

ANNUAL REPORT 2011



Enabling poor rural people
to overcome poverty

The International Fund for Agricultural Development (IFAD) works with poor rural people to enable them to grow and sell more food, increase their incomes and determine the direction of their own lives. Since 1978, IFAD has invested almost US\$14 billion in grants and low-interest loans to developing countries through projects empowering about 400 million people to break out of poverty, thereby helping to create vibrant rural communities. IFAD is an international financial institution and a specialized UN agency based in Rome – the United Nations’ food and agriculture hub. It is a unique partnership of 168 members from the Organization of the Petroleum Exporting Countries (OPEC), other developing countries and the Organisation for Economic Co-operation and Development (OECD).*

* As at time of press, June 2012

IFAD at a glance, 1978-2011^{a, b}

TABLE 1

		2007	2008	2009	2010	2011	1978-2011
Operational activities^{c, d}							
Loan and DSF grant approvals							
Number of programmes and projects		34	29	32	33	34	892
Amount	US\$ million	520.3	552.2	662.4	794.2	947.2	12 865.8
Grant approvals							
Number		77	70	99	88	83	2 398
Amount	US\$ million	35.7	40.7	47.0	51.2	50.4	799.9
Total IFAD loan and grant operations	US\$ million	556.0	592.9	709.4	845.4	997.6	13 665.7
Cofinancing	US\$ million	424.4	305.0	312.0	677.2	412.2	9 183.0
Multilateral		398.3	198.0	284.2	566.6	213.2	7 203.1
Bilateral		17.3	13.3	24.6	81.5	159.4	1 500.3
NGO		1.0	3.5	0.7	10.4	-	41.4
Other ^e		7.8	90.2	2.5	18.6	39.6	438.2
Domestic contributions	US\$ million	274.0	282.7	364.2	934.0	832.4	11 671.6
Total programme and project cost^f	US\$ million	1 222.2	1 144.3	1 345.3	2 411.4	2 196.4	33 800.0
Programmes and projects							
Number of effective programmes and projects under implementation		196	204	219	233	240	
Number of programmes and projects completed		25	24	24	20	26	620
Number of programmes and projects in the pipeline		58	69	65	74	64	
Number of approved programmes and projects initiated by IFAD		28	26	26	28	32	731
Number of recipient countries/territories (current portfolio)		85	88	91	96	97	
Loan disbursements	US\$ million	399.1	433.8	428.5	457.6	549.7	8 216.9
Loan repayments^g	US\$ million	175.1	186.4	201.0	274.1	287.5	2 809.8
Membership and administration							
Member States – at end of period		164	165	165	165	167	
Professional staff – at end of period ^{h, i}		227	233	235	260	298	

Sources: Project and Portfolio Management System, IFAD financial statements for 1978-2009, 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 approved by 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 The Smallholder Commercialization Programme approved in 2011 for Sierra Leone is supervised by IFAD and entirely funded by a grant from the Global Agriculture and Food Security Program (GAFSP). The programme is counted under the number of programmes and projects but has no IFAD financing.

^e 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.

^f Includes DSF grants and component grants, and excludes grants not related to investment projects.

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

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

ⁱ Includes National Officers in country offices.

CHART 1
IFAD loan and grant operations, 2007-2011
 Amounts in US\$ million

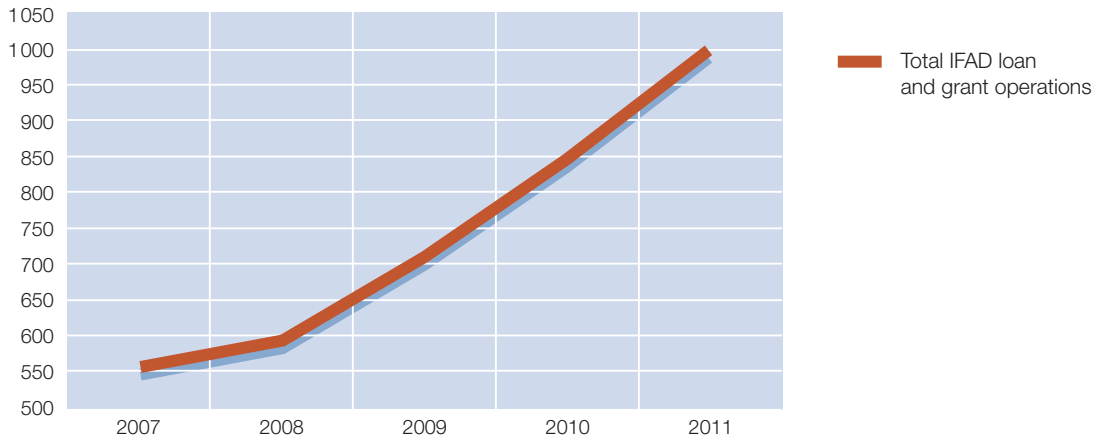


CHART 2
IFAD loans and DSF grants, cofinancing and domestic contributions, 2007-2011
 Amounts in US\$ million



CHART 3
Loan disbursements and loan repayments, 2007-2011
 Amounts in US\$ million

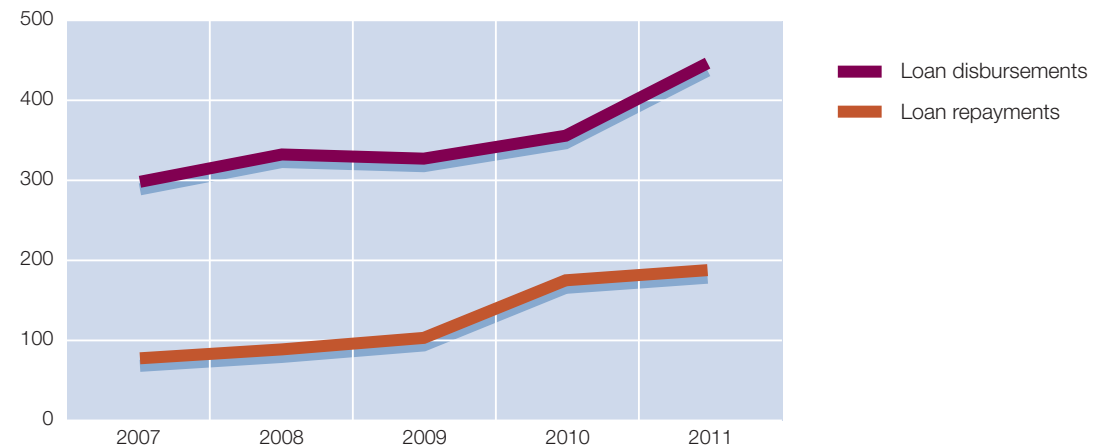
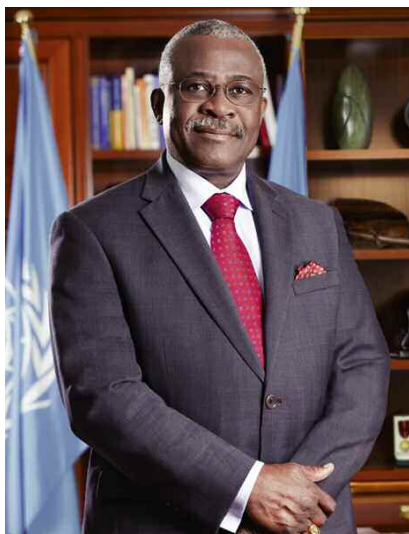


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Annual Report 2011 CD-ROM

President's foreword



In the race to keep up with the tumultuous changes of the twenty-first century, it may be tempting to throw out the old in the scramble to embrace the new. But even today we must build on the successes of the past to look to the future.

For IFAD, 2011 has been a year in which we have consolidated recent progress and reforms, continued to grow robustly, and laid ambitious plans for the future.

Growth today

In a world racked by crisis, change and challenge on all fronts, IFAD's work to empower poor rural people is more critical than ever. Our results and our reach continue to grow, together with our effectiveness and our efficiency. And at the same time, something more difficult to measure is growing too – our influence on international policy debates around agriculture, rural development and the role poor rural people must play in the future of the planet.

As usual, this report contains the Fund's annual figures in detail. But I would like to highlight a few. The size of our ongoing portfolio – that is, the resources we have invested in current projects to fight rural poverty – increased substantially during 2011, as new projects started work and current successful interventions were scaled up and expanded.

At the end of the year, we were financing 240 ongoing programmes and projects with IFAD investments of US\$4.6 billion. Together with cofinancing and domestic contributions, the total

value of the ongoing portfolio was US\$10.3 billion, compared with 197 ongoing projects worth a total of US\$6.8 billion just four years ago.

Our programme of new commitments in 2011 was just under US\$1 billion – 18 per cent more than in 2010. This puts us right on track to meet our target of raising new investments by 50 per cent over the 2010-2012 period.

Figures alone, however, cannot convey the impact we are having. The real measure of IFAD's work is the difference we are making in people's lives. You can read about the achievements of some of the rural women and men we work with in the stories from the field in this report.

Foundations for the future

Laying stable foundations for the future, we successfully concluded the Consultation on the Ninth Replenishment of IFAD's Resources, agreeing a target of US\$1.5 billion, which will fund our work from 2013 to 2015. Despite the continuing global financial uncertainty, Member States gave IFAD a resounding vote of confidence by agreeing a target 25 per cent higher than the previous replenishment.

In addition to continued staunch support from our traditional development partners, despite the domestic economic challenges that many currently face, we also received strong support from middle-income countries and emerging economies, and from countries that are more often recipients of aid rather than contributors.

Under the agreement reached at the end of the replenishment consultation, we are particularly committed to strengthening our contribution to reaching the first Millennium Development Goal of reducing poverty and hunger by half, and to sharpening our focus on gender equality and women's empowerment. The needs and potential of young rural people – both women and men – will also remain at the top of our agenda.

Building a more agile and efficient IFAD

We have been working to control our administrative costs and to increase the proportion of our budget that directly supports work in the field. Projections show that we are exceeding our target for this, with an efficiency ratio – calculated as a ratio of the administrative budget to the programme of loans and grants – of 12.5 per cent forecast for 2012, against a target of 13.5 per cent.

IFAD has also continued to forge ahead with the change and reform agenda that was embarked on when I took office in 2009. Again, I would like to touch on a few highlights. Key reform areas include strengthening the structure of the organization to more closely align our human and financial resources with our strategic objectives, and fully implementing IFAD's new business model. Direct supervision of projects and our stable presence in the countries where we work are two pillars of this new model.

We now directly supervise 93 per cent of the projects we support – up from 18 per cent in mid-2007 – and this has multiple benefits. The costs of supervision have fallen, the flow of disbursements has increased and our response times to country requests have been shortened.

We have also consolidated progress to build our presence in-country, with a total of 18 agreements signed with host countries by the end of the year and 64 staff members serving in IFAD country offices. The number of country offices is due to reach 40 by the end of 2013. The overall proportion of our workforce assigned to programmes is now 67 per cent, up from 56 per cent in 2008, and just over our 2012 target of 65 per cent.

More financing for agriculture and rural development

The implementation of the new business model has also helped boost the amounts of cofinancing mobilized from external donors and borrowing Member States. For every US\$1 contributed to IFAD

during the Eighth Replenishment period from 2010 to 2012, we mobilized another US\$6. Domestic cofinancing contributions have shown particularly healthy growth, tripling in the 2007 to 2011 period, underlining country commitment to the projects we support.

In addition to cofinancing, innovative funding mechanisms and new financing partnerships are important additional streams of income, increasing the flow of investment to agriculture and rural development. During 2011, the first commitments were made using resources from the innovative cofinancing fund established with the Government of Spain in 2010. The use of €108.6 million was approved by the Executive Board to scale up seven IFAD-supported projects.

Encouraged though we may be with IFAD's progress and results, there is a long road ahead. New figures released by the World Bank when this foreword was being written are good news in terms of progress towards the Millennium Development Goals, with indications that the first target – of halving extreme poverty from its 1990 level – had been met by 2010, five years ahead of the deadline. But these figures, which are based on preliminary survey-based estimates for 2010, hide some less positive stories, and often significant differences between countries and regions.

The 663 million people who by 2008 had moved above the extreme poverty line of US\$1.25 a day, according to the World Bank figures, are still poor by any standards. And at the current rate of progress, around 1 billion people will still be living in extreme poverty in 2015.

Only long-term investment and commitment can make a difference. Spurred on by our successes and driven by our setbacks to innovate further, we will continue to work with partners around the globe to stimulate inclusive and sustainable economic growth.



KANAYO F. NWANZE
President of IFAD



IFAD strategic framework 2011-2015

The world we work in

IFAD's mandate – improving rural food security and nutrition, and enabling rural women and men to overcome poverty – has never been more relevant. Nearly a billion rural people are living on less than US\$1.25 a day. Across the globe there are about 500 million smallholder farms supporting approximately 2 billion people. In some countries agriculture is the main source of income for 70 per cent of the rural population.

But the context of our work is a dynamic one and includes increasingly diverse rural livelihoods; degradation of natural resources and accelerating climate change; rising demand for food, biofuels and other agricultural goods and services; and higher food prices. Since the price spike of 2007-2008, the international community has launched a number of initiatives supporting nutrition and food security, many of which aid small-scale agriculture. Also, numerous developing countries have begun to give higher priority to food security and nutrition, and some are raising their agriculture budgets. At the same time, there is growing private-sector investment in agriculture. And there are improved prospects for South-South cooperation and for investments to support women's crucial role in agriculture and food security.

New challenges and changes have required shifts in how IFAD does business. The new needs and the dynamic evolution in rural sectors across the world have called for us to sharpen our focus on small-scale agriculture as a driver of economic growth and a crucial source of income and nutrition for many poor rural households.

Strategic objectives

IFAD's overarching goal is to enable poor rural people to improve their food security and nutrition, raise their incomes and strengthen their resilience. Despite the challenges, new opportunities are emerging both on and off farm, and our role is to help people prepare themselves to exploit them. Rural areas are becoming more dynamic places. Our projects help rural people to:

- become more resilient to climate change, environmental degradation and changing markets
- access services that will help them improve their nutrition and raise their incomes
- take advantage of opportunities for decent work or entrepreneurship both on and off farm
- influence the policies and institutions that govern their livelihoods.

Principles of engagement

Above all, IFAD aims to tailor strategies to each country's context to better target our assistance and support the empowerment of poor rural people. Gender equality and women's empowerment are promoted and genuine opportunities are created for young people. Innovation and learning are fostered and the scaling up of successful initiatives is promoted. We work closely with partners. Most importantly, we aim to ensure that the results of our assistance are sustainable and continue to benefit communities after projects are closed – making lasting changes in communities and in people's lives.

See Strategic Framework 2011-2015:
http://www.ifad.org/sf/strategic_e.pdf.



Facing challenges – sharing solutions

Because the issues that shape IFAD's work are ever-changing, we are a learning organization – striving constantly to build our own knowledge, to share it with others, and to encourage and enable our partners to learn too.

This dimension was apparent in the Second Global AgriKnowledge Share Fair, an 'out-of-the-box' event that took place at IFAD over four days in September 2011. More than 160 presenters from over 70 countries shared their creative ideas and experiences on emerging trends relating to agriculture, climate change and food security, and on services and technologies, such as mobile phones and social media, which are profoundly changing how development works. See <http://www.sharefair.net>. Throughout the event, social reporters updated those who could not be present, reaching over 2 million people worldwide, which extended the discussions far beyond the walls of IFAD headquarters.

This chapter spotlights priority issues and key groups we focus on.

Supporting the empowerment of poor rural women

The decades-long campaign for gender equality by IFAD and many other organizations is beginning to show genuine results. It also illustrates how much more women could contribute in a more egalitarian world. According to the 2010-2011 State of Food and Agriculture report produced by the Food and Agriculture Organization of the United Nations (FAO), raising women's agricultural productivity by closing the gender gap in access to inputs could reduce the number of hungry people by 100-150 million.

The growing participation of women in IFAD-supported training programmes demonstrates their important and increasing role in food production and other income-earning activities. In results reported in 2011, women made up 60 per cent of all

people trained in business and entrepreneurship and in community management topics. Meanwhile, over half of the 1.2 million trained in livestock production were women, as were one third of the 4.5 million trained worldwide in crop production. IFAD will present a gender policy to the Executive Board in early 2012.

In June 2011, IFAD and FAO concluded a two-year joint programme on capacity-building and knowledge management training for gender equality. A grant of US\$1.5 million from IFAD supported more than 30 activities, involving both staff and beneficiaries, in all the regions where we work.

Developing gender sensitivity in value chains is increasingly recognized as an important method for reducing poverty and achieving gender equality. With the support of IFAD, Oxfam Novib piloted a community-led process for the coffee, maize, bean and fruit value chains in Uganda using the Gender Action Learning System (GALS), an empowerment methodology that emphasizes wealth creation and gender justice.

Working with young rural people

Today's generation of young people is the largest ever. Across the developing world, 15- to 24-year-olds make up on average 20 per cent of the population. They have the potential to bring about a sea change in their countries and in their own lives. But one of the biggest challenges these young people face is finding decent work. At the end of 2010, about 75 million of them were unemployed. Many more were in part-time or poorly paid work.

With world population set to peak at over 9 billion in 2050 and projections that food availability will need to rise by 60 per cent, young women and men in rural areas will be called upon to increase food production, storage and transformation at unprecedented levels. The opportunities for employment and entrepreneurship are enormous.

IFAD funds projects that prioritize young rural people's needs for training, agricultural skills, and access to financial and rural services. In Viet Nam, for example, a school in Tuyen Quang Province funded by an IFAD-supported project has provided technical and vocational training to nearly 10,000 rural people – most of them young and unemployed. In the Republic of Moldova, the Rural Business Development Programme targeted small and medium-sized farms and enterprises to stimulate the growth of rural business activities, both on and off farm. About 66 per cent of the 1,800 full-time jobs created went to women and men under the age of 30.

At the same time, we also work in partnership with young rural people to enable them to strengthen their groups and associations and build their networking skills. Social media play a key role.

At the beginning of the year, IFAD's Governing Council session discussed how to boost food security and reduce poverty by involving young rural people in a dynamic, modern agribusiness sector. Following this, an IFAD grant funded the establishment of the Global Youth Innovation Network (GYIN) in collaboration with the Phelps Stokes Fund. See <http://www.gyin.org>.

GYIN started out as a dynamic platform connecting young entrepreneurs. It originally began work in West and Central Africa, but quickly spread and grew into a vibrant network whose motto is 'Youth entrepreneurs – agents of change'. By the end of the year, there were over 2,500 members in 72 countries worldwide. About 45 per cent of them were women. A conference held in October in Benin gave members from 50 countries an opportunity to meet face to face and discuss challenges, opportunities and plans.

Work also started under an IFAD grant of US\$1.8 million to the Songhai Centre promoting rural youth and agricultural business development in West and Central Africa. Following the GYIN conference in October 2011, the Government of Benin committed to mobilizing CFAF 23 billion (US\$47 million) to establish more Songhai Centres in Benin. A key objective is to train 1,500 young agroentrepreneurs over the next four years.

In November, we cofinanced the African Youth Day conference on entrepreneurship in Johannesburg, South Africa. It was held by the Organisation of African Youth and its theme was African Youth

Empowerment in the 21st Century: Unity, Ethical Entrepreneurship and Agricultural Transformation. One of the three main topics was youth entry into agriculture.

Another IFAD grant is funding the mapping of young farmers' organizations by the International Movement of Catholic Agricultural and Rural Youth, in collaboration with FAO. During 2011, regional consultations were held in Africa, Asia and Latin America. The findings will be shared at a special session for young farmers during the Farmers' Forum in February 2012.

