

IFAD'S STRATEGY



In 2002, the Fund focused on implementing the *Strategic Framework for IFAD 2002-2006: Enabling the Rural Poor to Overcome Their Poverty*.

Strategic Framework for IFAD 2002-2006

The framework was presented to IFAD's Executive Board at its Seventy-Fourth Session, 5-6 December 2001. The title and content reflect IFAD's concern for and contribution to achieving the Millennium Development Goals. Among the most important of these goals for the period 1990-2015 is halving the proportion of people whose incomes are less than the equivalent of one United States dollar (USD) per day and the proportion of people who suffer from hunger. For IFAD this implies: developing and strengthening the organizations of the poor to confront the issues they define as critical; increasing access to knowledge so that poor people can grasp opportunities and overcome obstacles; expanding the influence that the poor exert over public policy and institutions; and enhancing their bargaining power in the marketplace. All of IFAD's strategic choices are being made with these principles in mind.

Strategic Objectives

The principles find their expression in the framework as three strategic objectives. In the area of human and social assets, the objective is strengthening the capacity of the rural poor and their organizations. With regard to productive assets, it is improving equitable access to productive natural resources and technologies. The third objective, in the area of financial assets and marketing, is increasing access of the poor to financial services and markets. IFAD's approach to achieving these objectives, with its partners, is determined by the Fund's overall goal of enabling the rural poor to overcome their poverty by becoming the driving force in their own development.

Regional Strategies

IFAD's regional strategies combine core elements of the strategic framework with supplementary features and emphases appropriate to the causes and structures of poverty in the areas they cover. The strategy for the Near East and North Africa was published in early 2002, following those issued at the end of 2001 for western and central Africa, eastern and southern Africa, Asia and the Pacific, Latin America and the Caribbean, and central and eastern Europe and the newly independent states.

The strategy for *western and central Africa* (Africa I) pursues four mutually reinforcing objectives: strengthening the capacity of the rural poor and their organizations and improving the pro-poor focus of rural development policies and institutions; raising agricultural and natural resource productivity and improving access to technology; increasing rural incomes through improved access to financial capital and markets; and reducing vulnerability to major threats to rural livelihoods. In pursuit of these objectives support to technology development emphasizes: sustainable agricultural development with particular reference to the needs of women and youth; rural financial services for isolated populations that could be integrated into the national financial-sector framework; capacity-building in support of local development; and provision of basic infrastructure. Of a total impoverished population of 120 million people, 75% or 90 million live in rural areas.

The *eastern and southern Africa* (Africa II) strategy emphasizes: promotion of efficient, equitable farmer-to-market linkages; sustainable financial systems for the rural poor; improved access of the rural poor to land and water; and the promotion of rural technology and information systems. IFAD has also developed a strategy to mitigate the social and economic impact of HIV/AIDS upon beneficiaries. Key areas include: integrated HIV/AIDS workplace programmes of education, care and support; adapted livelihood, food-security and nutrition interventions; and socio-economic safety nets. The region is made up of 21 countries with a total population of about 350 million. Of these, 260 million (73%) live in rural areas – more than half of them in extreme poverty. About 145 million people in the region were living in poverty in 2000. In the majority of countries, 40-50% live below the poverty line. In the countries for which dollar poverty data is available, nearly half of the populations have per capita incomes of less than USD 1 per day. The proportion is highest in Zambia (85%), Madagascar (72%) and Uganda (69%), whereas in South Africa it is less than 25%.

The *Asia and the Pacific* strategy combats the social, economic and political processes of marginalization that give rise to poverty in the region. Field experience shows that poverty in Asia is concentrated geographically in the uplands and mountains, selected coastal areas and semi-arid plains. Socially, poverty is concentrated among women, indigenous peoples, the landless and marginal farmers. The strategy seeks to enhance the resilience of rural poor households to external economic shocks by improving their access to productive assets, including land, and common-property resources such as forests and water. Within this framework, the strategy emphasizes: policy dialogue and impact; strengthening of grass-roots institutions; enhancement of women's agency¹; blending of indigenous knowledge and modern technology; regenerative farming and forestry systems; and rural finance for on and off-farm activities. About 800 million people in the region live on less than USD 1 per day and, of these, fully 90% are rural.

The primary aim of IFAD's strategy in *Latin America and the Caribbean* is to empower the rural poor and reduce rural poverty through an innovative set of projects, regional programmes and partnerships. The strategy includes the following key elements: (i) enhancing impact assessment and implementation support; (ii) helping the rural poor take advantage of new market opportunities; (iii) improving knowledge management; (iv) promoting partnerships with institutions having similar aims; and (v) improving policy dialogue. Gender issues and the promotion of the sustainable use of natural resources are cross-cutting themes. Together with other institutions, IFAD will act as an innovative, driving force in the eradication of rural poverty. This is of great importance given that this poverty is increasing. The latest estimates of the Economic Commission for Latin America and the Caribbean placed the total number of poor people in 2002 at 221 million, up from 207 million in 2000, of which about 36% were rural.

¹ 'Agency' is the capacity for autonomous action in the face of constricting social sanctions and structural inequalities.

The *Near East and North Africa* strategy covers both the Fund's north African and Middle Eastern borrowers and more recent Member States from central and eastern Europe and the newly independent states. In 2002 the former group emphasized participatory natural resource management, gender mainstreaming, improved technologies for dryland areas, decentralization, post-conflict management, and knowledge-sharing through networking. The latter group, commonly termed 'transition' economies, emphasized market-oriented institutional development; privatized rural, agricultural and financial services; and rehabilitation of infrastructure. Dollar poverty data is not consistently available for north Africa and the Near East. On the basis of Government-determined poverty lines, it is estimated that the region has 88 million very poor, of whom 58 million are rural. In central and eastern Europe and the newly independent states, about four million rural people in the region live on less than the two-dollar figure, rising sharply to 12 million if a four-dollar threshold is used.

Country Strategic Opportunities Papers

Country strategic opportunities papers (COSOPs) delineate medium-term strategies for the Fund's operations in specific country contexts. They articulate the relationship between the Fund's strategic framework, the respective regional strategy and the proposed direction of IFAD assistance at the country level, creating the foundation on which a monitorable country-level plan of action is pursued and new projects developed for the pipeline. As key instruments in shaping IFAD's approach to rural poverty reduction in a country, COSOPs serve to:

- (a) describe rural poverty, and poverty-reduction needs, opportunities and constraints; what other actors are doing and have learned in rural development; and the lessons IFAD has learned from its previous investment programmes;
- (b) identify poverty-reduction strategies and priorities (including poverty-reduction strategy papers – PRSPs) shared by the government, IFAD and other partners (e.g. civil-society organizations and cofinanciers), and articulate IFAD's role and the potential for strategic alliances;
- (c) position IFAD in relation to government policy on rural poverty reduction and to the micro-macro debate, with strategic emphasis on equity of access to productive assets and the enabling policy framework; and provide the basis for dialogue with the government and other stakeholders. COSOPs are linked with the PRSP process to ensure country ownership of the strategy and policy-change agenda, which is central to the effectiveness of the IFAD-supported country programme;

- (d) develop country programme options in the context of the respective regional strategy, providing a medium-term planning framework encompassing all of IFAD's operations in the country; and
- (e) constitute the basis for linking allocation of regional lending shares (to specific country programme scenarios) with performance criteria; assess the pro-poor quality of a country's policy and institutional framework; and define the agenda for institutional transformation that must accompany country programme development in order to ensure the effectiveness of IFAD support.

