured under the corporate planning and performance management system through the Report on IFAD's Development Effectiveness (see above). The system already appears to be successful in building a results-oriented culture within the organization.

In this initial stage of implementation, learning, testing, fine-tuning, awareness-building and mainstreaming all received continuing attention. During the year, IFAD organized internal consultations to gather feedback from staff to improve the system. Seeking to learn from the experience of other institutions and align itself with best practices, it also participated in relevant meetings of United Nations and international financial institutions results management networks. In 2008, IFAD became a member of the Common Performance Assessment System (COMPAS), an initiative implemented by major international financial institutions. The COMPAS is a forum for sharing lessons and best practices in managing for development results.

Initiative for Mainstreaming Innovation (IMI)

Eleven new projects were approved in 2008 under the IMI's competitive bidding process, bringing the total to 39 with a total allocation of US\$5.8 million. At the same time, a number of earlier IMI-funded projects were mainstreamed and others were on track to be mainstreamed into IFAD processes. As at the end of 2008, no new bids were being funded under the IMI. Ongoing projects were being monitored and mainstreamed where appropriate in the context of the implementation of the innovation strategy.

Major achievements under the IMI in 2008 include:

- funding the groundwork for the IFAD Policy on Improving Access to Land and Tenure Security (see page 60)
- funding the institutional contract with the International Food Policy Research Institute (IFPRI) (see page 81) to develop a strategic partnership workplan and grant presentation to the Executive Board session in December
- learning and knowledge-sharing activities including an innovation fair in West Africa (see page 17)

- facilitation of the challenge approach for the forthcoming report on rural poverty (see page 62)
- scouting for successful examples of rural poverty reduction and creation of a Web-based case study database

During the year the IMI also supported a number of cultural change activities in IFAD, including:

- in-house training in creative problem-solving
- application of the creative problem-solving approach in the organization of the direct supervision support function in Western and Central Africa Division
- field workshops in the Sudan applying creative problem-solving techniques to the design of a new country strategic opportunities programme (COSOP) and a country supervision process
- staff field immersion in Azerbaijan (see page 121)

Resource mobilization in 2008



Local farmers get ready for the long walk to market.
Turpo village, Andahuaylas highlands, Peru.
©IFAD/PC Vega 2006



IFAD's operations are financed by several sources, including its initial capital, investment income, loan reflows and contributions from Member States and multilateral institutions. These contributions come through regular replenishments, held every three years, and in the form of supplementary funds. Some Member States also support IFAD's commitment to the Heavily Indebted Poor Countries (HIPC) Debt Initiative.

Seventh Replenishment (2007-2009)

The Seventh Replenishment of IFAD's Resources is ongoing and will continue until 31 December 2009. Over this period, IFAD's programme of work will increase by 33 per cent. The target level for donor contributions was set at US\$720 million.

At the end of 2008, pledges of contributions for the Seventh Replenishment amounted to US\$642 million, or 89 per cent of the US\$720 million target. IFAD had received instruments of contribution from Member States in an amount corresponding to US\$563 million (92 per cent of original pledges). The organization had received payments amounting to US\$434 million (68 per cent of pledges).

Eighth Replenishment (2010-2012)

During 2008, IFAD's Members held consultations on the Eighth Replenishment of IFAD's Resources. Five consultation sessions were held, during which priorities for action and policy direction were agreed upon. The Consultation agreed that agriculture must move up the development agenda if the twin goals of poverty reduction and global food security are to be achieved. It also recognized that IFAD's reform programme has transformed the way the organization does business, that the performance of IFAD-supported operations had improved significantly, and that the organization is now in a strong position to respond to the unmet demand for investment and knowledge in its partner countries.

The Consultation agreed that IFAD should innovate, learn and respond with agility to the volatility and highly uncertain conditions affecting agricultural development, food security and rural livelihoods, share its knowledge and experience widely and expand its partnerships to increase its impact. It identified a number of important actions to be undertaken to improve IFAD's development effectiveness.

With regard to scaling up IFAD's investments, the Consultation agreed to a target for IFAD's programme of work of US\$3 billion for the period 2010-2012. Coupled with cofinancing from IFAD's many partners, this will mean as much as US\$7.5 billion for agricultural development, poverty reduction and improved food security in the most vulnerable rural communities worldwide. The Consultation also agreed that to finance this, Member contributions of US\$1.2 billion would be required, and set this as a target. This represents an unprecedented 67 per cent increase over IFAD's last replenishment and makes this the largest in the organization's history.

IFAD's approach and support to debt management

During 2008, IFAD continued to support the international agenda to address the existing debt of poor countries through the HIPC Debt Initiative. At the same time, the organization addressed the need to ensure that vulnerable countries do not accumulate future debt through its debt sustainability framework (DSF).

The World Bank and the International Monetary Fund jointly launched the HIPC Debt Initiative in 1996. The Initiative's principal objective is to reduce the external debt of the world's poorest, most heavily indebted countries to sustainable levels, so that debt service burdens do not put poverty reduction, adjustment and reform efforts at risk. IFAD is fully committed to the HIPC Initiative and continues to commit the required debt relief to all eligible countries. Highly indebted poor countries become eligible for HIPC Debt Initiative when they reach their decision point. This means that they meet the following requirements:

- they have a track record of macroeconomic stability
- they have developed a poverty reduction strategy paper through a participatory process
- they have cleared their arrears

As of 31 December 2008, IFAD had committed the required debt relief to all 32 countries in the HIPC Initiative that had reached their decision point. IFAD's total commitments at year end amounted to SDR 238.5 million (approximately US\$367.8 million) in net-present-value terms, which amounts to SDR 349.5 million (approximately US\$539.0 million) of debt service relief in nominal terms.

During the year, the Executive Board approved IFAD's contributions to debt relief for Central African Republic in the amount of SDR 10.4 million (US\$15.7 million) in 2006 net-present-value terms and for Liberia in the amount of SDR 13.8 million (US\$21.0 million) in 2007 net-present-value terms.

To mitigate the impact of debt relief on IFAD's resources that are available for commitment to new loans and grants, Member States have supported the organization's formal access to the World Bank-administered HIPC Trust Fund by earmarking contributions for IFAD. This will result in approximately US\$282 million in additional donor funding to IFAD.

IFAD's DSF allows the Executive Board to replace loans with grants for poor countries that are unable to sustain debt. It was approved in 2007. The DSF is part of a unified effort by multilateral financial institutions to ensure that essential financial assistance does not cause undue financial hardship for those countries most in need.

Poor countries with low debt sustainability ('red light' countries) now receive assistance on 100 per cent grant terms; poor countries with medium debt sustainability ('yellow light' countries) receive assistance on 50-50 grant/loan terms; poor countries with high debt sustainability ('green light' countries) receive assistance on 100 per cent loan terms. The ratings are determined using the country debt sustainability analyses of the World Bank and International Monetary Fund. Previously, poor countries received financial assistance from IFAD in the form of highly concessional loans.

In 2008, 21.3 per cent of the total value of approved financing for investment programmes and projects was in the form of DSF grants. Ten grants were approved, for a total value of US\$112.5 million (Table 10).

During the year, IFAD continued to work closely with other international financial institutions to identify appropriate responses at country level for the management of debt resulting from the recent financial crisis.

Supplementary funds

Supplementary funds are extra-budgetary resources voluntarily provided to IFAD in addition to regular replenishment contributions, for a purpose specified in an agreement between IFAD and the donor. Currently, supplementary funds are the only means through which multilateral and private entities can contribute to IFAD's work. The supplementary funds referred to in this section finance specific programmes or activities and include resources that flow through IFAD to cofinance IFAD loan-supported programmes and projects. They do not include Associate Professional Officer resources or funds that IFAD administers on behalf of partner organizations hosted on its premises (the Global Mechanism and the International Land Coalition) or the Global Environment Facility.

In October 2008, IFAD signed the second contribution agreement with the European Commission in support of work by the Consultative Group on International Agricultural Research (CGIAR). The agreement established the legal framework and procedures for IFAD's administration of the 2008 European Commission contribution of €67.5 million to the CGIAR. With this new contribution, the total funding assured by the European Commission to the CGIAR system through IFAD amounts to €112.5 million (US\$157 million). This amount represents the largest contribution of a single donor to a specific programme funded through IFAD's supplementary funds. The overall objective of the programme is to reduce food insecurity and poverty through pro-poor agriculture.

Overall, in 2008, IFAD received US\$78.9 million in supplementary funds for thematic and technical assistance initiatives. The funds included €41 million (US\$52.2 million) received under the 2008 European Community contribution to the CGIAR and US\$9.8 million to cofinance three IFAD-supported programmes in Bangladesh, India and Mozambique.

TABLE 4
Supplementary funds for thematic and technical assistance and cofinancing received in 2008 – summary
(amounts in US\$ thousands)

Donor	Thematic and technical assistance	Cofinancing (excluding parallel cofinancing)
European Commission	52 197	-
United Kingdom	1 049	7 591
Italy	4 881	-
Spain	4 667	-
Norway	1 350	1 713
Bill & Melinda Gates Foundation	999	-
Canada	986	-
African Development Bank	800	-
United Nations Capital Development Fund	556	-
Finland	515	-
Netherlands	12	498
Luxembourg	461	-
United Nations Development Programme	228	-
United Nations Foundation	150	-
World Bank – International Bank for Reconstruction and Development/Consultative Group to Assist the Poor	150	-
Switzerland	49	-
Arab Center for the Studies of Arid Zones and Dry Land	10	-
Total	69 059	9 803

TABLE 5
Supplementary funds for thematic and technical assistance received by IFAD in 2008

Supplementary funds received under agreements signed before 2008

<p>European Commission CGIAR 2 €38 855 000 US\$49 050 552</p>	<p>Prefinancing payment under the contribution agreement signed in October 2008 for the administration of €67.5 million by IFAD in favour of the CGIAR. The specific objective is to promote smallholder agricultural development and rural innovation through the delivery of global/international public goods in the area of agricultural research. The programme will focus particularly on Africa, which will have a share of approximately 50 per cent of the total funding.</p>
<p>European Commission CGIAR 1 €2 224 188 US\$ 3 146 002</p>	<p>Final payment under the contribution agreement signed in November 2007 for the administration of €45 million by IFAD in favour of the CGIAR.</p>
<p>United Kingdom DFID Institutional strategy £527 500 US\$1 048 867</p>	<p>Sixth, seventh and eighth tranches under the 2005 memorandum of understanding to finance activities related to IFAD's institutional strategy, particularly knowledge management, development effectiveness and improvement of country-level impact and partnerships.</p>
<p>United Kingdom DFID India Orissa £3 928 000 US\$7 591 402</p>	<p>Third and fourth tranches under the cofinancing agreement signed in March 2005 for a contribution of £7.9 million over five years to assist the Orissa Tribal Empowerment and Livelihoods Programme.</p>
<p>Italy Partnership agreement €3 000 000 US\$4 337 550</p>	<p>Voluntary contribution under the 2006-2011 renewed partnership agreement to support activities in relation to rural finance, partnership-building with Italian NGOs, innovative income-generating activities that are environmentally and economically sustainable, and studies and reports on rural poverty.</p>
<p>Norway Mozambique Sofala NOK9 000 000 US\$1 713 277</p>	<p>Penultimate tranche under the cofinancing agreement signed in December 2002 for an overall contribution of US\$5.8 million to assist the Sofala Bank Artisanal Fisheries Project in Mozambique.</p>
<p>Finland Partnership agreement €400 000 US\$515 340</p>	<p>Third and final tranche under the partnership agreement signed in June 2006 for €1.2 million over three years to support activities related to IFAD's Action Plan (see page 44), particularly knowledge management, development effectiveness and gender.</p>
<p>Netherlands Bangladesh Charlands US\$498 288</p>	<p>Fourth and fifth tranches under an agreement signed in July 2006 for a contribution of US\$5.9 million over seven years to support the Bangladesh Market Infrastructure Development Project in Charland Regions; and second tranche under the same arrangement for a service provider appointed in support to the market programme.</p>
<p>African Development Bank US\$800 000</p>	<p>Second, third and fourth contributions provided under the memorandum of understanding signed in Tunis in July to support the joint evaluation of the two organizations' agriculture and rural development policies and operations in Africa.</p>
<p>Switzerland SDC CHF 50 000 US\$49 358</p>	<p>Final tranche under phase II of the partnership agreement between the Swiss Agency for Development and Cooperation (SDC) and IFAD's independent Office of Evaluation. The agreement was signed in December 2004, for a contribution of CHF 1.5 million of grant funding to the Office of Evaluation. The expiry date of the phase II partnership was 31 December 2008.</p>

Supplementary funds received under agreements signed in 2008

<p>Spain Financing Facility for Remittances €2 000 000 US\$2 788 400</p>	<p>Second contribution under the agreement signed in February 2008 between IFAD and Spain to support the Financing Facility for Remittances (see page 77). The first contribution under the agreement was received in 2007.</p>
<p>Spain Support to Rural Poor to Address Climate Change in Africa €1 500 000 US\$1 878 375</p>	<p>Contribution under the agreement signed in October 2008 between IFAD and Spain to assist rural populations through investment and capacity-building to adapt to, and to mitigate, the increasing impacts of climate change on rural livelihoods, with particular emphasis on the agricultural sector.</p>
<p>Bill & Melinda Gates Foundation IFAD-WFP Weather Risk Management Facility US\$998 685</p>	<p>Contribution received under the agreement signed in July 2008 to design the business plan for the IFAD-WFP Weather Risk Management Facility for the period 1 August 2008 to 31 July 2009 to increase availability of weather risk management instruments (see page 76).</p>
<p>Canada IFAD Legal Empowerment of Women Programme CAD\$1 000 000 US\$986 369</p>	<p>Contribution received under the two-year agreement signed in March 2008 with the aim of supporting gender equality and the reduction of women's vulnerability to HIV/AIDS by favouring a conducive environment to improve women's economic empowerment and access to legal, property and inheritance rights. Under the agreement, IFAD has approved four projects in Burundi, India, Malawi, and Liberia/Senegal. Funding has also been approved to support the Indigenous Peoples Assistance Facility (see page 77).</p>
<p>Norway Support to the Indigenous Peoples Assistance Facility NOK 3 200 000 US\$625 305</p>	<p>Contribution received under the agreement signed in February 2008 to support the Indigenous Peoples Assistance Facility.</p>
<p>Norway Support to the establishment of in-country gender coordinators NOK 5 000 000 US\$724 323</p>	<p>Contribution received under the agreement signed in December 2008 to support the establishment of a selected number of in-country gender coordinators. The main objective of the initiative is to increase the overall impact of IFAD's portfolio of loans and grants on gender equality/women's empowerment through the appointment of regional and subregional gender coordinators.</p>
<p>Italy Cofinancing grant to the Rural Microfinance Support Project (Phase III) Islamic Republic of Iran €395 000 US\$543 540</p>	<p>Contribution received under the agreement signed in December 2008 with the aim of turning rural microfinance into a valuable sustainable programme with extensive outreach in the Islamic Republic of Iran by building local capacities and creating and strengthening microfinance networks, and through direct supervision.</p>
<p>Luxembourg Financing Facility for Remittances €353 052 US\$460 998</p>	<p>In October 2008, an amendment to the agreement with Luxembourg was signed to provide €353,052 in additional resources to the Financing Facility for Remittances. Funds are used to support innovative projects targeting countries highly dependent on remittances, including Burkina Faso, Cape Verde, Mali, the Niger and Senegal.</p>
<p>UNCDF Financing Facility for Remittances US\$555 554</p>	<p>Contribution from the United Nations Capital Development Fund (UNCDF) under the agreement signed in September 2008 to promote access to remittances for financial inclusion.</p>

<p>UNDP-managed Spanish MDG Achievement Fund Climate Change Risk Management in Egypt US\$227 910</p>	<p>IFAD's share of the US\$4 million United Nations Climate Change Risk Management joint programme in Egypt, financed under the Spanish Millennium Development Goal Achievement Fund on the climate change and environment thematic window. IFAD's activities, in collaboration with the Ministry of Agriculture and its research centres, focus on improving water management and providing drought-resistant and heat-tolerant crops to cope with increases in temperature.</p>
<p>World Bank – IBRD/CGAP Financing Facility for Remittances US\$150 000</p>	<p>Contributions from the International Bank for Reconstruction and Development (IBRD)/the Consultative Group to Assist the Poor (CGAP) under the agreement signed in April 2008 to promote cost-effective and easily accessible innovative remittance services.</p>
<p>United Nations Fund for International Partnerships Consultation on Pro-Poor Jatropha Development US\$150 000</p>	<p>Contribution received under the agreement signed in April 2008 to support the international Consultation on Pro-Poor Jatropha Development, an initiative jointly organized by IFAD, FAO and the United Nations Foundation and held in Rome in April 2008.</p>
<p>The Arab Center for Studies of Arid Zones and Dry Lands (ACSAD) Contribution letter to support the report on rural poverty 2009 by IFAD US\$10 000</p>	<p>Contributions from the ACSAD and the Netherlands to support the finalization of the report on rural poverty 2009 by IFAD and its broader partnership (see page 62). The aim of the publication is to provide an entry point for policy dialogue and coalition-building at the global level. The launch of the publication is planned for 2009.</p>
<p>The Netherlands Agreement to support the report on rural poverty 2009 €9 250 US\$11 827</p>	

Policy development and dialogue



Semi-nomadic herding families live on community land in Smar village, Tunisia.

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Policy development

For IFAD and many of its partners, the food price crisis was central to policy work and dialogue in 2008. The short-term effects of high food prices on rural consumers and producers were highly visible in the early part of the year. However, the longer-term effects of continuing fluctuations in prices of food and agricultural inputs and supplies were equally dramatic. Climate change also had a significant impact on agriculture and rural livelihoods. The need to respond quickly to these challenges in a strategic, concerted and coherent way brought partners together in major policy deliberations. These included the creation of the High-Level Task Force on the Global Food Security Crisis, the development of the Comprehensive Framework for Action (see page 65) and the High-Level Conference on World Food Security: The Challenges of Climate Change and Bioenergy (see page 67).

The Eighth Replenishment Consultation was another major stimulus for IFAD's policy agenda during the year (see page 50). Several papers were prepared for the Consultation on issues such as IFAD's response to food price increases, its role in middle-income countries and in fragile states, and its priorities and options regarding climate change. As a result of Consultation deliberations, IFAD committed to further work in a number of policy areas, including:

- climate change
- middle-income countries
- gender equality and women's empowerment
- fragile states
- country ownership of programmes and projects
- partnerships
- sustainability
- engagement with the private sector
- environment and sustainable natural resource management
- the grant policy
- a new strategic framework to guide IFAD's work from 2011 onwards

Policy Forum

IFAD's Policy Forum provides a meeting place for the exchange of ideas that arise from policy discussions at country, regional or global level, or from programmes or projects, or from IFAD's Member States. IFAD's Policy Forum held two sessions in 2008.

- The first session in June assessed the outcome of the High-Level Conference at FAO, World Food Security: The Challenges of Climate Change and Bioenergy. In particular it looked at the implications for IFAD's work to help poor rural people face climate change and the food price crisis, as well as its engagement with the other Rome-based agencies in the follow-up of the conference.
- The second session in December was on IFAD's forthcoming publication of a report on rural poverty (see page 62) and relevant themes for round tables at the Governing Council 2009. The purpose of this forum was twofold: to agree on the key messages of the publication and the proposed themes of the round tables, and to obtain concrete evidence from IFAD's work in the field to back up these messages.

Policy seminars

IFAD holds policy seminars to build awareness about the complexity of rural poverty and to contribute to the debate about effective solutions. In 2008 several seminars covered a range of topics.

- In May, Jorma Ruotsi, rural finance and banking specialist, gave a presentation, Refinancing Funds: Innovative Way to Finance.
- Momagri (Movement for a Global Organization of Agriculture) held a seminar in June, For a New Vision for Agriculture. Momagri introduced ideas for fairer distribution of economic growth.
- In October, Mamadou Cissokho, honorary president of the Network of Farmers' Organizations and Agricultural Producers in West Africa (ROPPA) gave a seminar, Sustainable Rural Development in a Context of Food Crisis and Climate Change: Building a Pan-African Consensus of the African Farmers' Organizations.
- In the context of IFAD's work to strengthen links with the private sector, in October Dennis Macray of Starbucks gave a talk, Supporting Small Farmers: the Starbucks Experience.
- In observance of the International Day for the Eradication of Poverty in October, IFAD hosted a workshop, MDG1: Where Do We Stand with the Implementation Eight Years After?.
- In November, IFAD held a seminar, International Policy Response to the Food Price Crisis. The seminar focused on a paper produced by the International Monetary Fund and looked at the role of the Comprehensive Framework for Action (see page 65) as a catalyst for action to address the food price crisis.

IFAD Policy on Enterprise Risk Management

In September, the Executive Board and the Audit Committee reviewed the IFAD Policy on Enterprise Risk Management. Uncertainty and risk are inherent in many of the activities that IFAD carries out, and the sources of the risks are varied. They include programmatic, operational, legal, financial, technical and environmental factors. The importance of risk management and the urgent need that it become part of IFAD's day-to-day operations are increasingly apparent as the organization embarks on major reforms and new processes.

The IFAD Policy on Enterprise Risk Management defines the underlying principles of enterprise risk management, sets out how risk management will be implemented and outlines the benefits of doing so. The policy also sets out related roles and responsibilities of staff and other key stakeholders. IFAD is integrating the policy with its corporate governance initiatives and management processes.

The policy forms part of IFAD's commitment to establish a conscious, systematic and effective approach to managing both positive and negative risks in the organization. IFAD made this commitment during the deliberations at the Consultation on the Seventh Replenishment of IFAD's Resources. It is in harmony with other reforms being implemented through the Action Plan (see page 44) to bring IFAD into line with best practice in all principal business areas.

An Enterprise Risk Management Committee, chaired by the Vice-President, was established in 2008 to promote and guide the development of risk management within IFAD. Related training activities for senior and middle management started during the year and will be rolled out to all staff during 2009. Focal points will be nominated in all divisions.

During the year, IFAD embedded risk management in the corporate planning and performance management system (see page 46). It also strengthened corporate and department-level risk registers, underpinned by risk monitoring processes and escalation processes, through which the responsibility for mitigating risks is passed up to the appropriate management level. Work also started on development of a corporate risk profile, an accountability framework and an internal control framework.

IFAD Policy on Improving Access to Land and Tenure Security

In September, the Executive Board approved the IFAD Policy on Improving Access to Land and Tenure Security. The first objective of IFAD's Strategic Framework 2007-2010 (see page 2) is to strengthen poor rural people's access to natural resources, especially land. Secure access to productive land is vital to the millions of poor people who live in rural areas and depend on agriculture, livestock or forests for their livelihoods.

The new policy is the result of work by an IFAD Policy Reference Group established in 2007, which reviewed experiences and lessons learned about land tenure from IFAD-supported operations. The group also drew on the resources of the International Land Coalition (ILC) (see page 74) for its work. The new land policy:

- provides a conceptual framework for the complex relationship between land issues and rural poverty
- identifies the major implications of that relationship for IFAD's strategy and programme development and implementation
- articulates guiding principles for mainstreaming land issues in IFAD's operational instruments and processes
- provides the framework for the subsequent development of operational guidelines and decision tools

The policy has the following basic underlying principles:

- alignment with national priorities and poverty reduction strategies
- adherence to the 'do-no-harm' principle at all times
- appreciation of the diversity and dynamic nature of existing agrarian systems
- centrality of the empowerment of poor rural people and their organizations
- partnership with like-minded actors
- focus on the gender dimensions of land rights
- adherence to the principle of free, prior and informed consent
- support to production services and market linkages

In tandem with work to develop the policy, IFAD focused attention on related issues in intergovernmental policy processes, particularly through the United Nations Economic and Social Council and the United Nations Commission on Sustainable Development (see page 66).

IFAD Strategy for Knowledge Management

The Executive Board approved IFAD's knowledge management strategy in April 2007. The Vice-President is the knowledge management champion, overseeing the implementation of the strategy. He is supported by a knowledge management core team that includes representatives from all departments. The team works to ensure that knowledge management processes and activities are aligned with IFAD's Strategic Framework (see page 2) and corporate processes.

During the year, IFAD set up a knowledge management community of practice, including staff representatives from across the organization. The members act as mentors and promote systematic, continuous collaboration and sharing of good practices within IFAD and with country programmes and partners. During the year, the community of practice worked to produce a knowledge management toolkit to be used by IFAD staff at headquarters and by IFAD-funded programmes and projects.

In June, IFAD organized a knowledge management open house to raise awareness and stimulate collaboration within the organization. More than 40 presenters, including IFAD staff and representatives of IFAD regional knowledge networks, thematic groups and partners, presented 20 knowledge management activities. During 2008, the community of practice coordinated several other IFAD knowledge management events, including a round-table debate to mark the International Day for the Eradication of Poverty.

To implement the strategy, IFAD is embedding knowledge management in its business processes. For example, 2009 knowledge management outputs are being incorporated in departmental and divisional plans. At country level, IFAD is using the results-based country strategic opportunities programme (COSOP) to develop and implement comprehensive knowledge management activities in a participatory manner with all stakeholders. The report on rural poverty, which will be published in 2009, will serve as IFAD's knowledge management flagship document (see page 62).

International policy dialogue and advocacy

IFAD works to promote a more conducive global environment for pro-poor rural development by:

- facilitating and financing participation and advocacy by representatives of poor rural people in international policy discussions
- engaging in international policy dialogue and advocacy, within the United Nations System and beyond
- supporting knowledge generation and knowledge-sharing on rural poverty and food security among researchers, policymakers and civil society groups

During the period of the Eighth Replenishment (2010-2012) (see page 50), IFAD is committed to:

- using its expertise and experience to increase its impact on national, regional and global policymaking
- expanding and strengthening its partnerships with international organizations to expand joint policy advocacy
- building on its participation in the United Nations initiatives such as One United Nations and the High-Level Task Force on the Global Food Security Crisis to influence policy
- engaging in policy dialogue at the country level to enhance the sustainability of project results
- empowering poor rural women and men to influence the policy processes that affect them and strengthening their voice in policy dialogue
- ensuring that climate change, gender and land tenure issues are included in national policy dialogue

The report on rural poverty

IFAD is preparing a new flagship publication on rural poverty to be published in 2009. The report will look at how small farmers and other poor rural women and men respond to the challenges they face. The publication will be the result of a broad consultative process within and beyond IFAD.

As part of preparations for the report, in February IFAD held a workshop with partners such as FAO, the Royal Tropical Institute of Amsterdam, Oxfam and the Institute of Development Studies. During the year IFAD continued working with these partners to develop a conceptual framework, key messages and background papers for each chapter.

Consultations were held in IFAD's five regions of operation to collect views from various parties, including organizations of rural poor people, policymakers, donors and other stakeholders. 'Success stories' were identified in the field, documenting effective and sustainable responses to emerging challenges, particularly those developed by poor rural people themselves. IFAD is also mobilizing inputs to the publication from civil society organizations representing or working on behalf of poor rural people in various regions and internationally.

IFAD and indigenous peoples

In 2008, an IFAD cross-departmental policy reference group started work on a corporate policy on engagement with indigenous peoples. The group prepared a discussion paper and held an informal consultation with some 15 indigenous peoples' leaders. The policy is expected to be presented to the Executive Board in 2009.

As part of its advocacy work in support of indigenous peoples, during the year IFAD further strengthened its partnership with the United Nations Permanent Forum on Indigenous Issues and the Inter-Agency Support Group on Indigenous Peoples' Issues, taking part in annual sessions in May and September. IFAD supports the overarching principle of the United Nations Declaration on the Rights of Indigenous Peoples, which states that indigenous peoples must drive their own development. The organization provides further support through its role in managing the Indigenous Peoples Assistance Facility (see page 77).

In 2008, IFAD approved two grants in support of indigenous peoples:

- a grant of US\$25,000 to the Tebtebba Foundation to facilitate indigenous peoples' participation in the post-Kyoto Negotiations on Climate Change
- a grant of US\$200,000 to the Secretariat of the United Nations Permanent Forum on Indigenous Issues to support implementation of the United Nations Declaration on the Rights of Indigenous Peoples and United Nations Development Group Guidelines at country level

Improving IFAD's engagement in country-led poverty reduction and sector strategies

IFAD is fully committed to the alignment and harmonization agenda at country level. This aims to ensure that:

- governments are in the driving seat in setting priorities for public action
- rural stakeholders are fully involved
- development partners are working effectively together towards the country goals

The new country strategic opportunities programme (COSOP) results management frameworks reflect IFAD's work during 2008 to achieve these goals. They provide the framework for setting strategic objectives and results, and for measuring progress. In this context, IFAD developed new project pipelines in 2008 for Brazil, Burundi, Ethiopia, Guatemala, Guinea, Morocco, Pakistan and Viet Nam. In these countries, IFAD identified aspects of the poverty reduction or national development strategies (PRS/NDS) or sector programmes, in which it has the potential within the next five to seven years to increase the access of otherwise marginalized poor rural people to productive natural resources, services and markets, and to promote their involvement in local programming processes.

Results-based COSOPs are already in place in Burkina Faso, Cambodia, Cameroon, Honduras and the United Republic of Tanzania. In these countries, country programme management teams conducted or initiated annual COSOP reviews during 2008 in consultation with governments and partners. The reviews provide an opportunity to identify necessary adjustments to the results management frameworks, and to discuss new opportunities for collaboration.

In other countries, IFAD continued to support implementation of the current PRS/NDS at sector level and to contribute to the formulation of PRS/NDS. In Benin, a joint stocktaking exercise on the rural dimensions of the PRS involved government officials, IFAD and United Nations Development Programme facilitators. It led to the organization of a stakeholder workshop in March, which brought together government and development partners. IFAD has been a significant investor in Benin's rural productive sector. The organization has become a valued partner in sector policy dialogue on institutional reforms, value chain development and rural sector strategy development in the context of the country's efforts to respond to the food crisis.

In Cambodia, on the basis of an agreement with the country's Supreme National Economic Council, IFAD funded a desk review of experiences relevant to rural productive service delivery, ranging from input supply to productive, financial and market advisory services. This is being followed up by selected thematic case studies funded by IFAD as a contribution to evidence-based policymaking and knowledge sharing in Cambodia and elsewhere.

Interaction with the United Nations System, and global and regional policy forums

United Nations System

IFAD continues to work to build synergies among United Nations System organizations and to strengthen harmonization of practices and policies. In 2008, IFAD focused on interaction with the United Nations System in three areas:

- contributing to the development of system-wide policies and norms by engaging in the key interagency coordinating bodies of the United Nations
- participating in the One United Nations pilot project in eight countries
- contributing to policy dialogue and advocacy at the international level in support of rural poverty reduction, with special emphasis on access to land and the global food price crisis

Contributing to system-wide policies and norms

In 2008, IFAD contributed to United Nations System-wide norms and policies through its membership in:

- the Chief Executives Board for Coordination, the apex institution of the United Nations family of organizations

- the High-Level Committee on Programmes of the Chief Executives Board, the main venue for policy coordination within the United Nations System
- the High-Level Committee on Management, the organ responsible for coherent management of practices and policies
- the United Nations Development Group, the coordinating body for operational activities
- the High-Level Task Force on the Global Food Security Crisis, convened by the United Nations Secretary-General

Chief Executives Board for Coordination

IFAD worked with FAO and WFP to produce a paper on the food price crisis for the meeting of the Chief Executives Board for Coordination in April, in Bern, Switzerland. The meeting agreed that there was a need for urgent action to provide developing country farmers with support to ensure the next harvest. The three Rome-based agencies also collaborated to provide substantive inputs to the Comprehensive Framework for Action, which was adopted by the High-Level Task Force on the Global Food Security Crisis in July 2008, and is globally acknowledged as the basis for coordinating regional and national efforts to improve food security (see page 65).

United Nations High-Level Committee on Programmes

In 2008, IFAD's President Lennart Båge continued to chair the High-Level Committee on Programmes (HLCP). Under his leadership, the HLCP addressed a number of global policy issues, including the development of a common United Nations System position for the United Nations Climate Change Conference in Poznan, Poland (UNFCCC/COP14) (see page 66), and the elaboration of an online inventory of United Nations System activities on climate change. The HLCP strengthened its collaboration with the United Nations Evaluation Group and started a process for establishing substantive parameters for the evaluation of the Delivering as One pilots (see page 65). The committee also addressed issues related to water, violence against women, disaster risk reduction, climate change and development in Africa.

United Nations High-Level Committee on Management

During 2008, the United Nations High-Level Committee on Management (HLCM) focused on security issues and harmonization of business practices in the United Nations System. As an agency of the United Nations and an international financial institution, IFAD led an initiative exploring the feasibility of common treasury services, together with the World Health Organization. The work started in July and is expected to be completed by the end of 2009.

Within the framework of the functional networks under the HLCM, IFAD was appointed as a member of the newly established reference group for the Senior Management Leadership Programme. And IFAD procurement officers were actively involved in improving and developing the United Nations Global Marketplace (www.ungm.org). The Global Marketplace is the procurement portal of the United Nations System, and it brings together United Nations procurement staff and the supplier community. In addition, relevant IFAD staff contributed to the work of the various functional networks under the HLCM on security, procurement, human resources, legal issues, finance and budget, and information and communication technology.

High-Level Task Force on the Global Food Security Crisis

At the invitation of the United Nations Secretary-General, IFAD's President served on the High-Level Task Force on the Global Food Security Crisis, which was set up in April 2008. The Task Force brought together the United Nations' humanitarian, development, finance and trade organizations in response to the global challenge. IFAD actively participated in the preparation of the Comprehensive Framework for Action, a United Nations System-wide response to the global food price crisis. The principal hub of the Secretariat of the High-Level Task Force on the Global Food Security Crisis is hosted at IFAD's headquarters in Rome.

Participation in the One United Nations programme

Launched in 2007 as part of the reform agenda set by Member States, the One United Nations pilot programme tests how the United Nations can ensure faster and more effective development operations in eight participating countries: Albania, Cape Verde, Mozambique, Pakistan, Rwanda, the United Republic of Tanzania, Uruguay and Viet Nam. IFAD has been an active partner in the programme since it started and continues to give its full support.

The One United Nations programme encourages closer cooperation between United Nations Specialized Agencies, like IFAD, and other United Nations Funds and Programmes. In each of the pilot countries, IFAD has intensified its collaboration with other United Nations agencies on the ground, particularly with FAO and WFP, and has contributed to a sharper focus on economic development in rural areas within United Nations country programmes. In Uruguay, for example, IFAD helped design a joint United Nations programme to build the capacities of social organizations and public services to develop the poorest and most isolated regions of the country.

IFAD has also integrated its efforts into the United Nations Development Assistance Framework (UNDAF), the strategic programme framework for the United Nations Country Teams. In 2008, at the height of the global food crisis, IFAD's participation in the initiative helped increase the priority placed on agriculture and rural development in the UNDAF, a vital step towards expanding food security. In Pakistan, IFAD initiated a joint presentation to the United Nations Country Team along with FAO and WFP on current food prices. As a result, the Country Team endorsed an action plan to respond to the crisis, to be led by IFAD, FAO and WFP.

Contributing to policy dialogue and advocacy at international level

IFAD engaged in a number of United Nations forums to share its knowledge and lessons learned both in response to the global food crisis, and in relation to the issue of poor rural people's access to land and other natural resources.

United Nations Economic and Social Council

In July, IFAD, FAO and WFP collaborated on the High-Level Segment of the United Nations Economic and Social Council (ECOSOC). The three agencies organized a preparatory session, Land and Vulnerable People in a World of Change, to focus attention on the challenges poor rural people face in relation to their access to natural resources. The agencies also organized a panel discussion, Bioenergy, Sustainable Livelihoods, and the Rural Poor.

At the United Nations Commission on Sustainable Development (CSD), a subsidiary body of ECOSOC, IFAD helped organize a panel discussion on land issues. Together with the ILC (see page 74), IFAD also co-sponsored a workshop, *Growing Insecurity: Land and Vulnerable People – Towards an Action Agenda to Strengthen Poor People's Access to Land*. The workshop was part of a broader initiative by IFAD and the ILC to strengthen a community of interest and action on land rights and tenure reform. This supports collaboration among organizations working on land access and tenure, including rural people's associations such as farmers' organizations, producers' networks and indigenous peoples' and pastoralist associations.

Also during CSD, IFAD worked with Women Organizing for Change in Agriculture and Natural Resource Management (WOCAN) and FAO to launch the Network of Women Agriculture Ministers and Leaders (see page 35). A joint paper prepared by IFAD and the United Nations Industrial Development Organization (UNIDO) was presented at the CSD, entitled *The importance of agro-industry for socio-economic development and poverty reduction*.

Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus

IFAD, FAO and WFP collaborated on preparations for the International Conference on Financing for Development held in Doha, Qatar in November/December. At the conference, the agencies delivered a joint statement and organized a side event highlighting the need for sustained and predictable financing flows for agriculture and rural development to address the global food crisis and ensure long-term food security.

The outcome document of the conference called for a substantial expansion of food production in developing countries by increasing investments and productivity in the agricultural sector, including small-scale farms, and by promoting rural development and agricultural research. In addition, it encouraged the development of an inclusive global partnership for agriculture and food, and acknowledged the work of the Secretary-General's High-Level Task Force on the Global Food Security Crisis (see page 65).

United Nations Climate Change Conference

IFAD took part in the United Nations Climate Change Conference 2008 in Poznan, Poland in December. An interdepartmental team attended the meeting to build awareness of the impact of climate change on poor rural women and men and to call for increased support to rural development to meet the challenges of climate change through the adoption of sustainable livelihood practices. IFAD also underlined the agricultural sector's potential for mitigating greenhouse gas emissions through appropriate policies and programmes and with adequate financial support. Together with other United Nations agencies, in particular FAO, WFP and UNDP, IFAD organized and participated in three side events to draw attention to specific adaptation, mitigation and food security issues.

IFAD also attended the informal ministerial meeting where the One United Nations paper prepared jointly by all the United Nations agencies under the leadership of the High-Level Committee on Programmes was presented by United Nations Secretary-General Ban Ki-moon. As a member of the United Nations family, and as a part of the Environment Management Group, IFAD remains committed and resolved to work together with other United Nations agencies to ensure the success of the United Nations Climate Change Conference in Copenhagen in 2009.

High-Level Conference on World Food Security: The Challenges of Climate Change and Bioenergy

IFAD contributed substantially to the High-Level Conference on World Food Security: The Challenges of Climate Change and Bioenergy hosted by FAO in June. It provided financial support to the conference, in particular to enable farmers' organizations, civil society organizations and delegations from developing countries to participate.

IFAD also took part in the expert group meetings and provided inputs to the recommendations that shaped the declaration of the summit. Together with FAO, IFAD prepared a paper, *Financial mechanisms for adaptation to and mitigation of climate change in the food and agriculture sectors*. This examined how much poor rural people are benefiting from the rapidly emerging financial mechanisms and what options agencies like IFAD and FAO have in ensuring that resources are directed towards helping poor people face mitigation and adaptation challenges.

Global Forum on Migration and Development

IFAD took part in the Global Forum on Migration and Development held in October in Manila, the Philippines. The joint IFAD-FAO publication, *International Migration, Remittances and Rural Development*, was distributed at the conference to raise awareness of the impact of migration on agriculture and rural development.