Value chains and access to markets

Helping poor rural producers raise their income by 'moving up' the value chain is an important component of IFAD's work. Through our grants and investment projects, we support activities, services, facilities and information that help poor farmers add value to their products and reach markets. Poverty reduction through value chain development has the following objectives:

- raising prices at the farm gate
- building strong, inclusive farmers' organizations
- facilitating access to new markets for women and poor social groups
- lowering prices to consumers by improving chain efficiency.

The projects we support include developing access to markets by financing roads, strengthening producers' groups, improving provision of financial and business development services, developing processing facilities and providing market information. Some 14 per cent of financing for the ongoing portfolio supports the development of markets and related infrastructure (Chart 14). Results reported in 2011 showed 18,000 kilometres of road built or repaired.

One IFAD-supported project is helping poor rural families who raise angora and *cashgora* goats in Tajikistan to improve their breeding stock and fibre-processing methods. The project, which is managed by the International Center for Agricultural Research in the Dry Areas, works with men and women goat owners to increase productivity. Women also receive help to spin finer-quality fibres. The new technologies are enabling these women to increase their incomes from fibre processing, and they are starting to sell for

export to Central Asia, Europe and the United States. A website was set up in 2011 to promote the project and facilitate links with wholesale buyers. See <http://www.adventureyarns.com>.

We also participated in the United Nations Value Chain Development working group, which resulted in a joint publication entitled *Approaches and activities by seven UN agencies and opportunities for interagency cooperation*.

The recent food price crisis has spurred thinking in IFAD on how higher food prices can benefit smallholder farming and rural poor communities. This topic was discussed at a major conference, *New Directions for Smallholder Agriculture*, which addressed how to help the poorest farmers link up to modern value chains. Held at IFAD in January 2011, it was attended by technical experts, academics and representatives of Member States and the private sector.

Rural financial services and weather insurance

Only about 10 per cent of poor rural people in developing countries have access to even the most basic financial services. IFAD works to strengthen access for both on-farm and off-farm activities, with about 16 per cent of our ongoing portfolio supporting rural financial services in 2011 (Chart 14). Results reported in 2011 from ongoing projects include 30 million borrowers from IFAD-assisted microfinance institutions – 83 per cent of them women – and 15 million voluntary savers. The average loan size is US\$200 and average savings are US\$127. We also work with our partner governments and other stakeholders at the policy level to improve the provision of financial services to agriculture.

We are now an active member of the Making Finance Work for Africa (MFW4A) partnership, a donor working group on agricultural finance. The partnership champions the implementation of the Kampala Principles for Agricultural Finance, which were adopted in Uganda in June 2011. The 11 principles outline the actions most urgently required to foster effective provision of financial services to the agricultural sector in Africa.

Through the Improving Capacity Building in Rural Finance Partnership, we are working with FAO, the World Bank, the United Nations Capital Development Fund and the Government of

Germany to address critical issues related to the use of subsidies in rural and agricultural finance. A joint report entitled *Subsidies as an instrument in agriculture finance: A review* was issued in 2011.

Our partnership with the Microfinance Information eXchange (MIX), a non-profit organization that provides microfinance performance data, helps us improve our performance monitoring in rural finance (see page 48).

We also worked to strengthen our strategic partnership with the Consultative Group to Assist the Poor (CGAP), approving a second grant to the Group of US\$1.5 million over the next three years. This partnership allows us to hone the effectiveness and impact of our rural finance interventions by tapping CGAP's recognized knowledge base, experience and technical expertise. As a member of the CGAP Executive Committee, we are also advocating with them to target smallholder producers in rural areas.

During the year, about 30 staff took part in the IFAD Rural Finance In-house Capacity Development and Learning Programme 2011-2013. We also prepared guidelines on decision-making steps for IFAD and WFP country programme management staff and other donors interested in promoting weather index-based insurance products as a tool to reduce smallholder farmers' vulnerability to weather.

See http://www.ifad.org/ruralfinance/pub/WII_tech_guide.pdf.

Facing environmental challenges

Unpredictable environmental dynamics spurred by climate change are an ever-larger challenge for the poor rural farmers of the developing world, who are the most dependent on the natural environment for their livelihoods and well-being. Around 70 per cent of the projects we support are located in ecologically fragile, marginal environments. When these are under threat, so are their inhabitants.

We know that poor rural people can only escape from poverty if they are enabled to manage their natural assets. Therefore, environmental challenges have to be addressed comprehensively and coherently, not as individual 'silo' issues. This calls for helping poor rural women and men to develop the resilience to respond to constantly evolving conditions. Results from our ongoing projects reported in 2011 showed 5.5 million hectares of

common-property-resource land under improved management techniques – up about 12 per cent from the 4.9 million hectares reported in 2010.

In 2011, we developed our first Environment and Natural Resource Management Policy, an overarching and coordinated framework to address the interlinked challenges of natural resource management, climate change and biodiversity. Both the Strategic Framework and the policy underscore IFAD's determination to better integrate environmental considerations throughout our entire portfolio. Analysis of climate change impacts on livelihoods and natural resources is being increasingly incorporated into our country strategic opportunities programmes (COSOPs). We have also undertaken strategic environmental assessments in Egypt and Honduras. Such initiatives are helping poor farmers to respond to the demanding role that global environmental change has thrust upon them.

Managing land and water

Sustainable, equitable management of land and water is essential for rural poverty reduction. In 2011, knowledge generation and sharing on issues related to land and water were boosted through the Water for Food initiative funded by the Government of Switzerland. This initiative works to improve the performance of IFAD's portfolio in this area and to sharpen our learning.

IFAD supports innovative applied research programmes in water for poor rural people, funding several initiatives with global coverage. For example, the Spate Irrigation Network (UNESCO-IHE Institute for Water Education) seeks to close the generation gap in knowledge on agricultural water management practice and theory. The network is creating a new, younger wave of academic expertise coupled with field experience at the water-user level in countries such as Ethiopia and Pakistan that depend on these spate irrigation methods to feed millions. We also sponsor land and water innovations. For example, Egyptian farmers' and water users' associations are using smart information and communication technologies for water and weather forecasting. And a simple, low-cost device for turning wastewater into water safe enough for food use is being sold by street vendors in Ghana. See <http://www.sharefair.net>.

Access to agricultural land is increasingly a problem for poor rural people. Land degradation –

some of it related to climate change – and competition from non-agricultural sectors are serious constraints. Through one IFAD-funded project in north-east India, degraded *jhumland* (shifting cultivation land) is being restored. Social mobilization and support for traditional village institutions in these areas has been critical to the project's success. The network of forest and community biodiversity conservation lands or community conserved areas has reached about 1,835 square kilometres.

Confronting climate change

Consensus is growing that climate change is transforming the context for rural development, changing the environment and socio-economic landscape, and raising the cost of helping smallholders escape from poverty.

IFAD increasingly supports sustainable, 'climate-smart' approaches that go beyond standard best practices. Such approaches take into account the increasing and interconnected risks posed by a changing climate and natural resource scarcity. They aim not only to reduce poverty but also to increase resilience to risks in general. Better environmental outcomes and other benefits including carbon sequestration are among their objectives. Climate-smart approaches also seek to ensure that poor agricultural communities benefit from climate finance.

IFAD is addressing climate change in over 40 countries through 22 loans and 15 grants. These involve diverse activities, such as reforestation and land and soil restoration; water harvesting and moisture retention; drought and salinization resistance for crops and livestock; development of knowledge about local climates and natural resource management; agroforestry; renewable energy; weather index-based insurance; and rewards for environmental services. All of these can play a role in enabling poor rural people to overcome poverty. IFAD loans and grants are also complemented by grants from the Global Environment Facility (GEF) – a close partner in our work to enable poor rural communities to restore and protect the environment (see page 45).

IFAD's goal, as laid out in the 2010 Climate Change Strategy, is to have a fully climate-smart portfolio. To achieve this, we expanded our

Environment and Climate Division in 2011, adding climate and environment specialists in all regions.

We stepped up our advocacy at the 17th Conference of the Parties (COP17) to the United Nations Framework Convention on Climate Change in Durban, South Africa. IFAD President Kanayo F. Nwanze delivered a keynote address to open the Agriculture and Rural Development Day 2011 that was held at the same time. We also partnered with the Southern African Confederation of Agricultural Unions to advocate for inclusion of agriculture in the climate negotiations.

During 2011, we designed the Adaptation for Smallholder Agriculture Programme (ASAP), a multi-donor grant cofinancing programme to channel more climate finance to poor rural people by integrating it into IFAD-supported investments. It will also construct a knowledge base of adaptation approaches that can be shared and scaled up. The programme has the following core goals:

- reduce yield losses associated with climate impact through improved land management and climate-resilient agricultural practices
- increase the availability of water and its efficient use for smallholder agricultural production and processing
- build institutional capacity to adapt to climate change at local and national level
- strengthen disaster risk reduction at community level
- promote technologies to reduce the vulnerability of rural livelihoods and increase efficiency along agricultural value chains
- develop climate-resilient rural infrastructure.

Supporting biodiversity

Enabling people to sustainably manage their ecological patrimony improves their income, nutrition, self-esteem and response to environmental challenges. IFAD has funded work related to biodiversity through 39 loans totalling over US\$500 million and 44 grants with a total value of US\$42 million. We fully support the United Nations Decade on Biodiversity, which was declared in 2011 and will run until 2020, with the goal of significantly reducing biodiversity loss.

Through a grant of US\$1.5 million approved in 2011, IFAD is supporting a new mechanism to prioritize conservation and use of biodiversity for

poverty reduction – the Benefit-sharing Fund of the International Treaty on Plant Genetic Resources for Food and Agriculture. We also share knowledge with other organizations working on biodiversity, including Bioversity International, Oxfam Italia, Oxfam Novib and the United Nations Convention on Biological Diversity itself.

During the year, our Executive Board approved a project in Bangladesh that exemplifies how IFAD focuses on improving access to fishery resources and conservation of biodiversity (see CD-ROM). In Kyrgyzstan, an ongoing forestry and carbon trading initiative is helping to improve biodiversity; for example, by increasing access to non-timber forest products.

Food and nutrition security

During 2011, IFAD finalized its Strategic Framework 2011-2015 (see page 5), whose overarching goal is “Enabling poor rural people to improve their food security and nutrition, raise their incomes and strengthen their resilience”. In our strategic vision for the Ninth Replenishment period (2013-2015), we committed ourselves to acting as a “global catalyst of investments to enable smallholder agriculture to drive progress towards food security and improved nutrition, poverty reduction and more resilient ecosystems”.

Poor rural people confront a dynamic environment with new risks and threats, but also new opportunities. Environmental degradation, growing resource scarcities, volatile markets and food price spikes all put great pressure on the livelihoods and food and nutrition security of smallholders and poor rural women and men. At the same time, growing demand for food and other agricultural products and services, coupled with the transformation of agricultural markets, presents major opportunities for smallholders. But the key is to ensure that they have the assets, services, capabilities and institutional environment to produce more, more sustainably, with greater resilience to environmental and climatic changes, and with more effective integration into vibrant markets.

IFAD projected this message at several important global initiatives concerning food and nutrition security during 2011. Together with partner international organizations, we produced a report to the G20 analysing the implications of food price

volatility for vulnerable people and countries, and suggesting policy options to address the problem. IFAD's contribution focused on the impact of food price volatility on smallholder farmers, while also stressing that farmers can nevertheless be an important part of the solution. The report was a key input into the G20 Action Plan on Food Price Volatility and Agriculture issued in June 2011.

We also continued our assistance to the work of the United Nations High-Level Task Force on the Global Food Security Crisis, preparing a summary of the Updated Comprehensive Framework for Action on food and nutrition security, which was circulated at the 37th session of the Committee on World Food Security (CFS) in October. IFAD led the team that prepared a CFS round table on How to Increase Food Security and Smallholder-sensitive Investments in Agriculture (see page 44).

In addition, we served on the monitoring and evaluation task force of the global Scaling Up Nutrition movement, which is helping hard-hit countries to expand their efforts to combat undernutrition. We contributed to a road map for the new Food Security Information Network, which will help strengthen country and regional food security information in the most at-risk regions. We participated in the steering committee overseeing reforms of the United Nations Standing Committee on Nutrition. We also helped to expand the Ending Child Hunger and Undernutrition Partnership as a member of the Advisory Group.

Land tenure and responsible investment in agriculture

Having secure tenure of land is fundamental if poor farmers are to improve their food security and increase their productivity. The path to achieving this is becoming more complex as world population grows and the amount of usable land diminishes because of declining soil fertility and climate change. It is crucial for all parties to agree on policies governing land tenure.

In 2011, IFAD worked with the CFS, FAO and other partners to elaborate the Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests. These guidelines are intended to help states, civil society and the private sector to improve tenure governance by setting out principles

and internationally accepted standards for responsible practices.

The CFS led intergovernmental negotiations to review the draft guidelines, which began in July and continued in October. Representatives of approximately 70 countries, 45 civil society groups and one private sector organization attended. We participated in these negotiations, promoting smallholder farmers as the principal investors in land and agriculture.

In May 2011, an IFAD-FAO team took part in an assessment of land reform in Madagascar. The final report gave recommendations for continuing this important process, which meets a genuine demand for a simplified, decentralized, accessible system that enables smallholder farmers and other poor rural people to obtain security of land tenure. The Malagasy experience was presented during the 2011 Share Fair, and discussions continued after the event through the recently launched Land Portal. See <http://www.landportal.info>.

During the year, IFAD began an analysis of lessons learned on land tenure issues to inform the operations we support in Latin America and the Caribbean, and Asia and the Pacific. The aim is to produce a 'way forward' document. To substantiate the analysis, case studies from the Plurinational State of Bolivia and the Lao People's Democratic Republic will be used. We also took part in the fifth International Conference and Assembly of Members of the International Land Coalition in Tirana, Albania, in May 2011 (see page 43).

Remittances

Migrant workers and the money they send home have a tremendous impact on families, communities and nations. IFAD estimates that well over US\$350 billion in remittances was sent home during 2011. IFAD's Financing Facility for Remittances works to reduce the cost of transferring money, provide banking services in rural areas and promote productive investment in migrants' home countries.

The Facility is grounded firmly in the experience of almost 50 projects throughout the world, along with independent research and the knowledge of its partners. Starting with a modest US\$9 million in grant funding, the Facility has become a US\$22 million centre of expertise on remittances.

Projects funded by it are helping to transform rural people's access to basic financial services:

- In Paraguay, the Konecta company has launched a financial services platform using mobile phone technology. More than 2,000 remittance recipients have opened mobile bank accounts, which allow them to pay their bills at over 700 points of sale.
- In the Gedo region of Somalia, remittances can now be collected from local stores in the form of groceries and other vital products thanks to an online cash transfer system created by the Himilo Relief and Development Association. It allows quick access to remittances while minimizing exposure to security risks.
- In Sri Lanka, Hatton National Bank is offering new remittance services and savings accounts specifically tailored to households headed by women. More than 200 savings accounts were opened in the first two months of the pilot phase alone, and the model will be rolled out to all Hatton National Bank branches.
- In Albania and Kosovo, the International Agency for Source Country Information has partnered with a network of microfinance institutions to reach over 1,100 migrants with innovative financial products.

Based on successful experiences in Somalia and other conflict-stricken countries, in May 2011 the Facility launched the Diaspora Investment in Agriculture initiative, exclusively targeting post-conflict countries and fragile states. Innovative agricultural projects will be identified, designed and pilot tested in collaboration with diaspora groups, individual investors and agribusinesses. The initiative was set up in collaboration with the United States Department of State.

Indigenous peoples

IFAD has worked with indigenous peoples for more than 30 years. During 2011, the IFAD Executive Board approved 11 projects, in Africa, Latin America and Asia, supporting indigenous and tribal peoples, ethnic minorities and pastoralists. Total funding amounted to US\$95 million. These projects focus on agricultural development, capacity-building in communities, and improved natural resource management and biodiversity conservation. Our

experience has taught us to respect diversity and distinctiveness, not just as human values but also as economic assets.

An ongoing IFAD-supported project in Ecuador is using solutions proposed by indigenous peoples to diversify their incomes and strengthen their skills, with a focus on handicraft production and tourism, while also revitalizing their heritage. The project is helping people to build entrepreneurial capacities and improve management of natural resources.

IFAD's Strategic Framework 2011-2015 highlighted the problems resulting from the lack of effective political representation for indigenous groups. We continue to expand our policy engagement with our Member States – working with indigenous peoples' organizations, farmers' groups, governments and other partners to develop inclusive, comprehensive and coherent rural development policies for poverty reduction and food security.

As part of IFAD's Policy on Engagement with Indigenous Peoples, we set up an Indigenous Peoples' Forum in February 2011. It will hold global sessions every two years beginning in 2013. The first session will be preceded, in 2012, by regional consultations in Africa, Asia, the Pacific, and Latin America and the Caribbean.

The Forum provides a platform for dialogue between representatives of indigenous peoples – particularly those involved in IFAD-financed projects – and IFAD staff and Member States, with a focus on how we work together in the field. The Forum will also help IFAD monitor implementation of the policy, which was approved by the Executive Board in September 2009. It also promotes participation of indigenous peoples' groups in IFAD-supported activities at country, regional and international levels, during all stages of programme cycles.

In 2011, IFAD received an award from an indigenous peoples' organization in Peru – *Centro de Culturas Indígenas del Perú* – in recognition of our contribution to the development of indigenous peoples and the protection of their rights.

IFAD also supports a dedicated fund, the Indigenous Peoples Assistance Facility (see page 45).



Programme of work for 2011

In 2011, IFAD’s programme of loans and grants grew substantially, with new approvals reaching a record level of US\$997.6 million – an increase of about 18 per cent over 2010.

This was the second year of our Eighth Replenishment period. At the end of 2011, investments were on track to meet the Eighth Replenishment target of raising the level of our new commitments by 50 per cent during the three-year period 2010-2012.

While our programme of work has expanded substantially, growth in our administrative budget has been contained, indicating significant efficiency gains. The efficiency ratio – measured as a ratio of the administrative budget to the programme of loans and grants – is projected to reach 12.5 per cent in 2012, surpassing the target of 13.5 per cent.

If external financing directly managed by IFAD is also included, the efficiency ratio improves to 9.5 per cent in 2011 and is projected to improve further to about 8 per cent in 2012. IFAD-managed commitments from other sources include funds from the Global Agriculture and Food Security Program

(GAFSP), the Spanish Food Security Cofinancing Facility Trust Fund, the European Commission, the OPEC Fund for International Development and the Global Environment Facility (GEF).

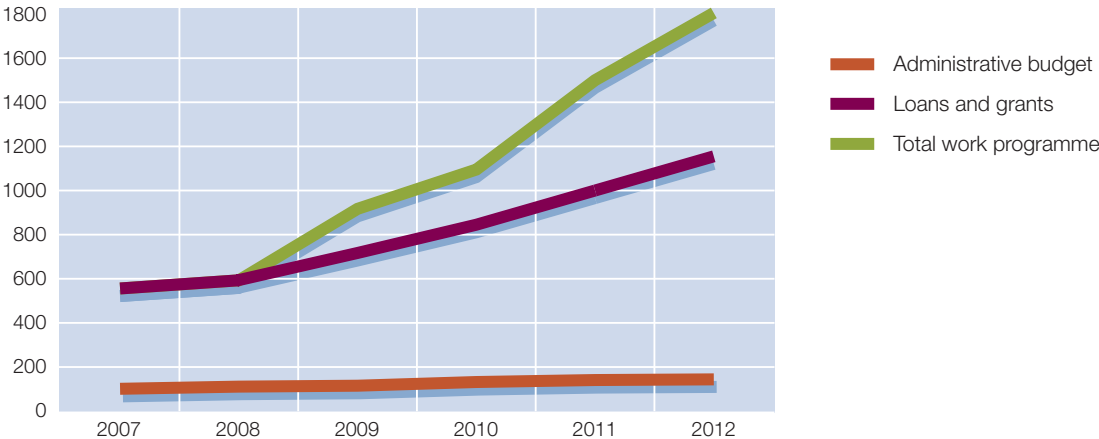
Chart 4 shows the expansion of the programme of loans and grants and the full work programme against the changes in the administrative budget, which has risen from US\$101.3 million in 2007 to a projected US\$144.0 million in 2012.