In 2002 COSOPs were developed or updated for The Comoros, the Dominican Republic, Guinea-Bissau, Namibia, Nicaragua, Pakistan, the Republic of Moldova, Romania, Sierra Leone, Sri Lanka, The Sudan, and Viet Nam.

RESOURCE MOBILIZATION
AND ALLOCATION IN 2002



IFAD's 2002 programme of work was approved at a level of USD 436.9 million.

At the Seventy-Fourth Session of the Executive Board, the programme of work for 2002 was approved at a level of USD 436.9 million with the understanding that the programme would be adjusted during the year based on investment income and the criteria for use of the Advance Commitment Authority (ACA) in 2002, bearing in mind the overall limit for ACA of three years of reflows. The Executive Board also approved a Programme Development Financing Facility of USD 26.7 million and an administrative budget of USD 42.3 million. The programme of work adjusted during 2002 and by year end totalled USD 389.8 million comprising an approved loan programme of USD 365.9 million (SDR 281.4 million at date of approval) and a grant programme of USD 23.9 million.

Resource Allocation 2002
(amounts in USD million)

	Originally Approved 2002	Revised 2002
Programme of work	436.9	389.8
Loan programme	416.2	365.9
Grant programme	20.7	23.9
Administrative budget	42.3	42.3
Programme Development Financing Facility	26.7	23.2
Total	505.9	455.3

Consultation on the Sixth Replenishment of IFAD's Resources

The Consultation on the Sixth Replenishment of IFAD's Resources began in February and ended in December with an agreement to replenish the Fund for the 2004-2006 period at a target level of USD 560 million. If achieved, this replenishment level would sustain an average annual programme of operations of USD 475 million over the replenishment period. The pledges made reflect an average 15% increase in contributions. This momentum, coupled with the strengthening of internal processes under the Strategic Change Programme, positions IFAD well to face the challenges of its mandate in 2003 and beyond.

Supplementary Funds

IFAD administers four major categories of supplementary funds provided by its Member States: *cofinancing grants* for projects and programmes supported by IFAD loans and grants; funds for *sectoral or thematic studies* and short-term technical assistance; *technical assistance* for programme and project design and implementation; and funds for *other activities*, e.g. international workshops or regional conferences.

IFAD also holds supplementary resources in trust for the Belgian Survival Fund (BSF)²; the International Land Coalition³; the Global Mechanism⁴; the Arab Fund for Economic and Social Development (AFESD)⁵; the Debt Initiative for Heavily Indebted Poor Countries (HIPC) IFAD Trust Fund⁶; and the IFAD Associate Professional Officer (APO) Programme.

This year's contributors to IFAD's supplementary funds included *Canada, Germany, Italy, Japan, The Netherlands, Portugal, Switzerland* and the *United Kingdom*. Canada agreed to provide a grant of 500 000 Canadian dollars over two years to finance technical advisors. They will help IFAD develop corporate processes and tools in order to better define strategic priorities, impact objectives and the management needed for their achievement. Germany is contributing 4.4 million euro (EUR) from 2002 to 2004 in support of two projects: Mitigating the Impact of HIV/AIDS on Rural Populations in Eastern and Southern Africa, and Gender Mainstreaming in Central and Eastern Europe: A Community-Driven Approach. To date, EUR 2.1 million and EUR 700 000 have been provided to the two initiatives respectively. Italy is providing USD 4.3 million, of which USD 737 000 are allocated for consultants and an equivalent amount to sectoral and thematic studies. The remainder is supporting a programme officer to manage IFAD's partnership with Italy, activities related to PRSPs, a grant to the International Centre for Advanced Mediterranean Agronomic Studies (CIHEAM) in north Africa for participatory irrigation, a project in D.P.R. Korea for technical assistance and training, the Programme of Action to Assist IFAD Projects to Reach Rural Women in Near East and North African Countries, and a study on post-conflict situations. Japan's USD 500 000 contribution partly sponsored IFAD's Workshop on Gender Equity and the Empowerment of Poor Rural Women, and further activities are under

2/ The Belgian Survival Fund Joint Programme is a channel for Belgian development assistance, with IFAD as partner and lead agency to coordinate assistance – and with an initial endowment of USD 280 million.

3/ A global consortium of civil-society, intergovernmental and governmental organizations working to empower the rural poor through improved access to land and other productive resources. The Coalition was formerly called the Popular Coalition to Eradicate Hunger and Poverty.

4/ In 1997, IFAD was designated to house the Global Mechanism, which was established by the United Nations Convention to Combat Desertification (CCD) to promote actions leading to the mobilization and channelling of substantial financial resources to affected developing countries.

5/ Cofinancing by AFESD of 14 projects, 1982-1999 (USD 277.4 million).

6/ Complementary contributions from The Netherlands (USD 15 million) to finance IFAD's debt-relief obligations.

consideration. An agreement with The Netherlands provides for approximately USD 1.2 million for technical assistance over the 2001-2003 period. Another approximately USD 150 000 from The Netherlands is financing the secondment to IFAD of a policy adviser and PRSP activities. Portugal provided USD 263 000 for activities in Latin American countries, Mozambique and Angola, while Switzerland's contribution of USD 423 564 is financing activities related to the Partnership on Development Effectiveness through Evaluation. Finally, USD 624 824 from the United Kingdom are supporting the mainstreaming of the 'sustainable livelihoods' approach in IFAD project development, including training workshops in Europe, Asia and Latin America. As a result, about 150 staff, consultants and project partners have acquired a basic understanding of the approach and its principles. Some of these continue to share their learning, and its application to IFAD's programmes, through a virtual 'community of practice'. To date, the approach has been used in eleven IFAD-assisted projects.

The Government of France and IFAD signed a letter of agreement in December 1998 for approximately USD 250 000 for the secondment of a specialist in the field of small rural enterprise. The expert took up his duties in the Programme Management Department, Technical Advisory Division, in December 1999 for a period of two years. France subsequently extended the secondment for an additional two years to 2003. Among other duties, the expert has been providing valuable support to the preparation of an IFAD policy paper on rural enterprise.