Global and regional policy forums

Fourth Tokyo International Conference on African Development

An IFAD delegation led by the President participated in the Fourth Tokyo International Conference on African Development (TICAD IV) held in Yokohama, Japan in May. The overall objective of TICAD IV was to foster a vibrant Africa. The conference focused on three priority areas:

- boosting economic growth
- ensuring human security, including the achievement of the Millennium Development Goals (MDGs) and the consolidation of peace and democratization
- addressing environmental issues and climate change

In addition to supporting the work of the conference, IFAD's objectives in attending the meeting were to:

- enlist Japan's support for the organization's Eighth Replenishment (see page 50)
- increase the visibility of the organization and its work to reduce rural poverty
- strengthen IFAD's relationship with the Government of Japan, the Japan Bank for International Cooperation (JBIC), the Japan International Cooperation Agency (JICA) and Japanese members of parliament

The organization successfully met these objectives. Japan made a commitment to increase its support to IFAD through a higher contribution to IFAD's Eighth Replenishment and discussed the possibility of developing further partnership initiatives.

IFAD Governing Council round tables

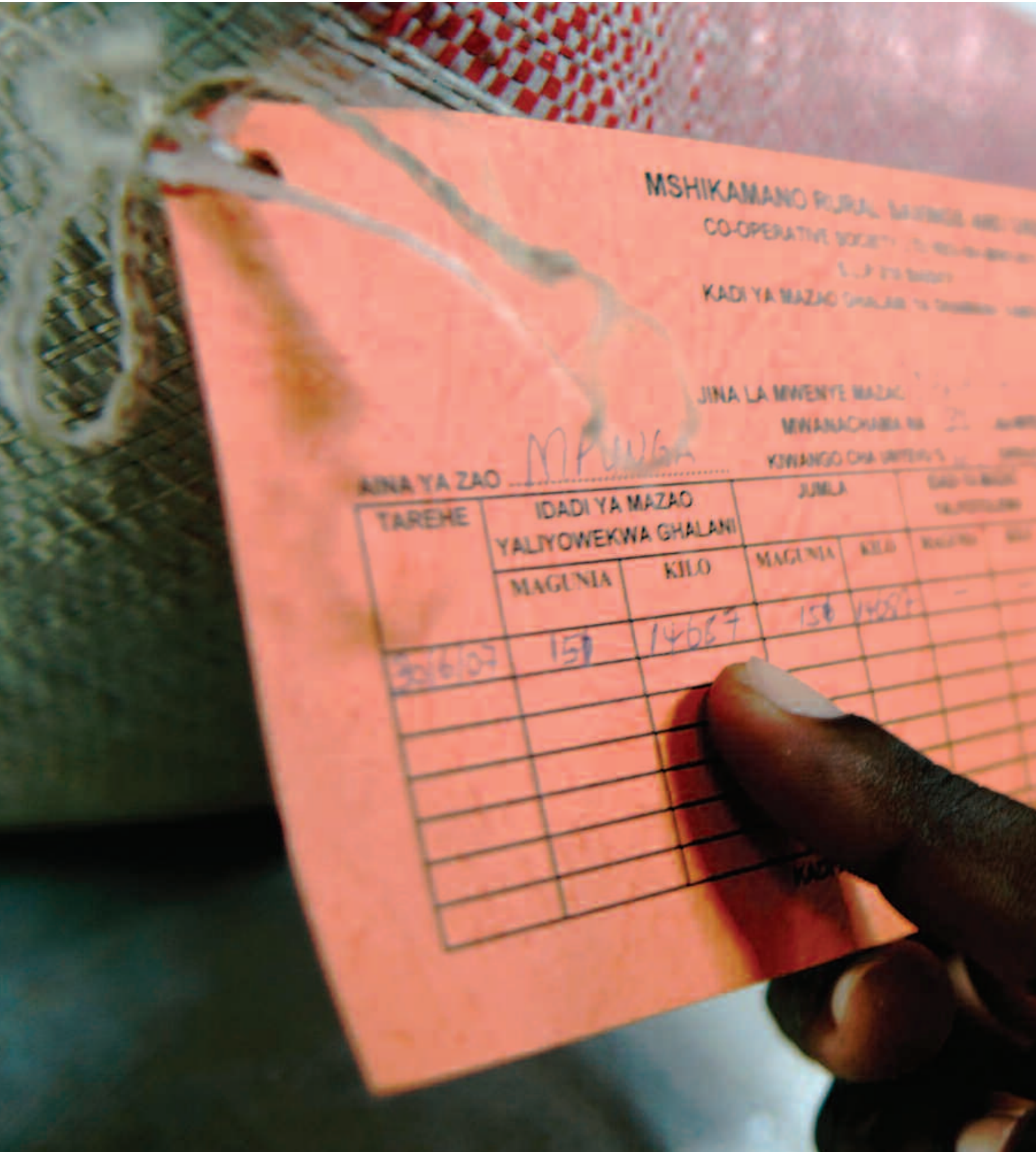
IFAD held three round tables at its Governing Council in February 2008:

- Biofuel Expansion: Challenges, Risks and Opportunities for Rural Poor People
- Climate Change and the Future of Smallholder Agriculture: How Can the Rural Poor People Be Part of the Solution to Climate Change?
- Growing Demand on Agriculture and Rising Prices of Commodities: An Opportunity for Smallholders in Low-income, Agriculture-based Countries?

The round table on rising prices was organized by IFAD and FAO. The discussion brought together country representatives and experts, and benefited particularly from the participation of members of farmers' organizations who were able to give firsthand information about the impact of higher food prices on poor rural people. IFAD and FAO continued to work together throughout the year to analyse food price transmission from international markets to poor rural consumers.

As a result of the round tables on climate change and biofuel, a paper was presented at the United Nations Commission on Sustainable Development in May, which helped strengthen the agriculture and rural development perspective within the global policy debate on climate change (see page 66).

Partnerships



MSHIKAMANO RURAL MARKETING AND TRADING
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 KADI YA MAZAO GHALANI YA THAMANI 1000

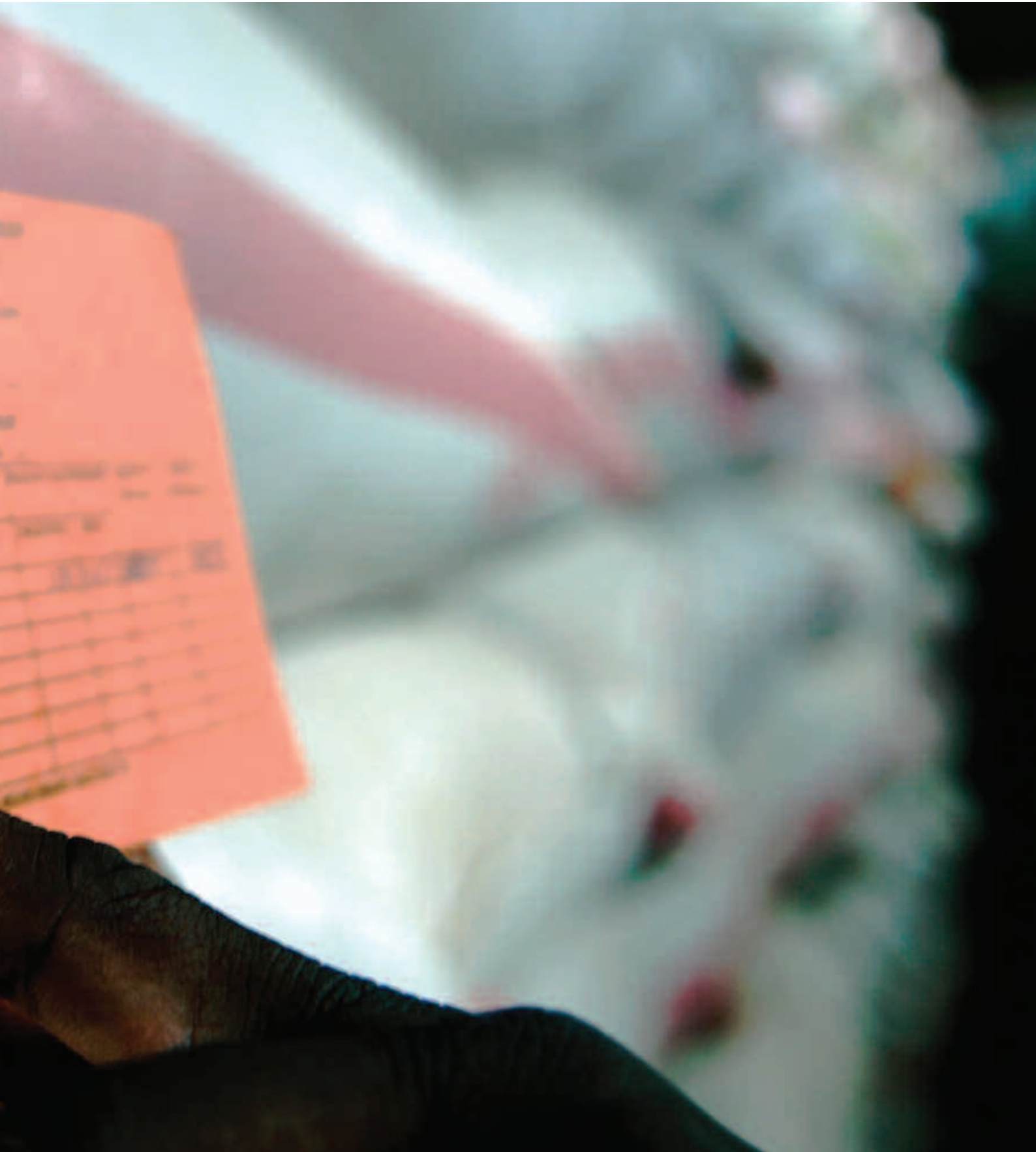
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The treasurer of a farmers' cooperative checks a rice storage receipt record in the Magugu village warehouse, United Republic of Tanzania.

©IFAD/M Milinga 2007



Working in partnership is critical to the effectiveness of IFAD's activities. The organization's key partners include poor rural people and their organizations, developing country governments, development organizations, NGOs and the private sector.

During 2008, IFAD continued its work to fulfil partnership commitments under the Paris Declaration on Aid Effectiveness (see page 79) and played an active role in the One United Nations pilots (see page 65). The organization focused particular attention on strengthening cooperation with the Rome-based United Nations agencies, FAO and WFP (see page 76) and with the Consultative Group on International Agricultural Research (CGIAR) and its member research centres (see page 75). IFAD also forged a new partnership with the Alliance for a Green Revolution in Africa to boost food production across the continent.

As an international financial institution, IFAD has very close partnerships with other financial institutions, including the World Bank, the African Development Bank (AfDB) (see page 79) and the OPEC Fund for International Development (see page 80).

During the 2010-2012 Eighth Replenishment period (see page 50), IFAD will work to make its overall approach to partnerships more systematic and strategic. The priorities will be:

- Cofinancing: to increase the volume and enhance the strategic value of cofinancing partnerships.
- Strategic partners: to strengthen IFAD's strategic partnerships with FAO and WFP, farmers' organizations (see page 82), AfDB and the International Food Policy Research Institute (see page 81).
- Targeting, knowledge sharing and innovation: to build new and strengthen existing partnerships in order to better target its support, share knowledge, and promote replication and scaling up of innovations.
- Harmonization: to work with others to strengthen harmonization and improved standards and measures of development effectiveness.

Belgian Survival Fund

At the beginning of 2008, an independent overall evaluation of the Belgian Survival Fund (BSF), commissioned by the Directorate-General of the Development Cooperation of Belgium, was completed. The evaluation concluded that the IFAD-BSF Joint Programme (JP) should continue to develop its multi-sectorial, integrated approach to poverty reduction, since it has proven to be relevant in improving the food security of the most vulnerable groups. The evaluation showed that the JP has developed synergies between social investment and production-oriented activities and represents an added value in the field of food security and nutrition.

The year 2008 was a transitional year for the JP, as the Belgian Parliament was debating the third phase, which will start in 2009. A single new project was launched, in June 2008, when IFAD and the Government of Burundi signed the IFAD/BSF Grant Agreement for the Transitional Programme of Post-Conflict Reconstruction. Three new project proposals were drafted: the second phase for the North Western Integrated Community Development Programme in Somalia, the Collaborative Action on Land Issues in the Democratic Republic of the Congo, Mozambique and the Niger, and Land and Water Governance for Food and Nutrition Security in sub-Saharan Africa.

In line with the Paris Declaration, during 2008 the JP approached other donors with a proposal to carry out studies on the cross-cutting issues of gender and environment, with the aim of improving future project approaches. During the year, the JP also established a closer collaboration with IFAD's Technical Advisory Division, particularly in the areas of gender, land and water.

In relation to operations, the main constraint was the overall low disbursement rate. The main reason for this is in financial irregularities revealed by IFAD/BSF supervision missions. Another important cause is the low absorption capacity of the receiving governments. Low absorption capacity is often related to weak and lengthy procurement procedures and weak accountability. Security issues and political unrest have also played a role in slow implementation in some countries.

IFAD is tackling the low disbursement rates by increasing direct supervision (see page 86) and country presence (see page 33), improving monitoring and evaluation and employing procurement specialists to assist partner countries. Special attention will be given to institutional capacity-building at the project planning and formulation level.

To ensure more sustainable impact for project participants and to meet goals in the sectors of rural water, health and nutrition, sanitation and education, the following projects received no-cost extensions in 2008: the Central Kenya Dry Area Smallholder and Community Services Development Project in Kenya, the Gash Barka Livestock and Agricultural Development Project in Eritrea, and the Sofala Bank Artisanal Fisheries Project in Mozambique. In these projects, the emphasis is now on strengthening community committees to enable them to maintain and sustain their social infrastructure and services.

In the context of lessons learned and in order to quantify and qualify the added value that the JP offers, a team of experts from the University of Leuven in Belgium carried out a study in Kenya, Mali and Mozambique. Preliminary results indicate a positive impact on food security and nutrition, as well as an overall increase in economic activity among project participants. The final report is expected at the beginning of 2009 and will provide the basis for an expanded JP facility within IFAD.

The JP took steps to increase its visibility during the year. It began to develop new brochures, and it engaged a Web specialist to design and construct a new JP website. A photographic exhibition was set up for the inauguration of the Belgian Room at IFAD's new headquarters and for the 21st Steering Committee Meeting.

For more on the BSF: www.ifad.org/bsf/

Global Mechanism

The Global Mechanism (GM) of the United Nations Convention to Combat Desertification (UNCCD) works to increase financial flows to enhance investments in sustainable land management. It accomplishes this through the effective application of conventional and innovative financial instruments following the Paris Declaration on Aid Effectiveness. The GM has been hosted by IFAD since 1998.

Throughout 2008 cooperation between IFAD and the GM grew steadily. This underscores the comparative advantage of hosting the GM at IFAD, as evidenced in tangible results. The trend of growing cooperation is expected to continue, as IFAD's portfolio increasingly becomes an integral part of national development programming processes. In Viet Nam, the GM supported the orientation of IFAD's country strategic opportunities programme (COSOP) to address land degradation and climate change issues by providing technical inputs. The success of this work opens up a potential US\$50 million investment by IFAD in sustainable land management in Viet Nam to facilitate adaptation to climate change.

Capacity-building and knowledge management continued to be the bedrock of the GM's country-level operations. In 2008, the GM responded to recipient countries' priorities by designing integrated financing strategies. Country Parties use the strategies as a tool to guide them in locating and mobilizing financial resources at the national level, with the ultimate aim of establishing an integrated investment framework for sustainable land management and comprehensive programmes for agriculture and rural development.

This year, the GM organized seven Designing Integrated Financing Strategies training sessions to build participants' skills and knowledge in relation to accessing financing for sustainable land management from both traditional and innovative funding sources; addressing cross-cutting development issues such as climate change; and promoting market access, trade and forest finance. The training sessions were held in Central Asia, Western and Central Africa, Near East and North Africa, Latin America and the Caribbean and Central and Eastern Europe. They were attended by representatives of government ministries, civil society, academia and development cooperation partners.

The GM's work is part of broader development processes and partnerships, including TerrAfrica, the South East Asia Subregional Action Programme of the UNCCD and the Partnership Initiative on Sustainable Land Management in the Caribbean Small Island Developing States. Together with its TerrAfrica partners and IFAD in particular, the GM supported two regional processes and 10 countries in 2008, including Ethiopia, Ghana and Uganda, assisting country programming processes and development of country strategic investment frameworks. Implementation is geared to boosting agricultural productivity and natural resource management, contributing to improved food security.

For more on the GM: www.global-mechanism.org

International Land Coalition

The International Land Coalition (ILC) promotes secure and equitable access to land for poor women and men. It is a global alliance of civil society and intergovernmental organizations working together through advocacy, dialogue and capacity-building. The ILC works in partnership with rural people's associations, NGOs, governments and international agencies. It has 65 members in over 40 countries worldwide. IFAD is a member of the ILC and has hosted its secretariat since 1998.

In 2008, ILC completed a process of institutional transformation initiated the previous year, following an external evaluation in 2006. In its new form, ILC's work is more focused. Through a system that has been put in place, it evaluates and monitors the results and impact of its activities at the global, regional and national levels.

As part of the reform process, in December the ILC Council and IFAD management signed a new agreement concerning the hosting of the secretariat of the ILC. This agreement, which will remain in force for a period of five years, clarifies the relationship between the secretariat of the Coalition and IFAD and sets a time frame for the transfer of the secretariat to another host organization.

During 2008, three regional committees were established to guide regional activities. Regional coordinators with decentralized secretariat functions are now based in Kenya, Peru and the Philippines.

The ILC places great emphasis on contributing to national policy processes in selected countries. In Madagascar, the ILC has supported the building of a civil society platform, Solidarité des Intervenants sur le Foncier (SIF), representing trade unions, NGOs and farmers' federations and organizations countrywide. Similar Land Alliances

for National Development (LAND) partnerships are operational in Benin, Bolivia, Honduras, the Niger, the Philippines and Uganda. The ILC is also working with the African Union, the United Nations Economic Commission for Africa and the AfDB on a joint initiative to produce continental Land Policy Guidelines.

ILC members across Latin America have established a research committee to develop regional research projects on land issues. They have also set up a peer-to-peer capacity-building programme on participatory mapping and legal empowerment for solving land conflicts. A regional internship programme, launched in 2008, is reinforcing horizontal knowledge exchange between members.

Members have prioritized key themes for ILC global advocacy:

- women's access to land
- the territorial rights of indigenous peoples and pastoralists
- global monitoring of pro-poor access to land
- global monitoring of new commercial pressures on land

In its work on global monitoring of pro-poor access to land, ILC focuses on three main areas:

- contributing to the development of global indicators and reporting
- promoting national partnerships for assessing land issues
- supporting evidence-gathering by members and building on the effort through a high profile annual global report

In 2008 ILC's global series on Knowledge for Change published:

- *Securing common property regimes in a globalizing world*
- *Participatory mapping as a tool for empowerment: experiences and lessons learned from the ILC network*
- *"A local lab for global solutions", ILC's Community Empowerment Facility*

For more on the ILC: www.landcoalition.org

Consultative Group on International Agricultural Research and the Global Forum on Agricultural Research

IFAD's investment in agricultural research and development that is led by the Consultative Group on International Agricultural Research (CGIAR) continues to focus on adaptive research to generate and field-test sustainable agricultural technologies and enable poor rural people to adopt them. In 2008, IFAD approved grants worth a total of US\$8.8 million for seven CGIAR-led programmes.

During 2008, the CGIAR undertook an extensive reform process that promises to change the way the entire global agricultural research system operates. The Change Management Programme was led by a Change Steering Team chaired by IFAD. IFAD's leadership in developing the key features of the reform proposal, and its successful acceptance by a broad spectrum of global research and development stakeholders and key resource-persons in the international development community, was a significant achievement.

In 2007, the European Commission (EC) entered into a strategic partnership with IFAD to support the CGIAR. During 2008, the EC and IFAD signed another contribution agreement (for the period 2008-2010) providing €67.5 million (over US\$90 million) to finance research through the CGIAR. The partnership focuses specifically on Africa and promotes pro-poor innovation.

IFAD continues to support the Global Forum on Agricultural Research (GFAR), which promotes worldwide collaborative research partnerships and which will be useful as a platform for setting and implementing the new CGIAR agenda. As a member of the GFAR's management team, IFAD works to build cost-effective research partnerships and strategic alliances to reduce rural poverty.

Cooperation with Rome-based agencies

In 2008, global challenges such as climate change and volatile food prices provided added impetus for the three Rome-based agencies to work closely together.

During the year, the Food and Agriculture Organization (FAO), IFAD and the World Food Programme (WFP) built on their 2007 mapping exercise to develop a strategic approach for the future. This is being articulated in a paper on directions for future collaboration among the Rome-based agencies, which will be presented to the respective governing bodies in 2009.

The overarching goal of the paper is to strengthen the efforts of the three agencies to work more effectively together to help meet the Millennium Development Goals (especially the first, to halve the proportion of people living in extreme poverty and hunger) by increasing food security and sustainable agricultural development. The paper draws out common ground in the agencies' mandates, their comparative advantages and how each is best positioned to support the work of the other two. It sets out basic principles for cooperation and identifies priority areas and themes around which to plan joint work.

This orientation has already changed the way the agencies are working together. For example, IFAD is increasingly subcontracting the FAO investment centre to help with the technical design of IFAD-supported programmes and projects. In 2008, the volume of IFAD's work with the centre doubled compared with 2005.

In the areas of policy development and advocacy, the Rome-based agencies worked closely together in 2008 to respond in a timely manner to the food price crisis and to climate change (see page 66). The agencies coordinated their efforts from the onset to plan activities and joint responses at a high level of engagement.

On the administrative front too, there was increasing cooperation and harmonization of business practices. During the year, the three agencies carried out joint tenders for energy supply, courier services, external training and global custodian services. 2008 also saw the start of cross-participation in the investment committees of the three agencies and the establishment of an inter-institution coordination committee to oversee and coordinate joint initiatives in the administrative field.

With support from the Bill & Melinda Gates Foundation, IFAD and WFP developed a technical collaboration to improve the access of poor rural people to index-based weather insurance and related services. With this risk management tool, smallholders are better equipped to manage the economic hardship caused by severe weather events such as droughts or floods, and to maintain their asset base and livelihoods.

Consultative Group to Assist the Poor

The Consultative Group to Assist the Poor (CGAP) works to build inclusive financial systems that serve poor people. It promotes innovative ideas, products and technology in the field of microfinance. As a consortium of 33 funding organizations, the CGAP is a key technical partner and strategic resource for IFAD's work in rural finance. IFAD

collaborates closely with the CGAP in many areas, promoting remittances in rural areas through the IFAD-hosted Financing Facility for Remittances (see below), participating in CGAP-led training workshops, and drawing on their expertise throughout the programme and project cycle. In 2008 IFAD joined the CGAP's SmartAid for Microfinance Index, an initiative that measures how effectively development organizations provide funding and advisory services in microfinance.

Financing Facility for Remittances

The US\$13 million multi-donor Financing Facility for Remittances increases economic opportunities for poor rural people by supporting and developing innovative, cost-effective and easily accessible international and domestic remittance services that enable migrant workers to send money home to their families and communities. The facility's main goal is to scale up and replicate lessons learned in the area of remittances worldwide. In 2008, the facility launched its second call for proposals and awarded 20 grants of up to US\$250,000 to projects that:

- improve access to remittance services in rural areas
- link remittances to other financial services and products
- develop innovative and productive rural investment channels for migrants and community-based organizations

Indigenous Peoples Assistance Facility

The Indigenous Peoples Assistance Facility enables IFAD to build direct partnerships with indigenous communities and their organizations, and to work with them on implementing the grass-roots development projects that they design. Through the facility, IFAD finances grants ranging from US\$10,000 to US\$30,000.

In April, IFAD launched the second call for grant proposals under the facility, receiving over 800 applications. In November the facility board approved 43 projects in 33 countries financed by grants from IFAD, Norway and Canada. During 2008, indigenous communities in 24 countries implemented 30 projects approved under the facility in 2007.

Although the grants are relatively small, their effects are significant.

- The community-led projects foster awareness of cultural identity among indigenous peoples' communities, empowering communities to manage their natural resources, map the territory and rehabilitate and conserve forest resources.
- They empower indigenous women, who often suffer multiple marginalization, providing training on their rights, strengthening their identity and role as custodians of ancestral knowledge and building their entrepreneurial skills.
- They create partnerships that strengthen indigenous peoples' movements and capacity to engage in policy dialogue at national, regional and global levels.
- They contribute to self-determined development, which preserves indigenous identity and culture. Indigenous peoples participate not only in designing and implementing projects but also form the board that selects projects to be financed.

The IFAD Initiative for Mainstreaming Innovation (IMI) and the Government of Finland funded a study of the more than 1,000 proposals submitted to the Indigenous Peoples Assistance Facility in 2007, and organized a workshop with the Asian grantees. The study provided valuable insight into the complexity of indigenous poverty. It

showed that most of the proposals had a holistic perspective on development and a strong focus on sustainability. Strengthening of cultural identity and a rights-based approach emerged as important issues in the proposals, which also addressed the issues of livelihoods, management of natural resources and land, and approaches to environmental regeneration.

Participants at the workshop discussed self-determined development by indigenous peoples and their organizations, including topics such as climate change, extractive industries, forest protection and preservation, regional challenges and opportunities for collaboration. Technology is ingrained with worldviews that are foreign to indigenous peoples, and its introduction therefore requires care and sensitivity. The workshop also emphasized that indigenous cultures evolve in response to new challenges.

Global Bioenergy Partnership

In 2008, IFAD joined the Global Bioenergy Partnership (GBEP), a platform that advises G8+5 countries on bioenergy issues. The GBEP facilitates a global political forum to promote bioenergy and to encourage the production, marketing and use of 'green' fuels, with a particular focus on developing countries.

In February, IFAD organized a round table discussion on biofuels at its Governing Council meeting (see page 68). Representatives of various stakeholders, including governments, farmers' organizations and NGOs, concluded that IFAD's approach to the issue of biofuels should be pro-poor, pro-gender and pro-environment, and that it should, above all, ensure food security.

To provide direction to partner research organizations, during the year IFAD held global consultations with researchers, the private sector, NGOs and other United Nations organizations on the potential of jatropha and sweet sorghum, both of which can grow in adverse agro-climatic conditions. The consultations highlighted the potential of these crops for biofuel production, identifying opportunities and challenges related to agronomy, breeding, economics, post-harvest technologies and public-private sector partnerships.

Partnerships with multilateral agencies

IFAD's contribution to the global aid effectiveness agenda

As a signatory to the 2005 Paris Declaration on Aid Effectiveness, IFAD works with other donors and partner countries to fulfil the partnership commitments it embodies. In both its work at the country level and its reforms at the organizational level, IFAD is guided by the Paris Declaration.

In terms of aid effectiveness, according to the 2008 Survey on Monitoring the Paris Declaration, IFAD's overall performance continues to be strong, even when compared to that of other multilateral financial institutions and the United Nations as a whole. Performance is particularly encouraging in relation to strengthening capacity by coordinated support and using countries' public financial management and procurement systems, and in joint missions and country analysis.

In September, IFAD participated in the Third High Level Forum on Aid Effectiveness, held in Accra, Ghana. Through its partnership with the Global Donor Platform for Rural Development (see page 81), IFAD supported the initiative to include the agriculture

sector in the round-table discussions both in the forum itself and in the parallel civil society organization meeting. IFAD helped draw up the Accra Agenda for Action, which it endorsed. The Agenda calls for accelerated progress in three areas:

- strengthening country ownership of development initiatives
- building more effective and inclusive partnerships for development
- delivering and accounting for development results

During the period of its Eighth Replenishment (see page 50), IFAD will increase efforts to ensure that the partnership commitments of the Paris Declaration and the three areas of the Accra Agenda for Action are reflected in all its activities at the country level and in its organizational systems and processes. It will also continue to strengthen monitoring of achievements in all areas.

The Alliance for a Green Revolution in Africa

In June, IFAD, FAO, WFP and the Alliance for a Green Revolution in Africa (AGRA) signed a memorandum of understanding, agreeing to work together to boost food production in Africa. The parties will develop a strategic alliance to help African countries achieve a green revolution aimed at reducing hunger and improving the food security and incomes of African farmers and rural households. Joint work will start in specific agricultural intensification zones in selected countries in order to:

- accelerate food production by assisting farmers, particularly smallholders, in boosting productivity levels
- improve farmers' access to markets for inputs such as fertilizer and seed, and their access to markets for their produce

Work started on the design of country profiles for 13 countries in sub-Saharan Africa. Five of these will be selected for an initial phase of work. The new partnership aims at making a difference now, by optimizing food production in so-called breadbasket areas with relatively good rainfall, soils, infrastructure and markets. Each agency will contribute its expertise towards achievement of an environmentally and economically sustainable green revolution that will bring the continent's perennial food crisis to an end.

African Development Bank

In February 2008, in the context of the Paris Declaration, IFAD, the African Development Bank (AfDB) and the African Development Fund signed a memorandum of understanding to strengthen cooperation and establish their strategic partnership. In May in Tunis, IFAD and the AfDB launched a joint partnership framework for the period 2008-2010. The organizations discussed common approaches in addressing the food crisis affecting Africa in the short, medium and long term, and they agreed to step up cooperation in 15 countries in Western and Central Africa. In addition, they decided to establish joint country strategic programmes, joint field presence, and a joint project pipeline for cofinancing during the 2008-2010 period. They also agreed to work together to improve the performance of ongoing cofinanced projects and to eliminate projects at risk by 2009. IFAD's independent Office of Evaluation is currently working on a joint evaluation with the AfDB (see page 39).

African Union and New Partnership for Africa's Development

African leaders created the New Partnership for Africa's Development (NEPAD) in 2001 to promote sustainable development and strengthen efforts to achieve the MDGs. NEPAD's framework on agriculture and rural development – the Comprehensive Africa Agriculture Development Programme (CAADP) – was prepared in 2002 and is central to IFAD's efforts in the region. During the food price crisis of 2008, IFAD contributed to the CAADP task force on rising food prices primarily through the African Union/NEPAD Food Security Task Force.

One of CAADP's flagship programmes is NEPAD's Pan African Cassava Initiative. The Regional Cassava Processing and Marketing Initiative for Western and Central Africa, which forms part of this initiative, began work in July 2007. The programme, supported by the Italian Government, aims to provide better linkages between four IFAD-funded root and tuber programmes and regional and international markets. Among the achievements during the year were feasibility studies for a new cassava food derivative, market studies in Central Africa, and a study on the potential demand for cassava derivatives in selected ethnic markets in the European Union (Belgium, France and the United Kingdom).

IFAD is supporting Pan African initiatives through three grants, for a total of US\$770,000. These initiatives are contributing to capacity-building of the African Union's Department for Agriculture and Rural Economy to implement major strategic initiatives on rural livelihoods and secure land rights for the rural poor, as well as supporting the African Union's Pan African Tsetse and Trypanosomiasis Eradication Campaign (PATTEC) in collaboration with FAO.

IFAD is also supporting the African Enterprise Challenge Fund (AECF), a multi-donor grant instrument created to test new business models to expand market opportunities for poor people, especially in rural areas, and the African Fertilizer Financing Mechanism, which aims to boost the use of fertilizers across the continent to help trigger a 'green revolution' in Africa.

OPEC Fund for International Development

Since the organization was established, IFAD has been working with the OPEC Fund for International Development (OFID) towards the common goal of reducing poverty in developing countries.

During 2008, IFAD shared information about recent operational changes in the organization with OFID, particularly in relation to lending terms and direct supervision (see page 86). Some 70 per cent of IFAD-supported programmes and projects in the Near East and North Africa, and Central and Eastern Europe and the Newly Independent States will be directly supervised as from 1 January 2009. IFAD's growing direct supervision of programmes and projects is already further strengthening the partnership between the two institutions.

IFAD shared the organization's future thematic priorities in the two regions, together with information on projects in the pipeline for 2009-2012. IFAD and OFID agreed to better synchronize project development cycles, especially for projects with a high potential for cofinancing, and exchange project design reports.

Global Donor Platform for Rural Development

The Global Donor Platform for Rural Development is a joint initiative of donor organizations established in 2003. IFAD has been a member since the platform was established and became co-chair in 2008. The platform is committed to donor harmonization and alignment, as defined by the Paris Declaration of March 2005. It works to improve coordination, communication and shared learning among all development partners by:

- formulating common donor policies
- reducing duplication of effort and improving mutual understanding among all development partners
- advising how harmonization and alignment can make agriculture and rural development initiatives more effective

The website www.donorplatform.org provides an overview of the platform's work, including the 2007 Annual Report, and its contribution to and participation in the Accra Third High Level Forum in September 2008.

The platform's outputs are based upon three complementary pillars:

- advocacy and outreach, to ensure that the needs and opportunities of poor rural people are appropriately addressed in policy debates at international, regional and national levels
- shared learning, to raise the quality and heighten the impact of rural development investment by collecting and disseminating useful innovations, identifying and closing information gaps, and improving systematic learning with all rural development stakeholders
- aid effectiveness, to provide collaborative support to the harmonization and alignment of procedures and practices in rural development in line with the Paris Declaration

During 2008, the platform supported the proposal of the United Nations High-Level Task Force on the Global Food Security Crisis (see page 65) to initiate a Global Partnership for Agriculture and Food. The platform also proposed a set of joint principles for donors supporting agriculture and rural development programmes in order to ensure improved coordination and more effective outputs of these programmes, under the aid effectiveness principles laid out in the Paris Declaration.

International Food Policy Research Institute

In 2008, IFAD and the International Food Policy Research Institute (IFPRI) developed a Strategic Partnership to Develop Innovative Policies on Climate Change Mitigation and Market Access to be funded by a US\$3 million grant from IFAD. Recognizing that overcoming rural poverty requires effective policy and institutional solutions to new strategic challenges and opportunities facing poor rural people, the programme will identify and promote innovative, research-based policy options for poverty reduction, adapted to the realities in which poor people live. Specifically, the programme focuses on two key challenges, namely how poor rural communities can access and benefit from opportunities offered by:

- high-value commodity markets
- public environment policies and markets for environmental services

The programme will work to:

- create in-country policy advisory networks to translate policy research outputs into action-oriented programmes
- increase the capacity of country programme management teams, collaborators, and professionals to identify key policy issues related to thematic areas and propose effective solutions based on research findings
- foster specific policy and institutional interventions for contract farming and climate-mitigation, and create an online inventory of institutional and policy innovations
- establish a demand-driven, knowledge-generation and sharing system for two-way communication between policy researchers and policy and development practitioners

Farmers' Forum process

The Farmers' Forum is the framework for IFAD's partnership with farmers' organizations around the world. It is a consultation, dialogue and cooperation process. Every two years a global consultation of the Farmers' Forum is held in conjunction with IFAD's Governing Council.

The second global meeting of the Farmers' Forum was held in Rome in February 2008 gathering representatives from 70 farmers' organizations from around the world to discuss themes such as access to land, policy processes regarding smallholder agriculture, and climate change. Several IFAD initiatives to strengthen the capacities of farmers' organizations are at advanced preparation stage. A €5 million programme to be financed by the European Commission (EuropeAid) will provide support to four regional networks of farmers' organizations in Africa to strengthen the capacity of small farmers' organizations in African countries. The programme, which will become effective in 2009, will also support the farmers' organizations' regional and Pan-African networks, to influence policies and support programmes affecting agriculture, rural development and food security.

IFAD approved a number of grant-financed programmes in 2008 to strengthen the capacities of farmers' and rural youth organizations to better engage with markets and policy-making processes across different regions. These include: a grant of around US\$1.4 million for a regional programme to be implemented by the Self-Employed Women's Association in South Asia and by FAO in South East Asia (see page 114) and a grant of US\$1 million for the International Federation of Agricultural Producers (see page 114).

A further five small grants (of US\$200,000 or less) were given during the year to support capacity-building for poor rural people and improve their ability to take part in the policy processes that affect their lives.

IFAD revised its guidelines for the development of country strategic opportunities programmes (COSOPs) in 2008. As a result of the Farmers' Forum process, policymakers and representatives of IFAD are now required to consult with farmers' organizations when articulating IFAD's strategies and designing programmes and projects.

Operational aspects



Norokul Begum takes her goats to feed in a freshly harvested rice paddy. Jalsora village, Bangladesh.

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Programme and project portfolio management

During 2008, IFAD continued to strengthen its programme and project management processes and to align them more closely with its Strategic Framework 2007-2010 (see page 2). The newly instituted quality assurance system started work, providing information on the quality of projects at entry (see page 30). In addition, IFAD strengthened its portfolio performance measurement system, especially for measuring project performance during implementation. As in the past, project completion reports provided much of the substantive information on project results for this year's portfolio review.

The overall number of programmes and projects in the ongoing portfolio increased slightly from 196 at the end of 2007 to 204 at the end of 2008, for a total IFAD investment of US\$3.4 billion (Table 6).

Overall, the mid-year review presented in the Report on IFAD's Development Effectiveness (see page 44) showed significant improvement against almost all performance indicators related to IFAD's performance on development effectiveness. Although IFAD's performance has improved steadily in terms of sustainability, this will continue to receive high priority. IFAD is also focusing on further improving its performance in the areas of targeting, enhancing the access of poor rural people to markets, and environment and natural resource management.

Programme and project supervision

The ongoing portfolio of directly supervised programmes and projects increased substantially during the year and reached 158 by December 2008. In addition, 36 programmes and projects not effective by year-end will be directly supervised. In 2008, most new programmes and projects were approved with the arrangement for direct supervision, and 56 supervised by cooperating institutions were converted to direct supervision. To support the move towards direct supervision, IFAD held a series of training sessions and took other capacity-building measures. For example, some 200 staff members attended five-day intensive supervision training. IFAD also developed systems and procedures to define corporate quality standards for loan disbursements and interdepartmental agreements on workflow. It issued Supervision Guidelines for use by staff and consultants and developed an upgraded format for project supervisions in line with other IFAD reporting formats, and a system to track the status of withdrawal applications.

During 2008, positive indications of the results of direct supervision were observed even at this early stage. Overall, the quality of performance analyses improved, especially in low-performing programmes and projects, and IFAD started identifying the causes of low performance early on. As a result, the organization was able more promptly to resolve performance-related risks that otherwise would have been detected only at mid-term or completion review. In the field, the organization's engagement with borrowers and other stakeholders increased significantly. Practically all borrowing Member Countries expressed the preference that programmes and projects be directly supervised by IFAD.

Programme and project portfolio and financing trends

In 2008, 30 new programmes and projects were approved (Table 8), financed through IFAD loans and debt sustainability framework (DSF) grants worth US\$561.4 million (Table 1) and project component grants worth US\$4.3 million (Table 15). The total cost of these programmes and projects is estimated at US\$1,179.8 million, of which

US\$327.5 million will be provided by other external financiers and US\$286.6 million by financiers in the recipient countries – primarily the governments (Table 1). When fully operational, these programmes and projects are expected to directly benefit approximately 22 million people. Grants worth a total of US\$40.9 million were approved in 2008 (Table 1).

Since it began operations in 1978, IFAD has supported 796 programmes and projects in 115 Member States and in Gaza and the West Bank for total financing of US\$10,599.8 million (Table 8). Governments and other financing sources in the recipient countries, including individuals and households participating in the programmes and projects, have contributed about US\$9,517.8 million. Another US\$7,820.2 million came from external cofinanciers, of which bilateral donors

TABLE 6
Ongoing programme and project portfolio by region^a
(as at end December 2008)

	Number of programmes and projects	IFAD financing ^b (US\$ million)
Western and Central Africa	46	587.4
Eastern and Southern Africa	43	730.4
Asia and the Pacific	49	1046.5
Latin America and the Caribbean	31	535.2
Near East and North Africa ^c	35	523.5
Total^d	204	3 423.0

Source: Project and Portfolio Management System.

^a The ongoing portfolio consists of approved programmes and projects that have reached effectiveness and have not yet been completed.

^b Amounts as per the President's report for each programme or project presented to the Executive Board. Amounts include debt sustainability framework (DSF) grants and component grants for investment programmes and projects.