The size of our ongoing portfolio also increased, as new programmes and projects started work and current successful interventions were scaled up. At the end of the year, we were financing 240 ongoing programmes and projects with IFAD investments of US\$4.6 billion (Table 4) in 93 countries and 1 territory.

For the ongoing portfolio, external cofinancing amounts to US\$2.5 billion and funds from domestic sources to US\$3.2 billion, bringing the total value of these programmes and projects to US\$10.3 billion.

Domestic contributions in particular have increased over recent years – underlining country

CHART 4
Expansion of IFAD’s programme of loans and grants, and changes in the administrative budget
 Amounts in US\$ million



← Training courses in welding and entrepreneurship made it possible for Comfort Coffie to start a small business
 Ghana: Rural Enterprises Project Phase II
 ©IFAD/N.K. Acquah

Number of ongoing programmes and projects by region and country at end 2011

240 programmes and projects

93 countries and 1 territory

Near East, North Africa and Europe

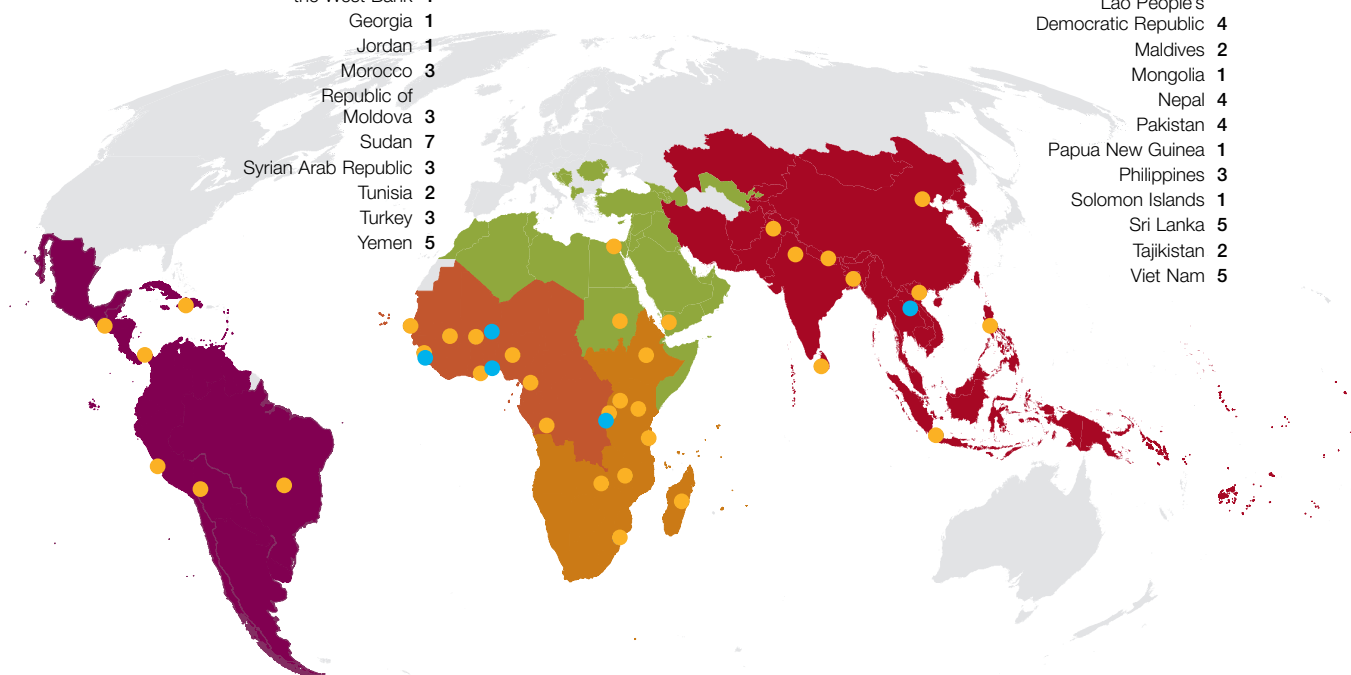
42 projects
15 countries and 1 territory

Albania	2
Armenia	2
Azerbaijan	2
Bosnia and Herzegovina	2
Djibouti	2
Egypt	3
Gaza and the West Bank	1
Georgia	1
Jordan	1
Morocco	3
Republic of Moldova	3
Sudan	7
Syrian Arab Republic	3
Tunisia	2
Turkey	3
Yemen	5

Asia and the Pacific

61 projects
19 countries

Afghanistan	1
Bangladesh	6
Bhutan	2
Cambodia	2
China	5
India	9
Indonesia	3
Kyrgyzstan	1
Lao People's Democratic Republic	4
Maldives	2
Mongolia	1
Nepal	4
Pakistan	4
Papua New Guinea	1
Philippines	3
Solomon Islands	1
Sri Lanka	5
Tajikistan	2
Viet Nam	5



Latin America and the Caribbean

31 projects
19 countries

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

West and Central Africa

54 projects
23 countries

Benin	2
Burkina Faso	5
Cameroon	3
Cape Verde	1
Central African Republic	1
Chad	2
Congo	2
Côte d'Ivoire	1
Democratic Republic of the Congo	3
Gabon	1
Gambia (The)	3
Ghana	4
Guinea	3
Guinea-Bissau	1
Liberia	1
Mali	5
Mauritania	2
Niger	3
Nigeria	3
Sao Tome and Principe	1
Senegal	3
Sierra Leone	3
Togo	1

East and Southern Africa

52 projects
17 countries

Angola	1
Burundi	4
Comoros	1
Eritrea	2
Ethiopia	4
Kenya	5
Lesotho	2
Madagascar	4
Malawi	3
Mauritius	1
Mozambique	4
Rwanda	4
South Sudan ^a	1
Swaziland	2
Uganda	5
United Republic of Tanzania	5
Zambia	4

IFAD country offices

● 2011

● planned 2012–2013

^a The Republic of South Sudan became an independent state on 9 July 2011 and an IFAD Member State on 22 February 2012.

ownership and commitment to the rural poverty reduction interventions we support. Domestic contributions tripled in value from US\$274.0 million in 2007 to US\$832.4 million in 2011 (Table 1).

During 2011, nine ongoing programmes and projects received additional funds to a total value of US\$47.5 million. At the same time, financing for a total of €108.6 million from the Spanish Food Security Cofinancing Facility Trust Fund (see page 62) was approved to scale up seven IFAD-supported programmes and projects – five in Latin America and the Caribbean, one in Africa and one in Asia.

Levels of disbursement also rose rapidly during 2011 as a result of the increased size of the portfolio and the more intense support given to implementation (see Tables 1, 9 and 10).

For 2012, IFAD proposes to commit approximately US\$1.15 billion in loans and grants from our resources. This may be supplemented by approximately US\$0.65 billion in cofinancing directly managed and supervised by IFAD.

West and Central Africa

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

Overview

Economies in sub-Saharan Africa as a whole have apparently weathered the global financial crisis and they started to rebound in 2010 and 2011. In the West and Central Africa region, the Congo, Ghana, the Niger and Nigeria, in particular, posted high growth rates.

Unfortunately, good growth rates do not necessarily translate into a reduction in poverty and hunger, or increased equality. Progress towards the first Millennium Development Goal (MDG) is uneven across the region, with countries such as the Central African Republic, Ghana and Mauritania largely on track to halve poverty by 2015, while Côte d'Ivoire, Mali and Nigeria are far from the target.

Although the region overall is experiencing rapid urbanization, agriculture continues to be the primary source of income – typically for 60 to 70 per cent of the population. And while growing demand for agricultural produce offers opportunities to smallholder farmers, natural resource management challenges and climate change make it difficult for them to take advantage of market openings.

Use of fertilizer in the region is extremely low, at about 6 kilograms per hectare, compared with about 14 kilograms per hectare in East and Southern Africa and 140 kilograms in Latin America and South Asia. Use of high-quality seed is also much lower than it could be.

CHART 5a
IFAD loans by lending terms and DSF grants,
1978-2011

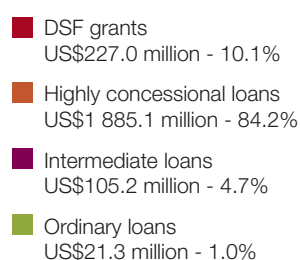
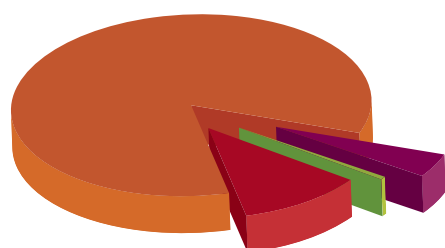
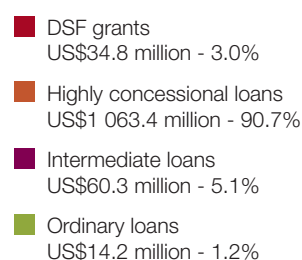
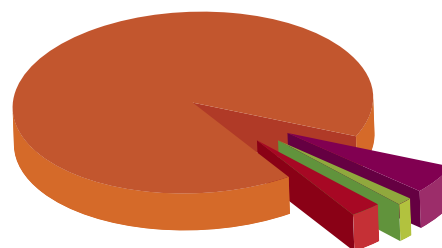


CHART 5b
Loan disbursements by lending terms
and DSF disbursements, 1979-2011^a



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

Story from the field

Sowing the seeds of change in central Chad

In one of the most vulnerable areas of one of the poorest countries in the world, IFAD-funded interventions have helped introduce significant and lasting changes.

The second phase of the Food Security Project in the Northern Guéra Region of Chad introduced literacy training, combined with capacity-building and awareness-raising. This provided solid foundations on which to base other interventions and make them sustainable. Partnering with the Belgian Fund for Food Security, the project built schools, warehouses, wells and water pumps. It also taught improved nutrition and management skills to enable communities to run cereal banks, village credit and savings systems, and local water committees. The results are evident: growing local economies, healthier diets, rising incomes and better schooling for children.

The warehouses and cereal bank system have allowed people to ration their grain and store it safely. In a good season, farmers now have enough to feed the household through the year and a surplus to generate a little cash.

“Before we set up the credit and savings system, it was difficult to find any money in the village – even 50 francs [equivalent to about US\$0.11],” says

Halimé, a woman from Gamé village. “Now people are borrowing from the savings bank and making money. Everyone who has borrowed has been successful.”

Women have used credit to grow tomatoes and other vegetables, or to open small stores in the villages, selling meat and basic supplies for the home. Diets are healthier as a result, and children and adults are more resistant to disease.

The second phase of the project closed in 2009, but local people say the benefits have lasted. The management groups continue to function well and a new culture of working together has taken hold. With the basic tools to improve their well-being, communities have acquired a sense of autonomy and the capacity and motivation to continue developing beyond the life of the project. “We know how to manage things for ourselves,” says Moussa Arun, a farmer from Gamé.

The new IFAD-financed Rural Development Support Programme in Guéra will continue to build on the achievements of the previous two projects.

Saïda Suleyman, president of the literacy group in Kofilo village, says literacy training has transformed the villagers' lives
Chad: Food Security Project in the Northern Guéra Region Phase II
©IFAD/S. Morgan



Access to financial services is another factor limiting growth. With the exception of Cape Verde, less than 5 per cent of adults have loans with banks or microfinance institutions, and this figure is even lower in rural areas.

Real or perceived political instability is the main impediment to investment in West and Central Africa, coming above poor infrastructure and corruption. In contrast to the situation in Côte d'Ivoire, the peaceful transfer of power in Ghana in 2009 dramatically increased public and private investment.

The total population is about 423 million, of which 55 per cent live in rural areas. In countries for which data are available, about 42 per cent live on less than US\$1.25 a day.¹

Our work and results in 2011

Our work in the region focuses on:

- natural resource management
- rural finance and microenterprise development
- agricultural markets and off-farm rural development
- local and national policy processes.

We also support the empowerment of women and young people.

Natural resource management

Countries across West and Central Africa are feeling the impacts of climate change, and soil and water management challenges affect the entire region – from the arid Sahara to the humid Congo rainforest. However, the human consequences of climate change are being felt most immediately by the populations of the Sahara-Sahel ecosystems, where persistent droughts quickly undermine fragile livelihood systems.

In order to help farmers build their resilience in the face of these climatic challenges, IFAD-supported programmes in Burkina Faso and the Niger have been promoting techniques that strengthen natural regeneration. These include soil and water conservation practices, and re-greening activities managed by farmers.

Tried and tested soil and water conservation interventions have been expanded to new provinces

with good results. These include techniques such as *tassa* or *zai* pits and *demi-lunes* earth embankments, which use small earth and stone works to collect and conserve rainfall. About 500,000 hectares of degraded land have been rehabilitated. Re-greening activities managed by farmers include tree planting and nurturing tree seedlings that spring up spontaneously.

Farmers in the programme areas are sharing new learning approaches, and there is increased policy and institutional support. We are promoting expansion of such activities with funding from the GEF (see page 45) and through improved partnership mechanisms, including cash-for-work with WFP.

These techniques have helped increase the resilience of smallholder families in the face of climate variability, with studies showing that infant mortality rates have not increased during food shortages, as in other villages. This is because farmers are able to harvest fruit and leaves for consumption, and prune or cut some trees to sell as timber or fuel at markets, giving them cash to buy expensive cereals.

Portfolio management highlights

- 54 ongoing programmes and projects in 23 countries in the region at the end of 2011
- US\$826.0 million invested by IFAD in the region's ongoing portfolio
- 9 new programmes and projects in the Central African Republic, the Congo, Côte d'Ivoire, Ghana, Liberia, Mauritania, the Niger, Senegal and Sierra Leone for a total IFAD investment of US\$164.0 million
- supplementary financing worth US\$9.1 million provided to an ongoing programme in Guinea
- Spanish Food Security Cofinancing Facility Trust Fund financing of €7.0 million (approximately US\$10.1 million) approved for Senegal
- 3 new results-based country strategic opportunities programmes (COSOPs) for Benin, the Democratic Republic of the Congo and Liberia

¹ Raw data were sourced from the 2011 Human Development Report of the United Nations Development Programme. Population figures include all countries in the region. However, data regarding people living below the poverty line are available only for the following countries in the region: Cameroon, Central African Republic, Congo, Côte d'Ivoire, Democratic Republic of the Congo, Gabon, Ghana, Guinea, Liberia, Mali, Mauritania, Niger, Senegal and Togo. Because international data agencies continually improve their data series, the data presented in the 2011 Human Development Report are not comparable with those published in earlier editions.

An IFAD grant to the Vu-Windesheim Association, Supporting Farmer-managed Natural Regeneration in the Sahel, will scale up these activities to Mali, Mauritania and Senegal. The grant was approved in December 2010 and has begun to stocktake the experiences in re-greening in Burkina Faso and the Niger in IFAD-funded projects and beyond.

Rural finance and microenterprise development

Several of the countries in the region are seeing good, consistent agricultural growth. This provides the basis for a more diverse and inclusive rural economy founded on small businesses and microenterprises related to farms, services and trade. These provide job opportunities primarily for rural women and young people.

In Ghana, the second phase of the IFAD-supported Rural Enterprises Project has set up 66 business advisory centres. In addition, 14 of 22 newly-created districts have set up business advisory centres with their own funds. The project has trained 100,000 clients in trade skills, business management and marketing – against the originally foreseen 70,000. About 25,000 rural small business and microenterprise clients have been linked to larger commercial operations.

Overall, about 60 per cent of clients who receive training and about 70 per cent of those given start-up

kits are able to go into business for themselves. We are working to estimate how much indirect employment – among suppliers and marketers – is associated with enterprises supported by the project. Preliminary data show that nearly 3,000 clients of the project's Initiative for Rural Enterprises Growth and Employment Creation are supporting about 2,700 suppliers and retailers. IFAD's Independent Office of Evaluation has confirmed the relevance, efficiency and effectiveness of the project's model, and it is being scaled up to national level under a recently approved third phase of the project (see page 55).

Agricultural markets and off-farm rural development

Regional and global demand for West and Central Africa's agricultural products is growing rapidly. If smallholder farmers are to benefit from the expanded opportunities, it is essential to scale up basic support to improve their access to markets for inputs and produce.

In Sierra Leone, an IFAD-financed community-based project in the districts of Kono and Kailahun is putting smallholder farmers in a better position to commercialize their products. Since work started in 2009, 290 kilometres of roads have been repaired and about 970 hectares of inland valley swamps have been rehabilitated. Such swamp areas offer considerable potential to intensify production of

Planting for a harsher climate in the Malian Sahel

In the Malian Sahel, drought, diminishing rainfall and the pressure of a growing population are causing the already weakened natural resource base to degrade at an alarming rate. The IFAD-supported Sahelian Areas Development Fund Programme is helping to restore damaged ecosystems and build resilience to a changing climate.

In partnership with the Global Environment Facility and the World Agroforestry Centre, the programme provides technical expertise and training to local populations to help them regenerate trees and vegetation, improve agricultural productivity and relieve pressure on existing resources. It has created and equipped nurseries and tree plantations to allow communities to cultivate native trees and plant species that are fast disappearing, especially the rich *bourgou* grasses that grow in the Niger delta region.

More than 712 hectares of *bourgou* plantations now fringe the delta's lakes and rivers, which has made a significant contribution to the local economy. Last year one small community, Tiachel Pouri, made US\$500 per hectare from selling the grasses. The proceeds paid for fishing equipment, nets and boat repairs.

With the technical support of its partners, the programme introduces new species for greater productivity and resilience to drought. It is also using germplasm technology to help local species adapt to the hotter, drier conditions predicted by experts for the future. The programme's aim is to promote an understanding of ecosystem function within local communities, and a culture of regeneration and cultivation of vital and endangered native species of tree, plant and fish.

rice and vegetables. Some 60 service providers and 140 young women and men have been trained in inland valley swamp rehabilitation techniques. In addition, about 1,500 hectares of cocoa and coffee plantations have been rehabilitated and rice seed has been distributed. In the Kono pilot, for example, farmers have recently harvested and reimbursed 100 bushels of rice seed that were then redistributed to young people.

In order to build on these successes in Sierra Leone, the Smallholder Commercialization Programme was proposed for funding by the GAFSP. The programme was approved in May 2011 and is supervised by IFAD. The major objectives are improved food security and income-generation, as well as value addition and commercialization for food crops and cash crops.

Local and national policy processes

The ability of smallholder farmers to compete with larger producers and other regional sources of supply, such as imports, depends on improving their attractiveness to input and produce markets and financial service providers. This means strengthening their organizations and helping them demonstrate their ability to manage for commercial results.

Together with our governmental partners, we are working to foster the growth of inclusive, sustainable and competitive smallholder producers' organizations in the region. This is a complement to our long-standing work with public service providers and farmers' organization platforms at national level.

For example, the ongoing National Programme to Support Agricultural Value Chain Actors in Guinea focuses on strengthening unions and federations of farmers' associations and financing economic activities identified in their action plans. Management and supervision of certain programme activities (annual programme planning, procurement, financial management, and monitoring and evaluation) are delegated directly to farmer apex organizations with government support. The programme is helping farmers' organizations to take the lead in developing targeted value chains, improving their productivity and competitiveness, and strengthening their professional skills. Additional financing will scale up the same approach in the Upper Guinea region, with work starting in 2012.