Debt Initiative for Heavily Indebted Poor Countries

The total net present value (NPV) cost of IFAD's commitments under the original and enhanced Debt Initiative is estimated at 230 million Special Drawing Rights (SDR) or USD 308 million, which corresponds to an approximate nominal cost of SDR 351 million (USD 471 million). IFAD has committed itself to providing debt relief to 26 countries that have reached their enhanced Initiative decision point, for a total NPV amount of approximately SDR 168 million (USD 260 million). The debt relief delivered by IFAD as of 31 December 2002 amounts to approximately USD 24 million. This has been financed with USD 8.8 million from The Netherlands' contribution, USD 4.7 million from Germany's contribution, USD 1.5 million from investment income in IFAD's own Debt Initiative Trust Fund, and USD 6.7 million (or 27%) from IFAD's own resources. Some 120 million Belgian francs (about EUR 3 million) were transferred to IFAD from pledges by Belgium to the World Bank-administered Debt Initiative Trust Fund and will be allocated to the upcoming debt relief for the Democratic Republic of The Congo. IFAD also received formal commitments to similar transfers of sums equivalent to USD 17 million from Sweden, USD 5.0 million from Norway, up to USD 3.0 million from Switzerland, and a complementary contribution by Italy of EUR 3.8 million.

PUTTING IFAD'S STRATEGY INTO PRACTICE:
THE 2002 PROGRAMME



The Strategic Change Programme supports achievement of IFAD's strategic directions.

Strategic Change Programme

Together with the regional strategies and the Sixth Replenishment, the Strategic Change Programme (SCP) is one of the key aspects of implementing the strategic framework. The objectives of the framework place increasing demands on the Fund, and the SCP has been an important part of IFAD's efforts to address these demands efficiently and effectively. Implementation of SCP began in June 2002 and is scheduled to conclude in February 2004. The charter sets out the organizational structure and implementation guidelines. There are four decision-making levels: (i) the programme sponsor and Steering Committee; (ii) the Programme Management Unit; (iii) the Programme Coordinating Committee; and (iv) the business-process owners and project and resource teams. The President of IFAD is the sponsor and represents senior management's commitment, motivating support throughout IFAD, and facilitating the organizational changes necessary to the success of the programme. Implementation will occur in five phases: (i) business blueprint phase; (ii) realization phase; (iii) final preparation phase; (iv) go-live and support phase; and (v) guarantee period. The Cap Gemini Ernst & Young Group was contracted as consulting implementation partner.

The blueprint phase, which began in June, was completed in November. It provides detailed designs for new financial and human resource management and for management information systems (MIS). Key processes covered by the designs for *financial management* include: accounting, loans and grants, procure to pay, travel and expenses, cash management, contributions, budget, and payroll; for *human resource management*: workforce; administration; recruitment; organizational and personnel development, and payroll. Progress on *MIS* has included defining the information technology (IT) architecture required to implement Peoplesoft software, refinement of an overall IT strategy and corresponding initial changes to the Fund's IT structures. SCP also contributed to the design of the new *strategic planning and budget process* for the 2003 programme of work and to guidelines for the Programme Development Financing Facility, to be fully implemented during 2003. *Knowledge management* functions will be part of the annual work plans of divisions and departments and will be aligned with IFAD's strategic framework to ensure that they contribute to increasing the Fund's field impact. Finally, SCP identified and began to address the change management issues and risks associated with its work.

Policy Dialogue and Partnership

IFAD's mission is to achieve the greatest possible impact in enabling the rural poor to overcome their poverty. The Fund seeks to maximize the direct impact of its programmes by focusing on critical poverty bottlenecks and broadening the catalytic effects of its activities, not least through comprehensive engagement in policy dialogue and partnership.

In partnership with intergovernmental agencies and the United Nations system, IFAD attended the three major international development conferences of 2002: the *International Conference on Financing for Development (FfD)*; the *World Food Summit: five years later*; and the *World Summit on Sustainable Development (WSSD)*. At the FfD, held in Monterrey, Mexico, 18-22 March, the Fund stressed that the bulk of poor and food-insecure people live in rural areas. It called for increased official development assistance for greater investment in sustainable agricultural and rural development in order to meet the Millennium Development Goals. IFAD, the Food and Agriculture Organization of the United Nations (FAO) and the World Food Programme (WFP) collaborated in developing a common agenda for the FfD on hunger, food security and rural poverty, noting that preparatory materials for the conference gave very limited attention to multilateral funding of food security and poverty reduction.

For the World Food Summit: five years later, held in Rome, Italy, 10-13 June, IFAD chaired the preparatory FAO-sponsored high-level Panel of Experts – representing international financing, technical assistance and food aid institutions – on resource mobilization for agriculture and rural development. The summit subsequently identified two major constraints: lack of political will and lack of resources.

For the WSSD, held in Johannesburg, South Africa, 26 August - 4 September, IFAD took an active part in the preparatory work leading up to the summit and was represented at the various preparatory committee meetings (PrepComs), including the fourth and final PrepCom, held in Bali, Indonesia, from 28 May to 7 June. The President of IFAD led the delegation that took part in the final negotiations of the WSSD Plan of Action and, in his address to the plenary, he urged delegations to translate the vision of the 1992 Rio conference, the commitments of the Millennium Summit and the resources pledged at Monterrey into substantive, sustainable development programmes for the hundreds of millions of poor bypassed for too long. The Fund's submissions emphasized: (i) IFAD's experience in mainstreaming Agenda 21 (of the United Nations Conference on Environment and Development, Rio de Janeiro, Brazil); (ii) the importance of agriculture and rural development in poverty-eradication programmes; (iii) the needs of the rural poor in degraded and low-potential regions, in particular sustainable development, which improves their resource rights; (iv) the role of women as agents of change, and (v) indigenous peoples as stewards of the environment and providers of environmental services.

IFAD shared its experience in mainstreaming Agenda 21 by organizing two main events at the WSSD. The first introduced the Fund's report, *The Rural Poor, Survival or a Better Life*, and the second was on the theme Indigenous Peoples: Affirming Diversity for Sustainable Development. The former highlighted critical elements in empowering smallholder farmers and herders, above all rural poor women, to become agents of change and defend the natural resource base on which their livelihoods depend. The latter showed how often indigenous peoples play a vital role in sustainable development through their stewardship of natural resources and biodiversity and their extremely rich cultural diversity. IFAD also organized an exhibit to showcase best practices in sustainable development. The exhibit included a live demonstration by a project beneficiary from Kenya and illustrated IFAD's pioneering support in introducing silk into Africa and its subsequent impact on livelihoods.

Joint activities of the *World Bank-IFAD Rural Partnership Initiative* now include project cofinancing, support for PRSPs, thematic studies, and global advocacy for rural development. With the Inter-American Development Bank (IDB) and other bilateral and multilateral agencies, a new partnership was established for rural poverty eradication in Latin America and the Caribbean. Collaboration with FAO and WFP involves sharing information on programme development, joint programming of projects, and use of national staff on a cost-sharing basis.