^c This category includes Central and Eastern Europe and the Newly Independent States.

^d Any discrepancy in totals is the result of rounding.

TABLE 7
Supervision arrangements for ongoing programmes and projects^a

	Programmes and projects at end 2006		Programmes and projects at end 2007		Programmes and projects at end 2008	
	Number	%	Number	%	Number	%
IFAD^b	10	5.4	98	50.0	158	77.5
Cooperating institution						
African Development Bank	3	1.6	3	1.5	-	-
Andean Development Corporation	10	5.4	8	4.1	2	1.0
Arab Fund for Economic and Social Development ^c	-	-	-	-	-	-
Asian Development Bank	1	0.5	2	1.0	2	1.0
Caribbean Development Bank	2	1.1	1	0.5	1	0.5
Central American Bank of Economic Integration	3	1.6	3	1.5	3	1.5
United Nations Office for Project Services	128	68.8	56	28.6	15	7.4
West African Development Bank	9	4.8	6	3.1	4	2.0
World Bank	20	10.8	19	9.7	19	9.3
Total cooperating institutions	176		98		46	
Total IFAD and cooperating institutions	186	100.0	196	100.0	204	100.0

Source: Project and Portfolio Management System.

^a Year reference for programmes and projects relates to loan effectiveness. Figures refer to approved programmes and projects that have not been completed for each year period.

^b Of the 55 programmes and projects converted to direct supervision at the September 2008 Executive Board, as at 31 December 2008 five are still under cooperating institution supervision. Conversion to IFAD direct supervision is to be carried out during 2009.

^c In January 2006, the Arab Fund for Economic and Social Development (AFESD) informed IFAD that cooperation would be confined to programme and project cofinancing only. The ongoing programmes and projects formerly supervised by AFESD were therefore transferred to the United Nations Office for Project Services (UNOPS).

TABLE 8
IFAD financing by region, 1978-2008^a
(amounts in US\$ million)

	1978-1987	1988-1997	1998-2007	2008	%	1978-2008	%
Western and Central Africa							
Total amount	391.4	569.8	812.7	87.0	15.4	1 860.9	17.6
Number of programmes and projects	48	58	63	6		175	
Recipients						24	
Eastern and Southern Africa							
Total amount ^b	401.8	542.6	888.4	144.7	25.6	1 977.5	18.7
Number of programmes and projects	36	52	56	6		150	
Recipients						20	
Asia and the Pacific							
Total amount	951.7	987.1	1 278.5	231.7	41.0	3 448.9	32.5
Number of programmes and projects	60	68	64	9		201	
Recipients						22	
Latin America and the Caribbean							
Total amount	347.8	538.4	662.8	51.3	9.1	1 600.4	15.1
Number of programmes and projects	41	48	41	5		135	
Recipients						28	
Near East and North Africa^c							
Total amount ^b	389.1	560.4	711.6	51.0	9.0	1 712.1	16.2
Number of programmes and projects	36	45	50	4		135	
Recipients						22	
Total IFAD financing^d	2 481.9	3 198.2	4 354.0	565.7	100.0	10 599.8	100.0
Total number of programmes and projects^e	221	271	274	30		796	
Total recipient countries/territories						116	

Source: Project and Portfolio Management System.

^a Amounts as per the President's report for each programme or project presented to the Executive Board. Amounts include DSF grants and component grants for investment programmes and projects.

^b Programmes and projects totally financed by grants are included.

^c This category includes Central and Eastern Europe and the Newly Independent States.

^d Any discrepancy in totals is the result of rounding.

^e Fully cancelled or rescinded programmes and projects are not included.

contributed US\$1,240.7 million, multilateral donors US\$6,147.9 million and international and northern NGOs US\$30.3 million (Table 1). Basket funding or similar arrangements amounted to about US\$162.5 million and private sector sources accounted for some US\$7.9 million. Cofinancing from sources that are yet to be confirmed amounted to US\$230.9 million.

Regional and priority country financing for programmes and projects¹

In 2008, the largest share of new financing for programmes and projects went to sub-Saharan Africa. The region received 43.4 per cent of 2008 investment (Chart 1).

Asia and the Pacific received 41.0 per cent of new financing for programmes and projects in 2008. Latin America and the Caribbean received 9.1 per cent and the Near East and North Africa received 6.6 per cent.

IFAD continues to emphasize assistance to least developed countries and countries with low food security. Of 2008 programme and project financing, 86.8 per cent was to low-income food-deficit countries – as classified by FAO – and 38.5 per cent to the United Nations-classified least developed countries (Table 9 and Chart 2).

1/ See pages 14, 18, 21, 24 and 26 for a list of countries by administrative region.

TABLE 9
Summary of IFAD programme and project financing for priority countries, 1978-2008
(amounts in US\$ million)

	1978-1987	%	1988-1997	%	1998-2007	%	2008	%	1978-2008	%	Number of countries ^a		
											In group	IFAD Member States	With IFAD programme and project
Least developed countries^b													
Amount ^c	1 084.2	43.7	1 124.5	35.2	1 811.4	41.6	217.5	38.5	4 237.6	40.0	50	48	44
Number of programmes and projects	113		117		129		9		368				
Low-income food-deficit countries^d													
Amount ^c	2 030.3	81.8	2 445.6	76.5	3 516.5	80.8	490.9	86.8	8 483.2	80.0	82	77	73
Number of programmes and projects	171		202		221		23		617				
Financing for all IFAD programmes and projects^e													
	2 481.9		3 198.2		4 354.0		565.7		10 599.8				
Total number of programmes and projects													
	221		271		274		30		796				

Source: Project and Portfolio Management System.

^a All countries in the least-developed countries group, except Maldives, Myanmar and Samoa, also belong in the low-income food-deficit group, and thus there are overlaps in the group numbers.

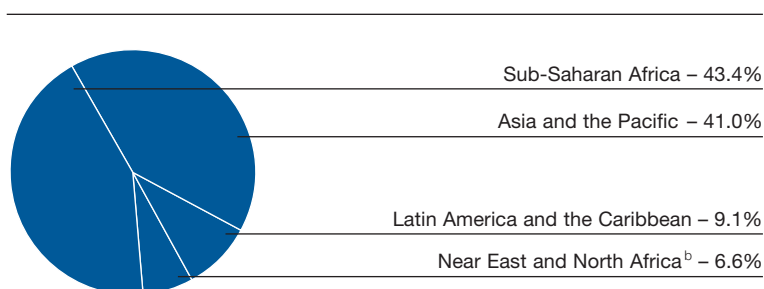
^b The United Nations classifies as "least developed countries" on the basis of the following criteria: low income, low literacy rate and low share of manufacturing in total output. In 2008, 50 were thus classified: Afghanistan, Angola, Bangladesh, Benin, Bhutan, Burkina Faso, Burundi, Cambodia, Cape Verde, Central African Republic, Chad, Comoros, Democratic Republic of the Congo, Djibouti, Equatorial Guinea, Eritrea, Ethiopia, The Gambia, Guinea, Guinea-Bissau, Haiti, Kiribati, the Lao People's Democratic Republic, Lesotho, Liberia, Madagascar, Malawi, Maldives, Mali, Mauritania, Mozambique, Myanmar, Nepal, the Niger, Rwanda, Samoa, Sao Tome and Principe, Senegal, Sierra Leone, Solomon Islands, Somalia, the Sudan, Timor-Leste, Togo, Tuvalu, Uganda, United Republic of Tanzania, Vanuatu, Yemen and Zambia. Tuvalu and Vanuatu are not Members of IFAD.

^c Amounts as per the President's report for each programme or project presented to the Executive Board. Any discrepancy in totals is the result of rounding.

^d In 2008, FAO identified 82 countries as "low-income food-deficit": Afghanistan, Albania, Angola, Armenia, Azerbaijan, Bangladesh, Belarus, Benin, Bhutan, Bosnia and Herzegovina, Burkina Faso, Burundi, Cambodia, Cameroon, Cape Verde, Central African Republic, Chad, China, Comoros, Congo, Côte d'Ivoire, Democratic People's Republic of Korea, Democratic Republic of the Congo, Djibouti, Egypt, Equatorial Guinea, Eritrea, Ethiopia, The Gambia, Georgia, Ghana, Guinea, Guinea-Bissau, Haiti, Honduras, India, Indonesia, Iraq, Kenya, Kiribati, Kyrgyzstan, Lao People's Democratic Republic, Lesotho, Liberia, Madagascar, Malawi, Mali, Mauritania, Mongolia, Morocco, Mozambique, Nepal, Nicaragua, the Niger, Nigeria, Pakistan, Papua New Guinea, the Philippines, Republic of Moldova, Rwanda, Sao Tome and Principe, Senegal, Sierra Leone, Solomon Islands, Somalia, Sri Lanka, the Sudan, Swaziland, Syrian Arab Republic, Tajikistan, Timor-Leste, Togo, Tonga, Turkmenistan, Tuvalu, Uganda, United Republic of Tanzania, Uzbekistan, Vanuatu, Yemen, Zambia and Zimbabwe. Belarus, Turkmenistan, Tuvalu, Uzbekistan and Vanuatu are not Members of IFAD.

^e Fully cancelled or rescinded programmes and projects are not included.

CHART 1
Regional distribution of IFAD financing for programmes and projects approved in 2008 under the Regular Programme^a



Source: Project and Portfolio Management System.

^a Any discrepancy in totals is the result of rounding.

^b This category includes Central and Eastern Europe and the Newly Independent States.

Allocation of programme and project financing by instrument and terms²

The bulk of IFAD's financing for investment programmes and projects is in the form of loans on highly concessional terms.³ In 2008, the value of highly concessional loans represented 57.3 per cent of the year's total financing for programmes and projects. Grants under IFAD's DSF (see page 50) represented 20.0 per cent of the total. Another 13.2 per cent were intermediate loans and the remaining 9.4 per cent were ordinary term loans (Chart 3 and Table 10).

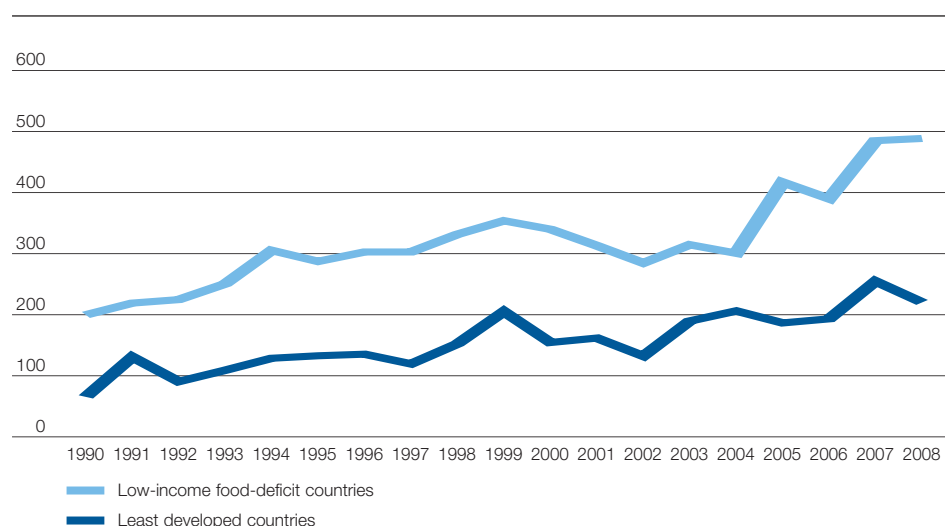
As a share of IFAD's cumulative lending portfolio, highly concessional loans now represent 71.8 per cent (Table 10), higher than the two-thirds target set out in the Lending Policies and Criteria of IFAD.

In terms of regional distribution, 90.3 per cent of total cumulative IFAD lending to sub-Saharan Africa has been on highly concessional terms, followed by lending to Asia and the Pacific with 83.7 per cent (Table 11). In Latin America and the Caribbean and the Near East and North Africa, where recipients on average are relatively higher-income countries, lending tends to be on less concessional terms. Highly concessional loans to these regions have represented 23.0 per cent and 45.1 per cent respectively of their total loans from IFAD.

Loan disbursements

In 2008, IFAD loan disbursements reached their highest level ever at US\$424.1 million. Cumulative disbursements on loans under the Regular Programme amounted to US\$6,456.1 million (72.6 per cent of effective commitments) at the end of 2008 (Tables 12 and 13), compared with US\$6,032.0 million (75.3 per cent of effective commitments) disbursed at the end of 2007.

CHART 2
IFAD programme and project financing for priority countries, 1990-2008
(amounts in US\$ million)



Source: Project and Portfolio Management System.

2/ These financing instruments and terms refer to loans and DSF grants made by IFAD to recipient countries. They have no bearing on the terms and conditions placed on credit lines offered through the programmes and projects.

3/ IFAD provides loans on three different types of lending terms: highly concessional loans carry no interest charge but have a service charge of 0.75 per cent and are repaid over 40 years; intermediate loans carry a variable interest charge equivalent to 50 per cent of the reference interest rate and are repaid over 20 years; ordinary loans carry a variable interest charge equal to the reference interest rate and are repaid over 15 to 18 years.

Cofinancing of IFAD programmes and projects

Twenty-seven of the 30 programmes and projects approved in 2008 were designed and initiated by IFAD (Table 14). Of these, 20 will receive external cofinancing for US\$262.0 million (28.7 per cent of their cost) and domestic contributions – from recipient governments or other local sources – for another US\$215.0 million, or 23.6 per cent of their cost. The other seven IFAD-initiated programmes and projects were financed by IFAD for US\$90.1 million (61.9 per cent) and domestic sources for US\$55.4 million (38.1 per cent).

Of the US\$3,137.4 million contributed over the years to IFAD-initiated programmes and projects by external cofinanciers, the bulk was from multilateral donors, 69.3 per cent, followed by bilateral donors with 19.1 per cent. NGOs have contributed US\$20.3 million (0.6 per cent) (Chart 4).

The major multilateral cofinanciers of IFAD-initiated programmes and projects were the OPEC Fund for International Development with US\$366.2 million, the International Bank for Reconstruction and Development (of the World Bank Group) with US\$259.9 million, the Arab Fund for Economic and Social Development with US\$236.1 million and WFP with US\$205.2 million (Chart 5). Together, these four represent nearly 50 per cent of total multilateral cofinancing of US\$2,173.9 million.

Belgium is the largest bilateral donor, having provided US\$98.3 million over the years in cofinancing, followed by the Netherlands with US\$89.7 million, Germany with US\$86.8 million, and the United Kingdom with US\$77.6 million. These figures represent 16.4 per cent, 15.0 per cent, 14.5 per cent and 13.0 per cent respectively of total bilateral cofinancing of IFAD-initiated programmes and projects of US\$599.3 million (Chart 6).

TABLE 10
Summary of IFAD loans by lending terms and of DSF grants, 1978-2008^a
(amounts in US\$ million)

	1978-1987	%	1988-1997	%	1998-2007	%	2008	%	1978-2008	%
DSF grants										
Amount					99.2	2.3	112.5	20.0	211.7	2.0
Number of grants					13		10		23	
Highly concessional loans										
Amount	1 664.6	67.6	2 076.4	65.5	3 506.5	80.7	321.8	57.3	7 569.3	71.8
Number of loans	149		195		225		17		586	
Intermediate loans										
Amount	649.8	26.4	656.3	20.7	318.0	7.3	74.1	13.2	1 698.2	16.1
Number of loans	62		51		21		5		139	
Ordinary loans										
Amount	147.3	6.0	435.1	13.7	422.4	9.7	53.0	9.4	1 057.8	10.0
Number of loans	14		34		24		6		78	
Total amount	2 461.7	100.0	3 167.8	100.0	4 346.1	100.0	561.4	100.0	10 537.0	100.0
Total number of loans and DSF grants^{b, c}	225		280		283		38		826	

Source: Project and Portfolio Management System.

^a Amounts as per the President's report for each programme or project presented to the Executive Board. Includes Regular Programme loans, Special Programme for Sub-Saharan African Countries Affected by Drought and Desertification loans, and DSF grants. Includes a loan on highly concessional terms approved in 2005 for Indonesia made up of unused proceeds of a loan approved in 1997 on intermediary terms. Component grants for investment programmes and projects are not included. Any discrepancy in totals is due to rounding.

^b A programme or project may be financed through more than one loan or DSF grant and thus the number of loans and DSF grants may differ from the number of programmes or projects shown in other tables.

^c Fully cancelled or rescinded loans are not included.

TABLE 11
Summary of IFAD loans by lending terms and of DSF grants, by region, 1978-2008^a
(amounts in US\$ million)

	Sub-Saharan Africa	%	Asia and the Pacific	%	Latin America and the Caribbean	%	Near East and North Africa ^b	%	Total	%
DSF grants										
Amount	152.8	3.7	49.8	1.4	7.4	0.5	1.8	0.1	211.7	2.0
Percentage of DSF grants	72.2		23.5		3.5		0.8		100.0	
Number of grants	14		5		3		1		23	
Highly concessional loans										
Amount	3 679.3	90.3	2 879.3	83.7	366.7	23.0	644.0	45.1	7 569.3	71.8
Percentage of highly concessional loans	48.6		38.0		4.8		8.5		100.0	
Number of loans	327		170		35		54		586	
Intermediate loans										
Amount	214.1	5.3	509.4	14.8	466.9	29.3	507.7	35.5	1 698.2	16.1
Percentage of intermediate loans	12.6		30.0		27.5		29.9		100.0	
Number of loans	22		32		49		36		139	
Ordinary loans										
Amount	28.0	0.7	-	-	754.8	47.3	275.1	19.3	1 057.8	10.0
Percentage of ordinary loans	2.6		-	-	71.4		26.0		100.0	
Number of loans	5		-	-	53		20		78	
Total amount	4 074.2	100.0	3 438.5	100.0	1 595.8	100.0	1 428.6	100.0	10 537.0	100.0
Percentage of total IFAD loans and DSF grants	38.7		32.6		15.1		13.6		100.0	
Total number of loans^{c, d} and DSF grants	368		207		140		111		826	

Source: Project and Portfolio Management System.

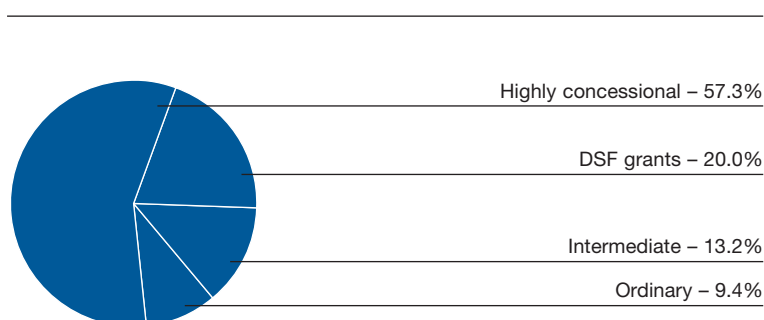
^a Amounts as per the President's report for each programme or project presented to the Executive Board. Includes Regular Programme loans, Special Programme for Sub-Saharan African Countries Affected by Drought and Desertification loans, and DSF grants. Includes a loan on highly concessional terms approved in 2005 for Indonesia made up of unused proceeds of a loan approved in 1997 on intermediary terms. Component grants for investment programmes and projects are not included. Any discrepancy in totals is due to rounding.

^b This category includes Central and Eastern Europe and the Newly Independent States.

^c A programme or project may be financed through more than one loan or DSF grant and thus the number of loans and DSF grants may differ from the number of programmes or projects shown in other tables.

^d Fully cancelled or rescinded loans are not included.

CHART 3
IFAD loans by lending terms, and DSF grants, 2008^a



Source: Project and Portfolio Management System.

^a Percentages refer to the value of loans and DSF grants for investment programmes and projects approved in 2008. Any discrepancy in totals is the result of rounding.

TABLE 12
Annual loan disbursement by region under the Regular Programme, 1998-2008^a
(amounts in US\$ million)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	1979 - 2008
Western and Central Africa	34.2	30.4	36.0	33.0	34.5	48.6	61.4	62.3	57.8	61.8	64.4	930.7
Eastern and Southern Africa	37.9	30.7	40.2	54.1	46.9	55.4	70.2	75.9	88.6	89.4	85.4	1 101.2
Asia and the Pacific	95.7	86.2	83.0	97.9	86.1	78.7	73.1	93.1	127.2	122.0	99.1	2 230.2
Latin America and the Caribbean	50.4	53.2	51.0	63.1	51.4	47.0	49.1	42.3	57.4	63.4	79.1	1 055.1
Near East and North Africa^b	55.5	70.2	59.7	43.2	44.5	56.1	57.6	68.0	55.9	62.1	96.1	1 138.9
Total^c	273.7	270.7	269.8	291.3	263.4	285.8	311.4	341.6	386.9	398.7	424.1	6 456.1

Source: Loans and Grants System.

^a Loan disbursements relate solely to Regular Programme loans and exclude the Special Programme for Sub-Saharan African Countries Affected by Drought and Desertification, and DSF grant financing.

^b This category includes Central and Eastern Europe and the Newly Independent States.

^c Any discrepancy in totals is the result of rounding.

TABLE 13
Loan disbursement by region and lending terms under the Regular Programme, 1979-2008^a
(amounts in US\$ million)

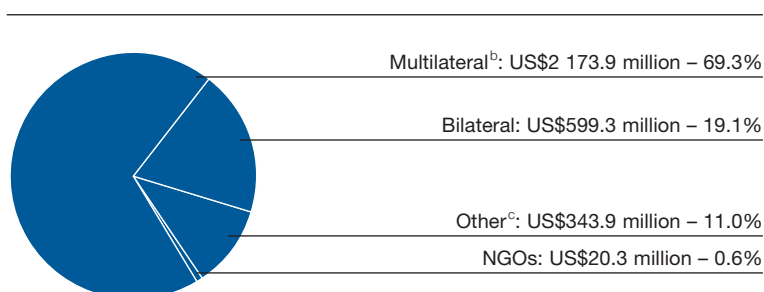
	Highly concessional	Intermediate	Ordinary	Total
Western and Central Africa				
Amount	858.8	59.3	12.4	930.4
Percentage of effective commitment	69.1%	100.0%	70.0%	70.3%
Eastern and Southern Africa				
Amount	1014.9	84.6	1.2	1 100.7
Percentage of effective commitment	69.9%	83.6%	19.3%	70.6%
Asia and the Pacific				
Amount	1878.2	352.4	-	2 232.6
Percentage of effective commitment	71.1%	89.7%	-	73.6%
Latin America and the Caribbean				
Amount	260.3	372.1	421.8	1 054.2
Percentage of effective commitment	70.9%	86.4%	61.2%	71.1%
Near East and North Africa^b				
Amount	629.4	320.3	190.4	1 140.2
Percentage of effective commitment	76.4%	75.0%	80.9%	76.7%
Total	4641.68	1188.71	625.70	6 456.1
Total percentage of effective commitment	71.0%	84.4%	66.0%	72.6%

Source: Loans and Grants System.

^a Loan disbursements relate solely to Regular Programme loans and exclude the Special Programme for Sub-Saharan African Countries Affected by Drought and Desertification, and DSF grant financing.

^b This category includes Central and Eastern Europe and the Newly Independent States.

CHART 4
Cofinancing of IFAD-initiated programmes and projects, 1978-2008^a



Source: Project and Portfolio Management System.

^a Amounts refer to cofinancing as appearing in the President's report at the time of approval.

^b Figures do not include the Indonesia National Programme for Community Empowerment in Rural Areas Project approved in 2008.

^c The "other" category includes financing under basket or similar funding arrangements, financing from private-sector resources or financing that may not have been confirmed at the time of Executive Board approval.

TABLE 14
Cofinancing of IFAD programmes and projects, 1978-2008
(amounts in US\$ million)

	1978-1987	%	1988-1997	%	1998-2007	%	2008	%	1978-2008	%
Programmes and projects initiated by cooperating institutions										
IFAD ^a	990.4	14.7	331.8	17.5	254.2	19.6	40.0	32.9	1 616.4	16.1
Cofinanced ^b	2 710.4	40.3	1 099.7	57.9	807.2	62.1	65.5	53.8	4 682.8	46.6
Domestic	3 023.6	45.0	466.4	24.6	238.2	18.3	16.2	13.3	3 744.3	37.3
Total	6 724.4	100.0	1 897.8	100.0	1 299.6	100.0	121.7	100.0	10 043.5	100.0
Number of programmes and projects	91		34		21		3		149	
Programmes and projects initiated by IFAD and cofinanced										
IFAD ^a	701.1	38.0	1 900.8	45.4	2 252.2	44.7	435.6	47.7	5 289.7	44.2
Cofinanced ^{b, c}	650.4	35.3	993.7	23.8	1 231.3	24.4	262.0	28.7	3 137.4	26.2
Domestic ^c	493.3	26.7	1 288.4	30.8	1 556.0	30.9	215.0	23.6	3 552.7	29.7
Total	1 844.8	100.0	4 182.9	100.0	5 039.4	100.0	912.6	100.0	11 979.8	100.0
Number of programmes and projects	72		164		145		20		401	
Programmes and projects initiated and exclusively financed by IFAD										
IFAD ^a	790.4	58.3	965.6	61.3	1 847.5	65.1	90.1	61.9	3 693.7	62.5
Domestic	564.7	41.7	608.7	38.7	992.0	34.9	55.4	38.1	2 220.7	37.5
Total	1 355.1	100.0	1 574.3	100.0	2 839.5	100.0	145.5	100.0	5 914.4	100.0
Number of programmes and projects	58		73		108		7		246	
All programmes and projects^d										
IFAD	2 481.9	25.0	3 198.2	41.8	4 354.0	47.4	565.7	47.9	10 599.8	37.9
Cofinanced	3 360.8	33.9	2 093.4	27.3	2 038.5	22.2	327.5	27.8	7 820.2	28.0
Domestic	4 081.6	41.1	2 363.4	30.9	2 786.2	30.4	286.6	24.3	9 517.8	34.1
Total	9 924.3	100.0	7 655.1	100.0	9 178.6	100.0	1 179.8	100.0	27 937.8	100.0
Number of programmes and projects	221		271		274		30		796	

Source: Project and Portfolio Management System.

^a Amounts as per the President's report for each programme or project presented to the Executive Board. Programme and project amounts include DSF grants and component grants for investment programmes and projects. Grants not related to programmes and projects are not included in this table. Any discrepancy in totals is the result of rounding.

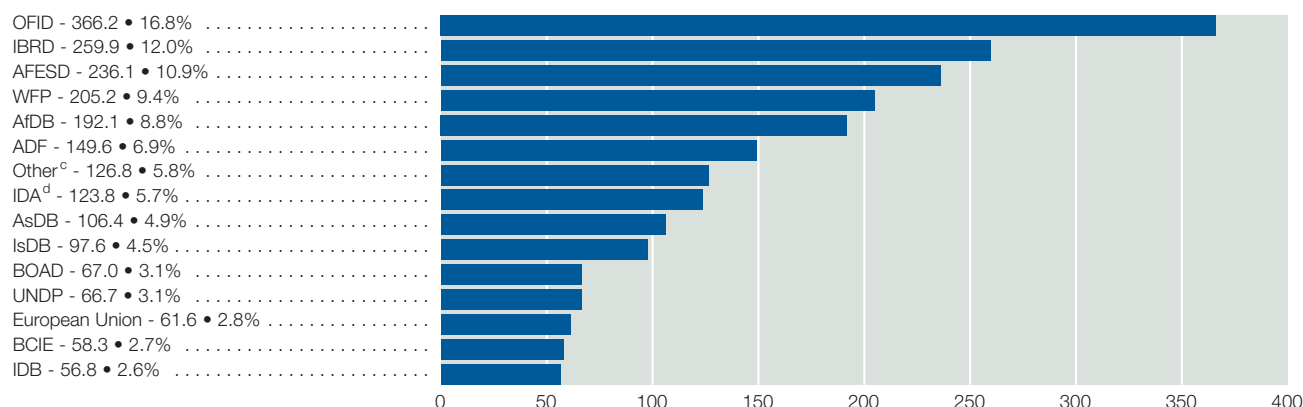
^b Includes cofinancing that may not have been confirmed at the time of Executive Board approval.

^c Figures do not include the Indonesia National Programme for Community Empowerment in Rural Areas Project approved in 2008.

^d Fully cancelled or rescinded programmes and projects are not included.

CHART 5

Cofinancing of IFAD-initiated programmes and projects by multilateral donors, 1978-2008^{a, b}
(amounts in US\$ million)



Source: Project and Portfolio Management System.

^a Amounts as per the President's report for each programme or project presented to the Executive Board. Any discrepancy in totals is the result of rounding. The amounts and percentages shown here represent the share of each multilateral in total multilateral cofinancing of US\$2 173.9 million. Multilateral participation in basket or similar funding arrangements is not included.

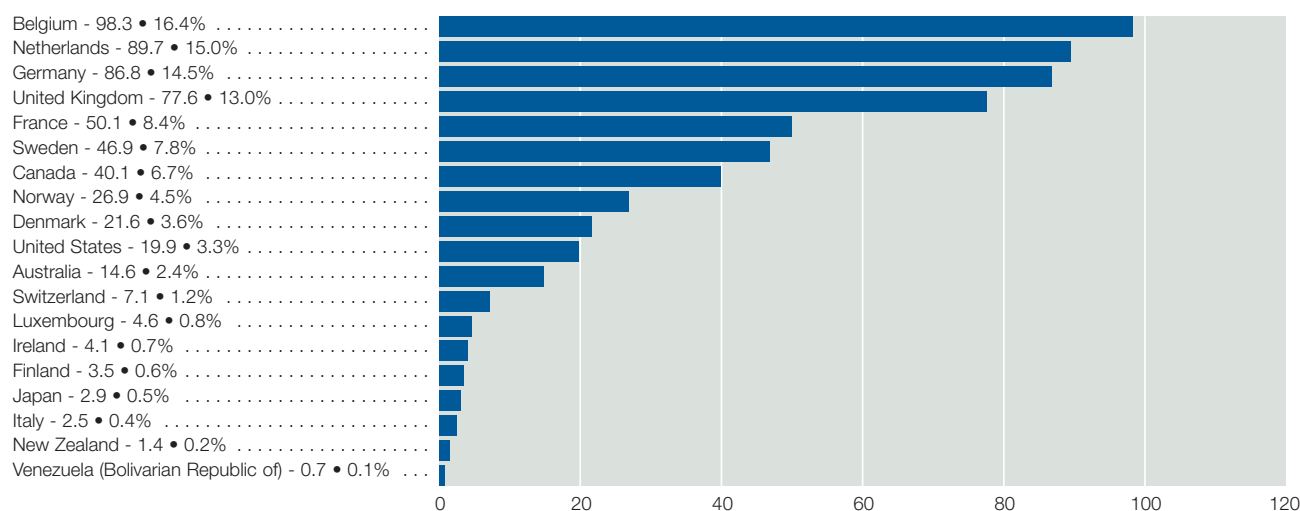
^b See list of acronyms on page 9.

^c Other cofinanciers include: Arab Authority for Agricultural Investment and Development (AAAID), Africa Fund, Arab Bank for Economic Development in Africa (BADEA), Andean Development Corporation (CAF), Caribbean Development Bank (CDB), European Commission (EC), FAO, GEF, Inter-American Institute for Cooperation on Agriculture (IICA), United Nations Capital Development Fund (UNCDF), United Nations International Drug Control Programme (UNDCP), United Nations Fund for Drug Abuse Control (UNFDAC), United Nations Population Fund (UNFPA), United Nations Children's Fund (UNICEF) and United Nations Development Fund for Women (UNIFEM).

^d Figures do not include the Indonesia National Programme for Community Empowerment in Rural Areas Project approved in 2008.

CHART 6

Cofinancing of IFAD-initiated programmes and projects by donor Member States (bilateral), 1978-2008^a
(amounts in US\$ million)



Source: Project and Portfolio Management System.

^a Amounts as per the President's report for each programme and project presented to the Executive Board. Any discrepancy in totals is the result of rounding. The amounts and percentages shown here represent the share of each bilateral in total bilateral cofinancing of US\$599.3 million. Bilateral participation in basket or similar funding arrangements is not included.

Summary of 2008 programmes, projects and grants



The Carillo family strips corn from husks to make tortillas.
Chihuahua, Mexico.
IFAD/PC Vega 2008



Number of ongoing programmes and projects by region and country at end 2008

204 programmes and projects
81 Member States and Gaza and the West Bank

Western and Central Africa

46 programmes and projects
20 countries

Eastern and Southern Africa

43 programmes and projects
15 countries

Asia and the Pacific

49 programmes and projects
14 countries

Latin America and the Caribbean

31 programmes and projects
17 countries

Near East and North Africa, Central and Eastern Europe and the Newly Independent States

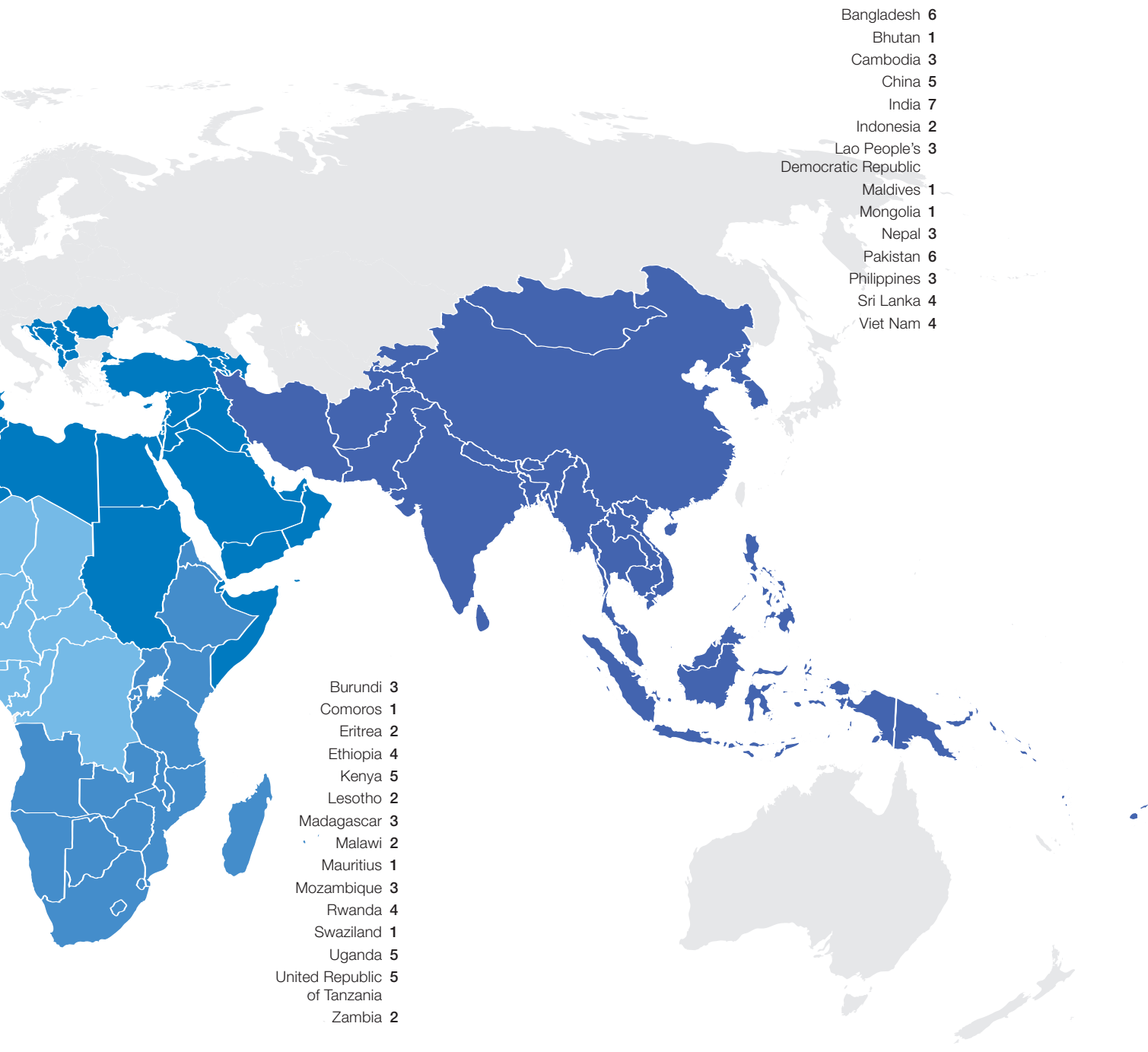
35 programmes and projects
15 countries and Gaza and the West Bank

Albania 1
Armenia 2
Azerbaijan 1
Bosnia and Herzegovina 1
Djibouti 2
Egypt 2
Gaza and the West Bank 1
Georgia 2
Jordan 1
Morocco 5
Republic of Moldova 2
Sudan (The) 4
Syrian Arab Republic 3
Tunisia 2
Turkey 2
Yemen 4

Argentina 2
Bolivia 1
Brazil 2
Colombia 1
Ecuador 1
El Salvador 2
Grenada 1
Guatemala 3
Haiti 3
Honduras 3
Mexico 3
Nicaragua 3
Panama 1
Paraguay 1
Peru 1
Uruguay 1
Venezuela 2
(Bolivarian Republic of)

Benin 2
Burkina Faso 4
Cameroon 2
Cape Verde 1
Chad 3
Congo 2
Democratic Republic of the Congo 2
Côte d'Ivoire 1
Gabon 1
Gambia (The) 2
Ghana 4
Guinea 4
Guinea-Bissau 1
Mali 3
Mauritania 3
Niger 2
Nigeria 3
Sao Tome and Principe 1
Senegal 3
Sierra Leone 2

Note: Excludes completed/closed programmes and projects and those not effective as at 31 December 2008.



Programmes and projects

Western and Central Africa

Cameroon

Rural Microfinance Development Support Project

The project will work to expand the network of microfinance institutions in the country, to improve the access of smallholder farmers to financial services. The aim is to help them increase their incomes and diversify their activities. The project will use modern technologies to make financial services available to rural clients and it will facilitate medium and long-term loans.

Loan amount: SDR 8.3 million (approximately US\$13.5 million) on highly concessional terms

Total project cost: estimated at US\$22.5 million, of which IFAD will provide a grant of SDR 130,000 (approximately US\$200,000), United Nations Development Programme (UNDP) US\$300,000, beneficiaries and microfinance institutions US\$5.9 million, and national government US\$2.6 million

Directly supervised by IFAD

Congo

Rural Development Project in the Likouala, Pool and Sangha Departments

The project targets 250 villages where farmers' current yields are very low as a result of poor-quality seed and the effects of mosaic disease on cassava. The project will help farmers' groups produce, multiply and disseminate improved disease-free cassava planting materials and seeds, and it will train farmers in improved cultivation practices. It will also finance the rehabilitation of rural roads to improve access to production areas.

Debt sustainability framework grant amount: SDR 5.2 million (approximately US\$8.6 million)

Total project cost: estimated at US\$18.7 million, of which the OPEC Fund for International Development (OFID) will provide US\$7.0 million, Road Maintenance Funds US\$800,000, beneficiaries US\$214,000, and national government US\$2.1 million

Directly supervised by IFAD

Democratic Republic of the Congo

Integrated Rural Rehabilitation Programme in Maniema Province

Following devastation in the recent war, the Maniema Province suffers from chronic food shortages, low incomes and lack of social services. An IFAD grant will work to rehabilitate agricultural production, open up access to markets and improve incomes and well-being by improving access to water and health care in the most vulnerable areas of the province.