East and Southern Africa

22 countries: Angola, Botswana, Burundi, Comoros, Eritrea, Ethiopia, Kenya, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Rwanda, Seychelles, South Africa, South Sudan,² Swaziland, Uganda, United Republic of Tanzania, Zambia and Zimbabwe

Overview

The worst drought in 60 years plagued East Africa in 2011, causing a severe food crisis in Ethiopia, Kenya and Somalia. The United Nations officially declared a famine in southern Somalia, the first famine declaration in nearly 30 years. The humanitarian response was hindered by acute lack of funding and security issues in the area.

With much of the region depending on rainfed agriculture, cereal production was severely affected. Food prices were high and volatile even in countries not suffering drought, driven by demand from drought-affected neighbours. Maize prices in Kenya and Uganda hit record levels.

In addition to price volatility, other secondary impacts of the drought were felt across the region. Decreased hydroelectric capacity led to power cuts, domestic water shortages were common and government revenues saw sharp drops.

Southern Africa fared better, with favourable rains, good cereal production levels and more stable prices. Agricultural production in Malawi and Zambia, in particular, benefited from highly subsidized, but unsustainable, fertilizer distribution.

Portfolio management highlights

- 52 ongoing programmes and projects in 17 countries in the region at the end of 2011
- US\$1,145.6 million invested by IFAD in the region's ongoing portfolio
- 5 new programmes and projects in Ethiopia, Lesotho, Malawi, Rwanda and Zambia for a total IFAD investment of US\$218.5 million
- supplementary financing worth US\$5.1 million provided to an ongoing programme in the Comoros and an ongoing project in Rwanda
- 2 new results-based country strategic opportunities programmes (COSOPs) for Mozambique and Zambia

² The Republic of South Sudan became an independent state on 9 July 2011 and an IFAD Member State on 22 February 2012.

Over the medium term (2011-2015), the International Monetary Fund has projected that Ethiopia, Mozambique, the United Republic of Tanzania and Zambia will be among the ten fastest growing economies in the world, with GDP growth rates of between 6.9 and 8.1 per cent.

Progress towards achieving the MDGs in the region has been irregular across the various targets. While there has been remarkable advancement on some, progress towards MDG1 on poverty and hunger is not on track to meet the deadline of 2015. And while the proportion of poor people is decreasing in the region as a whole, the total number is increasing in Southern Africa.

The total population of the region is about 399 million, of which 70 per cent live in rural areas. In countries for which data are available, about 43 per cent live on less than US\$1.25 a day.³

Our work and results in 2011

Our work in the region during 2011 continued to focus on strengthening:

- access to natural resources and their management
- improved agricultural technologies and effective production services
- financial services

- transparent and competitive markets for agricultural inputs and produce
- off-farm employment and enterprise development
- participation in local and national policy and budgetary processes.

Access to natural resources and their management

Poor rural people's secure and sustainable access to land and water is essential if they are to escape poverty. Equitable and environmentally sustainable management of natural resources is increasingly important as the effects of climate change and resource degradation hit home.

IFAD currently funds 11 projects in the region that are working to improve access to natural resources and their management. In Rwanda, we finance a project supporting the government's strategy to transform the agriculture sector from subsistence to market-based farming.

Because of Rwanda's hilly landscapes, terracing, anti-erosion dykes and reforestation are key to protecting watersheds and preserving and increasing soil fertility. Since the project started work in 2006, more than 30 million agroforestry seedlings and

CHART 6a
IFAD loans by lending terms and DSF grants, 1978-2011

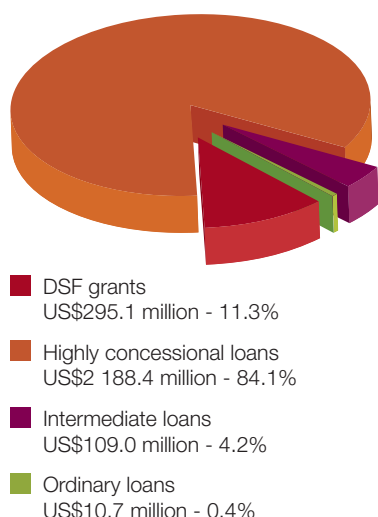
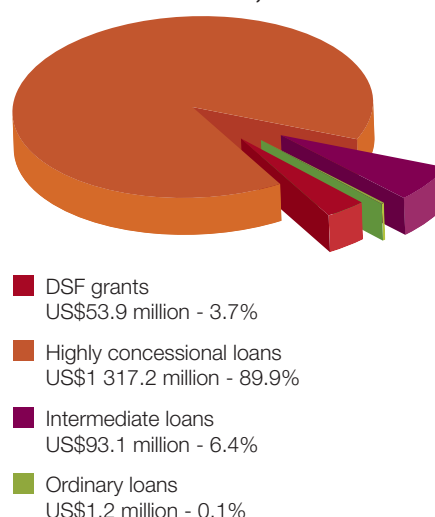


CHART 6b
Loan disbursements by lending terms and DSF disbursements, 1979-2011^a



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

³ Raw data were sourced from the 2011 Human Development Report of the United Nations Development Programme. Population figures include all countries in the region. However, data regarding people living below the poverty line are available only for the following countries: Angola, Burundi, Ethiopia, Kenya, Madagascar, Mozambique, Rwanda, Seychelles, South Africa, United Republic of Tanzania and Uganda. Because international data agencies continually improve their data series, the data presented in the 2011 Human Development Report are not comparable with those published in earlier editions.

50 million pennisetum grass cuttings have been distributed to project participants, with planting encouraged by a food-for-work programme. Nearly 15,000 hectares of land are now registered as under improved management practices.

In an impact survey in early 2011, the number of farmers reporting that their land had good fertility was double that of the 2006 baseline survey. The improved fertility also translated into higher yields, with over 90 per cent of rice farmers in the project area and 88 per cent of the maize farmers reporting increased yields. This in turn improved livelihoods. The number of extremely poor people in the project area had fallen from 52 to 17 per cent, while the number of people in the middle-income category had risen from 46 to 77 per cent.

Improved agricultural technologies and effective production services

Giving poor rural producers access to training in improved technologies for crop and livestock production is a key part of our work in all regions. Across East and Southern Africa, results reported in 2011 showed a total of 274,000 people receiving agricultural training. Some 55 per cent of the total were trained in the United Republic of Tanzania through the agricultural sector-wide approach. This is IFAD's largest investment in the region and is also basket-funded by other donors.

Distribution and restocking of improved livestock breeds is an important part of eight projects in the region – particularly in Burundi, Rwanda and the United Republic of Tanzania. 'Pass-on' schemes are used, in which farmers who receive a cow, sheep or goat pass on offspring to their neighbours. Results reported in 2011 showed that about 22,000 animals were distributed across the region.

Many of the projects we support in the region also facilitate smallholder farmers' access to animal health services, with over 174,000 households receiving veterinary services.

Financial services

Expanding the access of poor rural women and men to financial services is a key component of the work we support across the region. Appropriate credit options that enable them to invest in their businesses and savings products that make it possible to build assets are both essential.

Results are tracked for active borrowers and voluntary savers, and across the region the targets for

both were exceeded. There were about 400,000 active borrowers and nearly 500,000 voluntary savers reported in 2011.

However, the sustainability of savings and credit cooperatives was acknowledged as a key challenge. These grass-roots financial institutions are often too small to meet even minimal service charges. They also suffer from unacceptably high levels of bad debt and have inadequate regulatory frameworks. IFAD's experience in the region has been more positive with microfinance institutions. These institutions typically hold far more assets than savings and credit cooperatives. They are also managed by professionally trained staff and operate within a regulatory framework that requires adherence to sound operating principles.

Transparent and competitive markets for agricultural inputs and produce

It is essential for smallholder farmers to gain access to competitive markets if they are to move out of subsistence farming and begin to make a reasonable living from agriculture. IFAD-supported projects focus on strengthening market infrastructure, building road networks and improving transportation options.

We also work with poor rural women and men to establish and strengthen marketing groups. Belonging to an organized group allows small producers to bulk produce, reduce costs through economies of scale, and strengthen their bargaining power with powerful private sector actors.

An agricultural infrastructure improvement programme in Uganda has constructed about 2,500 kilometres of community access roads and 580 kilometres of feeder roads since work started in 2008. This has brought down transportation costs and raised farm-gate prices for marketed produce. In addition, 30 rural markets have been built and improved storage facilities have extended the shelf-life of agricultural produce.

Off-farm employment and enterprise development

Jobs off the farm and self-employment can make a crucial contribution to a rural household's income. The extra cash can be enough to prevent family members – particularly the young – from migrating to urban areas. Too frequently, migration not only deprives rural areas of the energy and creativity of the younger generation but also adds to the number of

urban poor people. We support training in business skills and entrepreneurship for poor rural people, together with vocational training on the job or in training centres.

In Madagascar, results reported in 2011 indicate that nearly 20,000 women and men have received training in entrepreneurship through an ongoing programme promoting apprenticeships in microenterprises and vocational training. The programme started work in 2008 and operates in five of the country's poorest and most densely populated regions. A monitoring system is being set up to determine how many of those trained go on to find work.

Participation in local and national policy and budgetary processes

Supporting the empowerment of poor rural people at individual and community level also means enabling them to have a voice in policymaking at local and national level. We measure our achievements in this area with two proxy indicators: the number of people trained in community management topics and the number of village and community plans formulated.

Across East and Southern Africa, results in 2011 showed that over 52,000 people were trained in community management and nearly 200 plans were drawn up.

The ongoing project in Rwanda, referred to in the natural resources section earlier, provides a good example of the impact of training in community management topics. Project participants are actively engaged in the planning, management and supervision of activities. Eleven local watershed-based management committees have been established, representing local administration, agricultural cooperatives, women, young people, the private sector and local financial institutions. In an innovative reversal of roles, the project's committees are monitoring local government performance for project-related activities.

This approach is being replicated by another project in Rwanda supporting the shift to market-based agriculture in Kirehe District in the southeast of the country. Here, severe soil erosion and high population density make sustainable management of natural resources all the more important.

Helping Eritrean farmers deal with an unpredictable climate

IFAD works with governments and communities in the region to introduce measures and technologies that reduce the vulnerability of poor rural communities to climate variability and longer-term climate change. Projects are introducing simple techniques for water and land management that prevent damage to soils from flooding and help conserve water. A main focus is restoring ecosystems to bolster the resilience of agricultural livelihoods.

Eritrea is particularly vulnerable to climate change, given its combination of low-lying coastal regions, arid and semi-arid areas, fragile ecosystems and zones prone to drought and desertification. Subsistence farmers, pastoralists, rural inhabitants and fishing communities are all groups at risk. Their

greatest challenge is the unpredictability of rainfall, which can range from erratic to torrential. When heavy rain falls after a period of drought, the water cannot penetrate the hard-caked soil and causes floods.

Climate variability is already creating various problems. To halt land degradation and increase the availability of water to irrigate crops, an IFAD-funded programme introduced soil and water conservation technologies, such as earth or brushwood embankments and terracing. It also introduced microcatchment systems to reduce rainwater run-off and increase soil infiltration. Two medium-scale spate irrigation schemes were constructed, covering about 1,100 hectares and benefiting 1,000 farmers.

Story from the field

Farmers go back to school in Zanzibar

“To tell you the truth, I never dreamed I could be such a successful farmer,” says Tamasha Saleh Haji.

She is talking about the results of the hands-on training she received at a farmers’ field school in Zanzibar in the United Republic of Tanzania. “Before I started the training I knew nothing about how to take care of a banana plant. But then I found out it was just like taking care of your child.”

During the training, Haji learned new technologies to increase the yield of her plants. It was a big success: with her increased income, she is now the main breadwinner in her family and able to pay her children’s school fees and support her husband’s dairy farm.

Haji is one of thousands of farmers who benefited from the 720 farmers’ field schools set up with IFAD support in nine districts of Zanzibar. The majority of the island’s 1.3 million inhabitants are subsistence farmers, and more than half live on less than a dollar a day. Since 2007, IFAD-supported initiatives have worked to reduce poverty, improve food security and increase incomes. A major focus is empowering farmers through education.

Each community participating in the field school determines its specific needs. The programme team then draws up a suitable curriculum and brings

together a group of farmers who study through an entire farming season. Each group has 15 to 20 members, two thirds of whom are women. The schools are led and managed by smallholder farmers who share and use new research and technologies.

An annual review, conducted in May and June 2011 by IFAD’s country office, shows solid increases in productivity. For instance, improved techniques have helped rice farmers raise their yields from 1 ton per hectare to up to 5 tons. Fifteen farmers’ groups sold 65 tons of high-quality rice seed to the government, contributing to national seed reserves.

Meanwhile, awareness is spreading. When people see their neighbours’ success, they form their own farmers’ field schools. More than 40 self-initiated schools have sprung up, and former students have been trained to facilitate them.

Through hands-on training, Tamasha Saleh Haji learned to use new farming technologies to increase her banana yields

United Republic of Tanzania: Agricultural Services Support Programme; and Agricultural Sector Development Programme – Livestock: Support for Pastoral and Agro-Pastoral Development

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Asia and the Pacific

34 countries: Afghanistan, Bangladesh, Bhutan, Cambodia, China, Cook Islands, 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, Philippines, Republic of Korea, Samoa, Solomon Islands, Sri Lanka, Tajikistan, Thailand, Timor-Leste, Tonga and Viet Nam

Overview

Developing economies in Asia and the Pacific continued to experience solid growth in 2011. While China and India drove overall performance, countries across the region saw broad economic growth. This was largely due to strong domestic consumption and expanding trade within the area.

At the time of writing, GDP was projected to grow at 7.5 per cent, slightly lower than the 7.8 per cent growth projected earlier in the year. The decline is attributed to expected weak demand from Asia's key trading partners. Given the uncertain global environment, GDP for 2012 is expected to remain at the same level.

The total population of the region is about 3,784 million, of which 60 per cent live in rural areas. In countries for which data are available, about 27 per cent live on less than US\$1.25 a day.^{4, 5}

According to the United Nations Millennium Development Goals Report for 2011, poverty rates have declined significantly across the subregions since 1990. Eastern Asia showed the greatest improvement with poverty rates decreasing from 60 to 16 per cent. In Southern Asia the rate dropped from 49 to 39 per cent, and in South-Eastern Asia from 39 to 19 per cent. However, in Central Asia, the figure increased from 6 to 19 per cent.

Trends suggest that Eastern Asia and South-Eastern Asia are likely to meet the MDG target of halving extreme poverty and hunger by 2015, although wide disparities exist among countries. The strong gains recorded in Eastern Asia are primarily due to progress in China, while advances in South-Eastern Asia have resulted largely from improvements in Indonesia and the Philippines.

Studies indicate that food prices will remain high and volatile for the foreseeable future, threatening the food security of the poorest people. This is a result of

CHART 7a
IFAD loans by lending terms and DSF grants, 1978-2011

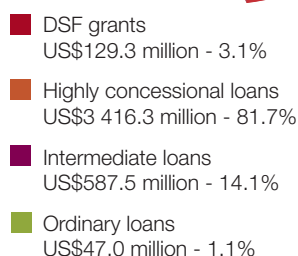
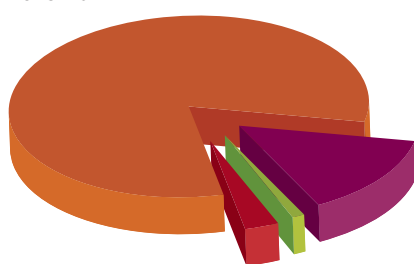
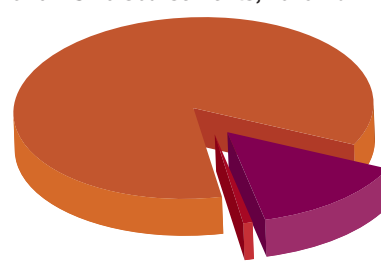


CHART 7b
Loan disbursements by lending terms and DSF disbursements, 1979-2011^a



^a Loan disbursements relate solely to Regular Programme loans

⁴ Raw data were sourced from the 2011 Human Development Report of the United Nations Development Programme. Population figures exclude Cook Islands and Niue. Data regarding people living below the poverty line are available only for the following countries: Bangladesh, Cambodia, China, India, Indonesia, Islamic Republic of Iran, Kazakhstan, Kyrgyzstan, Lao People's Democratic Republic, Mongolia, Pakistan, Philippines, Sri Lanka, Thailand, Timor-Leste and Viet Nam. Because international data agencies continually improve their data series, the data presented in the 2011 Human Development Report are not comparable with those published in earlier editions.

⁵ If China is excluded from the figures for Asia and the Pacific, the total population is 2,436 million, of which 64 per cent live in rural areas. In countries for which data are available, about 33 per cent live on less than US\$1.25 a day. If both China and India are excluded from the figures for Asia and the Pacific, the total population is 1,195 million, of which some 58 per cent live in rural areas. In countries for which data are available, about 22 per cent live on less than US\$1.25 a day.

structural factors such as population growth, rising incomes, dietary changes, and low investment in agricultural technology, research and infrastructure. Prices are also being influenced by depletion of natural resources and by expected declines in food production related to climate change.

Our work and results in 2011

Our priorities during the year focused on:

- natural resource management
- agricultural technologies and production services
- financial services
- agricultural markets
- off-farm and enterprise development
- policy and programming.

Natural resource management

Degradation of natural resources is damaging the livelihoods of poor rural people all over the world, and climate change is speeding up this process in some areas. Many of the projects we support work to strengthen people's access to the resources they need to earn a living and to promote sustainable management practices for soil, water, forests, pastures and rangelands. In the region during 2011, our work in this field concentrated on improving land management practices and access to improved water sources for crops, livestock and domestic consumption.

Almost 370,000 hectares of land throughout the region are now under improved practices, primarily in Mongolia, where improvements have been made in pasture rotation and introduction of improved seeds. Around 83,000 households now have access to safer water, among them almost 43,000 in Pakistan and nearly 24,000 in China.

Agricultural technologies and production services

Working with farmers to improve the technologies and inputs they use means helping them to increase their yields and incomes. Proven technologies for smallholder farmers in Asia include improved seeds, better composting methods to boost soil fertility, growing non-paddy crops including other grains and legumes in highlands, and cultivating vegetable gardens to improve family nutrition and diversify produce for market.

Around 65 per cent of households have adopted these methods in an IFAD-supported programme in the south-western part of Orissa state, one of the most deprived regions in India. Buying improved seed, rather than saving it, was the technology that had the most effect on farmers' harvests, almost doubling production. More than half of the smallholders taking part in the programme are also now growing high-value and cash crops in addition to staple crops. Use of irrigation has also increased. As a result of the solid results shown so far, the state government has expanded the programme model to the districts of Malkangiri and Koraput. Funds are being routed directly to nearly 700 villages, where the programme will reach an additional 40,000 tribal families.

Financial services

One of the biggest obstacles facing poor rural residents is lack of credit for the expansion or adoption of improved practices. Savings and credit groups around the world are increasingly helping poor farmers and their families to save and invest in

Portfolio management highlights

- 61 ongoing programmes and projects in 19 countries in the region at the end of 2011
- US\$1,449.5 million invested by IFAD in the region's ongoing portfolio
- 10 new programmes and projects in Bangladesh, China, India, Indonesia, the Lao People's Democratic Republic, Mongolia, Pakistan, Sri Lanka, Tajikistan and Timor-Leste* for a total IFAD investment of US\$340.4 million
- supplementary financing worth US\$5.0 million provided to an ongoing programme in the Lao People's Democratic Republic and an ongoing project in Cambodia
- Spanish Food Security Cofinancing Facility Trust Fund financing of €21.4 million (approximately US\$30.0 million) approved for Bangladesh
- 3 new results-based country strategic opportunities programmes (COSOPs) for China, India and the Lao People's Democratic Republic

* Approved in December 2011

Story from the field

A school on their doorstep for children in the mountains of Pakistan

When Nargis Rahman was a child, there was no school in the village of Manjoot, in Bagh district of Pakistan's Azad Jammu and Kashmir region. So she and her siblings had to walk to a school 40 minutes away, a particularly difficult trek in winter. That is when she decided that her mission was to build a school right in Manjoot.