IFAD played an active role at the biannual consultation between the *United Nations System* and the *Organization of the Islamic Conference (OIC)*, held 9-11 July in Vienna, Austria. The Fund has a long and valued history of cooperation with OIC member countries, both as important contributors to the Fund's resources and as recipients of IFAD assistance, and with the Islamic Development Bank (IsDB), an OIC subsidiary. The Vienna consultation's final report recognized IFAD's important role and the contribution it is making to global efforts in poverty reduction, as well as the need for additional resources to achieve the Millennium Development Goals (MDGs); recorded that the OIC General Secretariat would bring the issue of IFAD replenishment to the attention of the next OIC Summit Conference of Kings and Heads of States to be hosted by Malaysia in 2003; and noted that IFAD would be invited to participate in that summit.

Following last year's decision by the *Global Environment Facility (GEF) Council* to make IFAD an executing agency of GEF, the Fund participated in GEF-sponsored forums, including the high-level panel on Land Degradation and Food Security in New York, the United States, in March, hosted a GEF familiarization workshop held in Rome, Italy, on 19-20 April, and regularly attended council meetings as an observer. In October IFAD participated in, and the President addressed, the Ministerial Round Table held in Beijing, China, during the GEF Assembly. IFAD collaboration with GEF focuses on land degradation and on assisting affected countries in meeting their obligations under the *United Nations Convention to Combat Desertification (CCD)*.

IFAD participated in the first session of the *Committee to Review the Implementation of the CCD (CRIC)* in Rome, Italy, 11-20 November, and was a member of the panel of the Global Interactive Debate held as part of the CRIC session. IFAD considers the CCD to be important to the coherent, sustainable development of drylands, where a significant proportion of the global poor are found, and to which the Fund has contributed more than USD 3.5 billion. As host agency to the Global Mechanism (GM), established to mobilize resources for the implementation of the Convention, IFAD supports GM in performing its functions within the framework of IFAD's own mandate and policies. At the same time, GM is actively working with IFAD to integrate the objectives of the Convention into the Fund's operational programme.

IFAD interaction with the *Organization of the Petroleum Exporting Countries (OPEC) Fund for International Development* increased, with reciprocal visits to review bilateral relations and discuss joint financing opportunities. The IFAD Governing Council was also an opportunity for IFAD's President and the OPEC Fund's Director General to explore ways of further strengthening partnership between the two institutions.

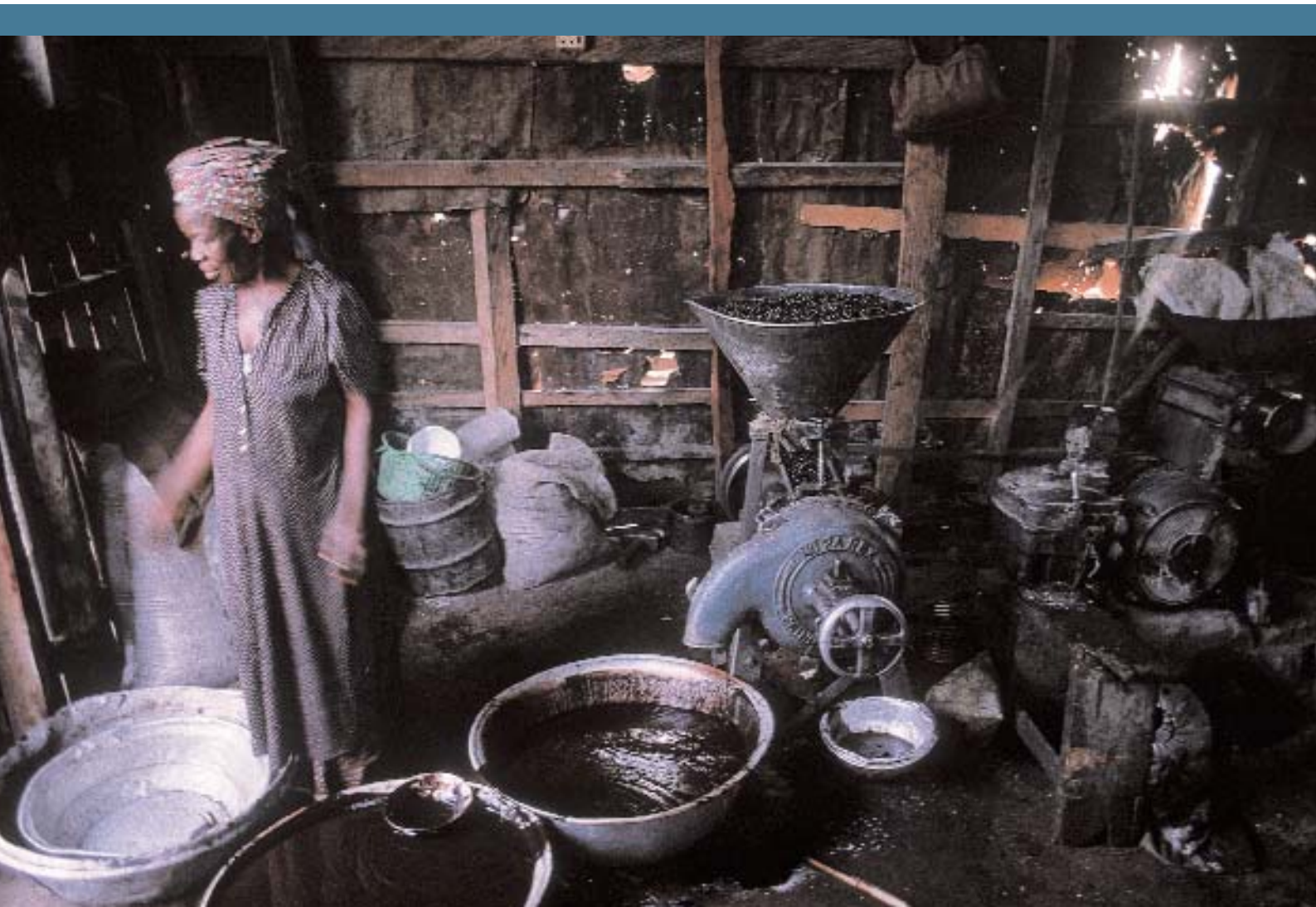
IFAD took part in the *United Nations High-Level Segment of the Economic and Social Council (ECOSOC)* meeting in New York in July on the theme "The Contribution of Human Resources Development, including the areas of health and education, to the process of development". The Fund had also been involved in the ECOSOC preparatory work with other United Nations agencies on the subthemes Health and Development, Education and Development, and Human Resources Development.