Grant amount: SDR 15.7 million (approximately US\$23.3 million)

Total programme cost: estimated at US\$39.0 million, of which OFID will provide US\$10.2 million, and national government US\$5.5 million

Cooperating institution: United Nations Office for Project Services (UNOPS)

Ghana

Rural and Agricultural Finance Programme

The nationwide programme will strengthen outreach, sustainability and linkages of rural finance institutions, with particular attention to financing for agriculture. It will help increase the productive potential of smallholder farmers and give them greater access to technical assistance and risk management tools in agricultural value chains.

Loan amount: SDR 4.0 million (approximately US\$6.0 million) on highly concessional terms. A supplementary loan of US\$9.0 million will be sought and provided under the revised 2007-2009 performance-based allocation system (PBAS) allocation and under the next PBAS cycle 2010-12, subject to approval by the Executive Board.

Total programme cost: estimated at US\$41.8 million, of which the African Development Bank (AfDB) will provide a loan of US\$4.9 million, Italian supplementary grant funding of US\$1.5 million, the World Bank US\$7.1 million, financial institutions US\$2.3 million, beneficiaries US\$7.5 million, and national government US\$3.4 million

Directly supervised by IFAD

Niger

Agricultural and Rural Rehabilitation and Development Initiative Project – Institutional Strengthening Component (ARRDI-ISC)

To support the government's decentralization process, the project will complement existing IFAD interventions in the Maradi region. It will work to strengthen the ability of 56 rural communes in the area to run local affairs competently, helping them build capacity for planning, implementing and managing investments with the aim of improving food security and quality of life at the household level. The project will also promote sustainable land management.

Loan amount: SDR 5.4 million (approximately US\$8.0 million) on highly concessional terms

Debt sustainability framework grant amount: SDR 5.4 million (approximately US\$8.0 million)

Total project cost: estimated at US\$61.5 million, of which World Bank/International Development Association (IDA) will provide US\$30.0 million, Global Environment Facility (GEF) US\$4.72 million, beneficiaries US\$4.2 million, and national government US\$6.6 million

Directly supervised by IFAD

Senegal

Agricultural Value Chains Support Project

The project supports agricultural value chain development in the country's so-called groundnut basin, where rural poverty is on the rise. It will assist smallholders by promoting production and purchase contracting arrangements between producers' organizations and market operators and by strengthening farmers' organizations. The objectives are to increase market access and achieve more equitable distribution of profits along value chains. The project also supports sustainable use of natural resources.

Loan amount: SDR 9.1 million (approximately US\$14.9 million) on highly concessional terms

Total project cost: estimated at US\$31.6 million, of which IFAD will provide a grant of SDR 170,000 (approximately US\$270,000), OFID US\$9.0 million, beneficiaries US\$1.7 million, and national government US\$5.7 million

Directly supervised by IFAD

Eastern and Southern Africa

Madagascar

Support to Farmers' Professional Organizations and Agricultural Services Project

To boost the production of poor small-scale farmers and increase their incomes, the project will support their participation in farmers' associations and agribusiness centres that provide services to producers. The project will work to improve integration of farmers' organizations into the economy and to improve poor rural people's access to financial services.

Loan amount: SDR 11.4 million (approximately US\$18.7 million) on highly concessional terms

Total project cost: estimated at US\$56.4 million, of which IFAD will provide a grant of SDR 320,000 (approximately US\$515,000), AfDB US\$8.2 million, European Union US\$10.3 million, World Bank US\$9.3 million, beneficiaries US\$2.7 million, and national government US\$6.7 million

Directly supervised by IFAD

Republic of Mauritius

Marine and Agricultural Resources Support Programme

The programme will support the government's pro-poor reform agenda. It will help develop pro-poor policies and programmes within the framework of the Mauritius Reform Programme. It will contribute to the reform of marine resources policy and work to improve, on a sustainable basis, the livelihoods of coastal communities threatened by the over-exploitation of the marine environment. The programme will also help rural households diversify their on-farm and off-farm enterprises.

Loan amount: SDR 3.4 million (approximately US\$5.6 million) on ordinary terms

Total programme cost: estimated at US\$17.2 million, of which IFAD will provide a grant of SDR 250,000 (approximately US\$400,000), Government of Western Australia and the United Nations Development Programme/Global Environment Facility/Small Grants Programme US\$1.1 million, beneficiaries US\$930,000, and national government US\$9.2 million

Directly supervised by IFAD

Mozambique

Rural Markets Promotion Programme

The programme will work to develop the potential of the northern provinces for commercially oriented and market-focused agriculture, in order to improve the livelihoods of poor rural people in the region. It will build the capacities of farmers' organizations and small-scale traders. The programme will invest in rural infrastructure such as roads and markets, it will foster partnerships between smallholders and agribusinesses, and it will increase access to financial and market services.

Loan amount: SDR 19.1 million (approximately US\$31.1 million) on highly concessional terms

Total programme cost: estimated at US\$40.6 million, of which the Alliance for a Green Revolution in Africa will provide US\$3.5 million, beneficiaries US\$3.0 million, and national government US\$2.9 million

Directly supervised by IFAD

Rwanda

Kirehe Community-based Watershed Management Project

In the Kirehe District of south-eastern Rwanda, the project will promote market-orientated intensification of agricultural systems to help farmers overcome food insecurity and increase low incomes. Activities aim to halt land degradation and restore soil fertility. The project will support improvement of irrigation facilities and of feeder roads, to give farmers better access to markets. And it will strengthen local institutions.

Grant amount: SDR 13.0 million (approximately US\$20.4 million)

Total project cost: estimated at US\$49.3 million, of which WFP will provide US\$8.0 million, private sector partners US\$1.2 million, German Development Service (DED) US\$510,000, beneficiaries US\$3.1 million, central government US\$7.6 million, and district government US\$2.0 million

Directly supervised by IFAD

Swaziland

Rural Finance and Enterprise Development Programme

The programme will work to improve the effectiveness of financial institutions, using linkage banking to provide services in rural areas as well as aligning policy and regulatory frameworks. The aim is to provide poor rural people, including smallholders, small processors and people's organizations, with access to efficient financial services using e-technologies for delivery, and to encourage entrepreneurial activity. By stimulating the rural economy, the programme will enable poor rural people, particularly the most vulnerable and marginalized among them, to improve their incomes and living conditions.

Loan amount: SDR 4.0 million (approximately US\$6.0 million) on intermediate terms

Total programme cost: estimated at US\$9.01 million, of which the beneficiaries will contribute US\$640,000 and national government US\$2.4 million

Directly supervised by IFAD

United Republic of Tanzania

Agricultural Sector Development Programme

The programme will support smallholder development as part of the government's National Strategy for Growth and Reduction of Poverty. It will benefit poor women and men who have the potential to boost their agricultural productivity and incomes. It will also assist people who are most vulnerable to food insecurity by improving their access to agricultural knowledge, technologies, marketing systems and infrastructure.

Loan amount: SDR 37.6 million (approximately US\$56.0 million) on highly concessional terms

Total programme cost: estimated at US\$315.6 million, of which IFAD's initial contribution of US\$36.0 million and a proposed additional US\$56.0 million, development partners (World Bank, AfDB, Irish Aid, Embassy of Japan, European Union) US\$162.5 million, other cofinancing US\$9.2 million, beneficiaries US\$23.2 million, and national government US\$28.7 million

Directly supervised by IFAD

Asia and the Pacific

China

Dabieshan Area Poverty Reduction Programme

The aim of the programme is to increase the incomes of the poorest people in 720 rural villages through development of agriculture, improvement of market access and diversification of income-generating activities. The programme will provide strategic support to very poor people through village development funds that will invest in agricultural support services to give poor people better access to knowledge and to improved technology.

Loan amount: SDR 21.4 million (approximately US\$31.9 million) on intermediate terms

Total programme cost: estimated at US\$70.8 million, of which national government will provide US\$38.9 million

Directly supervised by IFAD

India

Mitigating Poverty in Western Rajasthan Project

The project will increase income-generating activities primarily in the livestock, handicraft and tourism sectors. It will empower poor people by helping them participate in community-based organizations such as self-help groups and marketing associations. It will also improve watershed management and farming practices, promote self-employment as well as wage employment opportunities, and provide access to financial services and markets.

Loan amount: SDR 18.5 million (approximately US\$30.3 million) on highly concessional terms

Total project cost: estimated at US\$62.3 million, of which IFAD will provide a grant of SDR 370,000 (approximately US\$600,000), Sir Ratan Tata Trust US\$3.3 million, commercial banks US\$4.4 million, beneficiaries US\$2.6 million, and national government US\$21.0 million

Directly supervised by IFAD

Indonesia

National Programme for Community Empowerment in Rural Areas Project

Under the national programme, in addition to providing support to all rural subdistricts in local community-driven development, IFAD will support agricultural development in Papua and West Papua, which have large indigenous and ethnic populations and the highest rates of rural poverty in the country. Communities will develop proposals for activities through a participatory planning process. Activities will include improvement of rural infrastructure, market infrastructure, water supply and irrigation systems, and access to services.

Loan amount: SDR 42.0 million (approximately US\$68.1 million) on highly concessional terms

Total project cost: estimated at US\$7.3 billion, of which IFAD will provide a grant of SDR 246,800 (approximately US\$400,000), World Bank/IDA US\$1.6 billion, beneficiaries US\$807.6 million, and national government US\$4.9 billion

Cooperating institution: World Bank

Kyrgyzstan

Agricultural Investments and Services Project

The project's objective is to improve the institutional and infrastructure environment for farmers and herders, with a major emphasis on the livestock sector. It will increase the productivity of farmers, particularly livestock farmers, and reduce animal diseases that have a public health impact, especially brucellosis. It will assist in the development of a legal and institutional framework governing pasture management and use. It will also support the development and operation of a market-oriented rural advisory service system.

Grant amount: SDR 5.6 million (approximately US\$9.0 million)

Total project cost: estimated at US\$23.4 million, of which IDA will provide US\$9.0 million, Swiss Agency for Development and Cooperation (SDC) US\$1.8 million, beneficiaries US\$3.1 million, and national government US\$490,000

Cooperating institution: IDA

Lao People's Democratic Republic

Sustainable Natural Resource Management and Productivity Enhancement Project

The IFAD grant will support the government's efforts to maximize the productivity of arable land in an area limited by topography, undeveloped water resources and limited market access. The objectives are to achieve more efficient and sustainable natural resource management and improved agricultural productivity. The project will provide capacity-building support for rural people and their organizations. Subprojects focus on agricultural productivity and commercialization, including market linkages.

Grant amount: SDR 10.1 million (approximately US\$15.0 million)

Total project cost: estimated at US\$36.8 million, of which the Asian Development Bank (AsDB) will provide US\$ 20.0 million, and national government US\$1.8 million

Cooperating institution: AsDB

Philippines

Second Cordillera Highland Agricultural Resource Management Project

This is the second phase of a successful project, and it focuses on environmentally sustainable indigenous farming systems. Joint public-private initiatives will help improve links to high-value niche markets. The expected benefits include improved incomes and enhanced watershed management and conservation, which will also lead to environmental benefits such as protection of groundwater tables and reduced land degradation.

Loan amount: SDR 16.1 million (approximately US\$26.6 million) on highly concessional terms

Total project cost: estimated at US\$66.4 million, of which IFAD will provide a grant of SDR 341,000 (approximately US\$561,000), AsDB US\$10.0 million, OFID US\$10.0 million, beneficiaries US\$5.0 million, and national government US\$14.3 million

Directly supervised by IFAD, with the possibility that in due course AsDB will assume the role of cooperating institution

Rapid Food Production Enhancement Programme

The government's 2009–2013 Rice Self-Sufficiency Plan works to restore the country's self-sufficiency in rice production and to control food prices. This programme will support two of the plan's key operations: securing a supply of good quality seed, and developing irrigation to increase and sustain production. It is an innovative, hybrid effort that packages urgent action to prevent an emergency by rapidly supplying seeds, together with action in the medium-term to rehabilitate and develop irrigation.

Loan amount: SDR 10.7 million (approximately US\$15.9 million) on intermediate terms.

Total programme cost: estimated at US\$42.2 million, of which the European Commission will provide US\$13.2 million, FAO will provide US\$500,000, other financiers US\$500,000, beneficiaries US\$390,000, local government units US\$2.0 million, and national government US\$9.8 million

Directly supervised by IFAD

Tajikistan

Khatlon Livelihoods Support Project

An IFAD grant will help increase farm profitability in the Khatlon region, one of the country's poorest areas. Farm productivity in the region is low because of land degradation, limited availability of inputs such as good quality seeds, and poor access to technologies. The grant will help farmers form village associations and it will provide them with improved technologies. It will also finance productive infrastructure schemes based on community priorities. The institutional aim is to enable the village organizations to take over many of the project's functions in the future.

Grant amount: SDR 7.9 million (approximately US\$12.3 million)

Total project cost: estimated at US\$14.9 million, of which the Mountain Societies Development Support Programme will provide US\$260,000, the beneficiaries US\$1.9 million and national government US\$515,000

Directly supervised by IFAD

Viet Nam

Pro-Poor Partnerships for Agroforestry Development Project

The project targets poor upland farmers in the three poorest districts of Bac Kan Province. Most of the farmers are members of ethnic minority groups. The province has limited agricultural land and rugged mountainous terrain, and has one of the highest incidences of poverty in the country. Greater equity in allocation of forest land, development of more sustainable hillside farming systems and diversification of income-generating opportunities are among the expected benefits.

Loan amount: SDR 14.1 million (approximately US\$21.0 million) on highly concessional terms

Total project cost: estimated at US\$25.3 million, of which GEF will provide US\$655,000, beneficiaries US\$1.3 million, and national government US\$2.4 million

Directly supervised by IFAD

Latin America and the Caribbean

Belize

Rural Finance Programme

The Rural Finance Programme takes an earlier IFAD-funded operation in Belize to a nationwide level. The programme will support poor rural people whose potential for growth is limited by lack of access to credit and other financial services. It will help participating credit unions to expand and diversify their financial services and adapt them for poor rural clients.

Loan amount: SDR 2.0 million (approximately US\$3.0 million) on ordinary terms

Total programme cost: estimated at US\$6.0 million, of which Central American Bank for Economic Integration (CABEI) will provide US\$1.9 million, credit unions US\$400,000, and national government US\$730,000

Directly supervised by IFAD

Costa Rica

National Rural and Entrepreneurial Development Programme

The programme operates in regions characterized by environmental fragility and high poverty levels. It works to improve income-generation among the poorest rural people by broadening their access to competitive markets. It will develop local enterprises, establish sustainable agribusinesses and create local technical and financial service markets and a national rural development institute.

Loan amount: SDR 5.8 million (approximately US\$9.2 million) on ordinary terms

Total programme cost: estimated at US\$17.3 million, of which CABEI will provide US\$4.3 million, beneficiaries US\$750,000, and national government US\$3.1 million

Directly supervised by IFAD

Guatemala

Sustainable Rural Development Programme for the Northern Region

The programme will focus on market access and the creation of small agricultural and off-farm businesses. It will also rehabilitate and build rural roads and social infrastructure. The programme will invest in communities that are not currently served by any development project, and in more developed zones it will consolidate business activity and market access.

Loan amount: SDR 12.1 million (approximately US\$18.0 million) on ordinary terms

Total programme cost: estimated at US\$40.4 million, of which IFAD will provide a grant of SDR 300,000 (approximately US\$450,000), OFID US\$15.0 million, beneficiaries US\$2.7 million, and national government US\$4.3 million

Directly supervised by IFAD

Panama

Participative Development and Rural Modernization Project

The project will empower poor rural people and their organizations by helping them participate actively in their development. It will assist them in overcoming persistent poverty, limited access to financial and non-financial services and markets, and exclusion based on limited citizenship rights. It will also improve income-generating potential and help small-scale producers market their products profitably.

Loan amount: SDR 2.6 million (approximately US\$4.2 million) on ordinary terms

Total project cost: estimated at US\$12.3 million, of which OFID will provide US\$1.8 million, beneficiaries US\$300,000, and national government US\$6.0 million

Directly supervised by IFAD

Bolivarian Republic of Venezuela

Orinoco Delta Warao Support Programme

The programme will work to strengthen the Warao people's community self-governance and indigenous cultural identity, and enable community members to invest in sustainable livelihoods and obtain access to basic services. It will help Warao communal councils and communities build their capacity for autonomous development and for effective long-term management of their ancestral territory.

Loan amount: SDR 8.8 million (approximately US\$13.0 million) on ordinary terms

Total programme cost: estimated at US\$18.0 million, of which beneficiaries will provide US\$400,000 and national government US\$4.6 million

Directly supervised by IFAD

Near East and North Africa, Central and Eastern Europe and the Newly Independent States

Albania

Mountain to Markets Programme

The programme will work to help poor people increase their cash incomes through farming or through opportunities for wage employment or self-employment in micro, small and medium enterprises. The programme will enhance access to financial services and support investments in small-scale, commercially justifiable rural infrastructure. It will also introduce innovative technology at both farm and enterprise level.

Loan amount: SDR 5.9 million (approximately US\$9.2 million) on intermediate terms

Total programme cost: estimated at US\$17.9 million, of which IFAD will provide a grant of SDR 260,000 (approximately US\$400,000), beneficiaries US\$5.9 million, and national government US\$2.5 million

Directly supervised by IFAD

Bosnia and Herzegovina

Rural Livelihoods Development Project

The aim of the project is to achieve sustained improvement of livelihoods in the rural communities in the Federation of Bosnia and Herzegovina and the Republika Srpska. The project will support the commercialization of smallholder production, commercial rural businesses and off-farm income-generating activities through the supply chain approach. It will work to develop stronger commercial linkages among small-scale producers, the private commercial sector and markets.

Loan amount: SDR 7.5 million (approximately US\$11.1 million) on intermediate terms

Total project cost: estimated at US\$25.6 million, of which OFID will provide US\$6.0 million, participating financial institutions US\$2.1 million, beneficiaries US\$3.9 million, and national government US\$2.5 million

Directly supervised by IFAD

Republic of Moldova

Rural Financial Services and Marketing Programme

The objective is to improve opportunities for participation and employment in income-generating activities related to development of the Moldovan horticultural value chain. The programme will support rural financial services and development of commercial infrastructure. It will build the capacity of economically active poor people by providing the knowledge and technical expertise they need to participate in national and international markets.

Loan amount: SDR 8.1 million (approximately US\$12.7 million) on highly concessional terms

Total programme cost: estimated at US\$18.9 million, of which IFAD will provide a grant of SDR 340,000 (approximately US\$530,000), financial institutions US\$1.5 million, beneficiaries US\$2.7 million, and national government US\$1.4 million

Directly supervised by IFAD

Sudan

Southern Sudan Livelihoods Development Project

The project will work to increase food security and incomes for poor households through improved agricultural productivity and marketing. It will support productive activities such as farming, herding and fishing and it will finance the rehabilitation of infrastructure such as clean water supply, rural roads and markets. Activities will enhance managerial capacity and accountability at the county level and build capacity to resolve resource-based conflicts.

Debt sustainability framework grant amount: SDR 8.6 million (approximately US\$13.5 million)

Total project cost: estimated at US\$25.9 million, of which the Embassy of the Kingdom of the Netherlands will provide a grant of US\$9.0 million, beneficiaries US\$600,000, and national government US\$2.8 million

Directly supervised by IFAD

Grants

The strategic objectives of IFAD's grant programme are to:

- promote pro-poor research on innovative approaches and technological options to enhance impact at field level
- build the pro-poor capacities of partner institutions, including community-based organizations and NGOs

Global and regional grants approved in 2008 focused on community-based validation of innovative institutional arrangements, participatory technology development, and promotion of knowledge-sharing through regional research and innovation networks. International and regional institutions for agricultural research that focus on the needs of poor rural people continue to be prominent grant recipients. In 2008, IFAD approved grants worth a total of US\$8.8 million for seven CGIAR-led programmes (see page 75).

Country-specific grants approved in 2008 mainly addressed partnership-building and policy dialogue activities, complemented by technical assistance activities, local capacity-building and innovation. Country-specific grants support and help validate good local practices for scaling up through the lending programme. They also cofinance loan project components that cover technical assistance and institutional capacity-building, among other things.

Small grants of less than US\$200,000 supported government and non-governmental and community-based organizations, enabling them to pilot innovative, pro-poor technologies and undertake institution-building and knowledge-sharing activities at the local level.

IFAD's regular grant portfolio for 2008 totalled US\$40.8 million – US\$8.0 million under the country-specific window and US\$32.7 million under the global and regional window. Grants are also subdivided into large (US\$34.5 million) and small

TABLE 15
Summary of grant financing, 2004-2008^a
(amounts in US\$ million)

	2004	%	2005	%	2006	%	2007	%	2008	%	2004-2008	%
Global/regional grants												
Amount	23.9	71.8	27.6	75.4	29.1	69.6	25.3	70.9	32.7	80.0	138.6	73.7
Number of grants	48		39		59		43		47		236	
Country-specific grants												
Stand-alone												
Amount	6.1	18.3	2.8	7.7	7.8	18.7	5	14.0	3.7	9.1	25.4	13.5
Number of grants	33		15		39		19		13		119	
Loan component												
Amount	3.3	9.9	6.2	16.9	4.9	11.7	3.9	10.9	4.3	10.5	22.6	12.0
Number of grants	6		12		11		10		10		49	
Total country-specific												
Amount	9.4	28.2	9	24.6	12.7	30.4	8.9	24.9	8.0	19.6	48.0	25.5
Number of grants	39		27		50		29		23		168	
Other DSF grants												
Amount							1.5	4.2	0.15	0.4	1.65	0.9
Number of grants							5		1		6	
Total all windows												
Amount	33.3	100.0	36.6	100.0	41.8	100.0	35.7	100.0	40.9	100.0	188.13	100.0
Number of grants	87		66		109		77		71		410	

Source: Loans and Grants System and Grants secretariat, Technical Advisory Division.

^a A new grant policy was approved in 2003. This table shows grant approvals following the approval of the new policy. Amounts related to activities financed under the Programme Development Financing Facility (PDFF) are not included in this table.

(US\$6.3 million) grant categories. A summary of the large stand-alone grants approved by the Executive Board during the year appears below. Results of the grant programmes are captured in Technical Advisory Notes (see page 37).

IFAD grants awarded to programmes and projects promoting pro-poor research

Food and Agriculture Organization of the United Nations: Development of Innovative Site-specific Integrated Animal Health Packages for the Rural Poor (US\$1.6 million). The programme will develop holistic animal health packages for management and control of animal disease constraints and risks. The objective is to improve livestock production and increase opportunities for rural development, improving food security and alleviating poverty.

Food and Agriculture Organization of the United Nations: Reducing Risks of Wheat Rusts Threatening the Livelihoods of Resource-poor Farmers through Monitoring and Early Warning (US\$1.5 million). The overall goal of the project is to reduce the risk of crop losses caused by wheat rusts that threaten the livelihoods of poor farmers in Northeast Africa and West Asia.

TABLE 16
Summary of grant financing, 1978-2003
(amounts in US\$ million)

	1978-2003	%
Projects and project component		
Amount	32.4	7.0
Number of grants	40	
Project preparation/Project Development Fund^{a, b}		
Amount	89.4	19.3
Number of grants	621	
Research		
Amount	172.5	37.3
Number of grants	216	
Training and other		
Amount	127.7	27.6
Number of grants	329	
Special Operations Facility^d		
Amount	18.1	3.9
Number of grants	185	
Environmental assessment^d		
Amount	4.2	0.9
Number of grants	52	
IFAD/NGO Extended Cooperation Programme		
Amount	18.7	4.0
Number of grants	275	
Total amount	463.0	100.0
Total number of grants	1 718	

Source: Loans and Grants System, Project and Portfolio Management System.

^a The Project Development Fund was established in 1995 to cover the costs of project formulation. Prior to 1995, part of such costs was covered under the Preparation Grant Facility.

^b These grants have been covered under the Programme Development Financing Facility (PDFF) since 2002.

International Center for Tropical Agriculture: Programme for Linking Livelihoods of Poor Smallholder Farmers to Emerging Environmentally Progressive Agro-industrial Markets (US\$1.5 million). The programme will improve the livelihoods of poor upland farmers through integrated crop and livestock systems and sustainable production and utilization of food, feed, fibre and energy crops. It will also facilitate market linkages to agro-industrial processors in Cambodia, the Lao People's Democratic Republic and Viet Nam.

International Development Research Centre: Regional Research and Dissemination Programme on Campesino Innovations (US\$1.0 million). The overall objective of this programme is to identify and expand the use of successful rural innovations that add value to the strategies and assets of rural poor people. It will encourage public policies and investments that facilitate the sustained, decentralized scaling up of these innovations.

International Food Policy Research Institute: Strategic Partnership to Develop Innovative Policies on Climate Change Mitigation and Market Access (US\$3.0 million). The programme will enable rural poor people to gain better access to new market opportunities and have the capacity to take advantage of them, with a special focus on markets for high-value agricultural products and for climate change mitigation and other environmental services.

International Network for Bamboo and Rattan: Programme for Enhanced Bamboo-based Smallholder Livelihood Opportunities – Phase II (US\$1.3 million). The programme will promote more effective pro-poor bamboo technologies for market-based sustainable rural livelihood development. It will also support the scaling up of effective technologies to benefit large numbers of smallholders and rural processors.

International Water Management Institute: Project for Improving Sustainability of Impacts of Agricultural Water Management Interventions in Challenging Contexts (US\$1.2 million). The project will contribute to enhancing the livelihoods of poor rural farming communities in challenging contexts, through improved knowledge about agricultural water management.

World Agroforestry Centre: Programme for Promoting Rural Innovation through Participatory Tree Domestication in West and Central Africa (US\$1.2 million). The programme will increase rural household income and make a measurable impact on farmers' livelihoods by promoting tree domestication in West and Central Africa.

World Agroforestry Centre: Programme on Rewards for, Use of and Shared Investment in Pro-poor Environmental Services – Phase II (US\$1.5 million). The overall goal of the programme is to ensure that rewards from the provision of environmental services flow to poor people in several Asian countries.

IFAD grants awarded to programmes and projects promoting the capacities of partner institutions

African Rural and Agricultural Credit Association: Rural Finance Knowledge Management Partnership – Phase II (US\$1.3 million). The partnership will improve the standard of living of rural poor people in the Eastern and Southern Africa region by increasing their access to appropriate and sustainable financial services.

Commission on Family Farming of the Common Market of the South (MERCOSUR): Institutional Consolidation of the Commission on Family Farming of the Common Market of the South (US\$1.1 million). The programme will continue work to assist the process of policy formulation and address the needs and aspirations of small-scale farmers in the MERCOSUR area.

Food and Agriculture Organization of the United Nations: Regional Capacity-building and Knowledge Management for Gender Equality (US\$1.5 million). The programme will contribute to rural poverty reduction through improved gender equality and the empowerment of women.

Food and Agriculture Organization of the United Nations and the Self Employed Women's Association: Medium-term Cooperation Programme with Farmers' Organizations in Asia and the Pacific Region (US\$1.4 million). The programme will improve the livelihoods of poor rural producers by enabling small farmers' organizations to have a voice in the policies that affect their members.

Foundation of the Peoples of the South Pacific International: Mainstreaming of Rural Development Innovations Programme in the Pacific – Phase II (US\$1.5 million). The programme will improve the livelihoods of vulnerable communities living in remote areas of Pacific Island countries, especially young people and women.

Global Mechanism of the United Nations Convention to Combat Desertification: Programme for Designing Integrated Financing Strategies for UNCCD Implementation in Selected Countries of Asia and the Pacific, and Latin America and the Caribbean – Phase I (US\$1.3 million). The goal of the programme is to develop comprehensive investment frameworks in recipient countries that will increase financing for adaptation to climate change and sustainable land management.

Indian Ocean Commission: Regional Initiative for Smallholder Agriculture Adaptation to Climate Change in the Indian Ocean Islands (US\$ 750,000). The goal of the programme is to support the adaptation of smallholder agriculture systems to climate change in the islands in the Indian Ocean, in order to increase rural families' incomes and improve their livelihoods.

International Federation of Agricultural Producers: Empowering Smallholder Farmers in Markets (US\$1 million). The main objective of this farmer-driven research and policy development programme is to strengthen the capacity of farmers' organizations to contribute to policy and institutional initiatives in order to enhance smallholder farmers' participation in agricultural markets.

International Land Coalition: Putting a Pro-poor Agenda into Practice – Implementing the International Land Coalition Strategic Framework at the Regional and Global Level (US\$1.2 million). This programme will strengthen the institutional capacities of members and partners of the International Land Coalition so that they become more effective in empowering communities of resource-poor and landless households to gain and maintain secure access to land. It will also support processes to foster the establishment of pro-poor land policies at national levels.

PhytoTrade Africa: Support to PhytoTrade Africa 2009-2010 - The Southern African Natural Products Trade Association (US\$ 1.2 million). The programme will enable poor rural communities in Southern Africa to generate supplementary incomes through the sustainable exploitation of natural products.

Traidcraft Exchange: Local Market Services Development Project (US\$1.0 million). The project will test an approach for enhancing small producers' access to markets that will enable them to increase their incomes and capture a greater share of consumer prices.

The Uganda Women's Effort to Save Orphans: Institutional Capacity Strengthening, Resource Mobilization and Rural Financial Services Expansion (US\$680,000). The overall goal is to build the organization into a strong, child-focused NGO that can provide social protection to its members, through a holistic package of interventions at the household level.

United Nations Economic Commission for Africa: Support for the Formulation and Implementation of Pan-African Land Policy Guidelines (US\$750,000). The programme will contribute to rural poverty reduction by strengthening political and financial support for pro-poor land policy formulation and implementation in Africa.

West Africa Rural Foundation: FIDAFRIQUE-IFADAFRICA Network – Programme for Promoting Knowledge-sharing and Innovation for Rural Poverty Reduction in sub-Saharan Africa (US\$2.0 million). The programme will connect people, organizations and networks for learning, sharing experiences and innovations in rural poverty reduction.

Financial and institutional aspects



A farmer inspects an experimental plot for groundnut and millet, crops that require little water and grow in sandy soil. El Gueza, Niger.

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IFAD's new headquarters

In June 2008 IFAD moved to its new headquarters building. The move was a milestone in IFAD's 30 years of operations, marked on 1 June when the United Nations Secretary-General Ban Ki-moon raised the United Nations flag at the new headquarters in a ceremony with all IFAD staff. The new headquarters bring all staff together under one roof and provide IFAD with more, higher quality space to increase efficiency, productivity and job satisfaction. With a new 3,000 square metre state-of-the-art conference area, IFAD is now able to hold nearly all its meetings on the premises.

The new headquarters were fully renovated and designed to be environmentally friendly and climate neutral. Modern construction practices and materials that respect the environment were used in the renovation as far as possible. Particular attention was paid to protecting the outdoor environment by reducing green house gas emissions from the lighting, air-conditioning and fire suppression systems.

The renovation works were possible thanks to the commitment and generosity of the Government of Italy. Several other Member States also contributed to making the new headquarters an expression of the rich cultural diversity of IFAD Members by sponsoring meeting rooms and common areas. These countries were Algeria, Bangladesh, Belgium, China, the Community of Portuguese Language Countries, Germany, Ghana, Greece, Kuwait, Madagascar, Pakistan, Qatar, Saudi Arabia and Sweden through IKEA.

IFAD's anticorruption policy

In 2008, IFAD received 17 allegations of alleged fraud and corruption in its programmes and projects, five of which were still under investigation at the end of the year. Allegations of corruption referred to bidding irregularities, collusion, extortion and misappropriation of funds. The limited number of allegations does not necessarily reflect that IFAD programmes and projects are less susceptible to corrupt activity than those of other international financial institutions.

IFAD worked to improve coordination with the oversight bodies of the World Bank, the African Development Bank, the InterAmerican Development Bank and the Asian Development Bank to ensure consistency of approach and best practice. IFAD's efforts included formal representation for the first time at the annual meeting of the multilateral development banks' oversight bodies, and more informal exchanges of information.

As part of its work to fight corruption, IFAD continues to look for opportunities to increase the reporting of fraudulent or corrupt activities. During the year, IFAD worked to promote the anticorruption agenda in the field, primarily in relation to the implementation of projects. Specific countermeasures were introduced or initiated to deter corruption and increase detection.

During the year, IFAD continued to integrate the zero-tolerance stance towards corruption into the contractual and procedural guidance given to all staff and to IFAD-supported programmes and projects. To support the move to direct supervision (see page 86), IFAD increased training on fraud and corruption for country programme managers. Also for the first time, staff responsible for investigating allegations joined supervision missions to review governance mechanisms in projects. And IFAD began developing innovative initiatives to increase the role of civil society in monitoring corruption in

projects. The initiatives include direct surveys of project beneficiaries and suppliers to establish the presence of corruption and its impact on development effectiveness. A pilot survey is planned for the first half of 2009. In the design of projects considered higher risk, stronger anticorruption measures will be introduced in 2009.

Managing IFAD's liquidity, cash flow and financial policies

The Treasury Division is responsible for IFAD's overall asset and liability management, investment management and cash-flow operations. This comprises longer-term resource projections, investment and liquidity policy formulation, and financial risk management. The division manages US\$2.5 billion, all of which is fully committed to IFAD's loans and grants.

In response to the turmoil that affected financial markets during 2008, the Treasury Division significantly enhanced its risk management activities and closely monitored the unfolding credit crisis through analyses and forecasts of potential outcomes affecting its investment portfolio. To protect IFAD's investments on all fronts, the Treasury Division challenged the market views and strategies of its external portfolio managers and sought out expert opinions from its financial advisor, the World Bank, and other sister agencies' treasury teams. As a result, IFAD continued to manage its investment portfolio with a prudent and conservative investment strategy and the portfolio recorded a positive performance in line with its target rate of return, despite the extreme volatility hitting financial markets globally.

Throughout the year, the division was heavily involved in the Consultation on the Eighth Replenishment of IFAD's Resources (see page 50). The Treasury Division used the asset liability management framework set up in 2004 to present different financial scenarios to the Consultation. It also acted as a focal point to organize and deliver the special technical session on financial issues that was held in October. As a result of the Consultation, IFAD committed to continue making financial management and fiduciary and transparency issues a priority during the Eighth Replenishment period 2010-2012.

During 2008, in cooperation with FAO and WFP, the Treasury Division initiated a joint tender for global custodian services. The global custodian provides fund management assistance and safekeeping services for securities. The division also successfully reorganized payment processes and implemented a new payroll disbursement system. This increased efficiency, improved system integration and cut costs. IFAD cash flows now move to and from two pillar banks instead of the previous eight.

New interfaces and fund transfer methods eliminated manual processing and significantly reduced transaction costs and processing times. Re-integration of the Loans and Grants System with the PeopleSoft ERP is on track, with project implementation scheduled to begin in 2009.

Treasury continued to act as focal point for the United Nations initiative to harmonize financial administrative functions and operations. In parallel with the ongoing collaboration among Rome-based United Nations agencies in the financial areas, IFAD has taken on a new leadership role in the United Nations Finance and Budget Network Working Group on launching Common Treasury Services across the entire United Nations System.

Organization and staff

At the end of the year, IFAD had 466 staff members, including the staff of the independent Office of Evaluation. There were 233 Professional and higher-category staff, excluding the President and Vice-President, and 233 General Service staff. In the Professional and higher categories, staff members were nationals of 57 Member States, reflecting IFAD's adherence to the principle of equitable geographical distribution. Women made up 44 per cent of staff in the Professional and higher categories. As in previous years, IFAD hired consultants for specific tasks and other temporary staff to meet operational needs during peak periods and conferences.

Under the Associate Professional Officer/Special Programme Officer Programmes, the organization benefited from the services of 18 professionals from nine donor countries: Belgium, Denmark, Finland, France, Germany, Italy, Norway, the Republic of Korea and Sweden. In the Internship Programme, IFAD had accepted 30 professionals from 16 countries: Belgium, Bolivia, Canada, Greece, Guinea, India, Iran, Italy, Kenya, Madagascar, Malta, Pakistan, Senegal, Sweden, the United Kingdom and the United States of America. Under its Enhanced Associate Professional Officer Programme, IFAD recruited two people in 2008, one from India and one from Mauritius.

During 2008, the organization continued to mainstream innovative human resource solutions identified by IFAD's Action Plan for Improving its Development Effectiveness (see page 44). IFAD put particular emphasis on improving human resource management and aligning human resources with corporate priorities. During the Eighth Replenishment Consultation (see page 50) IFAD committed to continuing to prioritize human resources reform during the period 2010-2012. In 2008, the organization also worked to increase opportunities for cooperation and partnership in learning and development activities with sister agencies in Rome.

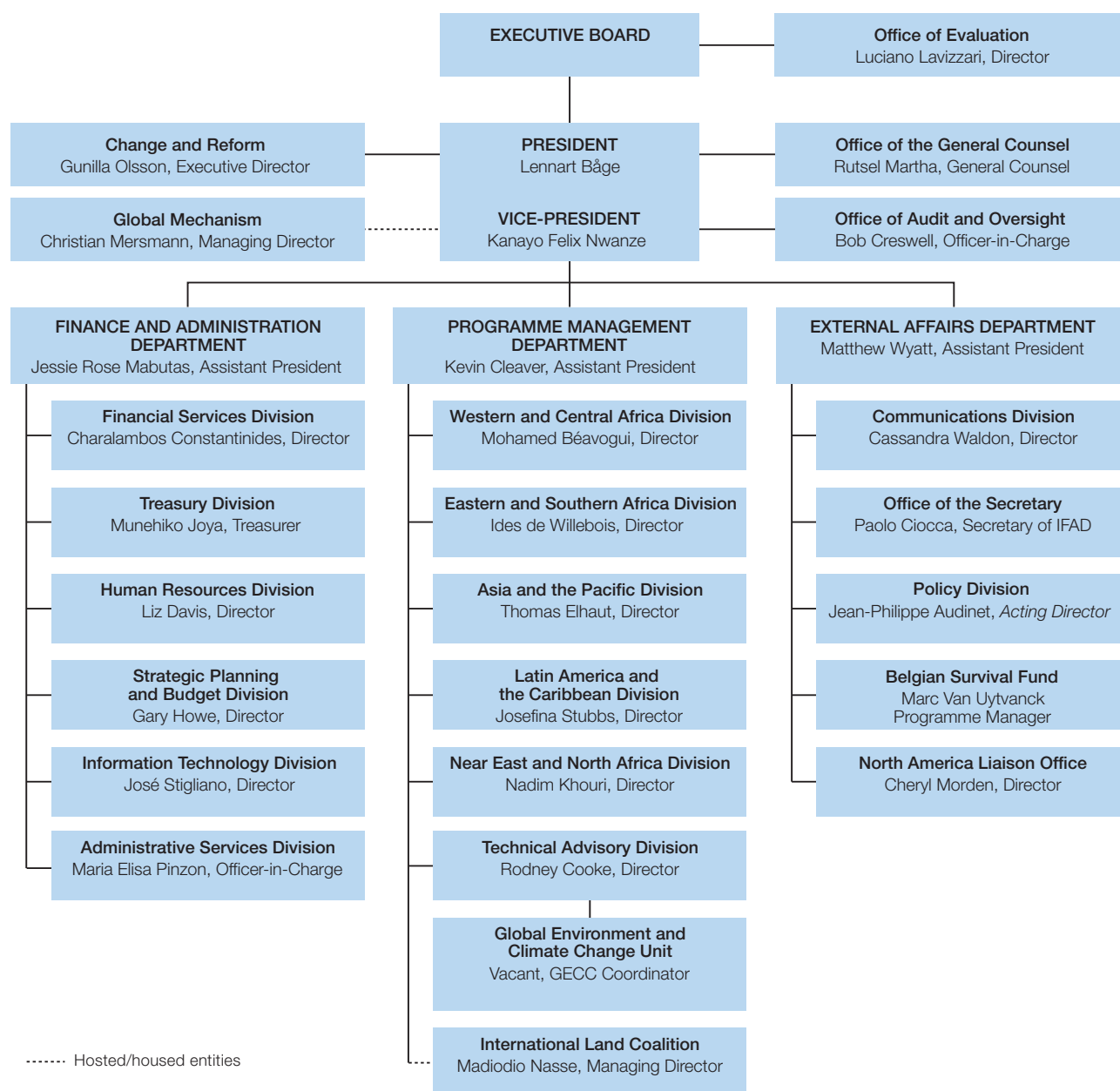
In 2008, the budget for staff training was tripled. IFAD also strengthened the Management Development Programme to support the delivery of the Human Resources Reform agenda. The organization invested in workshops and courses, with the support of external training providers, focused on building skills in: management, leadership, performance management, coaching, conflict management, negotiation, communication, writing skills, women's leadership, project supervision, implementation support, partnering, targeted selection interviewing and gender training. Staff also attended training in field security and languages.