"I want to give them a good education on their doorstep," Rahman says. Fulfilling that mission has required determination: her first school, which opened with 12 students, was levelled by the 2005 earthquake and her second by a fire in 2008. Construction of the current school was supported by a loan of PKR 30,000 (around US\$335) from the IFAD-supported Azad Jammu and Kashmir Community Development Programme. The current student body of 110 students (60 girls and 50 boys) fills the two-room building to bursting, forcing some into a tent.

The Community Development Programme is transforming this rural region by helping communities analyse and address their needs. The seven-year programme, started in 2004, is supporting more than 3,000 community groups. With FAO assistance, it teaches communities to prepare village development plans, in which residents work with officials to identify

their needs in a participatory way. Public sector service providers then prepare annual workplans and budgets that reflect the needs determined in the village planning process. It is a major shift in culture, from 'top down' to 'bottom up'. Rahman's school loan came from the programme's savings and credit component.

At the school, the children greet a visitor with confidence, proudly demonstrating their proficiency in English. "They start learning English in grade 1," says Rahman, "while the government school begins English classes in grade 6." The children have goals beyond the village: Aliya, age 7, says she wants to be a doctor, while 6-year-old Ehsan, whose father is a day labourer, wants to join the army.

"I believe that now children of this remote mountain village are receiving a better education," says Rahman. The parents believe so too – they spend around US\$50 a year per child for fees, books, materials and uniforms, despite the presence of a free government school down the road.

Nargis Rahman helps six-year-old Kinyat Riaz with her lesson
Pakistan: Azad Jammu and Kashmir Community Development Programme
©IFAD/A. Zaidi



their livelihoods. About half of the projects financed in the region include funding to provide financial services to more than one million borrowers. Investments in rural financial services have shifted somewhat. While previously the emphasis was on provision of funds for lending, the focus is now on technical services and supporting linkages between self-help groups and banks that make such services more sustainable.

In 2006, IFAD began supporting a project in Gansu province in China's mountainous north-west that taught women in the poor village of Xinglong to make handicrafts from excess wheat straw. The project also helped them to obtain loans. With a series of loans, one of the women, Yao Yunfang, opened and gradually expanded a factory to make handicrafts. Today it employs 28 full-time and many part-time workers (all women) from the village. They earn from US\$75 to US\$150 per month.

Agricultural markets

Once smallholder farmers have grown and harvested their crops, they face numerous obstacles in getting them to market and sold. One of the problems is the lack of all-weather roads in the isolated areas that are home to many poor farming families.

Road building to improve access to markets is currently a component of 14 IFAD-supported programmes and projects in 6 Asian countries: Bangladesh, Bhutan, Indonesia, the Lao People's Democratic Republic, Sri Lanka and Viet Nam. Over the past year, more than 700 kilometres of roads have been built, including more than 200 kilometres in Indonesia alone.

Off-farm and enterprise development

Rural areas are becoming more economically diverse and dynamic, and we are supporting initiatives that help people both to start new off-farm enterprises and to make existing ones more profitable. Twelve ongoing programmes and projects are training women, men and young people in business and entrepreneurship in India, the Lao People's Democratic Republic, Mongolia, the Philippines, Sri Lanka and Viet Nam. Results reported in 2011 showed about 165,000 people trained in these countries.

In the Philippines, 26-year-old Bernadette Manuel started a small business making peanut rolls in 2008, with US\$7 of her own savings. The next year she took part in training on product development and upgrading, organized by the Department of Trade and Industry and supported by IFAD's Rural Microenterprise Promotion Programme. She immediately put into practice what she had learned and, with a small loan from a partner microfinance institution, she was able to expand her range of products. Manuel almost tripled her sales and doubled her assets in the first year. In 2011, the programme provided financing to 15 microfinance institutions that in turn have extended loans to more than 7,000 enterprises.

Policy and programming

In addition to making loans and grants for field-level activities to help people break out of poverty, we work with governments, intergovernmental groups and other partners on policy issues. During 2011, at the request of the Lao People's Democratic Republic,

Protecting fertile farmland from rising seas in Bangladesh

The Ganges Delta in Bangladesh has been identified by experts as one of the areas in the world at greatest risk from climate change. The fertile farmland of the delta is vulnerable to rising sea levels and increasingly extreme weather conditions. The 2007 Water Sector Track Record of Bangladesh carried out by the Embassy of the Kingdom of the Netherlands estimated that, each year, 20,000 to 30,000 households lose their homes, land and livelihoods as a result of erosion and flooding.

An IFAD-supported project, now in its fourth phase, is working with poor farmers to protect their land from rising water levels and to help them protect themselves against more frequent and more severe cyclones and storms. The project is building flood protection embankments and drains to protect chars (the islands within the delta made of silt deposits) from salt water intrusion. It is also establishing cyclone shelters, livestock shelters and protective tree belts.

we provided technical support for policy development. An IFAD study on the role of agriculture in economic growth and poverty reduction was used to refine the Agriculture and Natural Resource Management Strategy. Related advocacy led the government to raise the annual agriculture growth rate target and agricultural investment levels. We are also assisting the Ministry of Agriculture in establishing a country-level policy working group that will provide feedback on the effectiveness of policies and on the potential for scaling up successful operations.

Similarly, we are supporting development of Nepal's National Agricultural Development Strategy through a grant to the Asian Development Bank. The objective is to prepare a comprehensive strategy for the agriculture sector, with wide stakeholder consultation.

Latin America and the Caribbean

33 countries: Antigua and Barbuda, Argentina, The Bahamas, Barbados, Belize, Plurinational State of 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, Bolivarian Republic of Venezuela

Portfolio management highlights

- 31 ongoing programmes and projects in 19 countries in the region at the end of 2011
- US\$461.7 million invested by IFAD in the region's ongoing portfolio
- 4 new programmes and projects in Argentina, the Plurinational State of Bolivia, Ecuador and Honduras for a total IFAD investment of US\$51.8 million
- supplementary financing worth US\$18.8 million provided to an ongoing programme in Haiti and an ongoing project in Nicaragua
- Spanish Food Security Cofinancing Facility Trust Fund financing of €80.2 million (approximately US\$111.0 million) approved for Argentina, the Plurinational State of Bolivia, Dominican Republic, Ecuador and El Salvador

Overview

As a whole, the Latin American region has shown higher resilience during the recent global financial crisis than other regions of the developing and developed world. This was due to a combination of factors. On the one hand, years of macroeconomic stability and sustained growth allowed governments to implement countercyclical fiscal policy. On the other, a particularly favourable international environment resulted from rising prices of many of the region's export commodities.

In spite of this, however, the crisis did adversely affect economic growth and employment levels. After the economic downturn in 2009, the regional economy grew 6.1 per cent in 2010 and is expected to grow 4.5 per cent in 2011.

The region has shown a positive trend in poverty reduction and a decline in income inequality. Over the past two decades, poverty rates fell from 48 per cent in 1990 to 33 per cent in 2009. And extreme poverty rates fell from 23 to 13 per cent over the same period. Even though urban and rural areas both witnessed poverty reduction, the gap between rural and urban populations is still wide. In 2009, the rural poverty rate was twice as high as that of urban areas and four times as high in the case of extreme poverty.

Although the region continues to rank top in the world for inequality, recent evidence shows that a number of countries have been successful in addressing the issue. Two factors account for the decline in inequality: a fall in the earnings gap between skilled and low-skilled workers, and an increase in pro-poor policies and social protection programmes, such as conditional cash transfers. At the time of writing, there are about 40 such programmes in 19 countries in the region.

Despite the good news stemming from economic growth, resilience and social protection efforts, the region still faces a number of challenges. Inequality continues to be a big constraint for human development; fiscal sustainability needs to be addressed in order to maintain the regional capacity to act in a countercyclical way in times of economic downturns; and recurrent natural disasters continue to hit the most vulnerable social groups the hardest.

The total population of the region is about 591 million, of which 20 per cent live in rural areas. In countries for which data are available, 5 per cent live on less than US\$1.25 a day.⁶

Our work and results in 2011

Our work in the region gives priority to the following areas:

- improving poor rural people's access to markets
- meeting basic human needs
- supporting social inclusion
- scaling up and South-South cooperation
- strengthening sustainability.

Improving poor rural people's access to markets

As countries urbanize and offer more jobs off farm, improving poor rural people's access to markets and strengthening the value chains that link producers to buyers are becoming important tools for rural poverty reduction. One quarter of our current portfolio in the region is dedicated to developing markets and rural enterprises.

In the Plurinational State of Bolivia, an ongoing project is helping farmers to make more money from their herds of llamas and alpacas, creating value-added products like shoes, improving packaging and strengthening collective bargaining power.

In Paraguay, IFAD is supporting efforts to strengthen poor rural people's farming organizations and help them formulate and implement business plans. The organizations are

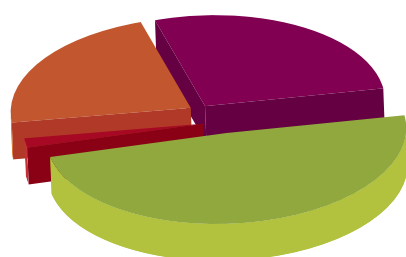
now also making agreements with private-sector agribusinesses in which they commit to delivering predetermined amounts of specific products at a certain date in exchange for a preferential price. The IFAD-financed Empowerment of Rural Poor Organizations and Harmonization of Investments (Paraguay Rural) Project and Shiroswa, one of the leading processors and exporters of sesame seeds in Paraguay, have concluded an agreement under which Shiroswa provides specialized technical assistance to farmers' organizations in return for better quality produce. A review of the project in 2011 estimated that farm-gate prices had risen by 10 per cent.

Meeting basic human needs

Our project funding in Latin America strives to meet basic human needs. We focus on peace through development, education, nutrition and citizenship. We also support the empowerment of young rural people, women and indigenous peoples.

In Haiti, between 2.5 and 3.3 million people are estimated to be chronically hungry and one third of babies are born underweight. In a drive to improve nutrition and food security in rural areas, an IFAD-financed food crop intensification project worked to sustainably raise the income and well-

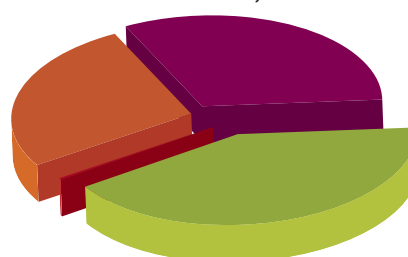
CHART 8a
IFAD loans by lending terms and DSF grants, 1978-2011



■ DSF grants	US\$30.0 million - 1.7%
■ Highly concessional loans	US\$403.3 million - 22.4%
■ Intermediate loans	US\$488.0 million - 27.1%
■ Ordinary loans	US\$882.9 million - 48.9%

Any discrepancy in totals is the result of rounding.

CHART 8b
Loan disbursements by lending terms and DSF disbursements, 1979-2011^a



■ DSF grants	US\$4.4 million - 0.3%
■ Highly concessional loans	US\$337.3 million - 26.8%
■ Intermediate loans	US\$396.1 million - 31.5%
■ Ordinary loans	US\$520.1 million - 41.3%

^a Loan disbursements relate solely to Regular Programme loans.

⁶ Raw data were sourced from the 2011 Human Development Report of the United Nations Development Programme. Population figures include all countries in the region. However, data regarding people living below the poverty line are available only for the following countries: Argentina, Plurinational State of Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay and Bolivarian Republic of Venezuela. Because international data agencies continually improve their data series, the data presented in the 2011 Human Development Report are not comparable with those published in earlier editions.

being of poor rural households and increase their access to microfinance.

Under the recently completed project, more than 400 community-based organizations supported 24,000 members, of whom 60 per cent were women. The project teamed up with the Government of Argentina's Pro-Huerta programme to create kitchen gardens for 700 Haitian families. It also encouraged legume consumption to improve nutrition. During its nine years of work, about 1,700 people were trained in nutrition and reproductive health.

A job creation and food security programme that started work in the Haitian countryside just three months after the January 2010 earthquake is also showing substantial results. Reports underscore its effectiveness in creating work and repairing productive infrastructure. Roughly 66,000 metres of irrigation systems have been rehabilitated, and the project has generated over 120,000 days of work. Around 65 community gardens are being created, serving as open-air laboratories for teaching advanced cultivation techniques and improving community food security. Over 500 family vegetable gardens have been planted.

Supporting social inclusion

IFAD works to increase social inclusion among indigenous peoples, women and young rural people and to reduce the gap between rich and poor. Several large regional grants promote policy dialogue and knowledge exchange in support of these goals. Recipients of the grants include the Confederation of Family Producers Associations of the MERCOSUR (Common Market of the South), which promotes family farmers' interests in the Southern Cone, and the Caribbean Regional Unit for Technical Assistance, an organization that facilitates pro-poor policy dialogue.

In 2011, IFAD launched a new programme promoting knowledge management in the north-eastern semi-arid region of Brazil to foster technology and knowledge exchange. We are also providing a grant to the Latin America Center for Rural Development (RIMISP) to build rural poverty policy coalitions through working groups comprised of government representatives, academics, and civil society and business leaders.

Scaling up and South-South cooperation

Creating poverty reduction projects that meet the growing needs of large emerging economies in Latin

Reducing pressure on forests in Ecuador

IFAD-supported projects in Latin America and the Caribbean are assessing and combating the impacts of climate change on the rural economy, particularly the smallholder subsector. One of the countries, Ecuador, has a wealth of species and ecosystems and a robust National System of Protected Areas Project covering almost 20 per cent of the country. Yet it also has one of Latin America's highest rates of deforestation and habitat destruction. The primary tropical forest now occupies only an estimated 20 per cent or less of the country's surface area. Among the major causes of deforestation are uncontrolled forestry and hydrocarbon operations and unsustainable farming practices.

Sustainable management of forests is part of an IFAD-financed project that is helping to reduce poverty among Afro-Ecuadorian, indigenous and campesino communities around the Ibarra-San Lorenzo economic corridor in northern Ecuador. With funding from the Global Environment Facility (GEF), the project aims to

prevent forest fragmentation and diminish pressure on valuable forests. It also identifies and implements initiatives to reduce deforestation and land degradation and improve conservation through communal reforestation and sustainable forest management techniques. In addition, it promotes the restoration and sustainable management of key forests in the coastal area, with a particular focus on mangroves.

We also work with the GEF to enhance environmental sustainability (see page 45). GEF projects complement IFAD investments. They contribute to poverty reduction by providing new opportunities in environmental stewardship and helping to test new approaches. One such project is working to introduce ecological agriculture in the semi-arid north-east of Brazil, while managing land and forests sustainably. The project provides access to green technologies for agroecological production and processing, including efficient planting and irrigation systems.

Story from the field

Nurturing the rural entrepreneurs of tomorrow in Colombia

For young people everywhere, finding work in today's tough economic climate is a challenge. In rural areas of a poor country, it calls for creativity, initiative and persistence. Nurturing those qualities in young people in Colombia is a major objective of the IFAD-supported Rural Microenterprise Assets Programme.

The programme, known locally as *Oportunidades Rurales*, targets indigenous peoples, Afro-Colombians and people displaced by violence, as well as young people. The objective is to help the rural entrepreneurs of tomorrow access technical assistance and business and financial services so they can build profitable businesses that will also serve their communities. The programme began in 2007 and is set to close at the end of 2013. It aims to benefit some 50,000 people.

"One of the primary objectives is to finance innovations that will be relevant to rural people, especially in the areas of microcredit, insurance and savings," says Andres Silva, director of *Oportunidades Rurales*.

Almost 4,000 young people have received training in business administration, marketing and investment. To reinforce the importance of saving, the programme also provides 50 per cent matching

funds for every peso saved. Deposited in local banks, these savings are then available for lending to other entrepreneurs in the community.

Funding for technical assistance is available, and would-be clients have to win the assistance in a competition, or *concurso*. Each competitor prepares a proposal and budget, which are judged by experienced microentrepreneurs. The maximum loan per family is US\$700, and microenterprises can receive up to US\$40,000, though the typical amount is around US\$15,000.

So far, about one third of the 2,100 proposals submitted have been funded, providing a total of US\$6 million to recipients. They range from fish farmers requesting help to build a high-quality holding tank to artisans needing an expert in merchandising. By tapping into local expertise to provide the assistance, the project is building a base of technical knowledge to help not just the *concurso* winners but everyone in the community.

A young woman learns how to work with silk in Piendamó village, San José
Colombia: Rural Microenterprise Assets Programme
©IFAD/R. Gaitan



America is another IFAD priority, as is ensuring that successes can be replicated and scaled up. We also focus on strengthening South-South cooperation within the region and outside, and building effective territorial approaches.

IFAD cofinances the Africa-Brazil Agricultural Innovation Marketplace, which is bringing technology from the Brazilian Agricultural Research Corporation (Embrapa) to seven African countries – Burkina Faso, Ethiopia, Ghana, Kenya, Mozambique, Togo and the United Republic of Tanzania. Ten research projects are under implementation in these countries, focusing on food security, production levels and environmental protection. These projects involve at least 90 researchers, half of them Brazilian and the other half African. Most of these researchers participated in a forum held in 2011 in Brasilia, Brazil, where they had the opportunity to exchange their experiences.

Through a US\$2.0 million grant to the Guatemalan Exporters Association (AGEXPORT), we are working to replicate successes in accessing markets across the rest of Central America through a series of workshops and capacity-building exercises. The grant started operations in March 2011 in El Salvador, Guatemala, Honduras and Nicaragua. Seven IFAD-supported projects will directly benefit from the programme's results.

Strengthening sustainability

Environmental, cultural and economic sustainability are central to our work. We are taking major steps towards 'greening' our portfolio and developing projects from the ground up. This means using approaches that start with the needs expressed by project participants and that build their capacities and those of our partner institutions.

The link between project and environmental sustainability is clearly shown in a recently completed natural resource management project in the Plurinational State of Bolivia. Through competitions, or *concursos*, for project funding among participants, the project helped to plant over 8 million trees and to construct over 800,000 hectares of terraces that reduce erosion and minimize the effects of desertification. Almost 40,000 people participated in the *concursos*, 36 per cent of them women, and participants received the equivalent of more than US\$4.5 million. The results included:

- Nearly 2.5 million hectares of land were converted to organic, family-run vegetable gardens, or *huertos*.
- Rainwater tanks with a total capacity of more than 1 million cubic metres were constructed.
- Almost 1 million camelids benefited from improved sanitary measures and care.
- More than 4,000 households received better cooking facilities, which helped to improve their living conditions.

Near East, North Africa and Europe⁷

32 countries and territories: Albania, Algeria, Armenia, Azerbaijan, Bosnia and Herzegovina, Croatia, Cyprus, Djibouti, Egypt, Gaza and the West Bank, Georgia, Iraq, Jordan, Kuwait, Lebanon, Libya, Malta, Morocco, Oman, Qatar, Republic of Moldova, Romania, Saudi Arabia, Somalia, Sudan, Syrian Arab Republic, The former Yugoslav Republic of Macedonia, Tunisia, Turkey, United Arab Emirates, Uzbekistan and Yemen

Overview

The recent political upheaval in the Near East and North Africa region and the economic upheaval of the continuing global financial crisis are having profound and unpredictable effects on the countries of the Near East, North Africa and Europe. In North Africa, the collapse of three governments during 2011 (in Egypt, Libya and Tunisia) resulted from a 'youthquake' – an explosion of frustration in a generation that makes up 20 per cent of the population of the Near East and North Africa region and has the highest rates of youth unemployment in the world.