The President attended the biannual *United Nations System Chief Executives Board for Coordination* – formerly the Administrative Committee on Coordination – at FAO headquarters in Rome on 10-11 April and in New York on 8 November. Chaired by the Secretary-General of the United Nations, the Board brings the executive heads of all United Nations organizations together in order to further coordination and cooperation.

Partnership with Civil-Society and Non-Governmental Organizations

In 2002 the IFAD/NGO Extended Cooperation Programme awarded direct grant financing to 30 non-governmental organizations (NGOs) for a total amount of USD 2.5 million.

In western and central Africa, IFAD and NGOs collaborated in strengthening the capacity of rural poor people and their organizations to engage in: (i) decisions on and articulation of village development plans; (ii) execution and management of such plans; and (iii) participatory monitoring of their progress. A number of NGOs became the Fund's implementing partners where government capacity was especially weak, as was the case in Chad. They were also critical national partners in the context of regional programmes implemented by research centres: the West



Africa Rice Development Association (WARDA) for rainfed rice development in Côte d'Ivoire, Ghana and Guinea; the International Institute of Tropical Agriculture (IITA) for cowpea development in Benin, Burkina Faso and Niger; and the International Centre for Research in Agroforestry (ICRAF) for tree domestication in Cameroon and Nigeria. Many NGOs contributed to the FIDAFRIQUE network, which identifies and disseminates best practices in rural development and rural poverty reduction. More specifically, NGOs were involved in the animation of electronic discussions, production and dissemination of information, and organization of training workshops.

In eastern and southern Africa, NGOs played a critical role in building effective linkages between poor rural producers and markets – a key objective of IFAD's development strategy in the region. In Zimbabwe, for example, an international NGO (the Cooperative League of the United States) and a national one (the Southern Alliance for Indigenous Resources) began implementing the Pilot Marketing Linkages Programme, which organizes producers into groups and then links them to agro-processors. Linkages with the Cairns Group, for example, provided producers with access to commercial varieties and input packages normally used by large-scale commercial farmers. Yields increased three-, four- and even six-fold. In addition, because negotiated contract prices incorporate improved inputs, agronomic practices, training and quality control, there were sizeable price increases, for example from 20 to 30 Zimbabwean dollars/kg in the case of tomatoes. Of the groups formed so far, 63% of the members are women.

In Asia and the Pacific, partnerships with NGOs were broadened, with significant increases in the number of NGOs involved in loan-funded projects, especially those requiring social mobilization for both design and implementation. Through the fruitful participation of NGOs in the loan, as well as grant-funded projects in Asia, governments in the region are now recognizing the important role that civil-society institutions can play in the development process. Although NGO partnerships had been long-standing in countries such as Bangladesh, Indonesia, Nepal, The Philippines and Sri Lanka, they have now been effectively established in countries such as Mongolia and Viet Nam, where they have made significant contributions to introducing participatory design and implementation methodologies.

In Latin America and the Caribbean, the role of NGOs and grass-roots institutions in IFAD-assisted programmes and projects was amplified to encompass social-capital formation at the local level, so that poor people could become leaders of the development process and of a durable social transformation in rural areas. Special attention was given to targeting women and indigenous peoples – the most chronically poor and marginalized groups in the region. In Brazil, under the Sustainable Development Project for Agrarian Reform Settlements in the Semi-Arid North-East, a rural women workers' movement, which brings together 900 grass-roots organizations, is mobilizing women to obtain the legal documents that would entitle them to full civic rights and thus greater participation in local power structures. In the highlands of Peru, under the Management of Natural Resources in the Southern Highlands Project, the Centro de Investigación y Desarrollo Campesino (CIDCA) is helping indigenous communities organize themselves to collectively decide upon and undertake community development activities. The factor that has contributed greatly to the success of these activities is CIDCA's thorough knowledge of the livelihoods of indigenous communities and its ability to speak their language.

In central and eastern Europe and the newly independent states (CEN), collaboration with NGOs is focusing on local capacity-building, compensation for the drastic reduction in public services, and the urgent needs of newly privatized small-holder agriculture. Priority was given to the promotion of well-organized grass-roots organizations in remote highland and mountainous areas and the development of self-reliant, sustainable savings and credit mechanisms at the grass-roots level. The Swiss Group for Mountain Areas, for example, established the Caucasus Mountain Network in Azerbaijan and Georgia to address policy, technical, social and institutional constraints that have impeded the development of mountain area communities. In Armenia, local NGOs developed civic action groups to promote economic development in mountainous poor areas. In Albania, the Savings, Credit and Investment in the North-East Mountain Areas Programme was created to assess the financial needs of IFAD's target groups.

Given the limited presence of banking networks in rural areas in the Near East and North Africa, a major area of IFAD/NGO collaboration in 2002 was community development for effective management and use of microfinance, with particular attention to the needs of rural women. Such activities have been promoted by NGOs in Djibouti, Egypt, Gaza and the West Bank, Jordan, Lebanon, Morocco and Yemen. For example, IFAD and the Arab Authority for Agricultural Investment and Development (AAAID) have a memorandum of understanding on financing agro-processing operations led by the private sector and built on IFAD-supported projects. This partnership resulted in the cofinancing of microenterprise development in Gaza and the West Bank.

Beyond projects and programmes, IFAD collaborates with NGOs to learn from their experience and to exchange views on its own policies and strategies for rural poverty reduction. A case in point was the IFAD/NGO Consultation on the Role of Civil Society in Rural Development and Poverty Alleviation in Eastern and Southern Africa, held in Nairobi, Kenya, 6-9 May. Eighty representatives from regional, international and United Nations agencies, government and NGOs attended the Consultation. Participants presented their field experiences with regard to achievements, bottlenecks, lessons learned and unresolved issues in the following areas: (i) equitable and efficient market systems; (ii) pro-poor rural financial systems and products; (iii) access to productive resources, in particular land and water; (iv) information and technology systems; (v) the challenge of HIV/AIDS to poverty reduction; and (vi) policy and institutional challenges, including the drafting of PRSPs. Similarly, the Near East and North Africa Division held a workshop in Lebanon to validate its strategy for the region with its NGO partners.

Belgian Survival Fund Joint Programme

The Belgian Survival Fund Joint Programme (BSF.JP) is now in its second phase, covering 2001-2011. Its social investments in primary health care, nutrition, sanitation, domestic water supply and capacity-building complement and enhance the impact of IFAD support to institutional and economic aspects of agricultural and economic development. BSF.JP has provided grant funding of USD 127.8 million to 34 projects in Angola, Burkina Faso, Chad, the Democratic Republic of The Congo, Eritrea, Ethiopia, Kenya, Mali, Mozambique, Namibia, Niger, Rwanda, north-western Somalia (Somaliland), the United Republic of Tanzania and Uganda.