The Human Resources Management Committee established in 2007 continued its work in 2008. It approved policies and amendments to the Human Resources Procedures Manual and corporate staff plans, and it monitored key human resource indicators.

IFAD continued to build capacity in the Human Resources Division and it reorganized the human resource functions to strengthen client-service delivery. A senior team of professional staff was appointed to better respond to the demands of the Human Resources Reform agenda. The Learning and Development unit was strengthened to address new training requirements in a reformed organization, with particular focus on organizational change. The unit organized key learning events on managerial skills, which took place in Rome. This centralization of activities made it possible to involve a much larger number of IFAD staff than in previous years in learning and development activities and increased the return from funds spent on training.

Organizational chart

as of 31 December 2008



As in previous years, a field immersion trip was organized. This year 14 participants spent one week in Azerbaijan with local communities, and visited IFAD-supported projects. For the first time the initiative was fully mainstreamed into the activities of the Human Resources Division.

In July, IFAD piloted a two-year SpringBoard Programme, which aims at raising high-performing staff's awareness of leadership issues and modern approaches to dealing with them. IFAD selected 16 high performing professional staff for the programme. Participation will not guarantee promotion, but will enable IFAD to build a healthy talent pipeline.

During the year IFAD reviewed its performance management system. This aims to provide motivation and job satisfaction through an increased focus on constructive dialogue between supervisors and managers and staff who work together. The 360-degree performance review process for senior managers and directors introduced in 2007 was broadened to include supervisors and senior General Service staff members.

The Enterprise eperformance module of PeopleSoft was introduced in the Finance and Administration Department in 2008 to streamline the process of employee performance management and reduce paperwork and transactions. Based on the results of this pilot module, it will be extended to the other departments.

In recruitment and talent management, IFAD continued to use a structured approach to selecting candidates. To assess applicants and predict performance, the organization used a range of methods, including presentations, management in-tray exercises, work samples and written tests.

Membership and representation

As of 31 December 2008, IFAD had a total membership of 165 countries – 22 in List A, 12 in List B and 131 in List C, of which 49 in Sub-List C1, 50 in Sub-List C2 and 32 in Sub-List C3.

LIST A	LIST B	LIST C		
		<i>Sub-List C1 Africa</i>	<i>Sub-List C2 Europe, Asia and the Pacific</i>	<i>Sub-List C3 Latin America and the Caribbean</i>
Austria	Algeria	Angola	Afghanistan	Antigua and Barbuda
Belgium	Gabon	Benin	Albania	Argentina
Canada	Indonesia	Botswana	Armenia	Bahamas (The)
Denmark	Iran (Islamic Republic of)	Burkina Faso	Azerbaijan	Barbados
Finland	Iraq	Burundi	Bangladesh	Belize
France	Kuwait	Cameroon	Bhutan	Bolivia
Germany	Libyan Arab Jamahiriya	Cape Verde	Bosnia and Herzegovina	Brazil
Greece	Nigeria	Central African Republic	Cambodia	Chile
Iceland	Qatar	Chad	China	Colombia
Ireland	Saudi Arabia	Comoros	Cook Islands	Costa Rica
Italy	United Arab Emirates	Congo	Croatia	Cuba
Japan	Venezuela (Bolivarian Republic of)	Côte d'Ivoire	Cyprus	Dominica
Luxembourg		Democratic Republic of the Congo	Democratic People's Republic of Korea	Dominican Republic
Netherlands		Djibouti	Fiji	Ecuador
New Zealand		Egypt	Georgia	El Salvador
Norway		Equatorial Guinea	India	Grenada
Portugal		Eritrea	Israel	Guatemala
Spain		Ethiopia	Jordan	Guyana
Sweden		Gambia (The)	Kazakhstan	Haiti
Switzerland		Ghana	Kiribati	Honduras
United Kingdom		Guinea	Kyrgyzstan	Jamaica
United States		Guinea-Bissau	Lao People's Democratic Republic	Mexico
		Kenya	Lebanon	Nicaragua
		Lesotho	Malaysia	Panama
		Liberia	Maldives	Paraguay
		Madagascar	Malta	Peru
		Malawi	Mongolia	Saint Kitts and Nevis
		Mali	Myanmar	Saint Lucia
		Mauritania	Nepal	Saint Vincent and the Grenadines
		Mauritius	Niue	Suriname
		Morocco	Oman	Trinidad and Tobago
		Mozambique	Pakistan	Uruguay
		Namibia	Papua New Guinea	
		Niger	Philippines	
		Rwanda	Republic of Korea	
		Sao Tome and Principe	Republic of Moldova	
		Senegal	Romania	
		Seychelles	Samoa	
		Sierra Leone	Solomon Islands	
		Somalia	Sri Lanka	
		South Africa	Syrian Arab Republic	
		Sudan	Tajikistan	
		Swaziland	Thailand	
		Togo	The former Yugoslav Republic of Macedonia	
		Tunisia	Timor-Leste	
		Uganda	Tonga	
		United Republic of Tanzania	Turkey	
		Zambia	Viet Nam	
		Zimbabwe	Yemen	
			Yugoslavia ⁵	

5/ Membership in IFAD governing bodies suspended by the Executive Board on 4 December 1992.

List of Governors and Alternate Governors of IFAD Member States

as of 31 December 2008^{6, 7}

Member	Governor	Alternate
AFGHANISTAN	Musa M. Maroofi	Abdul Razak Ayazi
ALBANIA	Jemin Gjana	Llesh Kola
ALGERIA	Saïd Barkat (January 2008 – July 2008) Rachid Benaïssa (July 2008 –)	Rachid Marif
ANGOLA	Afonso Pedro Canga	–
ANTIGUA AND BARBUDA	Leon Errol Cort	–
ARGENTINA	Victorio María José Taccetti (January 2008 – April 2008) María del Carmen Squeff (April 2008 –)	María del Carmen Squeff (January 2008 – April 2008)
ARMENIA	Davit Lokyan (January 2008 – July 2008) Aramayis Grigoryan (July 2008 –)	Zohrab V. Malek
AUSTRIA	Kurt Bayer (January 2008 – June 2008) Edith Frauwallner (June 2008 –)	Klaus Oehler
AZERBAIJAN	Emil Zulfugar Oglu Karimov	–
BAHAMAS (THE)	Theodore Brent Symonette (March 2008 – December 2008) Lawrence S. Cartwright (December 2008 –)	Paul Farquharson (December 2008 –)
BANGLADESH	AB Mirza Azizul Islam	Abdul Aziz
BARBADOS	Erskine R. Griffith (January 2008 – February 2008) Haynesley L. Benn (February 2008 –)	–
BELGIUM	Jan de Bock	–
BELIZE	Vildo Marin (January 2008 – February 2008) Rene Montero (February 2008 –)	–
BENIN	Roger Dovonou	Edgar-Yves Monnou (January 2008 – January 2008) Arlette Dagnon-Vignikin (January 2008 –)
BHUTAN	– Pema Gyamtsho (April 2008 –)	Sonam Tobden Rabgye
BOLIVIA	Esteban Elmer Catarina Mamani	–
BOSNIA AND HERZEGOVINA	Midhat Haračić	Tamara Dogo Kovačević
BOTSWANA	Oliphant Mfa (January 2008 – April 2008) Shaw Kgathi (April 2008 –)	Mathias Chakalisa (January 2008 – April 2008) L.P. Gakale (April 2008 –)
BRAZIL	Paulo Bernardo Silva	Alexandre Meira da Rosa
BURKINA FASO	Jean-Baptiste Marie Pascal Compaoré (January 2008 – September 2008) Lucien Marie Noël Bembamba (September 2008 –)	Léné Sebgo

6/ At its Thirty-First Session, on 13 and 14 February 2008 The Honourable Sayyadi Abba Ruma (Nigeria) served as chairperson of the Governing Council. Mr Jörg Frieden (Switzerland) and Her Excellency Geoconda Galán Castelo (Ecuador) served as vice chairpersons.

7/ Dates in parentheses indicate when a Governor is appointed and when he or she steps down. Where no date is given this indicates that the Governor was appointed before January 2007 and/or will continue to serve after December 2007.

Member	Governor	Alternate
BURUNDI	Ferdinand Nderagakura (January 2008 – February 2008) Clotilde Nizigama (February 2008 –)	Cyprien Ndayegamiye (January 2008 – February 2008) Ferdinand Nderagakura (February 2008 –)
CAMBODIA	Chan Sarun	–
CAMEROON	Abdoulaye Aboubakary (January 2008 – December 2008) Jean Nkueté (December 2008 –)	Michael Tabong Kima
CANADA	Diane Jacovella	Roger Ehrhardt (January 2008 – January 2008) Claude Lemieux (January 2008 – December 2008)
CAPE VERDE	José Eduardo Barbosa	Maria Goretti Santos Lima
CENTRAL AFRICAN REPUBLIC	Charles Massi (January 2008 – March 2008) Jean Eudes Teya (March 2008 –)	Ernest Gothard-Bassebe (January 2008 – May 2008) David Banzokou (May 2008 –)
CHAD	Haroun Kabadi (January 2008 – May 2008) Naimbaye Lossimian (May 2008 –)	Hassanty Oumar Chaïb
CHILE	Gabriel Valdés Subercaseaux (January 2008 – March 2008) – Cristián Barros Melet (December 2008 –)	Konrad Paulsen Rivas
CHINA	Li Yong	Yang Shaolin
COLOMBIA	Sabas Pretelt de la Vega	Francisco José Coy Granados
COMOROS	Siti Kassim (January 2008 – August 2008) Anissi Chamsidine (August 2008 –)	Mohamed Ali Soilihi
CONGO	Rigobert Maboundou	Mamadou Kamara Dekamo
COOK ISLANDS	Wilkie Rasmussen	–
COSTA RICA	Luis París Chaverri	Yolanda Gago de Sinigaglia
CÔTE D'IVOIRE	Richard Gbaka Zady (January 2008 – March 2008) Amadou Gon Coulibaly (March 2008 –)	–
CROATIA	Tomislav Vidosević	Ivo Resić
CUBA	Martha Lomas Morales	Enrique Moret Echeverría
CYPRUS	George F. Poulides	Gabriel Odysseos (January 2008 – August 2008) Christina Pitta (September 2008 –)
DEMOCRATIC PEOPLE'S REPUBLIC OF KOREA	Kim Yong Suk	–
DEMOCRATIC REPUBLIC OF THE CONGO	François Mobuto Nzanga Ngbangawe (January 2008 – December 2008) Norbert Basengezi Katitima (December 2008 –)	–
DENMARK	Ole E. Moesby (January 2008 – May 2008) – (May 2008 – October 2008) Susan A. Ulbæk (October 2008 –)	Susanne Rumohr Hækkerup
DJIBOUTI	Abdoulkader Kamil Mohamed	Mohamed Moussa Chehem
DOMINICA	Matthew Walter	–
DOMINICAN REPUBLIC	Mario Arvelo Caamaño	–
ECUADOR	Geoconda Galán Castelo	Mónica Martínez Mendiño
EGYPT	Amin Ahmed Mohamed Othman Abaza	Ashraf Rashed

Member	Governor	Alternate
EL SALVADOR	José Roberto Andino Salazar	María Eulalia Jiménez Zepeda
EQUATORIAL GUINEA	Teodoro Nguema Obiang Mangue	–
ERITREA	Arefaine Berhe	Zemedede Tekle Woldetatos
ETHIOPIA	Adissu Legesse (January 2008 – December 2008) Tefera Deribew (December 2008 –)	Grum Abay Teshome
FIJI	Seremaia Tuinaugusori Cavuitati	–
FINLAND	Anneli Vuorinen (January 2008 – October 2008) Marjatta Rasi (October 2008 –)	Pekka Hukka
FRANCE	Ambroise Fayolle (January 2008 – January 2008) Benoît Cœuré (January 2008 – February 2008)	–
GABON	Faustin Boukoubi (January 2008 – October 2008) Paul Biyoghé Mba (October 2008 –)	Yolande Mbeng
GAMBIA (THE)	Kanji Sanneh (January 2008 – July 2008) The Secretary of State for Agriculture (July 2008 – November 2008) Yankouba Touray (November 2008 –)	Amie Nyan-Alaboson
GEORGIA	Petre Tsiskarishvili (January 2008 – June 2008) Bakur Kvezereli (June 2008 –)	Zaal Gogsadze (January 2008 – August 2008) Natia Sulava (August 2008 – October 2008) Konstantin Gabashvili (October 2008 –)
GERMANY	Adolf Kloeke-Lesch	–
GHANA	Anna Nyamekye (January 2008 – December 2008) Ernest Akobuor Debrah (December 2008 –)	Charles Agyei-Amoama
GREECE	Charalambos Rocanas	Emmanuel Manoussakis
GRENADA	Joseph S. Charter (January 2008 – December 2008) Ruth Elizabeth Rouse (December 2008 –)	–
GUATEMALA	Francisco Bonifaz Rodríguez	Ileana Rivera de Angotti
GUINEA	Mahmoud Camara	Ibrahima Cherif Bah (January 2008 – March 2008) Elhadj Thierno M. Cellou Diallo (March 2008 –)
GUINEA-BISSAU	Daniel Suleimane Embaló (January 2008 – October 2008) Sola Nkilin Na Bitcha (October 2008 –)	–
GUYANA	Robert Montgomery Persaud	Dindyal Permaul
HAITI	Jonas Gué	Franck Hyppolite (January 2008 – November 2008) –
HONDURAS	Héctor Hernández Amador	Nehemías Martínez
ICELAND	Jón Erlingur Jónasson	Hermann Örn Ingólfsson
INDIA	Palaniappan Chidambaram (January 2008 – December 2008) Manmohan Singh (December 2008 –)	Sindhushree Khullar (January 2008 – December 2008) L.M. Vas (December 2008 –)
INDONESIA	Mulia Panusunan Nasution	Susanto Sutoyo (January 2008 – October 2008) Yuwono Agus Putranto (October 2008 –)

Member	Governor	Alternate
IRAN (ISLAMIC REPUBLIC OF)	Eshagh Al Habib	–
IRAQ	Hoshyar Mahmoud al-Zebari	–
IRELAND	Sean O’Huiginn	Padraic Dempsey
ISRAEL	Gila Livnat Rosiner	–
ITALY	Pier Paolo Cento (January 2008 – June 2008) – Nicola Cosentino (August 2008 –)	–
JAMAICA	Gail Marie Mathurin	–
JAPAN	Yuji Nakamura (January 2008 – October 2008) Shinsuke Shimizu (October 2008 – October 2008) Hiroyasu Ando (October 2008 –)	Tatsuo Yamasaki (January 2008 – September 2008) Daikichi Monma (September 2008 –)
JORDAN	Suhair al-Ali	–
KAZAKHSTAN	Akhmetzhan Smagulovich Yessimov (January 2008 – July 2008) Akylbek Kurishbayev (July 2008 –)	–
KENYA	Kipruto Rono Arap Kirwa (January 2008 – February 2008) Romano M. Kiome (February 2008 – July 2008) William Samoei Ruto (July 2008 –)	– Ann Belinda Nyikuli (February 2008 –)
KIRIBATI	Tetabo Nakara	Tebwe letaake
KUWAIT	Mustafa Jasem al-Shamali	Abdulwahab Ahmed Al-Bader
KYRGYZSTAN	Ednan Oskonovich Karabaev (January 2008 – October 2008) Arstanbek Nogoiev (October 2008 –)	– Melis Mambetjanov (October 2008 –)
LAO PEOPLE’S DEMOCRATIC REPUBLIC	Somdy Douangdy	Phouphet Khamphounvong (January 2008 – March 2008) –
LEBANON	Ghattas Akl (January 2008 – August 2008) Samir Shami (August 2008 –)	Rania Khalil Zarzour (January 2008 – August 2008) Roula Al Achi (August 2008 – October 2008) –
LESOTHO	Lesole Mokoma	Mathoriso Molumeli
LIBERIA	J. Christopher Toe	John B. Samuels
LIBYAN ARAB JAMAHIRIYA	Abu Baker Al-Mabrouk Al-Mansouri	Fatih Alseddek Beram
LUXEMBOURG	Jean-Louis Schiltz	Arsène Jacoby
MADAGASCAR	Ratolojanahary Marius De Sales Hygin (January 2008 – May 2008) Armand Panja Ramanoelina (May 2008 –)	Sambihiviny Findrama-Elson (January 2008 – September 2008) Jean-Pierre Razafy-Andriamihaingo (September 2008 –)
MALAWI	Bintony Kutsaira (January 2008 – April 2008) Frank Mwenifumbo (April 2008 –)	Patrick Kabambe
MALAYSIA	Wan Abdul Aziz bin Wan Abdullah	– Mohammad Azhar bin Mazlan (March 2008 – November 2008) –
MALDIVES	Hussain Hilmy (January 2008 – November 2008) Ibrahim Didi (November 2008 –)	Rilwan Shareef (January 2008 – November 2008) Ahmed As’ad (November 2008 –)
MALI	Tiémoko Sangaré	Mohammed Al Moustapha Cissé (January 2008 – September 2008) Gaoussou Drabo (September 2008 –)

Member	Governor	Alternate
MALTA	Walter Balzan	Ritienne Bonavia
MAURITANIA	Abderrahmane Ould Hamma Vezaz (January 2008 – July 2008) Sidi Ould Tah (July 2008 –)	Mariem Mint Mohamed Ahmedou (January 2008 – January 2008) Aly Ould Haiba (January 2008 –)
MAURITIUS	Arvin Boolell (January 2008 – September 2008) Satya Veyash Faugoo (September 2008 –)	Krishnawtee Beegun (January 2008 – September 2008) –
MEXICO	Jorge Eduardo Chen Charpentier	– Diego Alonso Simancas Gutierrez (July 2008 –)
MONGOLIA	Dendev Terbichdagva (January 2008 – January 2008) Tserendorj Gankhuyag (January 2008 – November 2008) Tunjin Badamjunai (November 2008 –)	Tserendorj Gankhuyag (January 2008 – January 2008) Navaansamdan Ganbyamba (February 2008 –)
MOROCCO	Moha Marghi	Ali Lamrani
MOZAMBIQUE	Aiuba Cuereneia	Ernesto Gouveia Gove
MYANMAR	Htay Oo	–
NAMIBIA	Michael Mutonga (January 2008 – February 2008) Panduleni Kaino Shingenge (February 2008 – November 2008) John Mutorwa (November 2008 –)	Desmond R. Tshikesho
NEPAL	Ganesh Kumar K.C. (January 2008 – February 2008) Tek Bahadur Thapa (February 2008 – March 2008) Nagendra Prasad Chaudhary (March 2008 – September 2008) Jaya Prakash Prasad Gupta (September 2008 –)	– Tek Bahadur Thapa (December 2008 –)
NETHERLANDS	Albert Gerard Koenders	A. M. Agnes van Ardenne- van der Hoeven
NEW ZEALAND	Douglas Frederick Lawrence Markes	Tiffany Jane Babington (January 2008 – March 2008) –
NICARAGUA	Mónica Robelo Raffone	–
NIGER	Mireille Fatouma Ausseil (January 2008 – February 2008) Mahaman Moussa (February 2008 –)	– Mireille Fatouma Ausseil (February 2008 –)
NIGERIA	Sayyadi Abba Ruma	– Shamsuddeen Usman (March 2008 –)
NIUE	Young M. Vivian (January 2008 – November 2008) Toke T. Talagi (November 2008 –)	–
NORWAY	Henrik Harboe	Ingrid Glad
OMAN	Khalfan Bin Saleh Mohammed Al Naebi	–
PAKISTAN	Muhammed Isa Jan Baloch (January 2008 – April 2008) Chaudhry Nisar Ali Khan (April 2008 – June 2008) Nazar Muhammad Gondal (June 2008 –)	Tasnim Aslam
PANAMA	Héctor Alexander H.	Eudoro Jaén Esquivel
PAPUA NEW GUINEA	Patrick Pruaitch	Simon Tosali
PARAGUAY	Humberto Galeano Bonzi (January 2008 – February 2008) Ana María Baiardi Quesnel (February 2008 –)	Liz Haydee Coronel Correa

Member	Governor	Alternate
PERU	Carlos Roca Cáceres	Félix Denegri Boza
PHILIPPINES	Margarito B. Teves (January 2008 – January 2008) Phillippe J. Lhuillier (January 2008 –)	Emmanuel Elmo R. Fernandez
PORTUGAL	Carlos Manuel Inácio Figueiredo (January 2008 – September 2008) Carlos Manuel dos Santos Figueiredo (September 2008 – December 2008) José António de Sousa Canha (December 2008 –)	Carlos Manuel dos Santos Figueiredo (January 2008 – September 2008) – José Fernando Augusto Moreno (December 2008 –)
QATAR	Abdul Rahman bin Khalifa bin Abdul Azziz Al-Thani (January 2008 – July 2008) – Abdullah bin Mubarak bin Aaboud al-Midhadhi (December 2008 –)	Soltan Saad S.K. Al-Moraikhi
REPUBLIC OF KOREA	Kim Joong-Jae	Seo Hae-dong
REPUBLIC OF MOLDOVA	Anatolie Spivacenco	Lilia Razlog
ROMANIA	Nicolae Flaviu Lazin (January 2008 – February 2008) Dacian Cioloş (February 2008 –)	Radu Horumba (January 2008 – February 2008) Răzvan Victor Rusu (February 2008 –)
RWANDA	Anastase Murekezi (January 2008 – July 2008) Christopher Bazivamo (July 2008 –)	Emmanuel Ndagijimana (January 2008 – January 2008) –
SAINT KITTS AND NEVIS	Cedric Roy Liburd	–
SAINT LUCIA	Ezechiel Joseph	Martin Satney
SAINT VINCENT AND THE GRENADINES	Montgomery Daniel	–
SAMOA	Taua Tavaga Kitiona Seuala	–
SAO TOME AND PRINCIPE	Cristina Maria Fernandes Dias (January 2008 – January 2008) Valdemira da Silva Tavares (January 2008 – July 2008) José Luis Xavier Mendes (July 2008 –)	–
SAUDI ARABIA	Fahad Bin Abdulrahman Balghunaim	Hamad Bin Sulaiman Al Bazei (January 2008 – March 2008) Sulaiman M. al-Turki (March 2008 –)
SENEGAL	Hamath Sall	Papa Cheikh Saadibou Fall
SEYCHELLES	Joel Morgan	–
SIERRA LEONE	Joseph Sam Sesay	Foday Duramani Mohamed Seisay (January 2008 – October 2008) Cristina F.S. Wright (October 2008 –)
SOLOMON ISLANDS	Severino Nuaiasi (January 2008 – January 2008) Selwyn Riumana (January 2008 –)	Ezekiel Walaodo
SOMALIA	Abdulqadir Nur Arale	–
SOUTH AFRICA	Lenin Magigwane Shope (January 2008 – December 2008) Anthea Joubert (December 2008 –)	Margaret Mohapi (January 2008 – April 2008) –
SPAIN	Eduardo Ibáñez López-Dóriga (January 2008 – January 2008) Luis Calvo Merino (January 2008 –)	Jorge Cabrera Espinós (January 2008 – September 2008) –
SRI LANKA	Hemantha Warnakulasuriy	Saranya Hasanthi Urugodawatte Dissanayake

Member	Governor	Alternate
SUDAN	Mohamed El Amin Kabashi Eisa (January 2008 – March 2008) Elzubeir Beshir Taha (March 2008 –)	Ahmed Magdoub Ahmed
SURINAME	Jaswant Sahtoe	Gerhard Otmar Hiwat
SWAZILAND	Mtiti Fakudze (January 2008 – November 2008) Clement N. Dlamini (November 2008 –)	Christopher Nkwanyana
SWEDEN	Joakim Stymne	– Anders Bengtöcn (March 2008 –)
SWITZERLAND	Jörg Frieden	Lukas Siegenthaler (January 2008 – June 2008) Raymund Furrer (June 2008 –)
SYRIAN ARAB REPUBLIC	Adel Safar	Hassan Al-Ahmad
TAJIKISTAN	Sulton Valiev	–
THAILAND	Banphot Hongthong (January 2008 – January 2008) Jaranthada Karnasuta (January 2008 –)	Tritaporn Khomapat
THE FORMER YUGOSLAV REPUBLIC OF MACEDONIA	Lidija Cadikovska (January 2008 – December 2008) Aco Spasenovski (December 2008 –)	–
TIMOR-LESTE	Mariano Assanami Sabino	Cesár José da Cruz
TOGO	Kossi Messan Ewovor	Akla-Esso M'Baw Arokoum
TONGA	Sione Ngongo Kioa	–
TRINIDAD AND TOBAGO	Arnold A. Piggott	Dennis Francis
TUNISIA	Mohamed Nouri Jouini	Kamel Ben Rejeb
TURKEY	Sitki Uğur Ziyal	–
UGANDA	Ezra Suruma	Hilary O. Onek
UNITED ARAB EMIRATES	Mohamed Khalfan Bin Khirbash (January 2008 – February 2008) Obeid Humaid Al Tayer (February 2008 –)	Abdulla Ahmed Mohammed Bin Abdul Aziz (January 2008 – September 2008) Maryam Hassan Al Shanasi (September 2008 –)
UNITED KINGDOM	James Harvey	Elizabeth Nasskau
UNITED REPUBLIC OF TANZANIA	Stephen Masato Wasira	Wilfred J. Ngirwa
UNITED STATES	Henry M. Paulson	Anthony Wayne (January 2008 – September 2008) Daniel S. Sullivan (September 2008 –)
URUGUAY	Ramón Carlos Abin De María (January 2008 – June 2008) Tabaré Bocalandro Yapeyú (June 2008 – November 2008) Carlos Bentancour Fernandez (November 2008 –)	–
VENEZUELA (BOLIVARIAN REPUBLIC OF)	Rafael Eduardo Isea Romero (January 2008 – September 2008) Alejandro J. Andrade Cedeño (September 2008 –)	Rafael Lacava Evangelista (January 2008 – August 2008) Gladys Francisca Urbaneja Durán (August 2008 –)
VIET NAM	Tran Xuan Ha	Yen Nguyen Thi Hong (January 2008 – February 2008) Nguyen Thanh Do (February 2008 –)
YEMEN	Mansour Ahmed Al-Hawshabi	Abdulrahman Mohammed Bamatraf (January 2008 – January 2008) Shaya Mohsin Mohamed Zindani (January 2008 –)
ZAMBIA	Daniel Kalenga	–
ZIMBABWE	Rugare Gumbo	Mary Margaret Muchada

List of Executive Board Directors

as of 31 December 2008⁸

Member		Alternate Member	
LIST A			
James Melanson	CANADA	Riikka Laatu	FINLAND
François Marion	FRANCE	Martine Van Dooren	BELGIUM
Heike Kuhn	GERMANY	Pio Wennubst	SWITZERLAND
Augusto Zodda	ITALY	Georgios Pandremenos	GREECE
Noriteru Fukushima (January 2008 – April 2008)	JAPAN	Kristian Højersholt (January 2008 – August 2008)	DENMARK
Seiichi Yokoi (April 2008 – July 2008)		Jeanineke Dahl Kristensen (August 2008 –)	
Kazumasa Shioya (July 2008 –)			
Theo van Banning (– December 2008) ⁹	NETHERLANDS	Elizabeth Nasskau	UNITED KINGDOM
Arne B. Honningstad	NORWAY	Ann Uustalu (January 2008 – February 2008) Amalia Garcia-Thörn (March 2008 –)	SWEDEN
Mark M. Jaskowiak (January 2008 – March 2008)	UNITED STATES	Jorge Cabrera Espinós (Acting) (January 2008 – January 2008)	SPAIN
Elizabeth H. Morris (March 2008 –)		Jorge Cabrera Espinós (January 2008 – September 2008) Vera Cruz Soler del Campo (September 2008 – October 2008) Alberto López García Asenjo (October 2008 –)	
LIST B			
Hesham I. Al-Waqayan	KUWAIT	Majed Ali Ahmed Omran Al Shamsi	UNITED ARAB EMIRATES
Yaya O. Olaniran	NIGERIA	Soltan Saad S.K. Al-Moraikhi	QATAR
Bandar Bin Abdel Mohsin Al-Shalhoob	SAUDI ARABIA	Hasanuddin Ibrahim	INDONESIA
Luis Arias Bellorín	VENEZUELA (BOLIVARIAN REPUBLIC OF)	Mohamed Larbi Ghanem	ALGERIA

8/ Dates in parentheses indicate when a Director is appointed and when he or she steps down. Where no date is given, this indicates that the Director was appointed before January 2008 and/or will continue to serve after December 2008.

9/ Dr van Banning passed away on 16 December 2008.

Member		Alternate Member	
LIST C			
SUB-LIST C1			
Abdel Aziz Mohamed Hosni	EGYPT	Modibo Mahamane Touré (January 2008 – March 2008)	MALI
		Mohammed Al Moustapha Cissé (April 2008 –)	
Njabulo Nduli	SOUTH AFRICA	Médi MOUNGUI	CAMEROON
SUB-LIST C2			
Yang Shaolin	CHINA	Tasnim Aslam	PAKISTAN
Sindhushree Khullar (January 2008 – December 2008)	INDIA	Seo Hae-dong	REPUBLIC OF KOREA
L.M. Vas (December 2008 –)			
SUB-LIST C3			
Benvindo Belluco	BRAZIL	Francisco Bonifaz Rodríguez	GUATEMALA
Jorge Eduardo Chen Charpentier	MEXICO	María del Carmen Squeff	ARGENTINA

Consolidated Financial Statements

For the year ended 31 December 2008*

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Appendix E	IFAD-only balance sheet at nominal value in United States dollars and retranslated in special drawing rights
Appendix F	Statement of IFAD-only resources available for commitment
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Appendix J	IFAD-only statement of operating expenses

These consolidated financial statements have been prepared using the symbols of the International Organization for Standardization (ISO), Geneva, International Standard 4217 and special drawing rights (SDR). The notes to the consolidated financial statements (appendix D) form an integral part of the financial statements.

* As submitted for endorsement to the ninety-sixth session of the Executive Board in April 2009 for further submission to the thirty-third session of the Governing Council for approval in accordance with regulation XII(6) of the Financial Regulations of IFAD.

APPENDIX A

Consolidated and IFAD-only balance sheet

As at 31 December 2008 and 2007 (expressed in thousands of United States dollars)

Assets	Consolidated		IFAD-only	
	2008	2007	2008	2007
Cash on hand and in banks (note 4)	491 548	437 753	263 681	264 530
Investments (note 4)	2 427 658	2 503 846	2 358 008	2 402 377
Assets held as collateral for securities lent (note 4)	455 953	816 703	455 953	816 703
Contributors' promissory notes (note 5)	283 980	343 819	264 441	324 925
Contributions receivable (note 5)	281 061	377 988	207 747	334 878
Less: provisions (note 6)	(168 485)	(168 485)	(168 485)	(168 485)
	396 556	553 322	303 703	491 318
Other receivables (note 7)	104 894	94 104	253 391	302 917
Fixed assets (note 8)	996	0	996	0
Loans outstanding (note 9 and appendix H)	3 777 607	3 580 767	3 777 607	3 580 767
Less: accumulated allowance for loan impairment losses (note 9(a))	(62 822)	(56 569)	(62 822)	(56 569)
Less: accumulated allowance for the Debt Initiative for Heavily Indebted Poor Countries (HIPC) (note 11(b) and appendix I)	(117 985)	(98 186)	(117 985)	(98 186)
Net loans outstanding	3 596 800	3 426 012	3 596 800	3 426 012
Total assets	7 474 405	7 831 740	7 232 532	7 703 857

Liabilities and equity	Consolidated		IFAD-only	
	2008	2007	2008	2007
Payables and liabilities (note 12)	326 626	325 417	342 010	341 182
Cash collateral liabilities (note 12)	474 229	816 703	474 229	816 703
Undisbursed grants (appendix H1)	194 922	117 621	138 641	65 960
Deferred revenues (note 13)	269 445	160 758	77 840	93 396
Total liabilities	1 265 222	1 420 499	1 032 720	1 317 241

Equity				
	Consolidated		IFAD-only	
	2008	2007	2008	2007
Contributions				
Regular	5 281 368	5 259 496	5 281 368	5 259 496
Special	20 348	20 348	20 348	20 348
Total contributions (appendix G)	5 301 716	5 279 844	5 301 716	5 279 844
General Reserve	95 000	95 000	95 000	95 000
Fully committed retained earnings	812 467	1 036 397	803 096	1 011 772
Total equity	6 209 184	6 411 241	6 199 812	6 386 616
Total liabilities and equity	7 474 405	7 831 740	7 232 532	7 703 857

The accompanying notes in appendix D form an integral part of these financial statements.

APPENDIX B

Consolidated statement of revenues and expenses

For the years ended 31 December 2008 and 2007 (expressed in thousands of United States dollars)

	2008	2007
Revenues		
Income from loans	54 344	53 444
Income from cash and investments (note 15)	136 273	155 190
Income from other sources (note 16)	18 861	14 041
Income from contributions (note 17)	32 561	113 671
Total revenues	242 039	336 346
Operating expenses (note 18)		
Staff salaries and benefits (note 19)	(77 669)	(73 693)
Office and general expenses	(42 810)	(34 912)
Consultants and other non-staff costs	(30 172)	(27 859)
Cooperating institutions	(7 661)	(12 183)
Direct bank and investment costs (note 20)	(4 185)	(3 515)
Subtotal operating expenses	(162 497)	(152 162)
Adjustment for changes in fair value (note 21)	(796)	(58 997)
(Losses)/gains from currency exchange movements (note 14)	(166 752)	243 437
Depreciation	(45)	0
Reversal of allowance for loan impairment losses (note 9(a))	36 945	3 126
Debt Initiative for HIPC (expenses)/income (note 11)	(36 290)	119 304
Grant expenses	(131 986)	(164 406)
Provision for after-service medical scheme benefits (note 19(c))	(4 547)	(5 014)
Total expenses	(465 968)	(14 712)
(Deficit)/excess revenues over expenses	(223 929)	321 634

IFAD-only statement of revenues and expenses

For the years ended 31 December 2008 and 2007 (expressed in thousands of United States dollars)

	2008	2007
Revenues		
Income from loans	54 344	53 444
Income from cash and investments (note 15)	131 257	146 432
Income from other sources (note 16)	23 025	17 026
Total revenues	208 626	216 902
Operating expenses (note 18)		
Staff salaries and benefits (note 19)	(74 738)	(70 353)
Office and general expenses	(38 999)	(30 652)
Consultants and other non-staff costs	(23 231)	(24 041)
Cooperating institutions	(7 428)	(12 209)
Direct bank and investment costs (note 20)	(4 109)	(3 445)
Subtotal operating expenses	(148 505)	(140 700)
Adjustment for changes in fair value (note 21)	2 865	(62 464)
(Losses)/gains for currency exchange movements (note 14)	(153 587)	236 586
Depreciation	(45)	0
Reversal of allowance for loan impairment losses (note 9(a))	36 945	3 126
Debt Initiative for HIPC (expenses)/income (note 11)	(34 660)	120 471
Grant expenses	(115 768)	(59 551)
Provision for after-service medical scheme benefits (note 19(c))	(4 547)	(5 014)
Total expenses	(417 302)	(92 454)
(Deficit)/excess revenues over expenses	(208 676)	309 356

The accompanying notes in appendix D form an integral part of these financial statements.

APPENDIX B1

Consolidated statement of changes in retained earnings

For the years ended 31 December 2008 and 2007 (expressed in thousands of United States dollars)

	Total retained earnings
Opening balance as at 1 January 2007	714 763
Total revenues less expenses	321 634
Retained earnings as at 31 December 2007	1 036 397
Total revenues less expenses	(223 929)
Retained earnings as at 31 December 2008	812 467

IFAD-only statement of changes in retained earnings

For the years ended 31 December 2008 and 2007 (expressed in thousands of United States dollars)

	Total retained earnings
Opening balance as at 1 January 2007	702 416
Total revenues less expenses	309 356
Retained earnings as at 31 December 2007	1 011 772
Total revenues less expenses	(208 676)
Retained earnings as at 31 December 2008	803 096

The accompanying notes in appendix D form an integral part of these financial statements.

APPENDIX C

Consolidated cash-flow statement

For the years ended 31 December 2008 and 2007 (expressed in thousands of United States dollars)

	2008	2007
Cash flows from operating activities		
Interest received from loans	55 856	51 501
Receipts for non-replenishment contributions	83 057	204 900
Miscellaneous (payments)/receipts	39 252	(52 112)
Payments for operating expenses and other payments	(154 279)	(135 119)
Grant disbursements (IFAD)	(39 825)	(37 600)
Grant disbursements (supplementary funds)	(16 219)	(74 606)
Net cash flows from operating activities	(32 158)	(43 036)
Cash flows from investing activities		
Loan disbursements	(433 807)	(399 134)
Loan principal repayments	186 233	175 075
Receipts from/(payments for) investments	119 946	252 074
Net cash used in investing activities	(127 628)	28 015
Cash flows from financing activities		
Receipts for replenishment contributions	209 487	294 372
Net cash used in financing activities	209 487	294 372
Effects of exchange rate movements on cash and cash equivalents	(52 626)	85 939
Net increase/(decrease) in unrestricted cash and cash equivalents	(2 925)	365 290
Unrestricted cash and cash equivalents at beginning of year	2 512 925	2 147 635
Unrestricted cash and cash equivalents at end of year	2 510 000	2 512 925
COMPOSED OF:		
Unrestricted cash	491 487	437 674
Unrestricted investments excluding held-to-maturity and cash collateral investments	2 018 513	2 075 251
Cash and cash equivalents at end of year	2 510 000	2 512 925

The accompanying notes in appendix D form an integral part of these financial statements.

APPENDIX D

Notes to the consolidated financial statements

NOTE 1

BRIEF DESCRIPTION OF THE FUND AND THE NATURE OF OPERATIONS

The International Fund for Agricultural Development (herein after IFAD or the Fund) is a specialized agency of the United Nations. IFAD formally came into existence on 30 November 1977, on which date the agreement for its establishment entered into force, and has its headquarters in Rome, Italy. The Fund and its operations are governed by the Agreement Establishing the International Fund for Agricultural Development.

Membership in the Fund is open to any state member of the United Nations or any of its specialized agencies, or of the International Atomic Energy Agency (IAEA). The Fund's resources come from Member contributions, special contributions from non Member States and other sources, and funds derived or to be derived from operations.

The objective of the Fund is to mobilize additional resources to be made available on concessional terms primarily for financing projects specifically designed to improve food production systems, the nutritional level of the poorest populations in developing countries and the conditions of their lives. IFAD mobilizes resources and knowledge through a dynamic coalition of the rural poor, governments, financial and development institutions, non-governmental organizations and the private sector, including cofinancing. Financing from non-replenishment sources in the form of supplementary funds and human resources forms an integral part of IFAD's operational activities.