Transparency and social accountability have shot to the top of the region's priority agenda as citizens insist on greater civic participation. The ultimate outcome of this tumult is uncertain, but in the short term the unrest has slowed the growth of GDP, which is expected to decline to 3.4 per cent in 2011 from 4.2 per cent in 2010.

Public investment in agriculture and rural economies in the subregion has fallen dramatically due to earlier economic reforms. Agricultural productivity is low and mostly subsistence oriented. Though in several countries the agriculture sector has grown faster than the manufacturing sector, the region depends heavily on food imports. These are expected to increase with population growth,

⁷ 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.

making countries increasingly vulnerable to global food price shocks.

Since 2008, the region has experienced the world's largest percentage increase in the number of hungry people – 13.5 per cent. It also faces the world's worst water scarcity, increasing its vulnerability to climate change impacts.

The total population of the Near East and North Africa region is about 442 million, of which 41 per cent live in rural areas. In countries and territories for which data are available, about 4 per cent live on less than US\$1.25 a day.⁸

Meanwhile, Central and Eastern Europe is making a stubbornly slow recovery from the global economic crisis, which hit this region harder than any other emerging-market region. Following the 2009 contraction in real GDP (the first since 1998), the average growth rate in 2011 was a tepid 3.2 per cent, and estimates for 2012 indicate a decline to 2.3 per cent. Budget deficits have widened sharply. Some of the highest unemployment rates in the European Union are found in Central and

Eastern European countries. Around 30 per cent of GDP comes from agriculture.

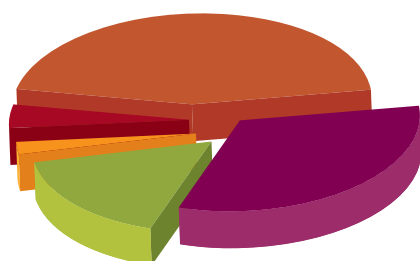
The total population of the region of Central and Eastern Europe is about 83 million, of which some 51 per cent live in rural areas. In countries for which data are available, about 2 per cent live on less than US\$1.25 a day.⁹

Our work and results in the Near East and North Africa in 2011

The priorities guiding our work in the region are:

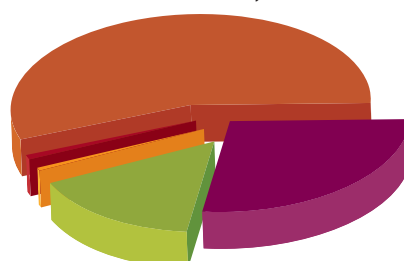
- improving management of land and water resources and reducing vulnerability to climate change
- linking small-scale growers of non-traditional crops with domestic and international markets
- improving agricultural productivity and food security
- expanding poor rural people's access to financial services, such as credit, savings and insurance
- tackling unemployment among young people in rural areas.

CHART 9a
IFAD loans by lending terms and DSF grants, 1978-2011



- DSF grants
US\$85.9 million - 4.2%
- Highly concessional loans
US\$911.8 million - 44.7%
- Intermediate loans
US\$660.5 million - 32.4%
- Ordinary loans
US\$336.1 million - 16.5%
- Hardened loans
US\$45.6 million - 2.2%

CHART 9b
Loan disbursements by lending terms and DSF disbursements, 1979-2011^a



- DSF grants
US\$12.3 million - 0.9%
- Highly concessional loans
US\$763.8 million - 56.1%
- Intermediate loans
US\$365.0 million - 26.8%
- Ordinary loans
US\$219.0 million - 16.1%
- Hardened loans
US\$2.0 million - 0.1%

^a Loan disbursements relate solely to Regular Programme loans.

⁸ Raw data were sourced from the 2011 Human Development Report of the United Nations Development Programme. Population figures include all countries in the region. However, data regarding people living below the poverty line are available only for the following countries: Egypt, Iraq, Jordan, Morocco, Tunisia and Turkey. Because international data agencies continually improve their data series, the data presented in the 2011 Human Development Report are not comparable with those published in earlier editions.

⁹ Raw data were sourced from the 2011 Human Development Report of the United Nations Development Programme. Population figures include all IFAD Member States in the region: Albania, Armenia, Azerbaijan, Bosnia and Herzegovina, Croatia, Georgia, Republic of Moldova, Romania, The former Yugoslav Republic of Macedonia and Uzbekistan. However, Bosnia and Herzegovina, Croatia and Uzbekistan are excluded from figures relating to people living below the poverty line due to lack of data. Because international data agencies continually improve their data series, the data presented in the 2011 Human Development Report are not comparable with those published in earlier editions.

Portfolio management highlights

- 42 ongoing programmes and projects in 16 countries and territories in the two regions at the end of 2011
- US\$698.3 million invested by IFAD in the regions' ongoing portfolios
- 6 new programmes and projects in Azerbaijan, Bosnia and Herzegovina, Egypt, Morocco, The Sudan and Yemen for a total IFAD investment of US\$129.5 million
- supplementary financing worth US\$9.5 million provided to 2 ongoing projects in Tunisia

Land and water management

Most of the rural poor women and men in this arid region depend heavily on natural resources for their livelihoods. In the southern highlands of Jordan, we are helping to promote sustainable land and water management practices and environmental monitoring among poor farmers and landless women. Since 2005, our support has financed construction of cisterns that allow annual harvesting of around 80 million litres of water, serving 5,000 households.

Water conservation is a key element of the IFAD-supported Western Sudan Resource Management Programme, given the very limited rainfall in the semi-desert and arid zone of North Kordofan. The programme is helping to establish a number of

water conservation techniques that have so far led to a fourfold increase in yields of grains and crop residues.

Links to markets

Linkages to domestic and international markets – ranging from infrastructure to information – are often the weakest part of the value chain, and strengthening these links is a major focus of our work everywhere.

In The Sudan, a gum arabic revitalization project is aiding small-scale producers by building on policy reforms that have liberalized the trade. This has led to remarkable improvements in the production, marketing and export of gum arabic in The Sudan. Exports reached more than 53,000 metric tons in 2010, an increase of more than 130 per cent compared with the 2007 to 2009 period. As a result, producers have tripled their revenues.

Agricultural productivity

In Dhamar, Yemen, new irrigation and resource management technologies supported by us are helping 40,000 farming households to improve their productivity. So far, an area of around 400 hectares has benefited from improved irrigation infrastructure. And three quarters of project participants have increased their agricultural and livestock production. During 2011, 17 new coffee production groups strengthened their links with processors and exporters, and more than 400 microenterprises

Strengthening climate change coping strategies in Morocco

IFAD is helping countries in the Near East and North Africa region to mainstream adaptation and mitigation activities into their development strategies. Water management, harvesting and storage are key activities across the region. We provide technical expertise for simple practices, such as introducing climate-resilient crops and capturing and storing floodwater, which conserve resources and build the resilience of rural communities.

Morocco consists almost entirely of globally important semi-arid and arid ecosystems that are rich in habitat and species diversity. However, pervasive poverty, inadequate resource management and increasing pressure on the land are leading to widespread land degradation, depletion of water

resources, loss of wildlife habitats and growing susceptibility to drought and climate change.

Initiatives to address these issues were incorporated into an IFAD-supported project to increase incomes and improve living conditions among poor rural people in the country's eastern region. A grant from the Global Environment Facility supported the introduction of technologies that increase the levels of organic matter in the soil and improve the ability of soils to store carbon and retain water. The project also strengthened community capacities to adapt to the effects of climate change by developing coping strategies for drought and diversifying income-generating activities.

Story from the field

Young women veterinary professionals break gender barriers in Yemen

Al-Dhala governorate of Yemen will soon have eight new veterinary professionals, all of them young women. This unusual prospect – women in a deeply conservative country not only working but working in a traditionally male field – is the result of an IFAD-supported project to improve living standards among economically vulnerable households.

The initiative was organized by Aiman, the community and gender development officer of the Al-Dhala Community Resource Management Project. Its purpose was to provide communities with qualified professionals to work with livestock and to raise women's skills through vocational training. But putting the idea into practice was not easy. It required the young women, aged 17 through 23, to undertake veterinary training in the capital, Sana'a, which did not appeal to their families.

"They did not want us to leave our traditional rural lifestyle for a big city like Sana'a," the young women recalled, "nor to be removed from the protection of the family."

But Aiman was determined. She reported, "The village associations and some elders and sheikhs were all supportive of the idea and helped me convince the parents and other family members to

change their minds." Eventually, the families agreed that the young women could travel to Sana'a accompanied by male relatives.

The second hurdle was admission to the training institute. It was the first time that young women had applied to study in the same classroom as male counterparts. The director rejected their applications.

Aiman took up the issue with the Ministry of Agriculture. "I received a written statement from the Ministry specifying that the Constitution of the country does not bar women from enrolling in specialized technical institutions," she said, "and therefore the institute has no right to reject their applications."

As a result, two young women, Asma and Hassna, completed the three-year programme and received certificates. Hassna plans to continue her studies and become a qualified veterinarian. The six remaining trainees are still studying, with Aiman's support and encouragement.

In the classroom: young women study to become veterinary professionals, traditionally a man's job
Yemen: Al-Dhala Community Resource Management Project
©IFAD/D. Ghani



received loans from the 166 savings and credit groups already established by the project.

Financial services

A *sandug* is a box for savings in the Syrian Arab Republic. But now the word also refers to member-owned microfinance institutions. Since 2002, an IFAD-supported project has established 32 *sandugs* to make credit available to poor people in rural areas of Idlib governorate, in the country's north-west. They have more than 6,500 members, 43 per cent of them women, and each member contributes at least US\$20. To date, more than 2,500 loans have been made, averaging US\$870. Recipients have invested in various small enterprises, including sewing, shoe repair and beekeeping. The repayment rate is a healthy 98 per cent.

Youth unemployment

Unemployment is a major challenge for young women and men in rural areas of the Near East and North Africa. In order to improve opportunities in agriculture in Tunisia, an agropastoral development programme in the south-east is supporting actions to restore and sustainably manage natural pastures, which are the foundation of the local economy. The programme also promotes income-earning opportunities in small-scale agriculture and related sectors, such as handicrafts and services. To date, it has created more than 1,200 permanent jobs (17 per cent held by women) and almost 1,400 occasional jobs (40 per cent held by women). In addition, almost 2,500 seasonal jobs have been established in various enterprises.

Our work and results in Central and Eastern Europe, and the Newly Independent States in 2011

Our work in the region focuses on:

- promoting rural financial services
- establishing links to markets for smallholders to enable them to sell their produce at good prices
- developing the non-farm rural economy by supporting off-farm small and medium-sized enterprises.

Financial services

Only about 10 per cent of poor people living in rural areas in Central and Eastern Europe have

access to even the most basic financial services. Yet access to credit and other services is crucial for poor people to manage their household cash flows, start new agricultural activities and set up small businesses.

In response, an IFAD-supported initiative to enhance rural enterprises in Bosnia and Herzegovina has provided loans totalling US\$1.5 million to 39 small and medium-sized enterprises. The loans, averaging US\$36,800, support investments in production, collection of produce (including milk collection networks) and processing and trading.

Links to markets

Getting products to markets is extremely difficult in Albania, especially in the isolated north-west where poor people are concentrated. One aspect is the challenge of physical access in a country that is 75 per cent hilly or mountainous. Other obstacles include lack of capital and technical and managerial expertise, high costs for production and processing, and poor infrastructure.

Since 2007, IFAD has been supporting a sustainable development initiative for rural mountain areas that is using the tools of credit, cofinancing for capital investments and rehabilitation of rural infrastructure. As a result, processors purchased 15 per cent more locally grown raw materials. The volume of sales increased by more than 150 per cent for farmers and around 70 per cent for processors. Thanks to road rehabilitation, the time needed to transport milk from farmers to processors fell by a third, improving quality and safety. Around 2,500 households are benefiting from these changes.

The rural economy

Small and medium-sized enterprises are the backbone of rural development. In central Turkey, an IFAD-supported initiative is providing training to the Sivas Cattle Breeding Association to improve milk output among more than 550 farmers. The programme has addressed modern breeding techniques, raising average lactation and reducing abortion rates. As a result, the farmers have more than doubled their summer milk collections, from 14 to 35 tons per day. Winter collection rates have gone up fivefold, from 2 to 10 tons per day.

Story from the field

Growing rural businesses in the Republic of Moldova

The dissolution of the Soviet Union brought independence, but it also dealt a devastating blow to living standards across the region as countries struggled to adapt to a market-oriented economy. The Republic of Moldova, the poorest country in Europe, managed to slash poverty rates from 73 per cent in 1999 to 30 per cent in 2010. Yet the country still faces deep poverty, particularly in rural areas, where about 60 per cent of Moldovans live.

Since 1999, we have invested a total of US\$69 million in five programmes and projects, reaching over 100,000 households. Funding for rural enterprises supports the government's priority of reducing poverty through agriculture and rural development. IFAD's focus is on financial services.

"Credit in rural areas is hard to come by and businesses cannot grow without finance," points out Abdelkarim Sma, IFAD country programme manager.

IFAD has issued over 1,000 loans to small and medium-sized rural businesses through commercial banks and microfinance institutions in the Republic of Moldova. Unlike most banks, we make credit available for up to eight years. This gives farmers and entrepreneurs the possibility to draw up longer-term business development plans.

Andrei Iuri-Apostol, 63, is one recipient. A former mathematics professor, he is joint owner of Cap's Ltd, a profitable small business in Ceadir-Lunga in the autonomous region of Gagauzia. The company makes Cap's branded egg noodles – a key ingredient in the traditional Moldovan chicken broth. It also operates a flour mill and produces forage for rabbits.

"We started with 4 employees, and we now have 20," says Iuri-Apostol. "We have a good standard of living thanks to this business."

Cap's Ltd took its first IFAD-financed loan in 2003 to buy pasta-processing equipment from Italy. Today, the company produces around 100,000 kilograms of noodles a year. The flour mill was funded by a second IFAD loan in 2006. It ensures the supply of top-quality flour for noodle production and sells Grade 1 flour to local bakeries.

Reflecting on his career change from professor of mathematics to small business owner, Iuri-Apostol smiles ruefully. "That was the fate of my generation," he says.

Andrei Iuri-Apostol runs a profitable small business with 20 employees in a country struggling with deep poverty
Republic of Moldova: Rural Finance and Small Enterprise Development Project

©IFAD/S. Beccio





Partnerships

Partnerships have been essential to IFAD's business model since our founding in 1977 as a three-way partnership between the Organisation for Economic Co-operation and Development (OECD), the Organization of the Petroleum Exporting Countries (OPEC) and other developing countries. In 2011, the Fourth High Level Forum on Aid Effectiveness held in Busan, Republic of Korea, highlighted the growing significance of partnership for effective international development, and its outcome document, the *Busan partnership for effective development co-operation*, provides today's context for our partnership efforts.

Our partners include a wide range of actors, agencies and associations, starting with our Member States. We also cooperate with and support producers' and community groups, farmers' organizations and NGOs. We work closely with other United Nations agencies, international financial institutions, bilateral donors and foundations, as well as with the Consultative Group on International Agricultural Research (CGIAR) and its members, and policy research institutes. In addition, we are building partnerships with private sector actors. Our revised private-sector strategy, approved in 2011, calls for IFAD to be more systematic and proactive in engaging with the private sector.

We are also increasingly using our experience, reputation and networks to broker partnerships between others, including to strengthen South-South cooperation.

Some of our partnerships extend back to our founding days, while others have evolved in response to changing circumstances, such as our collaboration with the Microfinance Information eXchange (MIX) (see page 48). A survey this year found that our partnerships with farmers' organizations (see page 47) have made the projects we support more effective and sustainable. IFAD's expanding environment portfolio is strengthened

by our partnerships with the Global Environment Facility and the Global Mechanism of the United Nations Convention to Combat Desertification (UNCCD) (see page 42). Outreach to new potential partners is benefiting from rapidly evolving communication technologies such as social media and innovative knowledge management methods.

Our new Strategic Framework 2011-2015 highlights how partnerships are central to our work (see page 5). We are currently developing a partnership strategy to be presented to the Executive Board in 2012, which will reflect the rapidly evolving development context and the focus on aid effectiveness. This new strategic approach will enable us to be more selective and give focus and direction to the development and management of partnerships, as they contribute to the achievement of our strategic objectives.

Belgian Fund for Food Security

During 2011, the Belgian Fund for Food Security (BFFS), an IFAD partner since 1983, continued its work to improve conditions for poor rural people in sub-Saharan Africa.

The third phase of the Kenya Women Finance Trust (KWFT) programme was launched in April 2011 through a BFFS grant of €300,000. It provides financial services to low-income women in rural, arid and semi-arid areas targeted by complementary IFAD loans. The KWFT has become one of the most successful microfinance institutions in East and Southern Africa, with a loan portfolio of more than US\$160 million and over 400,000 clients. BFFS has provided over €2.3 million to KWFT since 1993.

In Somalia, the North-western Integrated Community Development Programme – Phase II, approved by the IFAD Executive Board in 2010 for BFFS financing of €4 million, received additional funding of €750,000 from the Government of Belgium. These funds will be used to scale up its

← Najma Bibi took a loan of about US\$220 to open a grocery shop in her village
Pakistan: Azad Jammu and Kashmir Community Development Programme
©IFAD/A. Zaidi

activities, with an emphasis on primary health services for mothers and children. It operates in an area that is a magnet for people affected by the 2011 drought in the Horn of Africa, which is putting the limited social and economic infrastructure under extreme stress.

In Mozambique, the IFAD-supported Sofala Bank Artisanal Fisheries Project was completed in 2011. The BFFS grant under the project was used to set up 18 community health-care facilities, train around 200 health-care staff, and construct or rehabilitate almost 300 water points and 25 primary schools. A newly designed BFFS project in Mozambique focuses on decreasing malnutrition and preventing HIV/AIDS. It will complement the recently approved Artisanal Fisheries Promotion Project supported by IFAD. This collaboration will help fishing communities contribute to making artisanal fishing a sustainable, safe and profitable livelihood option, especially for younger and future generations.

Linked to an IFAD-supported post-conflict reconstruction project in Burundi, BFFS funding is providing vocational training for orphaned young people and for those who have dropped out of school. The pilot phase of this initiative, launched in four communes, is carried out by craftspeople who give training in their own workshops. They teach sewing, carpentry, woodworking, cooking and driving. The project has also built or repaired 24 kilometres of water lines in two districts since the beginning of 2011.

The work of BFFS in the Democratic Republic of the Congo has focused on education, health and safe water, in connection with IFAD-supported projects aiding agricultural recovery in Equatorial and Orientale provinces. Several schools have been built and equipped. In addition, ambulances, motorbikes and bicycles have been bought to support the health sector. Many thousands of mosquito nets and prophylactics have also been distributed. In this post-conflict setting, important progress has been made in rebuilding social cohesion through community development and farmers' organizations.

Following the closure of the BFFS-IFAD joint programme unit in December 2011, IFAD will continue providing technical assistance to ongoing initiatives. BFFS will fund projects led by partner countries, to which IFAD may contribute. A book is being prepared to showcase the nearly three decades of joint work in sub-Saharan Africa.

Global Mechanism

The Global Mechanism of the UNCCD supports countries to scale up financing for sustainable land management. IFAD was selected to host the Global Mechanism in 1997 at the first session of the Conference of the Parties (COP).