During the year, BSF cofinancing of USD 3.5 million for the Eritrea *Gash Barka Agricultural and Livestock Development Project* was approved by the Belgian Government. BSF.JP support for community-based health activities and drinking-water supply will cover those areas of the Gash Barka region in which IFAD will finance livestock and agricultural development activities, and both will be involved in administrative capacity development. The greatest livelihood risks in the Gash Barka region are: production uncertainties caused by low and unreliable rainfall, and health risks including malaria, tuberculosis, diarrhoea and maternal and child health problems.

The Niger *Project for the Promotion of Local Initiative for Development in Aguié*, approved by IFAD's Executive Board in December, includes a BSF-financed community-based primary health care component to improve the health status of target populations. The BSF cofinancing proposal has been submitted for approval to the Belgian Government. The project will support local initiative and innovation and strengthen local service capacity.

A collaborative programme was designed by BSF.JP and the International Land Coalition (formerly the Popular Coalition to Eradicate Hunger and Poverty). The overall goal of this programme is to provide support to the governments of Niger and Uganda, as well as to IFAD's own programmes, in order to achieve the greatest possible impact in enabling the rural poor to overcome their poverty. Critical land issues are emphasized.

On the evaluation front, the interim evaluation of the *Ouadis of Kanem Agricultural Development Project* in Chad found that the BSF-funded socio-health component improved the nutritional status of children aged 6-17 months in villages suffering from particularly unfavourable conditions; supplied 5 800 households with potable water; and provided primary health care to 180 000 beneficiaries.

BSF.JP conducted a comprehensive evaluation of the BSF-cofinanced second phase of the Kenya Women's Finance Trust. The evaluation clearly demonstrated that in societies where formal government credit schemes tend to bypass low-income women, NGO-based microfinance operations can effectively improve their living conditions – and with a high level of potential financial and institutional sustainability and self-sufficiency. To consolidate the achievements of this second phase, expand the KWFT network, and develop improved management systems, a USD 1.7 million proposal for a third phase was prepared.

The evaluation of the *Support for Women's Groups in North Kivu* project in the Democratic Republic of The Congo offered a unique opportunity for joint reflection and learning on bridging crisis/post-crisis recovery and long-term development. Implementation of the project, seeking to reduce rural poverty by improving food security, household incomes and the empowerment of women's groups, was marred by difficult political and country conditions, as well as fluctuating civil and political insecurity in the Kivu Region.

The evaluation of the *Kagera Agricultural and Environmental Management Programme* (KAEMP) in the United Republic of Tanzania paid special attention to project impact on household food security, social development, environmental management and institutional capacity of district administrations. The project aims to support the rehabilitation of the Kagera region, an area that has been affected by both an influx of refugees and a long-term decline in agricultural productivity.

A delegation of Belgian parliamentarians, accompanied by the Belgian Secretary of State for Development Cooperation, visited KAEMP. In general, they were impressed with the results achieved. At the same time, they called for some additional measures: integration of IFAD/BSF joint interventions into national, regional and local development plans so as to avoid compartmentalization and duplication; support to local public services through training to improve project utility and efficacy; coordination among stakeholders; gender balance within decision-making structures; integration of HIV/AIDS as a cross-cutting issue; and greater visibility of BSF to the Belgian public, highlighting achievements and lessons learned and systematically applying the latter. The President of IFAD gained first-hand insight into BSF.JP operations through his visit in May to the Tanzanian *Mara Region Farmers' Initiative Project*, in the context of IFAD's *Regional Workshop on Poverty Reduction and Rural Growth in Eastern and Southern Africa* in Dar-es-Salaam.

In Mali, a joint IFAD/BSF/West African Development Bank (BOAD)/FAO Investment Centre review mission was undertaken of the *Zone Lacustre Development Project – Phase II* in order to develop a strategy for the future in the light of lessons learned.

As in previous years, BSFJP participated in the Annual BSF Working Group Session, focused in 2002 on participation and targeting, and preceded by a one-day technical consultation of selected BSF partners. These regular meetings facilitate collaboration and consultation between multilateral organizations, NGOs, the Belgian Technical Collaboration and the Directorate General for International Collaboration. In the same spirit of close partnership and regular consultation, and in close collaboration with the Belgian Government, IFAD and BSF organized a seminar on rural poverty, *Harvesting IFAD/BSF Synergies*, on 17 September in Brussels. It was attended by the Fund's many governmental, non-governmental and university partners and dealt with the following themes: achieving global targets for poverty reduction, such as the MDGs; increasing effectiveness of development agencies through improved monitoring and evaluation (M&E) approaches; and effective financing for development.

Public awareness and sensitization of BSFJP was increased in 2002 by the broad screening in Europe of the film *ABC Africa*, devoted to the BSF-funded UWESO *Development Programme* of the Ugandan Women's Effort to Save Orphans. Produced by the internationally renowned Iranian filmmaker Abbas Kiarostami, who visited Uganda at the invitation of IFAD and BSF in April 2000, this documentary was shown at the 54th Cannes Film Festival in the Films Out of Competition category. It captures the life and hope in the faces of thousands of children orphaned by AIDS, attesting to Africa's resilience in the face of untold suffering and disease.



Finally, much effort was invested during the year in consolidating and strengthening monitoring and evaluation methodologies and implementation follow-up, with special attention to the logical framework as a key project management tool and to the introduction of malnutrition indicators. In 2002 these methodologies were applied to the Burkina Faso *South West Rural Development Project*, the Eritrea *Eastern Lowlands Wadi Development Project*, the Somalia *North-Western Integrated Community Development Programme* and the Uganda *District Development Support Programme*.

International Land Coalition

The *International Land Coalition* – formerly the *Popular Coalition to Eradicate Hunger and Poverty* – is a global alliance of intergovernmental, governmental and civil-society organizations. Housed at IFAD, the Coalition works together with the rural poor to increase their secure access to natural resources, especially land, and enable them to participate directly in policy and decision-making processes that affect their livelihoods at local, national, regional and international levels. The International Land Coalition currently supports five programmes: the Knowledge Network on Agrarian Reform, or ARnet; the Community Empowerment Facility; the Women's Resource Access Programme; the Common Platform on Access to Land; and Land Alliances for National Development, or LAND Partnerships.

In 2002 the focus of ARnet was sharpened to emphasize its two distinct components: knowledge and networking. The Knowledge Programme captures lessons learned and successful methodologies from civil-society organizations (CSOs) to improve rural poor people's access to land and resources. The Network Support Programme builds up or strengthens CSO networks so they may better identify a common agenda, implement joint plans of action, establish dialogue, influence policy formulation and local decision-making, and educate communities on pertinent issues from an informed point of view. ARnet results during the year included: reinforcing the legal rights of marginal communities in Bangladesh, Bolivia and Ecuador; establishing a national association in Cameroon to defend the land rights of small farmers; educating marginalized groups in India and Mozambique on their land rights; developing databases and other Internet-based resources in Indonesia and Peru to strengthen community land claims; developing methods to assess the sustainability of community-based institutions in Nepal; and using media in The Philippines to effectively draw attention to community land claims.