NOTE 2

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The consolidated financial statements of the Fund are prepared in accordance with International Financial Reporting Standards (IFRS) and under the historical cost convention with the exception of loans and certain receivables and liabilities which are measured at fair value and amortized cost using the effective interest method. Information is provided separately in the financial statements for entities where this is deemed of interest to the readers of the accounts.

The preparation of financial statements in conformity with IFRS requires use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3.

The following changes occurred during 2008:

- Cash collateral received against securities lent is reflected on the balance sheet as an asset at fair value with a corresponding liability representing the obligation to return the cash collateral received from the borrowers of securities. This disclosure has been adopted for the first time for the 2008 financial statements and consequently the relevant figures of 2007 have been restated. The restatement of 2007 financial statements on assets held as cash collateral and cash collateral liabilities does not impact on prior-year equity and retained earnings. See note 4 for further explanations.
- The Fund introduced the capitalization of fixed and intangible assets.

(b) Area of consolidation

Financing in the form of supplementary funds and human resources forms an integral part of IFAD's operational activities. As such the Fund prepares consolidated accounts, which include the transactions and balances for the following entities:

- Special Programme for sub-Saharan African Countries Affected by Drought and Desertification (SPA)
- Other supplementary funds, including technical assistance grants, cofinancing, associate professional officers (APOs) and programmatic and thematic supplementary funds; the Belgian Survival Fund Joint Programme (BSF.JP); and the Global Environment Facility (GEF)
- IFAD's Trust Fund for the Debt Initiative for Heavily Indebted Poor Countries (HIPC)
- IFAD's After-Service Medical Coverage Scheme (ASMCS) Trust Fund

These entities have a direct link to IFAD's core activities and are substantially controlled by IFAD. Accordingly, they are consolidated in IFAD's financial statements for reasons of completeness and clarity. All transactions and balances between these entities have been eliminated. Additional financial data for funds are drawn up as and when requested to meet specific donor requirements.

The BSF.JP programme of work – unlike that of other entities housed at IFAD – is prepared by IFAD and agreed with the Government of Belgium at an annual meeting of the steering committee. BSF.JP is complementary to IFAD and forms part of its core activities.

Entities housed at IFAD. These entities do not form part of the core activities of the Fund and, as such, are not consolidated. These entities are the International Land Coalition (ILC) (formerly called the Popular Coalition to Eradicate Hunger and Poverty) and the Global Mechanism of the United Nations Convention to Combat Desertification.

(c) Translation and conversion of currencies

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in United States dollars, which is IFAD's functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions, or at the applicable exchange rate. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of revenues and expenses.

The results and financial position of the entities/funds that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate.
- All resulting exchange differences are recognized as a separate component of equity.

(d) Equity

This comprises the following three elements: (i) Contributions (equity); (ii) General Reserve; and (iii) Retained earnings.

(i) Contributions (equity)

(a) Background to contributions

The contributions to the Fund by each Member when due are payable in freely convertible currencies, except in the case of Category III Members up to the end of the Third Replenishment period who were permitted to pay contributions in their own currency whether or not it was freely convertible. Each contribution is to be made in cash or, to the extent that any part of the contribution is not needed immediately by the Fund in its operations, it may be paid in the form of non negotiable, irrevocable, non-interest-bearing promissory notes or obligations payable on demand.

A contribution to IFAD replenishment resources is recorded in full as equity and as receivable when the Member deposits its instrument of contribution. Amounts receivable from Member States as contributions, and other receivables including promissory notes have been recorded within the balance sheet at their fair value in accordance with IAS39.

(b) Provisions

The policy on provisions against overdue Member States' contributions is as follows:

(i) Whenever a payment of an instalment against an instrument of contribution or a payment of a drawdown against a promissory note becomes overdue by 24 months, a provision will be made equal to the value of all overdue contribution payments or the value of all unpaid drawdowns on the promissory note(s) outstanding.

(ii) Whenever a payment of an instalment against an instrument of contribution or a payment of a drawdown against a promissory note becomes overdue by 48 months or more, a provision will be made against the total value of the unpaid contributions of the Member or the total value of the promissory note(s) of that Member related to the particular funding period (i.e. a replenishment period).

(iii) The end of the financial year is currently used for determining the 24- and 48-month periods.

(ii) General Reserve

The General Reserve may only be used for the purposes authorized by the Governing Council and was established in recognition of the need to cover the Fund's potential over-commitment risk as a result of exchange rate fluctuations and possible delinquencies in receipt of loan-service payments or in the recovery of amounts due to the Fund from the investment of its liquid assets. It is also intended to cover the risk of over-commitment as a result of a diminution in the value of assets caused by fluctuations in the market value of investments.

The General Reserve is subject to a review every three years in order to assess its adequacy.

(iii) Retained earnings

Retained earnings represent the excess of revenue over expenses net of the effects of changes in foreign exchange rates. The resulting balance is fully committed for loans and grants. For operational purposes, reference should be made to the statement of IFAD-only resources available for commitment (appendix F).

(e) Loans

(i) Background to loans

IFAD loans are made only to developing states that are Members of the Fund or to intergovernmental organizations in which such Members participate. In the latter case, the Fund may require governmental or other guarantees. A loan becomes effective when conditions precedent to effectiveness have been fulfilled. Upon signature, disbursement may commence.

All Fund loans are approved and loan repayments and interest are payable in the currency specified in the loan agreement in amounts equivalent to the SDR due, based on International Monetary Fund rates on the due dates. Loans approved are disbursed to borrowers in accordance with the provisions of the loan agreement.

Currently the lending terms of the Fund are as follows:

"(a) Special loans on highly concessional terms shall be free of interest but bear a service charge of three fourths of one per cent (0.75 per cent) per annum and have a maturity period of forty (40) years, including a grace period of ten (10) years; (b) loans on intermediate terms shall have a rate of interest per annum equivalent to fifty per cent (50 per cent) of the variable reference interest rate, as determined annually by the Executive Board, and a maturity period of twenty (20) years, including a grace period of five (5) years; (c) loans on ordinary terms shall have a rate of interest per annum equivalent to one hundred per cent (100 per cent) of the variable reference interest rate, as determined annually by the Executive Board, and a maturity period of fifteen (15) to eighteen (18) years, including a grace period of three (3) years; (d) no commitment charge shall be levied on any loan."

(ii) Loans to non-Member States

At its twenty-first session in February 1998, the Governing Council adopted resolution 107/XXI approving the establishment of a fund for the specific purpose of lending to Gaza and the West Bank (FGWB). The application of article 7, section 1(b), of the Agreement Establishing IFAD was waived for this purpose. Financial assistance, including loans, is transferred to the FGWB by decision of the Executive Board and the repayment thereof, if applicable, is made directly to IFAD's regular resources.

(iii) Debt Initiative for Heavily Indebted Poor Countries (HIPC)

(a) Background to the HIPC Debt Initiative

IFAD participates in the International Monetary Fund/World Bank original and enhanced Debt Initiative for Heavily Indebted Poor Countries as an element of IFAD's broader policy framework for managing operational partnerships with countries that face the risk of having arrears with IFAD in the future because of their debt-service burden. Accordingly, IFAD provides debt relief by forgiving a portion of an eligible country's debt-service obligations as they become due.

In 1998, IFAD established a Trust Fund for the Debt Initiative. This fund receives resources from IFAD and from other sources, specifically dedicated as compensation to the loan-fund account(s) for agreed reductions in loan repayments under the Initiative. Amounts of debt service forgiven are expected to be reimbursed by the Trust Fund on a pay-as-you-go basis (i.e. relief is when debt service obligations become due) to the extent that resources are available in the fund.

(b) Impact of the HIPC Debt Initiative

The Executive Board approves each country's debt relief in net present value terms. The estimated nominal equivalent of the principal components of the debt relief is recorded under accumulated allowance for the HIPC Debt Initiative, and as a charge to the HIPC Debt Initiative expenses in the statement of revenues and expenses. The assumptions underlying these estimates are subject to periodic revision. Significant judgement has been used in the computation of the estimated nominal value of allowances for the HIPC Debt Initiative.

The charge is offset and the accumulated allowance reduced by income received from external donors to the extent that such resources are available. The accumulated allowance for the HIPC Debt Initiative is reduced when debt relief is provided by the Trust Fund.

In November 2006, IFAD was granted access to the core resources of the World Bank HIPC Trust Fund, in order to assist in financing the outstanding debt relief once countries reach completion point. Financing is provided in net present value terms.

(iv) Measurement of loans

In accordance with IAS39 loans are initially recognized at fair value on day one and subsequently measured at amortized cost using the effective interest method. The fair value is calculated by applying discount rates to the estimated future cash flows on a loan-by-loan basis in the currency in which the loans are denominated, at the time of loan closure (i.e. when the loan is fully disbursed) using a model. The discount rates are calculated with reference to the estimated forward interest curve for the year of closure based on the underlying currency of each loan. The discount factor applied is not adjusted for country credit risk as lending is provided directly to country governments and considered to be 'sovereign debt'. However, the outstanding loans are reviewed for impairment on a loan-by-loan basis and a provision established where there is objective evidence that the loans are impaired.

(v) Accumulated allowance for impairment losses

Delays in receiving loan payments result in present value losses to the Fund since it does not charge fees or additional interest on any overdue interest or loan charges. An allowance is established for such losses based on the difference between the assets' carrying value and the present value of estimated future cash flows discounted at the financial assets' original effective interest rate (i.e. the effective interest rate calculated at initial

recognition). In cases where it is not possible to estimate with any reasonable certainty the expected cash flows of a loan (as in all cases for which an allowance has been established to date), an alternative approach is allowed that adopts a method similar to the benchmark used for the provisioning of Members States' contributions. This means that an allowance shall be made on loan instalments overdue by more than 24 months for all cases where a settlement plan is not being actively followed. An allowance is also made for loan instalments on the same loan overdue by less than 24 months. Once this trigger period has been reached, all amounts overdue at that time are considered to be in provision status, even in the event that part of the total outstanding debt is subsequently repaid. In cases where more than 48 months have elapsed, an allowance is made for all outstanding principal amounts of the loan concerned. The point in time from which it is necessary to determine whether or not the given period has elapsed is the balance sheet date. The Fund has not written off any of its loans.

(vi) Non-accrual status

Income on loans is recognized following the accrual basis of accounting. For loans with overdue amounts in excess of 180 days, interest and service charges are recognized as income only when actually received. Follow-up action is being taken with the respective governments to obtain settlement of these obligations.

(f) Investments

The Fund's investment portfolio contains investments that are held for trading, and certain selected securities that the Fund intends to hold until maturity. The Fund carries those investments that are held for trading at fair value, and those investments that are held-to-maturity at amortized cost. Fair value is represented by the quoted market value at the balance sheet date. Both realized and unrealized security gains and losses are included in income from investments as they arise. Both realized and unrealized exchange gains and losses are included in the account for movements in foreign exchange rates as they arise. All purchases and sales of investments are recognized on the trade date. Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The majority of derivatives are used as hedging instruments (although they do not qualify for hedging accounting) and therefore changes in the fair value of any of these derivative instruments are recognized immediately in the statement of revenues and expenses.

The Fund enters into securities lending transactions with the global custodian acting as its agent to lend securities from the investment portfolio. In such transactions, IFAD receives collateral in the form of securities and cash in accordance with normal market practice. The transactions are conducted under standard agreements employed by financial market participants and are undertaken with counterparties in accordance with the agreement with the global custodian. Securities lent are not derecognized from the balance sheet unless the risks and rewards of ownership are also transferred. Similarly, IFAD does not recognize securities received as in-kind collateral unless the risks and rewards of ownership of such securities are transferred to IFAD. Cash collateral received is invested in the money market and in other liquid financial instruments that are classified as held-for-trading investments in the balance sheet. IFAD is required to pay a fee, the "rebate" fee, to the provider of the cash collateral. IFAD has a contractual obligation to cover any losses on the reinvested cash collateral.

The obligation to return the cash collateral received is treated as a liability.

Realized and unrealized income or losses from securities lending activities are recorded as income or expenses on an accrual basis.

(g) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and deposits held at call with banks. They also include investments that are readily convertible at the balance sheet date. Net investment payables and investments held-to-maturity are excluded from readily convertible investments for cash flow purposes.

(h) Contributions (non-equity)

Contributions to non-replenishment resources are recorded as revenues in the period in which the related expenses occur. For project cofinancing activities, contributions received are recorded as revenues in the period in which the related grant becomes effective. Contributions relating to programmatic grants, APOs, BSF.JP and other supplementary funds are recorded in the balance sheet as deferred revenues and are reduced by the amount of project-related expenses in the statement of revenues and expenses. Where specified in the donor agreements, contributions received (including management fees) and interest earned thereon, for which no direct expenses have yet been incurred, are deferred until future periods to be matched against the related costs. This is consistent with the accounting principle adopted with regard to IFAD's combined supplementary funds and serves to present the underlying nature of these balances more clearly. A list of such contributions can be found in appendix D1.

Individual donors provided human resources (in the form of APOs) to assist IFAD in its activities. The contributions received from donors are recorded as revenues and the related costs are included in staff costs.

(i) Grants

The Agreement Establishing IFAD empowers the Fund to make grants to its Member States, or to intergovernmental organizations in which its Members participate, on such terms as the Fund deems appropriate.

Grants are recorded as expenses on effectiveness of the approved amount and as a liability for undisbursed amounts at fair value in accordance with IAS39. Cancellations of undisbursed balances are recognized as an offset to the expense in the period in which they occur.

(j) Employee schemes

(i) Pension obligations

IFAD participates in the United Nations Joint Staff Pension Fund (UNJSPF), which was established by the United Nations General Assembly to provide retirement, death, disability and related benefits. The Pension Fund is a funded, defined benefit plan. The financial obligation of the organization to the UNJSPF consists of its mandated contribution, at the rate established by the United Nations General Assembly, together with any share of any actuarial deficiency payments under article 26 of the regulations of the Pension Fund. Such deficiency payments are only payable if and when the United Nations General Assembly has invoked the provision of article 26, following determination that there is a requirement for deficiency payments based on an assessment of the actuarial sufficiency of the Pension Fund as of the valuation date. At the time of this report, the United Nations General Assembly has not invoked this provision.

The actuarial method adopted for the UNJSPF is the Open Group Aggregate method. The cost of providing pensions is charged to the statement of revenues and expenses so as to spread the regular cost over the service lives of employees, in accordance with the advice of the actuaries, who carry out a full valuation of the period plan every two years. The plan exposes participating organizations to actuarial risks associated with the current and former employees of other organizations, with the result that there is no consistent and reliable basis for allocating the obligation, plan assets and costs to individual organizations participating in the plan. IFAD – like other participating organizations – is not in a position to identify its share of the underlying financial position and performance of the plan with sufficient reliability for accounting purposes, and hence has not recorded any assets in its accounts in this regard, nor included related information such as the return on plan assets.

(ii) After-Service Medical Coverage Scheme

IFAD participates in a multi-employer After-Service Medical Coverage Scheme (ASMCS) administered by the Food and Agriculture Organization of the United Nations (FAO) for staff receiving a United Nations pension and eligible former staff on a shared-cost basis. The ASMCS operates on a pay-as-you-go basis, meeting annual costs out of annual budgets and staff contributions. Since 2006, an independent valuation is being performed on an annual basis.

In accordance with IAS19, IFAD has set up a trust fund into which it transfers the funding necessary to cover the actuarial liability.

(k) Provisions

Provisions are established when the Fund has a present legal or constructive obligation as a result of past events. It is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Employee entitlements to annual leave and long-service entitlements are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave and long-service separation entitlements as a result of services rendered by employees up to the balance sheet date.

(l) Taxation

IFAD is a specialized agency of the United Nations and as such enjoys privileged tax-exemption status under the Convention on Privileges and Immunities of Specialized United Nations Agencies of 1947 and the Agreement between the Italian Republic and IFAD on IFAD's permanent headquarters. Taxation levied where this exemption has not yet been obtained is deducted directly from the related investment income.

(m) Revenue recognition

Service charge income and income from other sources are recognized as revenues in the period in which the related expenses are incurred.

(n) Fixed assets – Intangible assets

In 2008 the Fund began capitalizing (at acquisition cost) major purchases of property, furniture and equipment. Depreciation is calculated on a straight-line basis over the estimated useful life of each item purchased as set out below:

• Permanent equipment fixtures and fittings	10 years
• Furniture	5 years
• Office equipment	4 years

Software development costs are capitalized as intangible assets if future economic benefits will flow to the organization. Depreciation is calculated on a straight-line basis over the estimated useful life of the software (two to five years).

(o) IFAD's resources available for commitment

Resources available for commitment are those resources in freely convertible currencies defined in article 4, section 1, of the Agreement Establishing IFAD, which have been contributed by Member States and others or have been derived, or are to be derived, from operations or loan repayments by borrowers, to the extent that these resources have not already been committed for loans and grants or appropriated to the General Reserve.

The policy for determining resources available for commitment is as follows:

(i) Only actual receipts in the form of cash or promissory notes will be included in committable resources. The value of instruments of contribution against which payment in the form of cash or promissory notes has not yet been made will be excluded from committable resources.

(ii) Provisions have been established for overdue promissory notes.

(iii) Promissory notes and commitments for loans (undisbursed effective loans, approved loans signed but not yet effective and loans not yet signed) and undisbursed grants are recorded at nominal value within the statement of resources available for commitment as this is an operational report for management purposes only and therefore is not subject to financial reporting requirements of IAS39.

(iv) The Executive Board has authority to employ advance commitment authority (ACA) prudently and cautiously to compensate, year by year, for fluctuations in the resources available for commitment and to act as a reserve resource. ACA was used in 2008, as in 2007, because regular resources were not sufficient to meet loan and grant commitments.

A loan or grant is considered to be committed when a formal agreement is signed by the Fund and the respective borrower or grantee. The Fund's Executive Board reviews a statement of resources available for commitment at every Executive Board session to ensure that resources are available to finance the loans and grants presented for approval.

NOTE 3

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

(a) Critical accounting estimates and assumptions

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

(i) Fair value and amortized costs of loans, undisbursed grants, deferred revenues, promissory notes and contributions receivable.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques.

(ii) HIPC Debt Initiative

Significant judgements have been used in the computation of estimated losses for the HIPC Debt Initiative and overdue loan repayments. Principal assumptions underlying the computations include the exchange rate between the SDR and the United States dollar, timing of eligibility of debt relief and the level of disbursements.

(b) Critical judgement in applying accounting policies

(i) Fair value accounting

Fair value accounting is required in order for IFAD to comply with International Financial Reporting Standards. Reconciliations between measurement at fair value and amortized cost using the effective interest method and nominal values have been provided with respect to loans, receivables, undisbursed grants and deferred revenues.

NOTE 4

CASH AND INVESTMENT BALANCES

(a) Analysis of balances

	Thousands of United States dollars	
	2008	2007
Unrestricted cash	491 487	437 674
Cash subject to restriction	61	79
Subtotal cash	491 548	437 753
Unrestricted investments	2 427 170	2 503 219
Investments subject to restriction	488	627
Subtotal investments excluding cash collateral assets	2 427 658	2 503 846
Assets held as collateral for securities lent	455 953	816 703
Subtotal investments	2 883 611	3 320 549
Total cash and investments	3 375 159	3 758 302

(b) Cash and investments subject to restriction

Currencies not freely convertible: Cash and investments held by the Fund at 31 December 2008 in currencies not freely convertible amounted to US\$61,000 (2007 – US\$79,000) and US\$488,000 (2007 – US\$627,000), respectively.

In accordance with the Agreement Establishing IFAD, the amounts paid into the Fund by the then Category III Member States in their respective currencies on account of their initial or additional contributions are subject to restriction in usage.

(c) Composition of the investment portfolio by instrument (consolidated)

At 31 December 2008, cash and investments, including payables and receivables, at market value amounted to US\$2,757,204,000 excluding restricted and non-convertible currencies (2007 – US\$2,775,046,000), and comprised the following instruments:

	Thousands of United States dollars	
	2008	2007
Cash	491 487	437 674
Fixed-income instruments	2 306 973	2 336 754
Unrealized market value (loss)/gain on forward contracts	26 752	(136)
Time deposits and other obligations of banks	87 566	163 963
Futures	6 530	2 456
Options	122	182
Swaps	(773)	0
Assets held as collateral for securities lent	455 953	816 703
Total cash and investments	3 374 610	3 757 596
Receivables for investments sold	67 388	53 489
Payables for investments purchased	(210 565)	(219 336)
Cash collateral liabilities	(474 229)	(816 703)
Total investment portfolio	2 757 204	2 775 046

Fixed-income investments include US\$407,152,000 in held-to-maturity investments as at 31 December 2008 (2007 – US\$427,968,000).

The market value of cash collateral received against securities lent at 31 December 2008 amounted to US\$455.9 million (2007 – US\$816.7 million) with a corresponding liability to the borrowers for US\$474.2 million (2007 – US\$816.7 million). This represents an unrealized loss of US\$18.3 million. The nominal value of securities lent at 31 December 2008 amounted to US\$526 million (2007 – US\$1,064 million). Securities held by the Fund as in-kind collateral at 31 December 2008 amounted to US\$74 million (2007 – US\$326 million). The majority of the securities lent are government bonds.

(d) Composition of the investment portfolio by currency (consolidated)

The currency composition of cash and investments at 31 December was as follows:

	Thousands of United States dollars	
	2008	2007
Euro	883 573	837 956
Japanese yen	337 096	294 914
Pound sterling	240 769	294 594
United States dollar	1 314 042	1 347 582
Total	2 775 480	2 775 046
Assets held as collateral for securities lent	455 953	816 703
Cash collateral liabilities	(474 229)	(816 703)
Total cash and investment portfolio	2 757 204	2 775 046

The above currency composition excludes investments pertaining to the cash collateral, which are presented separately in note 4(j).

(e) Composition of the investment portfolio by maturity (consolidated)

The composition of cash and investments by maturity at 31 December was as follows:

	Thousands of United States dollars	
	2008	2007
Due in one year or less	599 499	640 794
Due after one year through five years	1 555 526	1 584 973
Due from five to ten years	244 179	160 590
Due after ten years	376 276	388 689
Total	2 775 480	2 775 046
Assets held as collateral for securities lent	455 953	816 703
Cash collateral liabilities	(474 229)	(816 703)
Total cash and investment portfolio	2 757 204	2 775 046

The average life to maturity of the fixed-income investments included in the consolidated investment portfolio at 31 December 2008 was 76 months (2007 – 77 months).

Analyses of the cash collateral (including its composition by maturity) are presented separately in note 4(j).

(f) Financial risk management

IFAD's investment activities are exposed to a variety of financial risks: market risk, credit risk, currency risk, custodial risk and liquidity risk, as well as capital risk as a going concern, which however, is limited to the investment portfolio.

(g) Market risk

IFAD's investment portfolio is allocated to several asset classes in the fixed income universe in line with IFAD's investment policy. Occasionally IFAD Management has taken short-term tactical measures to protect the overall portfolio from adverse market conditions.

Cash and held-to-maturity investments are managed internally; marked-to-market investments are managed through 12 mandates to external managers.

The weights and amounts of each asset class within the overall portfolio, together with the investment policy weights as at 31 December 2008 and 2007 are shown in table 1. Disclosures relate to IFAD only.

Table 1
Asset class and investment policy weights (IFAD only)
As at 31 December 2008 and 2007

Asset class	Portfolio	Investment policy
2008	%	Millions of United States dollars
Short-term liquidity	5.5	136.6
Held-to-maturity	16.4	407.2
Government bonds	43.8	1 086.0
Diversified fixed-interest	17.9	443.8
Inflation-linked	16.4	404.9
Total	100	2 478.5
2007	%	Millions of United States dollars
Short-term liquidity	6.8	169.5
Tactical short-term	1.6	40.3
Held-to-maturity	17.1	427.9
Government bonds	42.7	1 068.0
Diversified fixed-interest	17.0	425.1
Inflation-linked	14.8	370.2
Total	100	2 501.0

Each asset class is managed according to its own investment guidelines. The guidelines address a variety of market risks through restrictions on eligibility of instruments and on managers' activity by setting:

1. Pre-assigned benchmarks and limits on deviations from benchmarks in terms of duration
2. Tracking error limits
3. Credit floors (please refer to (h) credit risk).

The benchmark indices used for the respective portfolios are shown in table 2.

Table 2
Benchmark indices by portfolio

Portfolio	Benchmark index
Short-term liquidity	Not applicable
Government bonds	JP Morgan Global Government Bond 1-5 year index, customized to the four component currencies of the SDR valuation basket
Diversified fixed-interest	U.S. Lehman Aggregate Index (AA3 or above)
Inflation-linked	Customized index comprising the Barclays Capital Global Inflation-Linked Index (1-7 years) and the Barclays Capital Global Inflation-Linked Index (7 years and above)
Held-to-maturity	Equally-weighted extended sector benchmark (internally calculated on quarterly basis)

The upper limit for the duration is set at:

- One year above the benchmark for global government bonds asset class.
- Two years above the benchmark for diversified fixed-interest asset class.
- Not higher than seven years for the inflation-linked bonds asset class.

Exposure to market risk is adjusted by modifying the duration of the portfolio, depending on the outlook for changes in securities market prices. The upper limit for the duration of the fixed-income portion of the portfolio is set at 0-2 years above the benchmarks of respective fixed-income portfolios. The Fund no longer invests in equities.

The average duration of IFAD's investment portfolio at 31 December 2008 and 2007 and respective benchmarks are shown in table 3.

Table 3
Average duration of portfolios and benchmarks in years (IFAD only)
As at 31 December 2008 and 2007

Portfolio	Portfolio		Benchmark	
	2008	2007	2008	2007
Short-term liquidity	-	-	n/a	n/a
Government bonds	2.9	2.7	2.6	2.5
Diversified fixed-interest	3.0	4.5	3.2	4.0
Inflation-linked	4.7	3.9	5.2	5.0
Held-to-maturity	2.3	2.5	2.3	2.5
Total average	3.0	2.9	3.0	2.9

The sensitivity analysis of IFAD's overall investment portfolio in table 4 shows how a parallel shift in the yield curve (-300 - +300 basis points) would affect the value of the investment portfolio as at 31 December 2008.

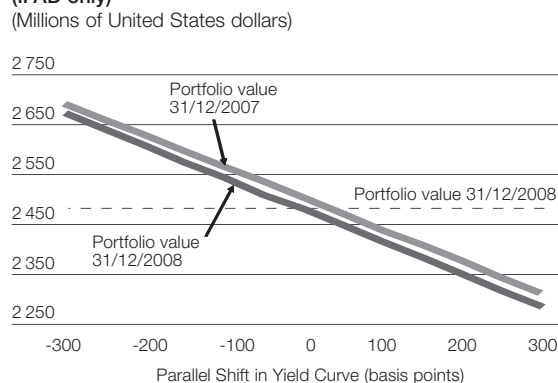
Table 4
Sensitivity analysis on investment portfolio (IFAD only)

Basis point shift in yield curve	2008		2007	
	Change in value of externally managed portfolio	Total portfolio	Change in value of externally managed portfolios	Total portfolio
-300	193	2 672	188	2 689
-250	161	2 640	156	2 657
-200	129	2 608	125	2 626
-150	96	2 575	94	2 595
-100	64	2 543	63	2 564
-50	32	2 511	31	2 532
0	-	2 478.5	-	2 501.0
50	(32)	2 447	(31)	2 470
100	(64)	2 415	(63)	2 438
150	(96)	2 383	(94)	2 407
200	(129)	2 350	(125)	2 376
250	(161)	2 318	(156)	2 345
300	(193)	2 286	(188)	2 313

The above sensitivity analysis does not include cash collateral investments.

Graph 1 shows the negative relationship between yields and fixed income portfolio value.

Graph 1
Sensitivity analysis on investment portfolio value (IFAD only)
(Millions of United States dollars)



At 31 December 2008, if the general level of interest rates on the SDR currency markets had been higher/(lower) by 100 basis points (this is a parallel shift of the yield curves), the overall portfolio investment income would have been lower/(higher) by US\$64.0 million as a result of the capital losses (gains) on the marked-to-market portion of the portfolio (78 per cent of the total).

Table 5 shows the tracking error limits defined by the investment guidelines. Tracking error represents the annualized standard deviation of the return versus the benchmark, and it is a measure of the active risk taken by a manager in managing a portfolio.

Table 5
Tracking error ranges by portfolio

Portfolio	Tracking error (percentage per annum)
Government bonds	0.75-1.00
Diversified fixed-interest	0.75-1.00
Inflation-linked	2.00
Held-to-maturity	Not applicable

The overall investment portfolio's tracking error at 31 December 2008, based on a three-year history, was 0.28 per cent.

(h) Credit risk

The investment guidelines set credit floors for the eligibility of securities and counterparties. The eligibility of banks and bond issues is determined on the basis of ratings made by major credit-rating agencies. The minimum credit ratings for the

portfolios of IFAD's overall investment portfolio, as allowed by the investment guidelines are shown in table 6.

Table 6
Minimum credit ratings per investment guidelines

Portfolio	Securities	Time deposits and CDs ^a	Spot and forwards ^b	IRS ^b
Short-term liquidity	n/a	A-1/P-1	n/a	n/a
Government bonds ^c	Moody's Aa3 or S&P AA- or Fitch AA-	A-1/P-1	A-1/P-1	n/a
Diversified fixed-interest ^c	Moody's Aa3 or S&P AA- or Fitch AA (exception: MBS and ABS AAA/Aaa by two of the three agencies)	A-1/P-1	A-1/P-1	AA-/Aa3
Inflation-linked ^c	Moody's Aa3 or S&P AA-	A-1/P-1	A-1/P-1	n/a
Held-to-maturity (HTM)	Moody's Aa3 or S&P AA- (exception: corporate bonds AAA/Aaa)	A-1/P-1	n/a	n/a

^a Minimum credit rating (Moody's P-1 or S&P A-1) refers to the bank.

^b Minimum credit rating refers to the counterparty.

^c Futures and options are allowed if traded on regulated exchanges.

Note: ABS=asset backed securities; IRS=interest rate swaps; MBS=mortgage backed securities.

At 31 December 2008, the average credit ratings by portfolio were in line with the minimum ratings allowed by investment guidelines (table 7).

Table 7
Average credit ratings by portfolio (IFAD only)

As at 31 December 2008 and 2007

Portfolio	Credit Rating ^a	
	2008	2007
Short-term liquidity	P1	P1
Government bonds	Aaa	Aaa
Diversified fixed-interest	Aaa	Aaa
Inflation-linked	Aaa	Aaa
Held-to-maturity	Aaa	Aaa

^a The average credit rating is calculated based on market values at 31 December 2008 and 2007 except for the held-to-maturity portfolio average rating, which is calculated on face values. Moody's credit ratings have been applied.

The credit ratings of the cash collateral are presented in note 4(j).

(i) Held-to-maturity investments

Portfolio	Thousands of United States dollars equivalent			
	US\$	Euro	Pound sterling	All currencies
Cash	10 888	448	-	11 336
Corporate bonds	51 645	67 865	7 123	126 633
Government agencies	101 610	50 256	7 394	159 260
Government bonds	10 161	49 048	-	59 209
Supranational	30 284	20 430	-	50 714
Total 2008	204 588	188 047	14 517	407 152
Total 2007	224 417	183 612	19 939	427 968

The fair value of held-to-maturity investments as at 31 December 2008 was US\$418,769,000 (2007 – US\$430,342,000).

The maturity structure of held-to-maturity investments as at 31 December is as follows:

Period due	Thousands of United States dollars	
	2008	2007
Less than one year	94 284	76 401
1-2 years	87 924	95 165
2-3 years	73 052	91 199
3-4 years	75 340	73 689
4-5 years	76 552	81 753
5-6 years	-	9 761
Total	407 152	427 968

All investments due in less than one year have a maturity of more than three months from the date of purchase.

(j) Securities lending

IFAD enters into collateralized securities lending transactions that may result in credit exposure in the event that the counterparty is unable to fulfil contractual obligations. The global custodian, on behalf of IFAD, monitors the adequacy of collateral on a daily basis, requiring additional collateral in accordance with the agreement when deemed necessary (below a predetermined level). Counterparty credit exposure is monitored by both IFAD and the global custodian. IFAD retains the market risk associated with the securities purchased with cash collateral received. In 2008, the Fund, through an amendment to the original agreement with the global custodian, transferred its share of collateral to a custom collateral account. The investment guidelines specifically established for the custom account are more restrictive than IFAD's general investment guidelines. These set thresholds for determining the eligibility of securities, credit floors and the weighted average life of investments (maximum 30 days for the custom collateral account). A large proportion of the assets received as cash collateral is kept in highly liquid instruments in order to address, inter alia, the liquidity risk associated with the illiquid market for some of the holdings in the portfolio such as mortgage-backed and asset-backed securities. An analysis of cash collateral investments by currency and by credit rating is set out below.

	Thousands of United States dollars	
	2008	2007
United States dollar	455 953	593 075
Euro	-	223 628
Total	455 953	816 703

	Thousands of United States dollars				
	AAA	AA	A	BBB	Total
Cash	167 829	-	-	-	167 829
Corporate bonds	23 221	12 879	39 553	2 758	78 411
Government agencies	54 658	-	-	-	54 658
Government bonds	29 910	-	-	-	29 910
Banking industry	-	8 101	6 247	-	14 349
Mortgage backed securities	12 245	1 890	959	3 382	19 476
Asset backed securities	87 283	1 459	503	2 075	91 321
Total	376 147	24 330	47 262	8 215	455 953

Note: The table applies the most conservative, i.e. lowest, credit rating from among Moody's, Standard & Poor's and Fitch.

The maturity structure of cash collateral investments as at 31 December 2008 is as follows:

Period due	Thousands of United States dollars	
	2008	
Less than one year	340 126	
1-2 years	76 296	
2-3 years	28 683	
3-4 years	10 849	
Total	455 953	

(k) Currency risk

IFAD's investment portfolio is used to minimize IFAD's overall currency risk. The majority of IFAD's commitments relate to undisbursed loans and grants denominated in SDR. Consequently, the overall assets of the Fund are maintained, to the extent possible, in the currencies and ratios of the SDR valuation basket. Similarly, the General Reserve and commitments for grants denominated in United States dollars are matched by assets denominated in United States dollars.

The monitoring of the status of alignment to the SDR valuation basket is usually performed on a monthly basis.

In case of misalignments that are considered persisting and significant, Management undertakes a realignment procedure by changing the currency ratios in IFAD's investment portfolio so as to realign the total assets to the desired SDR weights.

The degree of currency alignment of IFAD's overall assets subject to SDR alignment at 31 December 2008 is shown in table 8.

Table 8
Alignment of assets to SDR basket (IFAD-only)
As at 31 December 2008

Currency group	Net asset amount (%)	SDR weights	Difference
United States dollar	38.5	41.2	(2.7)
Euro	37.0	37.1	(0.1)
Japanese yen	13.6	13.2	0.4
Pound sterling	10.9	8.5	2.4
Total	100.0	100.0	-

At 31 December 2008, had the United States dollar depreciated (appreciated) by 10 per cent over the three other currencies in the SDR basket, the alignment of IFAD's assets would have been as shown in table 9.

Table 9
Sensitivity of alignment of assets to SDR basket (IFAD-only)
As at 31 December 2008

Currency group	Difference towards SDR weights	
	-10% of US\$ (%)	+10% of US\$ (%)
United States dollar	(5.0)	(0.2)
Euro	1.3	(1.7)
Japanese yen	0.9	(0.2)
Pound sterling	2.8	2.1
Total	-	-

To seek higher returns, the Fund may invest in securities denominated in currencies other than those included in the SDR valuation basket, and enter into covered forward foreign-exchange agreements in order to maintain the matching in currency terms, of commitments denominated in SDRs and United States dollars.

(l) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and cash equivalents to meet loan and grant disbursements as well as other administrative outflows as they arise. IFAD's Treasury maintains flexibility in funding by calculating estimated availability of funds from all relevant sources and monitors the liquidity situation based on various time lines. IFAD developed a liquidity policy, which was approved by the Executive Board in December 2006, to provide further safeguards in this area. The liquidity policy requires a minimum level of highly liquid assets in IFAD's investment portfolio equal to 60 per cent of the total annual gross disbursements (cash outflows) and potential additional requirements due to liquidity shocks. The appropriateness of the level is reviewed during the replenishment cycle. The current balance of highly liquid assets comfortably covers the minimum liquidity requirements.

(m) Capital risk

The overall resource policy is reviewed by Management on a regular basis. A joint review with the principal stakeholders is also carried out at least once during each replenishment process. IFAD closely monitors its resource position on a regular basis in order to safeguard its ability to continue as a going concern. Consequently, it adjusts the amount of new commitments of loans and grants to be made during each calendar year dependent on the resources available. Longer term resource forecasting is carried out within the analysis performed through IFAD's financial model.

NOTE 5
CONTRIBUTORS' PROMISSORY NOTES AND RECEIVABLES

	Thousands of United States dollars	
	2008	2007
Promissory notes to be encashed		
Replenishment contributions	276 728	340 842
BSF contributions	20 565	21 632
Total	297 293	362 474
Fair value adjustment	(13 313)	(18 655)
Promissory notes to be encashed at fair value	283 980	343 819
Contributions receivable		
Replenishment contributions	211 617	355 812
BSF contributions	32 862	36 936
Supplementary contributions	45 689	13 018
Total	290 168	405 766
Fair value adjustment	(9 107)	(27 778)
Contributions receivable at fair value	281 061	377 988

(a) Initial, First, Second, Third, Fourth, Fifth and Sixth Replenishment contributions

These contributions have been fully paid except as detailed in note 6 and in the matrix below:

Contributions not paid/encashed (as at 31 December 2008)

Donor	Thousands of United States dollars	
	Replenishment	Amount
Brazil ^a	Sixth	2 639
France ^a	Sixth	11 120
Germany ^a	Sixth	14 000
Guatemala ^a	Sixth	23
Netherlands ^a	Sixth	11 169
Switzerland ^a	Sixth	521
United Kingdom ^{a, b}	Sixth	5 751
United States	Sixth	459

^a Cases for which Members and IFAD have agreed to special encashment schedules.

^b Part of this balance relates to a promissory note not deposited as at 31 December 2008.

(b) Seventh Replenishment

Details of contributions and payments made for the Seventh Replenishment are shown in appendix G. The Seventh Replenishment became effective on 22 December 2006.

(c) Special Programme for Africa (SPA)

Details of contributions to the SPA under the First and Second phases are shown in appendix G.

(d) Credit risk

Because of the sovereign status of IFAD's donor contributions, the Fund expects that each of its contributions for which a legally binding instrument has been deposited will ultimately be received. Collectability risk is covered by the provisions on contributions.

NOTE 6**PROVISIONS**

The fair value of the provisions is equivalent to the nominal value given that the underlying receivables/promissory notes are already due at the balance sheet date.

In accordance with IFAD's policy, the Fund has established provisions at 31 December as follows:

	Thousands of United States dollars	
	2008	2007
Balance at beginning of the year	168 485	169 360
Total movements	0	(875)
Balance at end of year	168 485	168 485
Analysed as:		
Promissory notes of contributors (a)	80 898	80 898
Amounts receivable from contributors (b)	87 587	87 587
Total	168 485	168 485

(a) Provisions against promissory notes

As at 31 December 2008, all IFAD replenishment contributions deposited in the form of promissory notes up to and including the Sixth Replenishment have been fully drawn down. Promissory notes deposited for the Seventh Replenishment have been 65 per cent drawn down. (31 December 2007 – 100 per cent up to the Sixth Replenishment and 30 per cent for the Seventh Replenishment).