IFAD's portfolio and expertise in financing projects have proven to be of enormous value in implementing the convention to combat desertification and maximizing the impact of the Global Mechanism. Also, our collaboration with other international financial institutions and development agencies has greatly facilitated the work of the Global Mechanism. Examples of this collaboration include the Global Mechanism's Facilitation Committee, which is made up of United Nations organizations involved in rural development and agriculture, and specific initiatives such as the 'climate-smart agriculture' partnership with FAO, WFP, the World Bank, the United Nations Environment Programme and bilateral donor agencies. We have fostered close collaboration with the Global Donor Platform for Rural Development as the Chair of the Steering Committee.

The Global Mechanism is currently implementing activities under the first instalment of a US\$2.5 million grant approved by our Executive Board in April 2008. In 2011, activities under this grant focused on designing integrated financing strategies to combat desertification in Brazil, Cambodia, Ecuador, El Salvador, Nepal, Peru, Sri Lanka, Thailand and Uruguay. By leveraging the linkages between climate change and land degradation, these strategies mobilize resources from climate change funds and domestic budgets in the countries concerned.

In West and Central Africa, the Global Mechanism and IFAD jointly supported various regional processes during the year. Some of these included the Comprehensive Africa Agriculture Development Programme (CAADP) and TerrAfrica, which were implemented at country level. Partnerships were also explored in country to support innovative sources of finance, in particular through Aid for Trade. This World Trade Organization initiative helps countries develop trade-related skills and infrastructure.

The Global Mechanism is working closely with us under a grant of US\$200,000 supporting efforts by Jordan and Lebanon to implement their integrated financing strategies. The project will

build the capacity of communities to plan and put into action sustainable land management initiatives. It will work with selected pilot communities to prepare local development plans that complement IFAD-supported projects.

At the tenth session of the Conference of the Parties (COP 10) of the UNCCD, the COP reaffirmed that the Global Mechanism is accountable to and reports to the COP under its mandate, and requested the Executive Secretary to ensure that all accounts and staff of the Global Mechanism are administered under United Nations rules. Furthermore, the COP decided that the Memorandum of Understanding with IFAD for the housing of the Global Mechanism should be revised to limit IFAD's role to logistical and administrative support and to enable its timely termination once a new housing arrangement has been concluded.

For more on the Global Mechanism, see <http://www.global-mechanism.org>.

International Land Coalition

The International Land Coalition (ILC) is a global alliance of civil society and intergovernmental organizations. It promotes secure and equitable access to land for poor women and men. ILC membership grew by 35 per cent in 2011, and its 116 organizations represent more than 50 countries. They include farmers' and civil society organizations, research institutes, NGOs and United Nations agencies. IFAD hosts the Secretariat.

The ILC works to strengthen rural people's access to land by supporting national policy dialogues. It also helps to build the capacities of organizations involved in land advocacy through IFAD-funded projects in ten countries: Bangladesh, Plurinational State of Bolivia, the Democratic Republic of the Congo, India, Indonesia, Kenya, Nepal, the Niger, the Philippines and the United Republic of Tanzania. Working through its members, ILC participates in global and regional processes, making sure local voices are heard in global land debates.

During 2011, the ILC launched the Land Portal, a point of access to land-related information and news from diverse reliable sources. It includes social networking tools to support debate and collaboration. See <http://landportal.info>.

Following broad consultations with its members, the ILC took part in the formulation process of the

Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests (see page 12).

Three 'learning routes' took place during the year and more than 50 practitioners took part in these peer-to-peer knowledge-exchange programmes. They focused on participatory mapping and innovation plans in Argentina, Guatemala, Nicaragua and Peru; and on advocacy for women's land rights in Kenya, Madagascar, Mozambique and Uganda.

Commercial demand for land is threatening poor people's access to land in many countries. This was the topic of numerous research projects and policy briefs prepared during the year, with the assistance of external researchers and civil society groups. The ILC also published a number of reports and briefs linked to its project to help women access land in East and Southern Africa. One such synthesis report, *Differentiation of women's land tenure security in Southern Africa*, found that women's land rights remained vulnerable in Kenya, Rwanda and Uganda because of women's lack of knowledge of the law, insufficient government resources for enforcement, and inconsistencies between custom and statutory law.

The ILC's fifth biennial international conference took place in May 2011 in Tirana, Albania, bringing together over 150 participants from more than 45 countries. The Assembly of Members adopted the Tirana Declaration, which called for models of investment in agriculture that reduce poverty and hunger and develop the capacities of local people. Participants also approved the Strategic Framework 2011–2015, which aims to catalyse partnerships to strengthen commitments to a people-centred land governance agenda.

For more on the Coalition, see <http://www.landcoalition.org>.

Cooperation with Rome-based agencies

With complementary mandates to end hunger and poverty, the three Rome-based United Nations agencies – IFAD, FAO and WFP – collaborate to maximize impact and improve efficiencies. In June 2011, together with the European Commission, the three agencies signed a statement of intent to increase their capacity to deliver effective, coordinated, timely and sustainable support to food

security and nutrition. The statement highlights the key priorities for food security and nutrition where the four partners work together.

The three agencies have also been cooperating with the European Union under the European Union Food Facility (EUFF). This €1.0 billion fund was set up in 2008 in close collaboration with the United Nations High-Level Task Force on the Global Food Security Crisis. In two years, the three Rome-based agencies have channelled around €367.0 million from the EUFF, assisting over 22 million people hard hit by the crisis. For IFAD alone, EUFF funding has amounted to €51.7 million, which has allowed us to help more than 500,000 households in 11 countries throughout Africa and Asia.

The funds bridge the gap between short-term emergency needs and longer-term development by boosting agricultural production and productivity. The EUFF has been used to provide quality seed and fertilizers, build and improve infrastructure, and reduce the impact of natural disasters. By linking farmers to markets and financial services, facilitating use of sustainable farming practices and creating new revenue streams, the benefits of the EUFF will continue long into the future. It underscores the importance of focusing on marginalized farmers, improving rural infrastructure and involving all actors of the value chain.

The three Rome-based agencies also jointly serve as the secretariat of the Committee on World Food Security, which fosters substantive debate aimed at policy convergence on issues related to food security, agriculture and nutrition. Together we prepared and coordinated the Committee's 37th session in October. IFAD led the team that prepared one of the three policy round tables, on How to Increase Food Security and Smallholder-Sensitive Investment in Agriculture. Since its reform in 2009-2010, the Committee has raised its profile as a multistakeholder global forum involving civil society, the private sector and foundations, directed by governments.

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

The Consultative Group on International Agricultural Research (CGIAR) is a global partnership that unites

organizations engaged in agricultural research for sustainable development. The group has recently undergone a major reform process, in which IFAD played an important role. It resulted in a clear new vision, mission and strategic direction, which are more closely aligned with IFAD's mandate.

The new, open CGIAR system is providing incentives for donors to align support for large, results-oriented research programmes. The operational architecture also promises to achieve higher impact, as it is grounded in partnerships with research and development stakeholders and the international development community, including civil society groups, farmers' organizations and the private sector.

CGIAR-led projects contribute to the delivery of technological and institutional innovations and policies benefiting poor rural people in many countries. For example, in Central America, the cost of coconut planting material from community-managed nurseries was reduced by 43 per cent to 57 per cent thanks to work by the CGIAR centre Bioversity International and its national partners in Mexico, the Philippines and Viet Nam. The lower prices have improved income-generating options in the poorest coastal areas.

IFAD took part in the CGIAR fourth Fund Council and the Ad hoc Funders Forum meetings in April 2011 in Montpellier, France, and hosted the sixth Fund Council meeting in November in Rome. Several CGIAR research programmes were approved, together with the revised strategy and results framework and an independent evaluation arrangement.

In 2011, we approved new grants worth a total of US\$7.52 million for nine CGIAR-led programmes. IFAD also continued to support the Global Forum on Agricultural Research, which promotes pro-poor research for development partnerships globally. It also provides a multistakeholder platform for all partners in agricultural innovation systems to jointly set and implement the international agricultural research-for-development agenda.

Through an agreement signed in 2008 with the European Commission, IFAD is managing European Commission funds for agricultural research for development through the CGIAR Consortium. The budget has totalled more than US\$230 million over the past four years.

Indigenous Peoples Assistance Facility

The Indigenous Peoples Assistance Facility (IPAF) works to strengthen indigenous communities and their organizations by financing small projects that help them drive their own development. Launched in 2007, IPAF also generates lessons learned so that successful initiatives can be replicated and scaled up. In 2011, IFAD approved a grant of US\$1.5 million to finance IPAF.

Through small grants of up to US\$50,000, IPAF supports activities that include indigenous peoples in development operations. The grants are used to improve their access to key decision-making processes, empower them to implement projects and manage resources, and promote collaboration with public and private actors. These grants complement our work with indigenous peoples' communities through the programmes and projects we support.

More than 1,100 applications from 88 countries were received in response to the third IPAF call for proposals, issued in July 2011.

During the year, implementation of IPAF was decentralized with the support of indigenous peoples' organizations. The purpose of the decentralization is to improve efficiency and empower indigenous peoples' organizations and groups at the regional and international levels. It will also help to bridge the gap between the indigenous peoples' international movement and grass-roots organizations.

A recent desk review of results from 53 IPAF small projects implemented between 2007 and 2010 found that:

- About 45,000 people had benefited directly, more than half of them women.
- Project services had reached about 1,200 communities.
- Training and capacity-building were the primary activities, followed by strengthening local institutions and improving physical assets, infrastructure and equipment.
- More than 21,000 people were trained – 45 per cent of them women – on security of tenure, natural resource management, agricultural technologies, traditional medicine, indigenous peoples' rights, community programming, literacy and HIV/AIDS prevention.

- About 184 groups were created, including self-help groups, microenterprises, marketing groups and common property resources groups. One third of these groups were headed by women.

See http://www.ifad.org/english/indigenous/grants/projects/desk_review.pdf.

Global Environment Facility

As the world's largest funder of projects to improve the environment, the Global Environment Facility (GEF) is a strategic partner for IFAD. Activities funded by GEF grants help mainstream sustainable land and water management, biodiversity conservation, and climate change adaptation and mitigation into IFAD-supported rural poverty reduction investments, making them more sustainable. A number of joint projects either started or continuing in 2011 support that objective.

One such project, begun this year in Honduras, integrates adaptation techniques and technologies into value chains, such as through establishing agroforestry systems for cocoa and coffee. Its aim is to generate opportunities for wealth creation in rural areas while decreasing environmental degradation.

Another project, in Sao Tome and Principe, supports conservation-related investments to reduce pressure on natural resources. In parallel with establishing a 5,000-hectare buffer zone forest at Obo National Park, it is helping local residents to prepare natural resource management plans covering the area. They will be able to earn a living through careful harvesting of non-timber products, minimizing the temptation to exploit the protected area.

Since 2004, IFAD has secured 37 GEF project grants totalling around US\$130 million, averaging US\$3.5 million per project. Almost all of these grants (32) are integrated into our loans worth a total of US\$380 million, amplifying their impact. Last year, we assigned climate and environment specialists to support the integration of the GEF grants into our loan activities. This will help in incorporating the lessons learned into our wider portfolio.

Islamic Development Bank

IFAD's partnership with the Islamic Development Bank (IsDB) stretches back to an agreement signed in 1979, aimed at promoting a compatible approach to agricultural and rural development and food production. The two organizations have since cofinanced 18 projects in 12 countries, along with regional initiatives. IFAD's investment in these activities has totalled US\$227.6 million, and IsDB has contributed US\$192.1 million.

In 2010, IFAD and IsDB signed a US\$1.5 billion framework cofinancing agreement to substantially increase development financing in the poorest countries where both organizations work. A common pipeline of projects was developed for a three-year rolling programme. In 2011, the two organizations agreed to jointly fund three operations – two in Yemen and one in Azerbaijan. Total funding from IsDB was US\$90.3 million, while IFAD invested US\$41.6 million.

The two organizations continue to build their partnership through staff exchanges and knowledge-sharing activities, focusing on key areas such as agriculture, water and the environment. We are also working together by exchanging views on joint activities; learning about each other's financial products and services; and discussing future collaboration with emphasis on partnerships beyond operations and projects.

African Development Bank

IFAD and the African Development Bank (AfDB) have been building their partnership steadily since the signing of a memorandum of understanding in 2008, in the context of the Paris Declaration on Aid Effectiveness. During 2011, the two organizations continued to work together at corporate and country level, increasing cofinancing and knowledge-sharing in key thematic areas such as remittances, financial services, and access to improved technology and inputs, particularly seeds and fertilizers.

As at 31 December 2011, AfDB had provided financing totalling US\$332.7 million to 14 projects in IFAD's current portfolio. This includes cofinancing of US\$70 million approved by AfDB in 2011 for the new Rural Enterprises Project in Ghana.

Joint planning exercises and supervision missions, and regular exchange of information for

timely decision-making have strengthened in-country coordination and project performance. In addition, the two organizations have launched an initiative to assess national procurement systems in a few key countries where they are to work together in the near future. The first such assessment was carried out in Liberia and a second is ongoing in the Central African Republic. IFAD is also partnering with AfDB and FAO to upgrade existing computer programmes used for the design of projects. The enhanced tools are expected to be made available during 2012.

The Comprehensive Africa Agriculture Development Programme

The Comprehensive Africa Agriculture Development Programme (CAADP) is an initiative owned and led by Africa. It works to boost agricultural productivity on the continent and to strengthen planning mechanisms and investment in agriculture. CAADP is the agricultural programme of the New Partnership for Africa's Development (NEPAD) Planning and Coordinating Agency, which itself is an implementing agency of the African Union.

CAADP aims to increase agricultural productivity by at least 6 per cent per year and to raise public investment in agriculture to 10 per cent of national budgets per year. IFAD supports the CAADP process and, in particular, works to ensure that the needs of smallholder farmers, women and young people are taken into account.

Across Africa, we strive to align our country programmes with national agricultural investment plans under CAADP. In Sierra Leone and Togo, we are the supervising institution that assists recipients of funds from the Global Agriculture and Food Security Program (GAFSP) by providing fiduciary management of funds on behalf of the GAFSP while ensuring implementation support for agricultural development activities (see page 59). These include promoting farmers' access to fertilizer, seeds and rural finance; improving rural roads; and strengthening farmers' organizations in support of the investment plans, as well as improving monitoring and evaluation systems.

We are also active members of the CAADP Partnership Platform – both directly and through our support to the Global Donor Platform for Rural Development (see page 47). The Platform

strengthens coordination of partners with the African Union in support of the CAADP agenda, including support to strengthen the participation of farmers' organizations in the CAADP processes, and the development of regional initiatives to strengthen country-level policy analysis, monitoring of investments and knowledge-sharing.

Global Donor Platform for Rural Development

The Global Donor Platform for Rural Development is a network of 34 bilateral and multilateral donors, international financing institutions, intergovernmental organizations and development agencies. IFAD is a founding member and co-chair.

Members share a common vision that agriculture and rural development are central to poverty reduction. They also share the conviction that sustainable and efficient development requires a coordinated global approach. The Platform advocates for increased and more effective aid for rural areas. It also highlights the role that more effective investment must play in the achievement of the MDGs.

In 2011, the Platform supported the Agricultural and Rural Development Day 2011 at the COP 17 in Durban, South Africa, as well as a series of events at the Busan Fourth High Level Forum on Aid Effectiveness held in the Republic of Korea.

Three Platform Knowledge Pieces were prepared during the year. The first study traces consistencies and problems of policy coherence in agriculture and rural development through country examples. The second study offers a new perspective on aid flows in agriculture and rural development for enhanced transparency, accountability and aid effectiveness. The third publication focuses on the role of the private sector in rural development.

Several members, including the Canadian International Development Agency (CIDA) and IFAD, have established an agricultural research working group. In September 2011, at the IFAD Share Fair held in Rome (see page 7), the Platform organized a session on emerging opportunities for investment in agriculture innovation systems with an 'interactive chat show'.

The Platform's website provides an overview of its work, including the 2010 Annual Report. See <http://www.donorplatform.org>.

Building farmers' organizations

Partnerships between IFAD and farmers' organizations were consolidated at all levels during 2011. This was achieved by strengthening our partners' involvement in IFAD country programmes and supporting capacity-building at local, national and regional levels. The formulation of all country strategic opportunities programmes (COSOPs) and the design of most projects approved in 2011 included consultation with farmers' groups. In Asia, sub-Saharan Africa and South America, large regional grants in support of national farmers' organizations reached full implementation stage, benefiting more than 70 national organizations in 62 countries. We also strengthened our partnership with AgriCord, to support the involvement of farmers' organizations in IFAD country programmes and global policy processes.

During the year, we conducted a survey on our performance in working with farmers' organizations. It found that these partnerships have improved IFAD's understanding of poverty issues and helped make projects more effective and sustainable. IFAD-supported projects that involve partnerships with farmers' organizations are reporting good performance in terms of poverty focus, participant targeting, institution-building and implementation. The survey results will be presented at the fourth global meeting of the Farmers' Forum, in February 2012.

New projects are being designed to expand the role of national farmers' groups and cooperatives, such as by enabling them to engage in value chain partnerships on better terms. For example, in Rwanda the new Project for Rural Income through Exports is supporting the development of farmers' cooperatives working with cash crops such as coffee, cocoa and silk.

The largest of IFAD's regional grant programmes in support of farmers' organizations – the pilot Support to Farmers' Organizations in Africa Programme, cofinanced with the European Commission – is now close to completion. The results appear promising in terms of increasing professionalism among national farmers' organizations, improving their internal governance, and building their capacity to influence and, in some cases, to shape national or regional policy agendas. Negotiations are under way for phase two of this initiative. In addition to extending the

programme to North African countries, phase two will broaden the scope by supporting farmers' organizations in the provision of economic services to their members, particularly in the area of input supply and product marketing.

In October, IFAD hosted the International Forum of the Civil Society Mechanism of the Committee on World Food Security. It enabled farmers' and other civil society groups to prepare their participation in the annual session of the Committee on World Food Security.

The Microfinance Information eXchange

In 2005, IFAD was the first donor to partner with the Microfinance Information eXchange (MIX), a source of data, research and analysis on microfinance. Since then, we have provided funding totalling about US\$2.5 million.

We recognize that effective performance monitoring and greater transparency in the microfinance sector strengthen institutions and increase competition, which leads to better financial products at better prices for poor people in rural areas.

The MIX Market (www.mixmarket.org) is the only global, decentralized database of information on microfinance. It is a key performance monitoring and benchmarking tool, and serves as a central point for exchange of information among microfinance institutions, public and private investors, and market facilitators such as rating agencies and regulators. Microfinance institutions, for example, post data on outreach and financial performance, detail their financing needs and share institutional information. This innovative marketplace has accelerated the flow of technical assistance and funds to the sector by increasing transparency and improving industry reporting standards.

The MIX Market captures all of the IFAD Results and Impact Management System (RIMS) indicators for rural finance, making this tool a key element of our strategy to build the capacity of our rural finance partners. To date, 73 of these partners report the required indicators via the MIX Market. Together, they serve nearly 3 million borrowers – 58 per cent of whom are women – and manage outstanding loans totalling over US\$1.0 billion. Overall, these rural finance partners have posted impressive performance.

With these results, the synergy between IFAD's commitment to transparency and the functionality of MIX performance monitoring tools is clear.

In 2011, we formally extended the partnership by providing a grant of US\$1.2 million to the MIX to actively support the growth of healthy microfinance markets and microfinance service providers until 2015.



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Measuring and improving results

Report on IFAD's Development Effectiveness

The annual Report on IFAD's Development Effectiveness (RIDE) is an in-depth analysis of our performance, as submitted to our governing bodies and made available online. See <http://www.ifad.org/gbdocs/eb/104/e/EB-2011-104-R-9.pdf>.