The *Community Empowerment Facility* strengthens the capacity of the rural poor and their representative organizations to negotiate access to land and related production factors and to resolve related conflicts. In 2002 it supported community action in Albania to obtain access to state forest land, as provided for under the recent land law; developed a plan to improve the livelihoods of indigenous people through sustainable management of land and forests in Bolivia; supported land-conflict resolution in Guatemala by indigenous people in the framework of the post-peace agreement; provided technical support to fisherfolk in Uttar Pradesh, India, to help them retain control over fishing areas; strengthened the capacity of women's groups in Malawi to gain access to land and markets; supported a national CSO campaign in The Philippines to influence the Comprehensive Agrarian Reform Programme; raised farm leaders' awareness of the Uganda Land Act of 1998; and set up pilot projects in Zimbabwe for improved agricultural productivity and environmental performance in resettlement schemes.

The *Women's Resource Access Programme* raises international understanding of the need to improve women's resource rights. It uses small, village-based workshops to capture and share the knowledge, experience and views of rural poor women on the importance of land and the obstacles/social practices that prevent their access to it, thereby adding to their impoverishment in the event their family status changes. In 2002 workshops were held in Cambodia, India, Indonesia and Nepal.

This year also saw wide support for the Coalition's initiative, the *Common Platform on Access to Land*. The platform is a sign of expanding consensus on the need to address the land and asset needs of rural poor households and a helpful reference for public policies and supportive land programmes.

The Governments of Indonesia and The Philippines were the first to announce their intention to establish *LAND Partnerships* to facilitate collaboration between the state, civil society, and bilateral and international actors to improve policy formulation; engage in joint action programmes; and provide a space in which to resolve land conflicts.

In late 2002, designs were completed for one project each in Niger and Uganda, based on an understanding, in principle, between BSEJP, IFAD and the Popular Coalition to work together in two African countries.

Global Mechanism

Housed by IFAD, the Global Mechanism was established by the United Nations Convention to Combat Desertification (CCD) to broker partnerships for the mobilization and rational allocation of financial and technical resources to combat land degradation and poverty. GM is assisting CCD Parties in implementing the Convention through support to action programming, enabling activities, strategic initiatives, information services and partnership-building events.

In 2002 a number of countries and subregions benefited from GM technical and/or financial assistance in support of national action programmes (NAPs), including: Algeria, Brazil, Burkina Faso, Cambodia, Chile, China, Colombia, the Dominican Republic, El Salvador, Ethiopia, Indonesia, Iran, Kazakhstan, Kyrgyzstan, Mali, Mauritania, Morocco, Nepal, Sri Lanka, Tajikistan, Tunisia, Turkmenistan, Uganda, Uzbekistan and Viet Nam. This assistance has supported formulation or implementation of NAPs or subregional action programmes in Africa, central and western Asia, and Puna and Gran Chaco Americano in Latin America.

GM was involved in several activities in support of civil society through its Community and Exchange Training Programme: supporting the Society for Conservation and Protection of Environment (SCOPE) in elaborating and developing SCOPE's component in preparatory work for the upcoming WWF/SCOPE/GEF Dryland Protected Areas Biodiversity Conservation Project in Pakistan, with a focus at this stage on community mobilization and capacity-building in drought and desertification mitigation and biodiversity conservation; promoting joint operations between GM and the Organization of American States for the protection of natural resources and sustainable development in Latin American and Caribbean countries; and supporting the organization of a workshop by the Intergovernmental Authority on Development (IGAD) on partnership and capacity-building to combat land degradation and poverty in eastern and southern Africa.

Strategic GM initiatives that explored innovative approaches to financing of the CCD included: developing a dryland management project in Kazakhstan in close collaboration with IFAD and the World Bank; supporting the Government of Brazil, in collaboration with IFAD, in developing a GEF component linked to IFAD's Sustainable Development Project for Agrarian Reform Settlements in the Semi-Arid North-East, and promoting the active involvement of other development partners in a strategic plan for sustainable development of the Fouta Djallon Highlands in West Africa.

One of the main functions of the Global Mechanism is collecting and disseminating information on supply, demand and flows of funding to combat desertification and drought. In the course of 2002, GM engaged in a detailed technical analysis of the functional and technical specifications of the online version of its Financial Information Engine on Land Degradation (FIELD). This has prepared the ground for a major upgrade of the system that will allow GM to respond more effectively to the renewed and increased requirements of the Parties to the Convention. The upgrade will include: enhancing the search functionality, improving the graphic interface, adding cross-references, further streamlining data entry, and promoting the use of FIELD among target audiences worldwide.

Technical Support

IFAD research grants in 2002 funded *partnerships in adaptive research* that maximize development impact by tailoring available technologies to suit Fund beneficiaries, or by conducting adaptive and action technological research that directly influences their livelihoods. This year's evaluation of the IFAD research grants portfolio encouraged pragmatic strengthening of such links, especially where research can catalyse new projects. The strategic framework emphasizes beneficiary access to relevant technology. In IFAD's experience, this objective is best met through the linking of regional and international agricultural research centres with local institutions capable of conducting farmer participatory research. In addition, the Fund's Technical Advisory Notes disseminate information on replicable, pro-poor 'good-practice' technologies.

IFAD continues to chair the Support Group of the Global Forum on Agricultural Research (GFAR), which the Fund helped establish in 1996. GFAR unites stakeholders in global agricultural research from seven key constituencies: developing-country national agricultural research systems (NARS), advanced research institutions (ARIs)/universities, NGOs, farmers' organizations, the private sector, international agricultural research centres (IARCs), and the donor community. In 2002 the Fund helped focus the GFAR agenda on a holistic 'knowledge-intensive agriculture' accessible to small and poor farmers, and mobilized considerable support for this from the international donor community. Finally, IFAD is a co-sponsor with the World Bank, FAO and the United Nations Development Programme (UNDP) of the Consultative Group on International Agricultural Research (CGIAR) and became vice-chair of its Finance Committee in September. CGIAR is launching challenge programmes to harness "system-wide synergy and encourage a broader range of external partnerships".

With regard to pro-poor *rural finance*, during the year IFAD engaged in policy and normative work, poverty outreach initiatives and a learning agenda. In policy and normative work, a set of *Decision Tools for Rural Finance*, presented to the IFAD Executive Board in December, provides practical guidance for the Fund's country portfolio managers (CPMs), consultants and project staff. IFAD also participated in a *Donor Peer Review Exercise* to improve donor effectiveness in microfinance policy and practices. Poverty outreach initiatives included the launching in November by IFAD and the Consultative Group to Assist the Poorest (CGAP) of the *Pro-Poor Rural Finance Innovation Challenge (PPRFIC)* at the Microcredit Summit in New York. Through small grants (maximum USD 50 000 each), PPRFIC will fund promising innovations by rural finance institutions in extending their outreach towards very poor and marginalized people, while keeping a strong focus on sustainability.