As at 31 December 2008 and 2007, all First and Second phase SPA contributions have been fully drawn down.

In accordance with the policy, the Fund has established provisions against promissory notes as at 31 December:

	Thousands of United States dollars	
	2008	2007
IFAD		
Initial contributions		
Iran (Islamic Republic of)	29 358	29 358
Iraq	13 717	13 717
	43 075	43 075
First Replenishment		
Iraq	31 099	31 099
	31 099	31 099
Second Replenishment		
Mauritania	2	2
	2	2
Third Replenishment		
Democratic People's Republic of Korea	600	600
Libyan Arab Jamahiriya	6 087	6 087
Mauritania	25	25
	6 712	6 712
Total IFAD	80 888	80 888
SPA		
First phase		
Mauritania	10	10
Total SPA	10	10
Grand total	80 898	80 898

(b) Provisions against amounts receivable from contributors

In accordance with its policy, the Fund has established provisions against some of these amounts:

	Thousands of United States dollars	
	2008	2007
Initial contributions		
Comoros	10	10
Iran (Islamic Republic of)	83 167	83 167
	83 177	83 177
Second Replenishment		
Iraq	2 000	2 000
	2 000	2 000
Third Replenishment		
Iran (Islamic Republic of)	2 400	2 400
Sao Tome and Principe	10	10
	2 410	2 410
Total	87 587	88 587

NOTE 7**OTHER RECEIVABLES**

	Thousands of United States dollars	
	2008	2007
Receivables for investments sold	67 388	53 489
Other receivables	37 506	40 615
Total	104 894	94 104

The amounts above are all expected to be received within one year of the balance sheet date.

NOTE 8**FIXED AND INTANGIBLE ASSETS**

	Thousands of United States dollars		
	1 January	2008	31 December
Cost			
Computer hardware	0	490	490
Computer software	0	64	64
Furniture and fittings	0	412	412
Office equipment	0	75	75
Total	0	1 041	1 041
Depreciation			
Computer hardware	0	(10)	(10)
Computer software	0	(1)	(1)
Furniture and fittings	0	(34)	(34)
Office equipment	0		
Total	0	(45)	(45)
Net fixed and intangible assets	0	996	996

NOTE 9**LOANS****(a) Accumulated allowance for impairment losses**

An analysis of the accumulated allowance for loan impairment losses is shown below:

	Thousands of United States dollars	
	2008	2007
Balance at beginning of year	173 990	169 162
Net (decrease) in allowance	(36 945)	(3 126)
Revaluation	(3 942)	7 954
Balance at end of year at nominal value	133 103	173 990
Fair value adjustment	(70 281)	(117 421)
Total	62 822	56 569

All loans included within the accumulated allowance are 100 per cent impaired.

(b) Non-accrual status

For loans with overdue amounts in non-accrual status, had these amounts been recognized as income, income from loans as reported in the statement of revenues and expenses for the year 2008 would have been greater by US\$2,835,000 (2007 – US\$2,734,000). The corresponding figures relating to IFAD were US\$2,803,000 (2007 – US\$2,703,000) and SPA were US\$32,000 (2007 – US\$31,000). The Member States concerned are shown below:

(i) Borrowers in non accrual status – IFAD

As at 31 December 2008

	Thousands of United States dollars			
	Principal outstanding	Principal overdue	Income not accrued in 2008	In arrears since
Central African Republic	32 670	6 768	331	May 2001
Cuba	12 752	12 752	526	Sep 1989
Democratic Republic of the Congo	22 773	5 817	236	Feb 1993
Guinea-Bissau	6 731	2 048	70	Nov 1995
Gaza and the West Bank	3 857	148	30	Apr 2007
Liberia	15 624	12 065	469	Nov 1995
Seychelles	125	83	10	Jan 2002
Somalia	26 550	14 463	275	Jan 1991
Togo	24 236	4 829	240	Sep 2000
Zimbabwe	25 433	12 861	616	Oct 2001
Total	170 751	71 834	2 803	

(ii) Borrowers in non accrual status – SPA

As at 31 December 2008

	Thousands of United States dollars			
	Principal outstanding	Principal overdue	Income not accrued in 2008	In arrears since
Guinea-Bissau	3 141	857	32	Dec 1995
Total	3 141	857	32	

The income from loans reported in the statement of revenues and expenses for 2008 includes US\$4,273,000 (2007 – US\$2,537,000) in respect of income received relating to prior years.

Details of loans approved and disbursed and of loan repayments appear in appendix H.

(c) Further analysis of loan balances

	Thousands of United States dollars	
	2008	2007
IFAD approved loans less cancellations and the adjustment for movement in value of total SDR loans in terms of US\$ (appendix H)		
2008 – US\$9 108 152		
2007 – US\$8 939 817		
Effective loans	8 458 277	8 197 827
Less: Undisbursed balance of effective loans	(2 265 755)	(2 285 970)
Repayments	(1 462 618)	(1 312 398)
Interest/principal receivable	18 967	24 018
Loans outstanding at nominal value	4 748 871	4 623 477
Fair value adjustment	(1 129 484)	(1 212 961)
Loans outstanding at fair value	3 619 387	3 410 516

SPA approved loans less cancellations and the adjustment for movements in value of total SDR loans in terms of US\$ (appendix H)

2008 – US\$342 226
2007 – US\$336 384

Effective loans	342 226	349 425
Less: Undisbursed balance of effective loans	(308)	(1 017)
Repayments	(70 542)	(61 305)
Interest/principal receivable	694	1 035
Loans outstanding at nominal value	272 070	288 138
Fair value adjustment	(113 850)	(117 887)
Loans outstanding at fair value	158 220	170 251

Total approved loans less cancellations and the adjustment for movements in value of SDR loans in terms of US\$

2008 – US\$9 450 378
2007 – US\$9 289 242

Effective loans	8 800 503	8 547 252
Undisbursed balance of effective loans	(2 266 063)	(2 286 987)
Repayments	(1 533 160)	(1 373 703)
Interest/principal receivable	19 661	25 053
Loans outstanding at nominal value	5 020 941	4 911 615
Fair value adjustment	(1 243 334)	(1 330 848)
Loans outstanding at fair value	3 777 607	3 580 767

(d) Credit risk

Because of the nature of its borrowers and guarantors, the Fund expects that each of its sovereign guaranteed loans will ultimately be repaid. Collectability risk is covered by both the accumulated allowance for loan impairment losses and the accumulated allowance for the HIPC Debt Initiative. Loans with amounts overdue more than 180 days are placed in non-accrual status.

(e) Market risk

The interest rate risk associated with IFAD's loan portfolio is believed to be minimal, as 91.7 per cent (31 December 2007 – 90.2 per cent) of the current outstanding portfolio relate to borrowers on highly concessional terms, hence not subject to variation on an annual basis. An analysis of the portfolio by type of lending term is presented in appendix H, sections 4 and 8.

(f) Fair value estimation

The assumptions used in determining fair value are not sensitive to changes in discount rates. The associated impact of the exchange rate movement between SDR and United States dollars is closely monitored.

NOTE 10
FINANCIAL INSTRUMENTS BY CATEGORY

The accounting policies for financial instruments have been applied to the line items below:

	Thousands of United States dollars		
2008	Loans and receivables	Assets at fair value through the profit and loss	Held-to-maturity
Net loans outstanding		3 596 800	
Other receivables	104 894		
Held-to-maturity investments			407 152
Other financial assets at fair value through profit and loss		3 281 163	
Cash and equivalents		491 548	
Total	104 894	7 369 511	407 152

2007

Net loans outstanding	-	3 426 012	-
Other receivables	94 104	-	-
Held-to-maturity investments	-	-	427 968
Other financial assets at fair value through profit and loss	-	1 910 031	-
Cash and equivalents	-	437 753	-
Total	94 104	5 773 796	427 968

NOTE 11**DEBT INITIATIVE FOR HEAVILY INDEBTED POOR COUNTRIES****(a) Impact of the HIPC Debt Initiative**

IFAD has funded the HIPC Debt Initiative in the amount of US\$94,670,000 during the period 1998-2008. Details of funding from external donors on a cumulative basis are found in appendix D1.

For a summary of debt relief reimbursed since the start of the Initiative and of that expected in the future, please refer to appendix I. Debt relief approved by the Executive Board to date excludes all amounts relating to the enhanced Debt Initiative for the Comoros, Côte d'Ivoire, Eritrea, Kyrgyzstan, Nepal, Somalia, the Sudan and Togo. Authorization for IFAD's share of this debt relief is expected to be given by the Executive Board in 2008-2010. At the time of preparation of the 2008 consolidated financial statements, the estimate of IFAD's share of the overall debt relief for these countries, principal and interest, was US\$179,075,000 (2007 – US\$213,500,000).

Gross investment income amounted to US\$1,630,000 (2007 – US\$1,166,000) from the HIPC Trust Fund balances.

The total cumulative cost of debt relief derives from the following sources:

	Thousands of United States dollars		
	2008	Movement	2007
IFAD contributions 1998-2007	94 670	0	94 670
Total contributions from external sources (appendix D1)	175 651	0	175 651
Net cumulative investment income	7 887	1 630	6 257
Short fall between debt relief approved and funds available	29 934	(85 884)	115 817
Cumulative net exchange rate movements	36 905	(2 931)	39 836
Total (appendix I)	345 046	(87 185)	432 231

(b) Accumulated allowance for the HIPC Debt Initiative

The balances for the years ended 31 December are summarized below:

	Thousands of United States dollars	
	2008	2007
Balance at beginning of year	148 004	279 393
New approvals	26 584	3 173
Change in provision	(11 320)	(147 380)
Exchange rate movements	(2 931)	12 818
Balance at end of year	160 337	148 004
Fair value adjustment	(42 352)	(49 818)
Fair value equivalent	117 985	98 186

NOTE 12**PAYABLES AND LIABILITIES**

	Thousands of United States dollars	
	2008	2007 Restated
Cash collateral liabilities	474 229	816 703
Payable for investments purchased	210 565	219 336
ASMCS liability	50 113	41 355
Other payables and accrued liabilities	65 948	64 726
	326 626	325 417
Total	800 855	1 142 120

Of the total above, approximately US\$187,623,000 (2007 – US\$76,141,000) is estimated to be payable in more than one year from the balance sheet date.

NOTE 13**DEFERRED REVENUES**

Deferred contribution balances represent contributions received for which the revenue recognition has been deferred to future periods to match the related costs. Deferred income includes amounts relating to service charges received for which the related costs have not yet been incurred.

	Thousands of United States dollars	
	2008	2007
Deferred revenues	275 256	169 887
Fair value adjustment	(5 810)	(9 129)
Fair value equivalent	269 445	160 758

NOTE 14**NET FOREIGN EXCHANGE GAINS/LOSSES**

The following rates of 1 unit of SDR in terms of United States dollars as at 31 December were used:

Year	United States dollars
2008	1.53480
2007	1.57592
2006	1.50387

The movement in the account for foreign exchange rates is explained as follows:

	Thousands of United States dollars	
	2008	2007
Opening balance at 1 January	1 027 548	784 190
Exchange movements for the year on:		
Cash and investments	(67 187)	95 259
Held-to-maturity		2 556
Net receivables/payables	(4 231)	2 868
Loans and grants outstanding	(93 208)	147 305
Promissory notes and Members' receivables	(20 617)	22 089
Member States' contributions	18 491	(26 719)
Total movements in the year	(166 752)	243 358
Closing balance at 31 December	860 796	1 027 548

The movement on this account excludes the gain/loss related directly to operations, which instead is included in total foreign exchange rate movements.

NOTE 15
INCOME FROM CASH AND INVESTMENTS
(a) Investment management

Since 1994, a major part of IFAD's investment portfolio has been entrusted to external investment managers under investment guidelines provided by the Fund. At 31 December 2008, funds under external management amounted to US\$1,892,200,000 (2007 – US\$1,393,100,000), representing some 75 per cent (2007 – 59 per cent) of total cash and investments. In addition, the cash collateral portfolio is managed by the global custodian.

(b) Derivative instruments

The Fund's investment guidelines authorize the use of the following types of derivative instruments for hedging purposes (although it is not qualified for hedging accounting), primarily to ensure alignment to the SDR basket:

(i) Futures

Future contracts open at year end were as follows:

	31 December	
	2008	2007
Number of contracts open:		
Buy	1 143	1 618
Sell	462	581
Net unrealized gains of open contracts (US\$ '000)	5 767	2 451
Maturity range of open contracts (days)	65 to 803	66 to 623

The underlying instruments of future contracts open at 31 December 2008 were government bonds and currencies.

(ii) Options

IFAD only permits the use of investment in exchange-traded options. It does not write option contracts. Relevant data for options at year end were as follows:

	31 December	
	2008	2007
Number of contracts open:		
Buy	504	1 104
Sell	382	1 064
Market value of open contracts (US\$ '000)	(183)	42
Net unrealized gains/(losses) of open contracts (US\$ '000)	(512)	191
Maturity range of open options (days)	23 to 257	25 to 350

The underlying instruments of option contracts open at 31 December 2008 were government bonds and money market indexes.

(iii) Covered forwards

The unrealized market-value gain on forward contracts at 31 December 2008 amounted to US\$26,752,000 (2007 – loss of US\$136,000). The maturity of forward contracts at 31 December 2008 ranged from 5 to 77 days (31 December 2007 – 7 to 79 days).

The underlying instruments of forward contracts open at 31 December 2008 were currencies.

(iv) Swaps

	31 December	
	2008	2007
Number of contracts open:		
Buy	1	
Sell	1	
Net unrealized gains of open contracts (US\$ '000)	(773)	
Nominal value (US\$ '000)	6,100	

(c) Income from cash and investments

The gross income from cash and investments for the year ended 31 December 2008 amounted to US\$136,273,000 (2007 – gross income of US\$155,190,000). This figure is gross of direct charges against investment income of US\$4,637,000 (2007 – US\$3,929,000), which are included in expenses.

	Thousands of United States dollars		
	2008		
	MTM*	HTM*	Total
Interest from fixed-income investments	78 044	17 375	95 419
Net income from futures/options and swaps	4 010		4 010
Realized capital (loss)/gain from fixed-income securities	28 298	(511)	27 787
Unrealized gain/(loss) from fixed-income securities	13 035		13 035
Unrealized gain/(loss) on assets held as cash collateral on securities lent	(18 276)		(18 276)
Income from securities lending	4 463	820	5 283
Interest income from banks and non-convertible currencies	8 990	25	9 015
Total	118 564	17 709	136 273

*MTM=Marked to market; HTM=Held-to-maturity

	Thousands of United States dollars		
	2007		
	MTM*	HTM*	Total
Interest from fixed-income investments	68 361	29 055	97 416
Net loss from futures and options	543	-	543
Realized capital loss from fixed-income securities	(2 461)	9 169	6 708
Unrealized loss from fixed-income securities	43 359	(6 088)	37 271
Income from securities lending	1 531	360	1 891
Interest income from banks and non-convertible currencies	11 361	-	11 361
Total	122 694	32 496	155 190

*MTM=Marked to market; HTM=Held-to-maturity

For held-to-maturity investments, realized capital gains/(losses) relate to amortization.

The above figures include income for the consolidated entities, as follows:

	Thousands of United States dollars	
	2008	2007
IFAD	131 257	146 432
ASMCS Trust Fund	1 722	1 741
HIPC Trust Fund	1 630	1 168
BSF.JP	1 217	4 284
Other supplementary funds	4 148	5 226
Less: income deferred/reclassified	(3 701)	(3 661)
Total	136 273	155 190

The annual rate of return on consolidated cash and investments in 2008 was estimated as positive 5.14 per cent net of expenses (2007 – positive 6.10 per cent net of expenses). The annual rate of return on IFAD cash and investments in 2008 was estimated as positive 5.45 per cent net of expenses (2007 – 6.10 per cent positive net of expenses).

NOTE 16**INCOME FROM OTHER SOURCES**

This income relates principally to reimbursement from the host Government for specific operating expenses. It also includes service charges received from entities housed at IFAD as compensation for providing administrative services. An analysis is given below:

	Thousands of United States dollars	
	2008	2007
Service charges	211	224
Host Government income	16 876	11 781
Income from other sources	1 774	2 036
Total	18 861	14 041

NOTE 17**INCOME FROM CONTRIBUTIONS**

	Thousands of United States dollars	
	2008	2007
Supplementary funds	30 636	107 840
BSF.JP	1 925	5 831
Total	32 561	113 671

From 2007, contributions to the HIPC Debt Initiative have been offset against the HIPC Debt Initiative expenses.

NOTE 18**OPERATING EXPENSES**

An analysis of IFAD operating expenses by principal funding source is shown in appendix J.

The Programme Development Financing Facility (PDFF) finances the multi-year expenses required for the design, implementation and supervision of projects and programmes financed by loans and grants from IFAD. When an obligation is incurred in relation to the PDFF, the related costs are recorded as a separate line item within expenses in the statement of revenues and expenses and as a liability in the balance sheet for undisbursed accrued amounts. PDFF commitments are recorded as a deduction from resources available for commitment upon effectiveness of the underlying activities, based on specific milestones for each type of activity.

The costs incurred relating to PDFF, and other funding sources including the Action Plan, are classified in the accounts in accordance with the underlying nature of the expense.

NOTE 19**STAFF NUMBERS, RETIREMENT PLAN AND MEDICAL SCHEMES****(a) Staff numbers**

Employees that are on IFAD's payroll are part of the retirement and medical plans offered by IFAD. These schemes include participation in the United Nations Joint Staff Pension Fund (UNJSPF) and in the After-Service Medical Coverage Scheme (ASMCS) administered by FAO.

The number of full-time equivalent employees of the Fund and other consolidated entities by principal budget source during 2008 was as follows:

	Professional	General Service	Total
IFAD administrative budget	182	204	386
IFAD PDFF	27	32	59
IFAD other sources	31	26	57
BSF.JP	2	1	3
APO/SPO*	12		12
Programmatic funds	2	3	5
Total 2008	256	267	523
Total 2007	237	270	507

*Associate professional officer/special programme officer

As in previous years, IFAD engaged the services of consultants, conference personnel and other temporary staff to meet its operational needs.

(b) Retirement plan

The latest actuarial valuation for the UNJSPF was prepared as at 31 December 2007. This valuation revealed an actuarial surplus, amounting to 0.49 per cent of pensionable remuneration. IFAD makes contributions on behalf of its staff (currently paid as 7.9 per cent of pensionable remuneration by the employee and 15.8 per cent by IFAD) and would be liable for its share of the unfunded liability, if any. Total retirement plan contributions made for staff in 2008 amounted to US\$8,984,000 (2007 – US\$8,024,000). Despite the difficult market conditions, the Chief Executive Officer of the UNJSPF confirmed that the ability of the UNJSPF to meet pension benefits remains fully intact.

(c) After-Service Medical Coverage Scheme

The latest actuarial valuation for the ASMCS was carried out as at 31 December 2008. The methodology used was the projected unit-credit-cost method with service prorates. The principal actuarial assumptions used were as follows: discount rate, 5.6 per cent; return on invested assets, 5.0 per cent; expected salary increase, 5.0 per cent; medical cost increase, 5.0 per cent; inflation, 3.0 per cent; and exchange rate euro: US\$1.43. The results determined IFAD's liability as at 31 December 2008 to be some US\$50,113,000. The 2008 and 2007 financial statements include a provision and related assets constituted as follows as at 31 December:

	Thousands of United States dollars	
	2008	2007
Past service liability		
Total provision at 1 January	(41 355)	(32 922)
Interest cost	(2 242)	(1 470)
Current service charge	(1 969)	(1 949)
Reclassification/current service charge from non-IFAD entities	-	-
Actuarial losses	(4 547)	(5 014)
Provision at 31 December	(50 113)	(41 355)
Plan assets		
Total assets at 1 January	46 199	32 922
Interest earned on balances	1 722	1 742
Contributions	9 561	11 535
Actuarial losses	-	-
Total assets at 31 December	57 482	46 199

ASMCS assets are currently invested in cash and time deposits in accordance with IFAD's investments policy.

IFAD provides for the full annual current service costs of this medical coverage, including its eligible retirees. In 2008, such costs included within staff salaries and benefits in the financial statements amounted to US\$4,211,000 (2007 – US\$3,648,000).

(d) Actuarial valuation risk of the ASMC Scheme

A sensitivity analysis of the principal assumptions of the liability and service cost contained within the group data as at 31 December 2008 is shown below:

Impact on	Liability (percentage)	Service cost (percentage)
Medical inflation:		
6.0 per cent instead of 5.0 per cent	25.4	35.66
4.0 per cent instead of 5.0 per cent	-20.3	-26.3

NOTE 20**DIRECT BANK AND INVESTMENT COSTS**

	Thousands of United States dollars	
	2008	2007
Investment management fees	(3 546)	(2 923)
Net other charges	(641)	(582)
Tax recoverable (paid)/received	2	(10)
Total	(4 185)	(3 515)

NOTE 21**ADJUSTMENT FOR CHANGE IN FAIR VALUE**

An analysis of the movement in fair value is shown below:

	Thousands of United States dollars	
	2008	2007
Loans outstanding	53 245	(16 067)
Accumulated allowance for loan impairment losses	(44 076)	(1 573)
Accumulated allowance for HIPC Debt Initiative	(6 165)	(50 771)
Net loans outstanding	3 004	(68 411)
Contributors' promissory notes	157	(3 215)
Contributions receivable	(14 589)	(8 705)
Contributions	20 695	10 613
Undisbursed grants	(3 800)	9 414
Deferred revenues	(6 263)	1 307
Total	(796)	(58 997)

NOTE 22**HOUSED ENTITY DISCLOSURES**

Grants include annual funding for entities housed at IFAD, i.e. ILC and the Global Mechanism as follows:

	Thousands of United States dollars		
	Cumulative	2008	2007
ILC	10 063	1 148	-
Global Mechanism	8 782	1 232	-
Total	18 845	2 380	-

At 31 December liabilities owed to/(from) IFAD by the Global Mechanism and ILC were:

	Thousands of United States dollars	
	2008	2007
ILC	528	(22)
Global Mechanism	(389)	1 470
Total	139	1 448

NOTE 23**CONTINGENT LIABILITIES****(a) Contingent liabilities**

IFAD has contingent liabilities in respect of debt relief announced by the World Bank/International Monetary Fund for 9 countries. See note 11 for further details of the potential cost of loan principal and interest relating to these countries, as well as the future interest not accrued on debt relief already approved as shown in appendix I.

NOTE 24**DATE OF AUTHORIZATION FOR ISSUE OF THE CONSOLIDATED FINANCIAL STATEMENTS**

The consolidated financial statements are authorized for issue following the recommendation of the Audit Committee in April 2009 and endorsement by the Executive Board in April 2009. The 2008 consolidated financial statements will be submitted to the Governing Council for formal approval at its next session in February 2010. The 2007 consolidated financial statements were approved by the Governing Council at its thirty-second session in February 2009.

APPENDIX D1

Statement of complementary and supplementary contributions and unspent funds

As at 31 December 2008 and 2007

Statement of cumulative supplementary contributions including project cofinancing from 1978 to 2008¹

(Expressed in thousands of United States dollars)

Member States	Project cofinancing	APOs	Other supplementary funds	GEF	Total
Algeria			97		97
Angola			7		7
Australia ²	2 721		84		2 805
Austria	755				755
Bangladesh			56		56
Belgium	5 059	758	594		6 411
Belgium for BSF.JP ³			64 778		64 778
Canada	209		4 871		5 080
China			30		30
Colombia			25		25
Denmark	2 467	3 327	3 951		9 745
Finland	2 644	2 138	4 323		9 105
France	1 032	862	3 846		5 740
Germany	46	4 672	7 191		11 909
Ghana			97		97
Greece			97		97
India			1 000		1 000
Indonesia			50		50
Ireland	6 723		767		7 490
Italy	20 507	5 121	32 520		58 148
Japan	1 876	2 073	3 975		7 924
Jordan			15		15
Kuwait			139		139
Luxembourg	1 412		1 073		2 485
Malaysia			28		28
Morocco			50		50
Netherlands	67 035	4 629	10 236		81 900
Nigeria			50		50
Norway	21 401	1 709	6 296		29 406
Pakistan			25		25
Paraguay			15		15
Portugal	142		738		880
Republic of Korea		3 104			3 104
Saudi Arabia			139		139
Senegal			15		15
South Africa			10		10
Spain	1 878		8 256		10 134
Suriname	2 023				2 023
Sweden	9 421	2 385	2 059		13 865
Switzerland	8 388	343	8 188		16 919
Turkey			47		47
United Kingdom	17 402		16 183		33 585
United States		322	86		408
Total Member States	173 141	31 443	182 007		386 591

¹ Non-US\$ contributions have been translated at the year-end exchange rate.

² Australia's withdrawal from IFAD membership became effective 31 July 2007.

³ The contribution from Belgium includes US\$942,000 provided by the Belgian Survival Fund Joint Programme (BSF.JP).

APPENDIX D1

Statement of complementary and supplementary contributions and unspent funds

As at 31 December 2008 and 2007

Statement of cumulative supplementary contributions including project cofinancing from 1978 to 2008¹ (cont.) (Expressed in thousands of United States dollars)

Non-Member States and other sources	Project cofinancing	APOs	Other supplementary funds	GEF	Total
African Development Bank	2 800		953		3 753
Arab Bank	1 073		25		1 098
Arab Fund for Economic and Social Development	2 983				2 983
Arab Gulf Programme for United Nations Development Organizations	299				299
Bill & Melinda Gates Foundation			1010		1 010
Congressional Hunger Center			183		183
European Commission	814		158 940		159 754
Food and Agriculture Organization of the United Nations	14		21		35
Liechtenstein			5		5
National Agricultural Cooperative Federation	35				35
Office of the United Nations High Commissioner for Refugees	1 976				1 976
Organization of the Petroleum Exporting Countries	50				50
Other			485		485
Service charges surplus	50		96		146
United Nations Capital Development Fund			557		557
United Nations Development Programme			228		228
United Nations Office for the Coordination of Humanitarian Affairs	1 000				1 000
United Nations Fund for International Partnerships	82		150		232
World Bank	1 178		605	52 891	54 676
Total non-Member States and other sources	12 354		163 258	52 891	228 505
Total 2008	185 495	31 443	345 265	52 891	615 096
Total 2007	177 100	29 846	224 286	21 460	452 692

¹ Non-US\$ contributions have been translated at the year-end exchange rate.

APPENDIX D1

Statement of complementary and supplementary contributions and unspent funds

As at 31 December 2008 and 2007

Statement of cumulative complementary and other contributions from 1978 to 2008

(Expressed in thousands of United States dollars)

Canada	1 511
Germany	458
India	1 000
United Kingdom	11 271
Cumulative contributions received from Belgium for the BSF.JP in the context of replenishments	67 228
<i>Contributions made in the context of replenishments to the HIPC Trust Fund</i>	
Italy	4 602
Luxembourg	1 053
Netherlands	14 024
	19 679
Total complementary contributions 2008	101 147
Total complementary contributions 2007	96 664

Statement of contributions from Member States and donors to the HIPC Debt Initiative

(Expressed in thousands of United States dollars)

<i>Contributions made in the context of replenishments (see previous table)</i>	19 679
Belgium	2 713
European Commission	10 512
Finland	5 193
Germany	6 989
Iceland	250
Norway	5 912
Sweden	17 000
Switzerland	3 276
World Bank HIPC Trust Fund	104 127
Total contributions to IFAD's HIPC Trust Fund 2008	175 651
Total contributions to IFAD's HIPC Trust Fund 2007	175 651

APPENDIX D1

Statement of complementary and supplementary contributions and unspent funds

As at 31 December 2008 and 2007

Statement of supplementary and complementary contributions received in 2008

Contributions received for the new building in 2008	Currency	Amount (thousands)	Thousands of US dollars equivalent
Bangladesh	EUR	40	59
Germany	EUR	100	153
Kuwait	EUR	100	147
Saudi Arabia	EUR	100	147
Total		340	506

Contributions received for project cofinancing in 2008	Currency	Amount (thousands)	Thousands of US dollars equivalent
Netherlands	US\$	388	388
Norway	NOK	9 000	1 713
Spain	EUR	1 500	1 878
United Kingdom	GBP	3 928	7 591
Total			11 570

Contributions received for associate professional officers in 2008	Currency	Amount (thousands)	Thousands of US dollars
Denmark	US\$	63	63
Finland	US\$	332	332
Germany	US\$	290	290
Italy	US\$	409	409
Norway	US\$	37	37
Republic of Korea	US\$	285	285
Sweden	US\$	103	103
Total		1 519	1 519

Supplementary fund contributions received in 2008	Currency	Amount (thousands)	Thousands of US dollars equivalent
African Development Bank	US\$	800	800
Arab Center for the Studies of Arid Zones and Dry Lands	US\$	10	10
Bill & Melinda Gates Foundation	US\$	1 000	1 000
Canada	CAD	1 000	986
European Commission	EUR	41 079	52 197
Finland	EUR	400	515
Italy	EUR	3 395	4 881
Luxembourg	EUR	353	461
Netherlands-Bangladesh	US\$	110	110
Netherlands Rural Poverty Report	EUR	9	12
Norway	NOK	5 000	724
Norway ¹	US\$	625	625
Spain	EUR	2 000	2 788
Switzerland	CHF	50	49
United Nations Capital Development Fund	US\$	556	556
United Nations Development Programme, multi-donor trust funds	US\$	228	228
United Nations Fund	US\$	150	150
United Kingdom	GBP	528	1 049
World Bank – Consultative Group to Assist the Poor	US\$	150	150
Total			67 291

Complementary contributions received in 2008	Replenishment	Currency	Amount (thousands)	Thousands of US dollars equivalent
Germany	RPLVII	EUR	300	458
United Kingdom	RPLVI	GBP	1 069	2 119
Total				2 577

¹ For the Indigenous People's Assistance Facility.

APPENDIX D1

Statement of complementary and supplementary contributions and unspent funds

As at 31 December 2008 and 2007

Statement of unspent complementary and supplementary contributions

(Expressed in thousands of United States dollars unless otherwise stated)

Statement of movement in contributions	Project cofinancing	APOs	Other supplementary funds	GEF	Total
Unspent funds as at 31 December 2008	16 053	1 558	99 285	31 449	148 885
Project cofinancing funds			Unspent balance as at 31 December		
			2008		2007
Member States					
Canada			29		
Finland			155		52
Ireland			1 327		520
Italy			2 183		1 828
Japan			274		303
Luxembourg			317		
Netherlands			378		162
Norway			3 095		1 704
Spain			1 784		
Suriname			4		
Sweden			212		176
Switzerland			72		96
United Kingdom			5 146		1 709
Total Member States			14 976		6 550
Non-Member States					
Arab Bank			1 073		1 033
Arab Fund for Economic and Social Development					1
World Bank			4		
Total non-Member States			1 077		1 034
Total			16 053		7 584

Associate professional officer funds	Unspent balance as at 31 December		Cumulative number of APOs	
	2008	2007	2008	2007
Belgium	9	92	4	4
Denmark	175	217	20	20
Finland	257	163	11	10
France		76	4	4
Germany	337	289	29	28
Italy	411	479	22	21
Japan	47	47	11	11
Netherlands		2	29	29
Norway	112	224	9	9
Republic of Korea	140	100	9	8
Sweden	70	49	14	14
Switzerland			3	3
United States			3	3
Total	1 558	1 738	168	164

A total of 19 APOs worked at IFAD in 2008 (2007: 15). These were financed by Belgium (1), Denmark (1), Finland (4), France (1), Germany (4), Italy (4), Norway (1), the Republic of Korea (2) and Sweden (1).

APPENDIX D1

Statement of complementary and supplementary contributions and unspent funds

As at 31 December 2008 and 2007

Other supplementary and complementary funds	Unspent balance as at 31 December	
	2008	2007
Member States		
Belgium	19	19
Canada	2 189	1 412
Denmark	134	132
Finland	697	717
France	105	75
Germany	1 690	864
India	1 000	1 000
Ireland	38	981
Italy	14 330	12 812
Japan	146	184
Luxembourg	831	1 097
Malaysia	13	13
Netherlands	146	192
Norway	1 479	341
Portugal	24	154
Spain	7 792	5 187
Sweden	228	532
Switzerland	897	2 056
United Kingdom	5 707	5 821
United States	1	
Total Member States	37 466	33 588
Non-Member States		
African Development Bank	376	150
Bill & Melinda Gates Foundation	548	
European Commission	59 925	5 684
Food and Agriculture Organization of the United Nations	16	
United Nations Capital Development Fund	557	
United Nations Development Programme	212	
United Nations Fund for International Partnerships	14	
World Bank	159	13
Other	12	27
Total non-Member States	61 819	5 874
Total	99 285	39 462

APPENDIX D1

Statement of complementary and supplementary contributions and unspent funds

As at 31 December 2008 and 2007

Global Environment Facility

Recipient country	Cumulative contributions received as at 31 December	Unspent at 1 January 2008	Received from donors	Expenses	Unspent at 31 December 2008
ASEAN ¹ regional	4 639	20	4 299	(20)	4 299
Brazil	5 988	100			100
Burkina Faso	2 016		2 016		2 016
China	350	41		(41)	
Comoros	1 000		1 000	(1 000)	
Eritrea	150		150	(92)	58
Ethiopia	350	32		(32)	
Gambia (The)	100		100	(49)	51
Global supplement for UNCCD ²	637	25			25
Jordan	6 795	141	6 445	(139)	6 447
Kenya	4 700				
Mali	6 326	11			11
Mauritania	160		160	(103)	57
MENARID ³ monitoring and evaluation	60		60	(29)	31
Morocco	6 348	40	5 998	(18)	6 020
Niger	150		150	(99)	51
Sri Lanka	7 270		6 920		6 920
Swaziland	100		100	(55)	45
Tunisia	5 350	40	5 000	(34)	5 006
Viet Nam	100		100	(65)	35
Unallocated		255	(255)		0
Total	52 589	705	32 243	(1 776)	31 172
Interest added to funds	277	1 114	480	(1 317)	277
Total	52 866	1 819	32 723	(3 093)	31 449
Funds from cofinanciers of GEF activities	25		25	(25)	
Total	52 891	1 819	32 748	(3 118)	31 449

¹ Association of Southeast Asian Nations.

² United Nations Convention to Combat Desertification.

³ MENARID = Middle East and North Africa Investment Program.

The International Fund for Agricultural Development
Rome

We have audited the accompanying consolidated Financial Statements (Appendices A, B, B1, C and D1) of the International Fund for Agricultural Development (the Fund) as at and for the year ended 31 December 2008. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements give a true and fair view of the consolidated financial position of the International Fund for Agricultural Development as of 31 December 2008, and of the results of its operations and its cash flows for the year then ended in accordance with the International Financial Reporting Standards.

Rome, 15 April 2009

PricewaterhouseCoopers SpA


John McQuiston
(Partner)

SUPPLEMENTAL INFORMATION

APPENDIX E

IFAD-only balance sheet at nominal value in United States dollars and retranslated in special drawing rights

As at 31 December 2008 and 2007

Assets	Thousands of US dollars		Thousands of special drawing rights	
	2008	2007	2008	2007
Cash on hand and in banks (note 4)	263 681	264 530	171 802	167 857
Investments (note 4)	2 813 961	3 219 080	1 833 436	2 041 247
Contributors' promissory notes (note 5)	276 728	340 842	180 302	216 282
Contributions receivable (note 5)	211 617	355 812	137 879	225 780
Less: provisions (note 6)	(168 485)	(168 485)	(109 776)	(106 912)
	319 860	528 169	208 404	335 150
Other receivables (note 7)	253 392	302 917	267 789	192 215
Fixed assets (note 8)	996	0	649	
Loans outstanding (note 9 and appendix H)	5 020 941	4 911 615	3 271 394	3 116 665
Less: accumulated allowance for loan impairment losses (note 9(a))	(133 103)	(173 990)	(86 723)	(110 406)
Less: accumulated allowance for the HIPC Debt Initiative (note 11(b) and appendix I)	(160 337)	(148 004)	(104 468)	(93 915)
Net loans outstanding	4 727 501	4 589 621	3 080 203	2 912 344
Total assets	8 379 391	8 094 317	5 562 283	5 648 814

Liabilities and equity	Thousands of US dollars		Thousands of special drawing rights	
	2008	2007	2008	2007
Payables and liabilities (note 12)	816 239	1 157 885	634 512	733 316
Undisbursed grants (appendix H1)	149 239	76 848	97 236	48 764
Deferred revenues (note 13)	77 840	93 396	50 716	59 264
Total liabilities	1 043 318	1 328 129	782 465	841 344
Equity				
Contributions				
Regular	5 297 525	5 296 347	4 386 360	4 382 300
Special	20 348	20 348	15 219	15 219
Total contributions (appendix G)	5 317 873	5 316 695	4 401 579	4 397 519
General Reserve	95 000	95 000	61 899	60 282
Fully committed retained earnings	1 923 199	2 164 493	316 341	349 669
Total equity	7 336 072	7 576 188	4 779 817	4 807 470
Total liabilities and equity	8 379 391	8 094 317	5 562 282	5 648 814

A statement of IFAD's balance sheet is prepared in SDR, given that most of its assets are denominated in SDR and/or currencies included in the SDR basket. This statement has been included solely for the purpose of providing additional information for the readers of the accounts and is based on nominal values.

APPENDIX F

Statement of IFAD-only resources available for commitment

For the years ended 31 December 2008 and 2007 (expressed in thousands of United States dollars)

		2008	2007
Assets in freely-convertible currencies	Cash	263 619	264 451
	Investments	2 813 473	2 401 751
	Promissory notes	275 328	339 444
	Other receivables ¹	126 632 ¹	69 840
		3 479 052	3 075 486
Less	Payables and liabilities	816 387	256 804
	Programme Development Financing Facility (PDFF) carry forward	3 436	2 257
	General Reserve	95 000	95 000
	Undisbursed effective loans	2 266 063	2 286 987
	Approved loans signed but not yet effective	249 789	280 246
	Undisbursed grants	149 239	76 848
		3 579 914	2 998 142
	Provision for promissory notes	80 898	80 898
		3 660 811	3 079 040
Resources available for commitment		(181 759)	(3 554)
Less	Loans not yet signed	400 086	461 745
	Grants not yet signed	160 533	120 053
Net resources pre-advance commitment authority (ACA)		(742 378)	(585 352)
ACA carried forward at 1 January		585 352	453 316
ACA approved at Executive Board sessions during the year		168 300	142 784
		753 652	596 100
Less	ACA covered in year	(11 274)	(10 748)
ACA carried forward at 31 December		742 378²	585 352
Net resources available for commitment		-	-

¹ Other receivables exclude the interfund balance due from IFAD's HIPC and ASMCS Trust Funds.

² The ACA carry-forward is well within the ACA ceiling of five years of future loan reflows (amounting to approximately US\$1,380 million), as per the Seventh Replenishment definition.