IFAD also initiated an action-research agenda on *agriculture microfinance*, as part of a CGAP technical assistance grant (TAG). The objective of this agenda, developed by IFAD with CGAP and the French-based CERISE Group, is to identify and promote pilot rural-finance experiences that have successfully tackled the challenge of providing sustainable financial services linked to agricultural cycles. IFAD also approved funding to test and disseminate two instruments to help multilateral financial institutions better assess their poverty outreach: the *Poverty Assessment Tool* by CGAP and the simple *targeting tools* promoted by the Microcredit Summit. With regard to the learning agenda, IFAD organized a workshop in June with the German Agency for Technical Cooperation (GTZ) and CGAP on *Self-Help Group Models*, and a conference on *Producers' and Financial Cooperative Movements* with the United States-based Overseas Cooperative Development Council in September. Finally, dialogue on rural finance was pursued, notably with the United Kingdom's Department for International Development (DFID), the United States Agency for International Development (USAID), the Swedish International Development Cooperation Agency (SIDA), the Norwegian Agency for International Development (NORAD) and GTZ.

With regard to *household food security and nutrition*, IFAD collaborated this year with the Italian Institute for Food and Nutrition Research (INRAN) and local partners on benchmark assessments of project-level indicators for the MDGs. The assessments are designed to: (i) develop a short list of 'anchor' indicators, e.g. prevalence of malnutrition, access to safe drinking water and sanitation, and literacy; (ii) field-test them for project management and progress reporting towards the MDGs, and (iii) produce training materials and guidelines for IFAD-supported projects. Two projects participated in early 2002: the *Programme for Participatory Rural Development in Haute Guinée* (Guinea) and the *Marketing and Local Initiatives Support Project* (Côte d'Ivoire). The work produced specific project findings and training materials, including a video to help non-specialists with the basic concepts and practice of benchmark assessments, using step-by-step examples from Guinea. A major distribution took place in October at an implementation workshop for over 50 IFAD-supported projects in western and central Africa.

Technical support in 2002 for improved knowledge management and learning for *livestock and rangeland development* included scaling up the web page of the Livestock and Rangeland Knowledge Base (LRKB) to comprise 38 case studies, 30 activity papers and 20 IFAD information papers. In addition, representatives of project management units and governments from ten countries, IFAD CPMs and other colleagues from the Fund and FAO attended a stakeholders workshop on the content and use of the LRKB. Finally, implementation of the Global Initiative – Livestock Services and the Poor involved wide consultation with stakeholders, five case studies in Africa, Asia and western Europe, and preparation of a state-of-the-art desk analysis.

The strategic framework affirms that addressing *gender inequalities and increasing women's capabilities* are preconditions for achieving the MDGs. During the year special gender programmes, financed through generous contributions from Germany, Italy, Japan and Norway and through IFAD-financed TAGs, were implemented in all five of IFAD's geographic regions of operation. A workshop in June on *Gender Equity and the Empowerment of Poor Rural Women – Operationalizing IFAD's Strategic Framework*, financed by Italy, Japan and Norway, led to the subsequent production of an action plan for *Mainstreaming a Gender Perspective in IFAD's Operations, 2003-2006*.

The plan, drafted by the Fund's Working Group on Gender in Projects and Programmes (WGGPP), coordinated by the Technical Advisory Division, was approved by the Programme Management Department in December. It identifies ten action areas, 25 specific and time-bound activities, and a set of clearly defined, time-bound indicators as a common framework within which divisions will determine their paths for achieving the targets in their divisional workplans and budgets. The ultimate aim of the plan is to ensure that, by 2006, gender equity concerns will be part of the core work of all IFAD staff. The *Programme to Support Gender Mainstreaming in IFAD's Projects and Programmes*, cofinanced by Italy and IFAD and managed by the Technical Advisory Division, provided technical and financial support to preparation of the action plan. Meanwhile, intensive internal and external networking by WGGPP on gender mainstreaming contributed to the sharing of IFAD's knowledge and its learning from others.

Sustainable natural resource management, in partnership with rural people, is a critical solution in meeting the challenges of *poverty and environmental degradation*. IFAD's incorporation in its operations of environmental/natural resource issues focuses on addressing the linkages between rural poverty, environmental degradation and effective environmental assessment in the project cycle. A significant proportion of IFAD's poverty-reduction projects can be classified as environmental in that the focus of capital accumulation is on natural capital, through the rehabilitation and sustainable use of degraded resources. In 2002 environmental assessment grants for a total amount of USD 245 944 were committed to the Idleb Rural Development Project in Syria; the Tatouine Agro-Pastoral Development Project in Tunisia; the National Programme for Sustainable Human Development and Environmental Conservation in Comoros; and the South Nyanza Integrated Community Development Project in Kenya. In addition, as part of its collaboration with GEF, IFAD initiated ten projects eligible for funding, which are at either the concept or early design stage of development and, with GM, supports the CGIAR challenge programme on Desertification, Drought, Poverty and Agriculture.

Private Sector

Building on the existing goodwill of private-sector partners in both capital markets and the corporate sector, in 2002 IFAD activities further catalysed private-sector investments on behalf of the rural poor. This was particularly the case with the Deutsche Bank: existing collaboration led to concrete investment in The Philippines in conjunction with an IFAD project in Mindanao. A Deutsche Bank guarantee loan was provided to a microfinance institution (MFI) addressing the needs of poor women entrepreneurs. This guarantee is being used to leverage funds from a local commercial bank to capitalize the MFI, thus allowing it to expand its outreach. The additional financing obtained benefits approximately 14 000 new women borrowers in northern Mindanao.

The agricultural-input-supply distribution system in Mali, established in close collaboration with Syngenta and the Syngenta Foundation for Sustainable Agriculture, was further consolidated and expanded to gradually service the areas of the Sahelian Areas Development Fund Programme.

The regional programme with CropLife Latin America on the safe use of pesticides was expanded into Mexico for the provision of training in the Yucatan.

Finally, a multipartner initiative was launched with the BASF Group and BSF to fight malaria in eastern Africa.

“ I have placed the microcredit system squarely in the center of my administration’s poverty-alleviation thrust. Indeed in my first State of the Nation address in July last year, I stated that as a cornerstone in poverty alleviation, the government is committed to increase microfinance women borrowers by 300 000 per year. I am proud to report that as of February 2002, or in seven months, the Philippine government has reached 63% of this target, serving over 188 000 women microfinance borrowers nationwide in both rural and urban settings. The joint Deutsche Bank/IFAD effort to support microfinance in my country is an innovative way of contributing to this continued effort. ”

Gloria Macapagal Arroyo, President of the Republic of The Philippines (2002)