APPENDIX G

Statement of contributions

As at 31 December 2008 and 2007

Summary of contributions

	Thousands of United States dollars	
	2008	2007
Initial contributions	1 017 314	1 017 314
First Replenishment	1 016 372	1 016 372
Second Replenishment	566 560	566 560
Third Replenishment	553 776	553 509
Fourth Replenishment	361 395	361 394
Fifth Replenishment	441 282	441 170
Sixth Replenishment	566 865	569 136
Seventh Replenishment	590 523	588 145
Eighth Replenishment	691	-
Total IFAD	5 114 778	5 113 600
SPA Phase I	288 868	288 868
SPA Phase II	62 364	62 364
Total SPA	351 232	351 232
Special contributions ¹	20 348	20 348
Total replenishment contributions	5 486 358	5 485 180
Statement of complementary contributions		
Belgian Survival Fund	67 228	65 331
HIPC Debt Initiative	19 679	19 679
Other complementary contributions	14 240	11 654
Total complementary contributions	101 147	96 664
HIPC contributions not made in the context of replenishment resources	155 972	155 972
Belgian Survival Fund contributions not made in the context of replenishment resources	63 836	63 836
Statement of supplementary contributions²		
Project cofinancing	185 495	177 100
Associate professional officer funds	31 443	29 846
Other supplementary funds	257 338	160 450
Global Environment Facility	52 893	21 460
Total supplementary contributions	746 976	608 664
Total contributions	6 344 482	6 190 508
Total contributions include the following:		
Total replenishment contributions (as above)	5 486 358	5 485 180
Less provisions	(168 485)	(168 485)
Total net replenishment contributions	5 317 873	5 316 695
Less fair value adjustment	(16 157)	(36 851)
Total replenishment contributions at fair value	5 301 716	5 279 844

¹ Including Iceland's special contribution prior to membership.

² Includes interest earned according to each underlying agreement.

APPENDIX G

Statement of contributions

As at 31 December 2008 and 2007

Statement of Members' contributions¹

Member States	Initial, First, Second, Third, Fourth, Fifth and Sixth Replenishments (thousands of United States dollars equivalent)	Seventh Replenishment					
		Instruments deposited			Payments (thousands of United States dollars equivalent)		
		Currency	Amount (thousands)	Thousands of United States dollars equivalent	Cash	Promissory notes	Total
Albania	30	US\$	10	10	10	0	10
Algeria	51 330	US\$	1 100	1 100	715	385	1 100
Angola	260						
Argentina	7 900						
Armenia	11	US\$	7	7	7	0	7
Australia ²	37 247						
Austria	42 808	EUR	8 797	12 652	8 495	4 157	12 652
Azerbaijan	100						
Bangladesh	3 756	US\$	600	600	390	210	600
Barbados	10						
Belgium	73 540	EUR	9 810	13 914	9 369	0	9 369
Belize	205						
Benin	197						
Bhutan	105	US\$	30	30	30	0	30
Bolivia	1 200	US\$	300	300	0	0	0
Bosnia and Herzegovina	0	US\$	75	75	75	0	75
Botswana	335	US\$	50	50	50	0	50
Brazil ³	44 020	US\$	7 916	7 916	0	7 916	7 916
Burkina Faso	159	US\$	100	100	100	0	100
Burundi	70	US\$	10	10	10	0	10
Cambodia	420	US\$	210	210	210	0	210
Cameroon	855	US\$	794	794	794	0	794
Canada	169 828	CAD	37 277	33 618	33 618	0	33 618
Cape Verde	26						
Central African Republic	11						
Chile	700	US\$	100	100	100	0	100
China	40 839	US\$	16 000	16 000	11 000	0	11 000
Colombia	470	US\$	170	170	170	0	170
Comoros ⁴	33						
Congo	451	US\$	300	300	300	0	300
Cook Islands	5						
Côte d'Ivoire	1 559						
Cuba	9						
Cyprus	162	US\$	30	30	30	0	30
Democratic People's Republic of Korea ⁴	800						
Democratic Republic of the Congo	1 180						
Denmark	113 350	DKK	60 000	11 565	7 830	0	7 830
Djibouti	6						
Dominica	51						
Dominican Republic	88						
Ecuador	791						
Egypt ³	14 409	US\$	3 000	3 000	900	2 100	3 000
El Salvador	100						
Eritrea	20						
Ethiopia	191	US\$	30	30	30	0	30
Fiji	194	US\$	10	10	10	0	10
Finland	31 526	EUR	6 516	9 080	5 583	0	5 583
France ³	206 991	EUR	24 000	33 361	0	22 241	22 241
Gabon	3 282	EUR	11	15	15	0	15
Gambia (The)	45						
Germany ³	295 873	US\$	40 000	40 000	12 000	14 000	26 000
Ghana	1 266	US\$	400	400	400	0	400

APPENDIX G

Statement of contributions

As at 31 December 2008 and 2007

Statement of Members' contributions¹ (cont.)

Member States	Initial, First, Second, Third, Fourth, Fifth and Sixth Replenishments (thousands of United States dollars equivalent)	Seventh Replenishment					
		Instruments deposited			Payments (thousands of United States dollars equivalent)		
		Currency	Amount (thousands)	Thousands of United States dollars equivalent	Cash	Promissory notes	Total
Greece	2 950	US\$	1 246	1 246	1 246	0	1 246
Grenada	75						
Guatemala ³	793	US\$	250	250	0	0	0
Guinea	260	US\$	70	70	70	0	70
Guinea-Bissau	30						
Guyana	635						
Haiti	107						
Honduras	801						
Iceland	5	US\$	300	300	300	0	300
India	62 812	US\$	17 000	17 000	11 000	0	11 000
Indonesia	41 959	US\$	5 000	5 000	3 000	0	3 000
Iran (Islamic Republic of) ⁴	128 750						
Iraq ⁴	53 099	US\$	1 340	1 340	1 340	0	1 340
Ireland ⁵	6 411	EUR	6 000	8 541	6 915	0	6 915
Ireland ⁵	0	EUR	891	1 154	0	0	0
Israel	300						
Italy	224 023						
Jamaica	326						
Japan	324 600	JPY	3 635 719	36 430	16 376	20 054	36 430
Jordan	740	US\$	100	100	100	0	100
Kenya	4 518	US\$	66	66	66	0	66
Kiribati	5						
Kuwait	153 041	US\$	8 000	8 000	5 200	2 800	8 000
Lao People's Democratic Republic	154						
Lebanon	115	US\$	80	80	80	0	80
Lesotho	289	US\$	100	100	100	0	100
Liberia	39						
Libyan Arab Jamahiriya ⁴	52 000						
Luxembourg	2 506	EUR	650	934	618	316	934
Madagascar	280	US\$	97	97	97	0	97
Malawi	73						
Malaysia	1 000	US\$	125	125	125	0	125
Maldives	51						
Mali	63	US\$	127	127	127	0	127
Malta	55						
Mauritania ⁴	50						
Mauritius	270						
Mexico	30 131	US\$	3 000	3 000	2 000	0	2 000
Morocco	6 245	US\$	300	300	150	150	300
Mozambique	320	US\$	80	80	80	0	80
Myanmar	250						
Namibia	340	US\$	20	20	20	0	20
Nepal	160						
Netherlands ³	224 811	EUR	32 000	46 032	30 741	15 291	46 032
New Zealand	7 991						
Nicaragua	99	US\$	20	20	20	0	20
Niger	175						
Nigeria	101 459	US\$	5 000	5 000	2 500	0	2 500
Norway	144 750	NOK	209 482	35 137	25 163	0	25 163
Oman	200	US\$	50	50	50	0	50
Pakistan	10 934	US\$	4 000	4 000	2 412	1 588	4 000
Panama	166	US\$	25	25	25	0	25
Papua New Guinea	170						

APPENDIX G

Statement of contributions

As at 31 December 2008 and 2007

Statement of Members' contributions¹ (cont.)

Member States	Initial, First, Second, Third, Fourth, Fifth and Sixth Replenishments (thousands of United States dollars equivalent)	Seventh Replenishment					
		Instruments deposited			Payments (thousands of United States dollars equivalent)		
		Currency	Amount (thousands)	Thousands of United States dollars equivalent	Cash	Promissory notes	Total
Paraguay	617						
Peru	760	US\$	200	200	200	0	200
Philippines	1 778	US\$	200	200	24	0	24
Portugal	3 089	EUR	873	1 263	838	425	1 263
Qatar	29 980	US\$	10 000	10 000	7 000	0	7 000
Republic of Korea	10 239	US\$	3 000	3 000	2 000	0	2 000
Republic of Moldova	6	US\$	13	13	13	0	13
Romania	151	US\$	100	100	50	0	50
Rwanda	164						
Saint Kitts and Nevis	20						
Saint Lucia	22						
Samoa	50						
Sao Tome and Principe ⁴	10						
Saudi Arabia	379 778	US\$	10 000	10 000	6 500	3 500	10 000
Senegal	271	US\$	113	113	113	0	113
Seychelles	20						
Sierra Leone	37						
Solomon Islands	10						
Somalia	10						
South Africa	500						
Spain	12 700	EUR	24 000	35 089	35 089	0	35 089
Sri Lanka	6 884						
Sudan	889						
Swaziland	238	US\$	35	35	35	0	35
Sweden	164 544	SEK	251 400	37 149	37 149	0	37 149
Switzerland ³	95 495	CHF	21 323	20 034	0	13 341	13 341
Syrian Arab Republic	967	US\$	350	350	350	0	350
Thailand	750	US\$	150	150	150	0	150
Togo	35						
Tonga	55						
Tunisia	2 578	US\$	600	600	400	0	400
Turkey	15 336	US\$	900	900	900	0	900
Uganda	245	US\$	45	45	45	0	45
United Arab Emirates	51 180	US\$	1 000	1 000	650	0	650
United Kingdom ³	175 598	GBP	27 725	39 862	0	13 952	13 952
United Republic of Tanzania	264	US\$	57	57	57	0	57
United States ³	647 674	US\$	54 000	54 000	15 428	25 057	40 485
Uruguay	325	US\$	100	100	100	0	100
Venezuela (Bolivarian Republic of)	174 689	US\$	15 000	15 000	7 500	7 500	15 000
Viet Nam	1 103	US\$	500	500	300	0	300
Yemen	1 784	US\$	592	592	592	0	592
Yugoslavia	108						
Zambia	307	US\$	100	100	100	0	100
Zimbabwe	2 104						
Total Member States							
31 December 2008	4 523 564			590 523	317 745	154 983	472 728

APPENDIX G

Statement of contributions

As at 31 December 2008 and 2007

Statement of Members' contributions¹ (cont.)

Member States	Initial, First, Second, Third, Fourth, Fifth and Sixth Replenishments (thousands of United States dollars equivalent)	Eighth Replenishment					
		Instruments deposited			Payments (thousands of United States dollars equivalent)		
		Currency	Amount (thousands)	Thousands of United States dollars equivalent	Cash	Promissory notes	Total
Azerbaijan		US\$	100	100	100	0	100
Cameroon		EUR	305	381	381	0	381
Ecuador		US\$	50	50	50	0	50
Madagascar		US\$	160	160	160	0	160
31 December 2008				691	691	0	691
Total contributions							
31 December 2008	4 523 564			591 214	318 436	154 983	473 419
Non-Member States							
OPEC ⁶	20 000						
Other	138						
Total non-Member States	20 138						
31 December 2008	4 543 702			591 214	318 436	154 983	473 419
31 December 2007	4 545 803			588 145	174 740	164 579	339 319

¹ Amounts are expressed in thousands of United States dollars therefore payments from Afghanistan (US\$93) and Tajikistan (US\$400) do not appear on Appendix G.

² Australia's withdrawal from membership of IFAD became effective 31 July 2007.

³ See appendix D, note 5(a).

⁴ See appendix D, notes 6(a) and (b).

⁵ In addition to its pledge to the Seventh Replenishment of EUR 6 million, Ireland has made a further contribution of EUR 891,000.

⁶ Organization of the Petroleum Exporting Countries.

APPENDIX G

Statement of contributions

As at 31 December 2008 and 2007

Special Programme for Africa

	First phase			Second phase		
	Instruments deposited			Instruments deposited		
	Currency	Amount	Thousands of United States dollars equivalent	Amount	Thousands of United States dollars equivalent	Total
Australia	AUD	500	389			389
Belgium	EUR	31 235	34 975	11 155	12 263	47 238
Denmark	DKK	120 000	18 673			18 673
Djibouti	US\$	1	1			1
European Union	EUR	15 000	17 619			17 619
Finland	EUR	9 960	12 205			12 205
France	EUR	32 014	37 690	3 811	4 008	41 698
Germany	EUR	14 827	17 360			17 360
Greece	US\$	37	37	40	40	77
Guinea	US\$	25	25			25
Ireland	EUR	380	418	253	289	707
Italy	EUR	15 493	23 254	5 132	6 785	30 039
Italy	US\$	10 000	10 000			10 000
Japan	JPY	2 553 450	21 474			21 474
Kuwait	US\$		0	15 000	15 000	15 000
Luxembourg	EUR	247	266			266
Mauritania ¹	US\$	25	25			25
Netherlands	EUR	15 882	16 174	8 848	9 533	25 707
New Zealand	NZD	500	252			252
Niger	EUR	15	18			18
Nigeria	US\$		0	250	250	250
Norway	NOK	138 000	19 759			19 759
Spain	US\$	1 000	1 000			1 000
Sweden	SEK	131 700	19 055	25 000	4 196	23 251
Switzerland	CHF	25 000	17 049			17 049
United Kingdom	GBP	7 000	11 150			11 150
United States	US\$	10 000	10 000	10 000	10 000	20 000
31 December 2008			288 868		62 364	351 232
31 December 2007			288 868		62 364	351 232

¹ See appendix D, note 6(a).

APPENDIX G

Statement of contributions

As at 31 December 2008 and 2007

Statement of Members' replenishment contributions received in 2008¹

(Expressed in thousands of United States dollars)

Member States	Instruments deposited ^{2, 3}	Promissory note deposit ³	Payments	
			Cash	Promissory note encashment
Third Replenishment				
Gabon			281	
Total			281	
Fifth Replenishment				
Paraguay			12	
Uruguay			100	
Total			112	
Sixth Replenishment				
Brazil				2 639
Congo			100	
Egypt				1 050
France				12 604
Ghana			300	
Germany				14 000
Netherlands				9 560
Nigeria			19	
Switzerland				7 183
United Kingdom		10 892		17 959
Total		10 892	419	64 995
Seventh Replenishment				
Algeria				385
Armenia			4	
Austria				4 574
Bangladesh				210
Belgium			4 664	
Botswana			25	
Burundi			10	
Canada		12 297		10 493
China			5 000	
Congo			300	
Cyprus			30	
Denmark		4 120		4 215
Fiji			10	
Finland			2 963	
France		10 144		
Germany				12 000
Ghana			400	
Greece			646	
Iceland			200	
Indonesia			3 000	
Iraq			670	
Ireland			3 127	
Japan				8 405
Jordan			100	
Kuwait				2 800
Lebanon			80	
Luxembourg				356
Malaysia			125	
Mexico			1 000	
Morocco	300	300		150

APPENDIX G

Statement of contributions

As at 31 December 2008 and 2007

Statement of Members' replenishment contributions received in 2008¹ (cont.)

(Expressed in thousands of United States dollars)

Member States	Instruments deposited ^{2,3}	Promissory note deposit ³	Payments	
			Cash	Promissory note encashment
Netherlands				17 430
Nicaragua			8	
Nigeria			2 500	
Norway			13 570	
Pakistan				1 079
Panama			8	
Peru	200		200	
Philippines	200			
Portugal		461		477
Republic of Korea			1 000	
Republic of Moldova			3	
Romania			50	
Saudi Arabia				3 500
Swaziland			15	
Sweden				12 433
Switzerland		6 411		
Thailand			150	
Tunisia			200	
Turkey			400	
Uganda			45	
United Arab Emirates			650	
United Kingdom		14 380		
United States		25 636		15 429
Uruguay			100	
Venezuela (Bolivarian Republic of)	15 000	15 000		7 500
Viet Nam			200	
Zambia			100	
Total	15 700	88 749	41 553	101 436
Eighth Replenishment				
Azerbaijan			100	
Cameroon			381	
Ecuador			50	
Madagascar			160	
Total			691	
Grand total	15 700	99 641	43 056	166 431

¹ Amounts are expressed in thousands of United States dollars therefore payment from Tajikistan (US\$200) does not appear.

² Instruments deposited also include equivalent instruments recorded on receipt of cash or promissory note where no instrument of contribution has been received.

³ Instruments deposited and promissory note deposit received in currencies other than United States dollars are translated at the date of receipt.

APPENDIX H

Statement of loans

1. IFAD: Statement of outstanding loans

As at 31 December 2008 and 2007

Borrower or guarantor	Approved loans less cancellations	Loans not yet effective	Effective loans			
			Undisbursed portion	Disbursed portion	Repayments	Outstanding loans
US\$ loans¹ (expressed in thousands)						
Bangladesh	30 000			30 000	15 000	15 000
Cape Verde	2 003			2 003	1 002	1 002
Haiti	3 500			3 500	1 794	1 706
Nepal	11 538			11 538	5 779	5 760
Sri Lanka	12 000			12 000	6 300	5 700
United Republic of Tanzania	9 488			9 488	4 863	4 626
Subtotal¹	68 530			68 530	34 737	33 793
Exchange adjustment on US\$ loans	3 087			3 087	3 250	162
Subtotal US\$ loans¹	71 617			71 617	37 986	33 631
SDR loans¹ (expressed in thousands)						
Albania	35 087	5 860	3 737	25 491	1 817	23 674
Algeria	613			613	95	518
Angola	17 250	5 250	275	11 725	847	10 878
Argentina	50 595	13 100	20 855	16 641	11 913	4 728
Armenia	45 649		7 175	38 474	948	37 526
Azerbaijan	32 659	10 850	4 113	17 697	421	17 276
Bangladesh ²	276 395		67 424	208 971	44 392	164 579
Belize	3 067	2 050		1 017	695	323
Benin	72 753		11 905	60 848	12 116	48 732
Bhutan	27 030		6 216	20 814	3 511	17 303
Bolivia	53 029	4 800	4 590	43 639	14 626	29 014
Bosnia and Herzegovina	40 257	7 500	7 957	24 801	1 033	23 768
Brazil	80 450	15 450	19 882	45 118	25 875	19 243
Burkina Faso	76 058		25 843	50 215	6 506	43 710
Burundi ²	41 689		7 758	33 931	7 677	26 254
Cambodia	27 778		3 417	24 361	258	24 103
Cameroon	41 593	8 300	9 684	23 608	3 951	19 657
Cape Verde	13 490		5 083	8 407	1 083	7 324
Central African Republic	23 044			23 044	1 758	21 286
Chad	26 150		18 627	7 523		7 523
China	381 977	21 438	68 177	292 362	43 387	248 975
Colombia	23 345		9 074	14 270	6 741	7 530
Comoros	4 182			4 182	937	3 245
Congo	13 950		8 755	5 195		5 195
Costa Rica	9 250	5 850		3 400	2 611	789
Côte d'Ivoire	21 997		10 620	11 377	1 704	9 673
Cuba	10 581			10 581	2 273	8 308
Democratic People's Republic of Korea	50 496			50 496	5 713	44 784
Democratic Republic of the Congo	39 693		18 577	21 116	3 905	17 211
Djibouti	4 462		1 694	2 768	665	2 103
Dominica	2 902			2 902	1 410	1 492
Dominican Republic	12 969		23	12 946	5 300	7 646
Ecuador	32 226		8 931	23 294	14 083	9 211
Egypt	134 705		20 682	114 023	35 276	78 747
El Salvador	73 010	19 450	4 849	48 710	20 465	28 245
Equatorial Guinea	5 794			5 794	1 225	4 569
Eritrea	24 950		8 264	16 686	998	15 689
Ethiopia	142 024		35 311	106 714	17 756	88 957
Gabon	8 593		3 800	4 793	4 793	-
Gambia (The)	29 214		6 073	23 142	3 997	19 145
Georgia	16 468		7 244	9 224	288	8 936
Ghana	108 627	4 050	36 583	67 994	9 765	58 229
Grenada	3 250		1 779	1 471	542	930
Guatemala	75 161	12 100	33 592	29 468	15 993	13 475
Guinea-Bissau	5 117			5 117	732	4 385
Guinea	74 549		22 437	52 112	8 092	44 019
Guyana	8 523	1 850		6 673	487	6 186
Haiti	60 852		23 035	37 816	8 590	29 226
Honduras	68 991		9 329	59 663	4 752	54 911
India	416 238	30 800	98 407	287 031	81 825	205 205
Indonesia ²	138 349	42 033	16 498	79 817	29 517	50 300
Jordan	32 255		5 642	26 612	11 672	14 940
Kenya	81 761	4 000	41 088	36 673	6 012	30 661
Kyrgyzstan	7 097			7 097	380	6 717
Lao People's Democratic Republic	49 573		8 419	41 154	4 745	36 409
Lebanon	14 533			14 533	10 267	4 267
Lesotho	24 164		4 964	19 201	3 282	15 919

APPENDIX H

Statement of loans

1. IFAD: Statement of outstanding loans (cont.)

As at 31 December 2008 and 2007

Borrower or guarantor	Approved loans less cancellations	Loans not yet effective	Effective loans			
			Undisbursed portion	Disbursed portion	Repayments	Outstanding loans
Liberia	10 180			10 180		10 180
Madagascar ²	99 772	11 450	25 216	63 107	11 251	51 856
Malawi ²	70 241	5 350	9 461	55 430	13 269	42 161
Maldives	10 894	2 350	2 580	5 963	1 418	4 546
Mali	78 365		15 737	62 628	10 839	51 789
Mauritania	41 467		10 828	30 639	5 393	25 246
Mauritius	11 650	3 450	2 719	5 481	2 187	3 295
Mexico	53 300		31 924	21 376	12 752	8 624
Mongolia	13 705		2 813	10 892	208	10 683
Morocco	76 559		36 268	40 291	24 494	15 797
Mozambique ²	113 558	19 100	24 158	70 300	10 258	60 042
Namibia	4 200			4 200	2 520	1 680
Nepal	72 562		18 249	54 313	15 801	38 512
Nicaragua	39 213		14 035	25 178	1 549	23 629
Niger	46 340	5 400	14 427	26 513	4 791	21 722
Nigeria	118 011	45 400	28 577	44 034	8 817	35 216
Pakistan ²	254 392		68 361	186 031	74 231	111 800
Panama	39 143	2 600	14 222	22 321	15 766	6 554
Papua New Guinea	3 901			3 901	2 834	1 067
Paraguay	19 808		7 072	12 736	10 062	2 674
Peru	54 950	9 050	5 366	40 534	19 673	20 861
Philippines	84 196	10 685	30 671	42 840	9 130	33 709
Republic of Moldova	33 300	8 100	4 746	20 454		20 454
Romania	12 400			12 400	4 133	8 267
Rwanda ²	84 816		15 577	69 239	9 408	59 831
Saint Lucia	1 242			1 242	698	544
Saint Vincent and the Grenadines	1 484			1 484	1 157	327
Sao Tome and Principe	13 761		5 206	8 554	1 470	7 084
Senegal	71 511	9 100	10 380	52 031	4 041	47 990
Seychelles	824			824	743	81
Sierra Leone	26 500		5 098	21 402	7 954	13 448
Solomon Islands	2 519			2 519	809	1 710
Somalia	19 618			19 618	941	18 677
Sri Lanka	112 505		47 953	64 552	15 124	49 428
Sudan ²	129 500		37 037	92 463	20 654	71 808
Swaziland	20 403	4 050	5 686	10 667	5 157	5 510
Syrian Arab Republic	61 368		28 659	32 709	24 271	8 438
The former Yugoslav Republic of Macedonia	11 758		37	11 721	465	11 257
Togo	17 565			17 565	1 774	15 791
Tonga	4 837			4 837	1 129	3 708
Tunisia	43 948		14 198	29 750	12 921	16 829
Turkey	42 620		18 523	24 097	17 909	6 188
Uganda ²	132 820		48 706	84 114	16 340	67 774
United Republic of Tanzania	164 058	37 650	33 200	93 208	6 779	86 429
Uruguay	18 880		3 983	14 897	10 393	4 504
Venezuela (Bolivarian Republic of)	33 621	8 800	9 836	14 984	10 873	4 111
Viet Nam	130 460	14 110	47 980	68 370	2 812	65 558
Yemen ²	139 236	12 050	22 110	105 076	27 361	77 715
Zambia	79 004		16 266	62 738	10 712	52 025
Zimbabwe	32 176			32 176	15 605	16 571
Total	5 958 117	423 426	1 476 253	4 058 438	998 580	3 059 859
Fund for Gaza and the West Bank ³	2 513			2 513		2 513
US\$ equivalent	9 144 528	649 875	2 265 755	6 228 898	1 424 632	4 804 266
Exchange adjustment on SDR loan repayments	(107 993)			(107 993)		(107 993)
Subtotal SDR loans						
31 December 2008 US\$	9 036 535	649 875	2 265 755	6 120 905	1 424 632	4 696 273
Total loans 31 December 2008 US\$ at nominal value	9 108 152	649 875	2 265 755	6 192 508	1 462 618	4 729 904
Fair value adjustment						(1 129 484)
31 December 2008 US\$ at fair value						3 600 420
31 December 2007 US\$ at nominal value	8 257 916	787 202	2 089 191	5 381 523	1 218 163	4 599 459
Fair value adjustment						(1 212 961)
31 December 2007 US\$ at fair value						3 386 498

APPENDIX H

Statement of loans

2. IFAD: Summary of loans approved at nominal value¹

As at 31 December 2008 and 2007

Approved loans in thousands of SDR					Value in thousands of United States dollars					
	As at 1 January 2008	Loans cancelled	Loans fully repaid	As at 31 December 2008	As at 1 January 2008	Loans cancelled	Loans fully repaid	Exchange rate movement SDR/US\$	As at 31 December 2008	
1978	US\$	68 530		68 530	68 530				68 530	
1979	SDR	201 486		201 486	317 526			(8 285)	309 241	
1980	SDR	187 228		187 228	295 056			(7 698)	287 358	
1981	SDR	188 716		188 716	297 401			(7 760)	289 642	
1982	SDR	103 110		103 110	162 493			(4 240)	158 253	
1983	SDR	143 589		143 589	226 285			(5 904)	220 381	
1984	SDR	131 907		131 907	207 875			(5 424)	202 451	
1985	SDR	60 332		60 332	95 078			(2 481)	92 598	
1986	SDR	23 664		23 664	37 293			(973)	36 320	
1987	SDR	61 542		43 793	96 985		(27 241)	(2 531)	67 214	
1988	SDR	80 306		80 306	126 556			(3 302)	123 254	
1989	SDR	108 137		108 137	170 415			(4 446)	165 969	
1990	SDR	100 885		100 885	158 987			(4 148)	154 838	
1991	SDR	127 804		127 804	201 409			(5 255)	196 154	
1992	SDR	150 231		150 231	236 752			(6 177)	230 575	
1993	SDR	168 966		168 966	266 277			(6 948)	259 329	
1994	SDR	182 760	(3 057)	179 703	288 015	(4 692)		(7 515)	275 808	
1995	SDR	227 160	(5 288)	221 872	357 986	(8 116)		(9 340)	340 530	
1996	SDR	240 241	(5 659)	234 582	378 601	(8 685)		(9 878)	360 037	
1997	SDR	274 973	(5 389)	269 584	433 335	(8 271)		(11 306)	413 758	
1998	SDR	280 517	(9 791)	270 726	442 072	(15 027)		(11 534)	415 511	
1999	SDR	314 144	(5 974)	308 170	495 066	(9 169)		(12 917)	472 980	
2000	SDR	305 904	(29)	305 875	482 080	(45)		(12 578)	469 457	
2001	SDR	288 597	(94)	288 503	454 806	(144)		(11 867)	442 795	
2002	SDR	246 100		246 100	387 834			(10 119)	377 715	
2003	SDR	274 402	(691)	273 711	432 436	(1 061)		(11 283)	420 092	
2004	SDR	275 750		275 750	434 560			(11 338)	423 222	
2005	SDR	324 810		324 810	511 875			(13 356)	498 519	
2006	SDR	350 350		350 350	552 124			(14 406)	537 718	
2007	SDR	300 330	(7 100)	293 230	473 296	(10 897)		(12 349)	450 050	
2008	SDR			295 006					452 776	
Total	SDR	5 723 941	(43 072)	(17 749)	5 958 126	9 020 474	(66 107)	(27 241)	(235 358)	9 144 545
Total	US\$	68 530			68 530	68 530				68 530
Exchange adjustment on loans disbursed					(9)	(149 186)				(176 540)
Total					5 958 117	8 939 817				9 036 535

3. IFAD: Maturity structure of outstanding loans by period at nominal value

As at 31 December 2008 and 2007 (expressed in thousands of United States dollars)

Period due	2008	2007
Less than 1 year	259 822	245 100
1-2 years	191 292	182 251
2-3 years	197 351	190 626
3-4 years	201 441	188 824
4-5 years	195 933	194 184
5-10 years	1 014 728	979 048
10-15 years	869 893	834 240
16-20 years	764 761	727 740
21-25 years	612 656	611 894
More than 25 years	422 027	445 552
Total	4 729 904	4 599 459

¹ Loans approved in 1978 were denominated in United States dollars and are repayable in the currencies in which withdrawals are made. Since 1979, loans have been denominated in SDRs and, for purposes of presentation in the balance sheet, the accumulated amount of loans denominated in SDRs has been valued at the US\$/SDR rate of 1.57591/1 at 31 December 2008. Since the loans were valued at 31 December 2007 at the then prevailing rate of 1.50387/1, there is an increase in value in terms of United States dollars of US\$870,013,000, attributable to the movement in exchange rates from 31 December 2007 to 31 December 2008 (from 2005 to 2006, there was a decrease in value in terms of United States dollars of US\$408,091,000).

² Repayment amounts include participation by the Netherlands and Norway in specific loans to these countries, resulting in partial early repayment and a corresponding increase in committable resources.

³ The amount of the loan to the Fund for Gaza and West bank is included in the above balance. See Appendix D, note 2(e)(ii).

APPENDIX H

Statement of loans

4. IFAD: Summary of outstanding loans by lending type at nominal value

As at 31 December 2008 and 2007 (expressed in thousands of United States dollars)

	2008	2007
Highly concessional terms	4 325 782	4 192 976
Intermediate terms	263 894	282 500
Ordinary terms	140 228	123 983
Total	4 729 904	4 599 459

5. Disbursement structure of undisbursed loans at nominal value

As at 31 December 2008 and 2007 (expressed in thousands of United States dollars)

Disbursements in	2008	2007
Less than one year	488 682	500 181
1-2 years	465 716	477 482
2-3 years	427 684	439 001
3-4 years	377 225	392 392
4-5 years	316 133	331 138
5-10 years	784 806	823 594
More than 10 years	55 387	64 172
Total	2 915 633	3 027 960

6. Special Programme for Africa: Statement of loans at nominal value

As at 31 December 2008 and 2007

Borrower or guarantor	Approved loans less cancellations	Undisbursed portion	Disbursed portion	Repayments	Outstanding loans
SDR loans (expressed in thousands)					
Angola	2 767	55	2 712	335	2 378
Burkina Faso	10 546		10 546	2 227	8 319
Burundi	4 494		4 494	637	3 858
Cape Verde	2 183		2 183	476	1 707
Chad	9 617		9 617	1 765	7 852
Comoros	2 289		2 289	269	2 020
Djibouti	114		114	26	88
Ethiopia	6 660		6 660	1 910	4 750
Gambia (The)	2 638		2 638	594	2 045
Ghana	22 321		22 321	4 602	17 719
Guinea-Bissau	2 126		2 126	80	2 047
Guinea	10 762		10 762	2 690	8 071
Kenya	12 387	146	12 241	2 233	10 008
Lesotho	7 481		7 481	1 593	5 888
Madagascar	1 098		1 098	128	970
Malawi	5 777		5 777	723	5 054
Mali	10 193		10 193	2 678	7 515
Mauritania	19 020		19 020	4 224	14 797
Mozambique	8 291		8 291	2 384	5 907
Niger	11 119		11 119	2 959	8 160
Senegal	23 234		23 234	4 715	18 519
Sierra Leone	1 505		1 505	226	1 279
Sudan	26 012		26 012	5 548	20 465
Uganda	8 124		8 124	2 234	5 890
United Republic of Tanzania	6 789		6 789	1 528	5 262
Zambia	8 607		8 607	2 357	6 249
Total	226 157	201	225 956	49 141	176 815
US\$ equivalent	347 105	308	346 797	75 422	271 375
Exchange adjustment on SDR loan repayments	(4 879)		(4 879)	(4 879)	
31 December 2008 US\$ at nominal value	342 226	308	341 918	70 543	271 375
Fair value adjustment					(113 850)
31 December 2008 US\$ at fair value					157 525
31 December 2007 US\$ at nominal value	349 425	1 017	348 408	61 305	287 103
Fair value adjustment					(117 887)
31 December 2007 US\$ at fair value					169 216

APPENDIX H

Statement of loans

7. Special Programme for Africa: Summary of loans approved at nominal value¹

As at 31 December 2008 and 2007

		Approved loans expressed in thousands of SDRs			Value in thousands of United States dollars			
		As at 1 January 2008	Loans cancelled	As at 31 December 2008	As at 1 January 2008	Loans cancelled	Exchange rate movement SDR/US\$	As at 31 December 2008
1986	SDR	24 902		24 902	39 244		(1 024)	38 220
1987	SDR	41 292		41 292	65 073		(1 698)	63 375
1988	SDR	34 770		34 770	54 795		(1 430)	53 365
1989	SDR	25 756		25 756	40 589		(1 059)	39 530
1990	SDR	17 370		17 370	27 374		(714)	26 660
1991	SDR	18 246		18 246	28 754		(750)	28 004
1992	SDR	6 952		6 952	10 956		(286)	10 670
1993	SDR	34 414		34 414	54 234		(1 415)	52 819
1994	SDR	16 320		16 320	25 719		(671)	25 048
1995	SDR	6 135		6 135	9 668		(252)	9 416
Total	SDR	226 157		226 157	356 405		(9 299)	347 105

8. Special Programme for Africa: Maturity structure of outstanding loans by period at nominal value

As at 31 December 2008 and 2007 (expressed in thousands of United States dollars)

Period due	2008	2007
Less than 1 year	10 075	10 384
1-2 years	8 925	9 165
2-3 years	8 925	9 165
3-4 years	8 925	9 165
4-5 years	44 629	9 165
5-10 years	44 629	45 825
10-15 years	44 629	45 825
16-20 years	44 629	45 825
21-25 years	39 567	45 825
More than 25 years	16 443	56 759
Total	271 376	287 103

9. Special Programme for Africa: Summary of outstanding loans by lending type at nominal value

As at 31 December 2008 and 2007 (expressed in thousands of United States dollars)

	2008	2007
Highly concessional terms	271 376	287 103
Intermediate terms	-	-
Ordinary terms	-	-
Total	271 376	287 103

APPENDIX H1

Statement of grants – IFAD-only

As at 31 December 2008 and 2007 (expressed in thousands of United States dollars)

	Undisbursed as at 1 January	2008 movements			Exchange rate	Undisbursed as at 31 December
		Effective	Disbursements	Cancellations		
Non-governmental organization/ Extended Cooperation Programme grants	160		(20)	(77)	(1)	63
Component grants	12 209	6 432	(1 783)	(7)	(681)	16 169
Debt Sustainability Framework grants	12 931	76 922	(6 421)		(3 492)	79 940
Research grants	51 548	33 643	(31 009)	(1 108)	(7)	53 067
Total 2008	76 848	116 997	(39 233)	(1 192)	(4 181)	149 239
Fair value adjustment						(10 598)
Total 2008 at fair value						138 641
Total 2007	54 216	61 274	(37 600)	(1 723)	681	76 848
Fair value adjustment						(10 888)
Total 2007 at fair value						65 960

APPENDIX I

Summary of the Debt Initiative for Heavily Indebted Poor Countries

At 31 December 2008, the cumulative position of the debt relief provided and estimated to be provided, under both the original and the enhanced Debt Initiative for Heavily Indebted Poor Countries, is as follows:

	Debt relief provided to 31 December 2008		Debt relief to be provided as approved by the Executive Board			Total debt relief
	Principal	Interest	To be covered by IFAD		To be covered by World Bank contribution	
			Principal	Interest		
Completion point countries						
Benin	4 568	1 643				6 211
Bolivia	5 900	1 890				7 790
Burkina Faso	5 476	2 286	509	147	1 244	9 663
Burundi			16 326	3 103		19 430
Cameroon	584	229	795	162	1 920	3 691
Ethiopia	7 054	2 619	4 439	1 103	11 321	26 535
Gambia (The)	236	84	2 277	528		3 125
Ghana	6 331	2 670	3 014	762	7 784	20 560
Guyana	1 526	299				1 825
Honduras	1 077	767				1 844
Madagascar	4 311	1 272	1 141	267	2 912	9 903
Malawi	2 103	652	6 008	1 250	14 823	24 836
Mali	6 211	2 431				8 642
Mauritania	5 264	1 764	1 047	266	2 739	11 081
Mozambique	8 686	3 040	1 036	234	2 658	15 654
Nicaragua	6 471	657	838	259		8 225
Niger	3 242	1 096	2 562	558	6 335	13 792
Rwanda	2 915	1 195	8 773	2 182	7 247	22 311
Sao Tome and Principe	226	69	4 340	670		5 304
Senegal	2 247	882				3 129
Sierra Leone	3 521	1 059	7 382	1 315		13 277
Uganda	12 177	4 566	(8)	(10)	379	17 104
United Republic of Tanzania	7 631	3 003	1 670	409	4 266	16 978
Zambia	4 970	1 740	4 597	1 057	11 766	24 130
Decision point countries						
Chad			1 756	421		2 176
Central African Republic			9 331	2 848		12 178
Congo				97		97
Democratic Republic of the Congo	1 504	245	5 889	2 170		9 807
Guinea			7 348	1 746		9 094
Guinea-Bissau			3 364	993		4 357
Haiti			2 042	557		2 599
Liberia			7 991	6 242		14 233
31 December 2008 SDR	104 228	36 158	104 468	29 334	75 394	349 581
Less future interest on debt relief not accrued (including interest covered by the World Bank contribution)						(43 768)
Total cumulative cost of debt relief as at 31 December 2008 (thousands of SDR)						305 813
31 December 2008 US\$	153 804	53 059	160 337	45 021	115 715	412 221
Total less future interest on debt relief not accrued (including World Bank)						(67 175)
Total cumulative cost of debt relief as at 31 December 2008 (thousands of US\$)						345 046
Fair value adjustment			(42 352)			
31 December 2008 at fair value			117 985			
31 December 2007						
31 December 2007 SDR	86 662	30 433	93 914	21 614	90 548	323 171
Less future interest on debt relief not accrued						(39 628)
Total cumulative cost of debt relief as at 31 December 2006 (thousands of SDR)						283 543
31 December 2007 US\$	125 923	43 996	148 004	34 059	142 696	494 680
Less future interest on debt relief not accrued						(62 449)
Total cumulative cost of debt relief as at 31 December 2006 (thousands of US\$)						432 231
Fair value adjustment			(49 818)			
31 December 2007 at fair value			98 186			

APPENDIX J

IFAD-only statement of operating expenses

An analysis of IFAD operating expenses by principal sources of funding

For the years ended 31 December 2008 and 2007 (expressed in thousands of United States dollars)

	Administrative budgets ¹	Programme Development Financing Facility	Action Plan	Direct charges ²	Other sources ³	Total
Staff salaries and benefits	62 334	7 651	921	16	3 816	74 738
Office and general expenses	13 061	6 467	171	476	18 824	39 000
Consultants and other non-staff costs	7 156	14 223	1 191	36	625	23 231
Cooperating institutions	20	7 224	94	0	91	7 429
Direct bank and Investment costs				4 109		4 109
Total 2008	82 571	35 566	2 377	4 637	23 356	148 507
Total 2007	80 983	35 465	3 188	3 859	17 214	140 700

¹ These refer to IFAD and its Office of Evaluation and include one-time costs and carry forward.

² Direct charges against investment income.

³ Includes Italian Government reimbursable expenses, field presence and positions funded from service charges.

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Cover:

A small bakery produces and packages croissants made of locally grown wheat in Sturzovca village, Republic of Moldova.

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