The 2011 edition of the RIDE clearly shows our progress during the Eighth Replenishment period (IFAD8) of 2010-2012, compared with the previous three-year Seventh Replenishment period (IFAD7). Commitments of loans and grants in 2011 are up by more than 60 per cent over 2008. We are also right on track to meet the record IFAD8 commitment target of US\$1.2 billion. Ongoing projects continue to increase the number of people participating in project activities and the material inputs and services provided to poor rural communities.

Projects are being implemented faster, with fewer time overruns. Our direct supervision of 220 ongoing programmes and projects is supporting this improvement. Country ownership of IFAD-supported projects also continues to grow, partly as a result of the expansion of our network of small but highly focused country offices (see page 51).

In line with global changes, the RIDE shows that we are strongly engaged in supporting South-South cooperation and are rapidly expanding our collaboration with the private sector. To strengthen this process, a new private-sector strategy was approved in 2011. We also compare well with other international financial institutions in our work to support the empowerment of women (see page 7). The report shows that we have strengthened our partnerships – both financial and with smallholder farmers – and we are also a leader in the field of planning for scaling up operations and broadening their impact.

IFAD's key results challenge is project efficiency. Although we are seeing improvements, this remains

the weakest outcome indicator, and this also has an effect on other areas such as project sustainability. Improving project efficiency is a complex undertaking, which calls for a comprehensive approach to the smallholder economy. Our new Strategic Framework (see page 5) lays the foundations for a long-term, systematic response in this area.

Quality support for programme design

IFAD uses a two-step quality support system to review and improve the design of the programmes and projects that we fund. The first step is known as quality enhancement. This is the internal technical review process, through a panel, that ensures that best practices from IFAD and other agencies are incorporated in new projects. Areas such as compliance with our policies, technical analysis, targeting, gender and environmental aspects are focused on. Project design is then amended according to the panel's recommendations and submitted to the independent quality assurance review. This is the second and final step before loan negotiations and submission to the Executive Board for approval. In 2011, 39 programmes and projects, including 7 Global Environment Facility (see page 45) projects, were reviewed.

The first step of the process identifies areas of weakness in project design and recommends realistic solutions for improvement. Our technical advisers participate in design missions and are involved throughout the design phase and beyond. This is redefining quality enhancement as an overall support function rather than a simple review process for design documents.

During the year, we worked to improve the interface between quality enhancement and quality assurance. The aim was to strengthen the entire quality-at-entry compact and to ensure that these two independent processes are mutually

complementary. Two workshops were held during the year to consider the effectiveness of quality reviews and the use of economic and financial analysis at IFAD.

In 2011, 38 per cent of projects reviewed by the quality assurance function were cleared for Board approval with few or minor changes; while some 60 per cent required substantive design modifications. During the year, frequent issues highlighted by reviewers related to the need to:

- strengthen aspects of design related to implementation arrangements – streamlining project coordination mandates; identifying key service providers; simplifying overambitious designs; anticipating and mitigating risks to project success
- improve economic and financial analysis in IFAD-supported projects
- strengthen logical frameworks and performance indicators
- consistently include governance and anticorruption frameworks in project design.

Ratings have been fairly consistent since the quality enhancement and assurance processes were introduced. The average overall quality-at-entry rating was unchanged from 2010 at 4.4, which is considered moderately satisfactory (see Table 2). The proportion of projects rated favourably for effectiveness of thematic areas, project impact on poverty measures, gender equality and target population remained above 90 per cent. The percentages of projects with satisfactory ratings for sustainability of benefits, and innovation, learning and scaling up were higher than in the previous year, although they remained below their 2012 target levels (90 per cent of projects reviewed). In 2011,

quality assurance reviewers judged that 88 per cent of projects were likely to achieve their development objectives, compared with 86 per cent in 2010 and 79 per cent in 2008 and 2009.

IFAD's presence in the field

During the year, we continued to strengthen and increase our presence in the countries where we work. The numbers of international staff rose – together with the number of country offices and local staff engaged. At 31 December, there were some 64 staff in IFAD country offices, 19 of whom are international Professionals including 3 Associate Professional Officers. During 2011, IFAD signed 9 host country agreements with governments, bringing to 18 the total signed to date.

Our Executive Board approved a policy and strategy governing IFAD's country offices. This included updated criteria for opening of offices; criteria for selecting various office models; and an exit strategy for closing offices. In approving the policy, the Board also approved an increase in the number of the country offices up to a maximum of 40. Five new offices will be established in the near future – in Bangladesh, Burundi, Malawi, Mali and the Niger.

The Board recognized the strong link between country presence and the improved performance of a country's portfolio. It is expected that over the long term, more of IFAD's programmatic operations will be managed through country offices, enabling us to better serve our clients and contributing to organizational efficiency.

Anticorruption, institutional oversight and accountability

Irregular practices such as corruption, fraud, and collusive and coercive actions prevent funding from

TABLE 2
Quality-at-entry ratings, 2011

RMF indicators	Description	Average rating	Moderately satisfactory or better ratings ^a (percentage)
1	Effectiveness of thematic areas	4.5	93
2	Projected impact on poverty measures	4.5	95
2D	Gender equity and target population	4.6	95
3	Innovation, learning and scaling up	4.2	85
4	Sustainability of benefits	4.2	83
Overall rating		4.4	85

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

reaching poor rural people. IFAD is committed to raising awareness among our staff and partners about all forms of corruption, and to following up on all allegations.

The Office of Audit and Oversight provides independent and objective assurance and advisory services to the Executive Board, the President and programme managers. It systematically evaluates the effectiveness of risk management and control and governance processes. The office also reviews and investigates possible or alleged irregular practices in IFAD-supported activities, and staff misconduct.

IFAD has a confidential and anonymous mechanism through which complaints and allegations can be made. The Office of Audit and Oversight assesses all allegations received and fully investigates those judged to merit further enquiry. Sanctions applied include debarment from IFAD-funded activities and referral to national authorities. A range of disciplinary actions is available in cases involving staff members. Slightly fewer allegations were received in 2011 (41) than in 2010 (43).

Throughout 2011, the Office of Audit and Oversight continued to promote the anticorruption agenda by working with programme staff and national authorities to emphasize and implement anticorruption principles. These initiatives are increasingly relevant as IFAD continues to increase the number of programmes and projects that we are supervising directly and to build our presence in the field.

In 2011, five programme-related audits were finalized. Continuing the initiative implemented in 2009 with the Haiti country programme audit, a comprehensive country programme audit was also conducted in Egypt. During the year, we hosted four internal auditors from Member States in a capacity-building programme that involves six-month secondments. This allows seconded professionals to draw on the IFAD internal audit experience and thus strengthen local audit capacities.

Independent evaluation

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

The 2011 Annual Report on Results and Impact of IFAD Operations (ARRI) consolidates and synthesizes 41 project evaluations by the Independent Office of Evaluation of IFAD. It also

draws on the findings and recommendations of the corporate-level evaluation of IFAD's private-sector strategy and five country programme evaluations undertaken between 2010 and 2011.

This year's ARRI uses two new products for project evaluations: project completion report validations – independent desk reviews of project completion reports; and project performance assessments, which assess project results and impact based on the report validations and a field mission. These products provide a more robust analytical basis than past editions.

The 2011 ARRI presents the following key results:

- The performance of IFAD-supported projects continues to be strong in terms of relevance – to the needs of project participants, the IFAD country strategy, and the policies and priorities of recipient governments – and effectiveness. We are also showing good results for impact on rural poverty, innovation, and the promotion of gender equality and women's empowerment.
- IFAD's own performance as a partner has improved markedly. Close to 80 per cent of projects evaluated show that our performance as a partner is satisfactory.
- In spite of improvements in past or recent years, performance remains weak in three areas, namely the efficiency of IFAD-financed projects, natural resource management and the environment, and sustainability (the continuation of benefits after projects close). Moreover, the performance of recipient governments as partners in IFAD-supported projects has not improved much over the past decade, in particular the capacity of public delivery systems in the agriculture and rural sectors. The ARRI concludes that IFAD could make greater efforts to support governments in boosting their own performance.
- In spite of the areas for improvement, a benchmarking analysis conducted in the context of the ARRI concluded that the performance of IFAD-supported projects was on the whole better than that of operations funded by several international financial institutions producing a similar report.
- With regard to performance at the country programme level, there have been improvements over the last five years in non-lending activities,

namely policy dialogue, partnership-building and knowledge management. At the same time, evaluations continue to reveal the need for better synergies between investment projects and non-lending activities, including grant operations. Country-specific grants are increasingly well embedded within country programmes, but the same cannot be said about regional and global grants funded by IFAD. Grant monitoring and supervision in general remains weak.

- Although the performance of IFAD-financed operations continues to be strong in several areas and has improved in others, moderately satisfactory performance remains the norm. While the percentage of projects rated as satisfactory or highly satisfactory for overall project achievement has risen, these remain a relatively small minority of 32 per cent. This shows that there is still scope for improvement.

The 2011 ARRI also identified findings that are critical to further strengthening IFAD's development effectiveness in the future.

The recent approval of IFAD's country presence policy, together with the drive to expand our presence in the countries where we work, are key to increasing the effectiveness of the country programmes we support. Evaluations also found that the most effective form of country presence is when country programme managers are outposted rather than based at headquarters.

However, the incentives and accountability framework for outposting country programme managers remain inadequate. The move towards establishing regional and subregional offices offers good support to country programmes and is consistent with good practice followed by other multilateral development organizations.

IFAD is making useful contributions to policy dialogue at key global and regional forums. However, our input to policy and strategy development at the national level remains an area of challenge. The ARRI finds that we must enhance our role and participation in such processes. This would allow us to play a part in defining country priorities, including greater allocation of domestic resources towards the development of smallholder agriculture.

As in past years, IFAD management responded in writing to the ARRI. They welcomed the new

practice of using project completion report validations and project performance assessments as part of project evaluation. Together with the use of three-year averages, these ensure that measurements of IFAD's performance are more reliable and more statistically robust.

Management intends to work towards more standardized and homogenous project completion reports to reduce variability in report quality. However, it was noted that Member States lead the project completion process and the reports are essentially their product. We will therefore focus more on helping to build government capacity to compile the reports, rather than taking over the process. This is in line with our current operating model that accords top priority to country ownership of the development process, and to building national capacity, including for evaluations.

Management generally agreed with the ARRI's findings about the performance of IFAD-supported programmes and projects, both positive and negative. Regarding the drive to expand our presence in the countries where we work, management fully supported the ARRI recommendation that the required incentives and accountability framework be developed to increase the number of country programme managers posted in IFAD country offices (see page 51).

Management did not agree, however, with the ARRI recommendation that IFAD should develop guidelines for staff to generate adequate levels of counterpart funding from recipient Member States in the context of IFAD-supported projects.

The main learning theme of this year's ARRI is direct supervision of programmes and projects and implementation support. It notes the need to support country offices in this area, in particular through training in implementation support and the clarification of roles and responsibilities in the supervision process. Management fully supported the proposal to include IFAD's approaches and results in conducting policy dialogue as the learning theme for ARRI in 2012.

Other evaluation activities in 2011

In May, the Executive Board adopted the revised IFAD Evaluation Policy. It clarifies the role of independent evaluation and also includes self-evaluation functions for the first time. New terms of reference for the Evaluation Committee were approved, redefining

the objectives and scope of its work. By defining the role and responsibilities of the Committee, as well as the accountability and independence of the Independent Office of Evaluation of IFAD, and by revising the evaluation approach, the revised Policy and new Terms of Reference provide a solid basis for ensuring that both IFAD's independent and self-evaluation functions continue to evolve according to best international practice.

The corporate-level evaluation on efficiency was launched in 2011 and its results will be presented to the IFAD Executive Board in 2012.

During the year, the Independent Office of Evaluation assessed our achievements under the 2005 Private Sector Development and Partnership Strategy. The assessment found that IFAD has promoted greater private-sector involvement in the operations we support, particularly through increased focus on the development of value chains. However, a number of factors have constrained results. These include an overly broad definition of the private sector, insufficient leverage of existing instruments such as loans, grants and policy dialogue, and the lack of a facility that would enable IFAD to lend directly to the private sector.

Five country programmes were evaluated. In Ghana, the evaluation found that portfolio performance had improved overall. IFAD's strategic focus in the country has shifted from smaller, geographically targeted interventions to countrywide sectoral programmes. While this has meant more attention to institutional and policy issues, notably in rural finance and microenterprise support, it has also reduced investments in the poorest Upper West Region of Ghana. IFAD has fostered innovative approaches, but often with insufficient pilot testing and inadequate involvement of other donors before scaling up.

In Kenya, good results were achieved in natural resource management, community development, income generation and commercialization for smallholder farmers. However, the evaluation underlined outstanding challenges, including insufficient attention to policy dialogue and strategic partnerships with other donors, numerous subsector activities and an unbalanced focus on the south-west of the country.

In Rwanda, IFAD-supported interventions have helped protect soil fertility and watersheds. They have also contributed to increasing the productivity

of food crops, promoting export crops and creating non-farm jobs. On the negative side, insufficient efforts and resources have been invested in partnerships, policy dialogue, knowledge management in rural finance, development of cooperatives, and support to local government.

In Viet Nam, IFAD has contributed significantly to the reduction of poverty. The evaluation validates the increased emphasis on the market approach and the greater attention to ethnic minorities. However, several challenges remain. These include the strategic engagement of the private sector, strengthened partnerships and a more favourable credit environment for smallholder farmers. The evaluation recommends more systematic policy dialogue at the national level and the scaling up of innovations.

Despite a difficult country context in Yemen, IFAD has achieved positive results in promoting social mobilization and access to social services, and in boosting agricultural productivity and women's empowerment. On the other hand, we have had only limited success in enhancing poor rural households' access to financial services, and we continue to face challenges related to overall weak government performance, among other things. There were incremental improvements in programme performance over the 18-year period reviewed, but the evaluation recommended an ongoing assessment of IFAD's strategic directions in the light of current political instability and the wide range of challenges facing the country.

Performance-based allocation system

The performance-based allocation system (PBAS) assigns IFAD's loan and country grant resources to country programmes. It also allocates grants under our debt sustainability framework. Allocations are based on rural population, per capita gross national income and country performance. Several other development finance institutions use a PBAS, including the African Development Bank, the Asian Development Bank and the International Development Association (IDA) of the World Bank.

In the fourth quarter of 2011, we updated data on portfolio and rural sector performance and country scores for 2011. The updated data are reflected in the final 2011 country scores and the 2012 country allocations. These were tabled at the December session of the Executive Board and subsequently

disclosed in accordance with the procedures agreed for disclosure of PBAS information on our website (<http://www.ifad.org/operations/pbas>).

The African Development Bank hosted the seventh PBAS technical meeting in June 2011 in Tunis. In summarizing the status of PBAS implementation, participants noted at the recently concluded IDA16 Replenishment that the current PBAS is generally working well.

All loans and country-specific grants presented to the Executive Board for approval in 2011 were within countries' PBAS three-year 2010-2012 allocations.

Scaling up successful interventions to increase development impact

The Millennium Development Goals and other concrete targets have led to a broad expansion of efforts to achieve real and permanent change. One component of this is scaling up successful initiatives so that they become institutionalized as the new and more effective way of doing things – which is the key to sustainable development.

Scaling up takes different forms in different contexts. In Ghana, for example, in 1995 IFAD began supporting a project meant to provide a district-based support system for small and medium-sized enterprises. The recently approved Rural Enterprises Project, the third iteration of the project, is now mainstreaming that system to nationwide coverage through institutional reform at the district, regional and national levels, ensuring that the government can cover all recurrent costs at completion.

In Albania, scaling up is not based on replication or expansion but rather on geographical targeting and on value-chain development. IFAD-supported programmes have successively focused on the poorest, least developed mountain areas and gradually introduced a series of financing instruments to build and strengthen value chains. During 2011, our experience in Albania was reviewed to ensure that lessons learned inform continuing work.

The findings of a 2010 review of IFAD's approach to scaling up by the Brookings Institution have led to a number of adjustments in our approach. These have addressed our analytical framework for scaling up, operational practices and relevant instruments, knowledge, resources and incentives. Practical examples of progress include the development of

knowledge products, guidance tools for programme design and country-level engagement, peer reviews, partnership-building and outreach.

Against this background, in October 2011 IFAD hosted a series of learning and partnership-building activities. These brought together the full range of development partners: IFAD Member States, bilateral and multilateral agencies, research networks, foundations, NGOs and the private sector. Gathering these partners together provided an opportunity to promote a community of practice for scaling up in agriculture and rural development, and to identify options for improving collaboration at all levels.

Reforming human resources to empower people and deliver results

The evolution of human resources management at IFAD responds principally to the ongoing change and reform agenda and our growing presence in the field. Realigning our human resources to support country operations is a paramount objective of our human resources reform, as is ensuring control over the size, quality and performance of the workforce.

IFAD's presence in the field is being increased and strengthened. As at 31 December, we have issued 45 contracts to National Officers and General Service staff members in 24 locations in regions where we operate. In addition, four United Nations Development Programme contracts have been issued to national Professional staff members in four locations. Currently, there are 19 international Professional staff members in IFAD country offices, including Associate Professional Officers.

At the same time, we have been working to make our headquarters operations more efficient. For example, we are undertaking a job audit with external consultants to take a fresh look at the roles and responsibilities of all staff members (as set out in their job descriptions) and determine how they align with our evolving needs and mandated activities.

As our staff presence increases in the dozens of countries where we work, lines of communication become longer and longer. To enhance the integration of staff at all levels, from headquarters to the field, we conducted two week-long induction programmes in Rome, involving a total of 53 staff members serving in the field and 17 at headquarters. These programmes allowed staff to interact with each

other as well as with senior management, and to build their knowledge of our overall strategic vision while also contributing valuable experience and lessons learned from the field level.

We are making a conscious effort to reinforce our rotation policy to enhance staff mobility and improve effectiveness and efficiency. In 2011, there were a total of 44 internal rotations and 5 transfers outside IFAD. We will continue to participate in the Mobility Accord of the United Nations system, which is currently undergoing review.

In December, we issued new staff rules and the related implementing procedures. The new rules and procedures provide greater clarity and consistency for management and staff on key human resource processes and procedures and ensure that all procedures are current and in keeping with best practices.

Staff numbers and statistics as at 31 December 2011 were as follows:

- Total staff numbered 524, including staff of the IFAD Office of Evaluation. Of these, 298 were in the Professional, National Officers and higher category, and 226 were in the General Service category.
- The Professional, National Officers and higher category included nationals from 78 Member States. Within the Professional category, 42 per cent of staff were women, whereas in the General Service, women represented 82 per cent. Women make up 59 per cent of IFAD staff.
- 23 staff in the hosted entities (Global Mechanism and International Land Coalition): 16 in the Professional and higher category, and 7 in the General Service category.

Establishment of the Ethics Office

In February 2011, IFAD established an Ethics Office to promote and uphold the highest standards of the organization, our Code of Conduct and Core Values.

The Ethics Office is independent of any official, department, office, or other organizational entity. Its tasks include:

- championing and overseeing the ethics and compliance function, and managing the organization's comprehensive ethics and anti-harassment programme
- developing standards, training and education programmes on ethics issues

- providing guidance to management to ensure IFAD rules, policies, procedures and practices reinforce and promote the standards of integrity called for by the organization
- reviewing allegations of misconduct that do not involve fraud and corruption, and closely coordinating with the investigation unit of the Office of Audit and Oversight when an investigation is warranted, ensuring protection of staff against retaliation
- managing the annual financial disclosure programme and tracking trends to provide insight to the President and Senior Management on organizational effectiveness – including risks, incidents and initiatives relating to business conduct
- advising managers and staff on actions that may constitute a violation of IFAD's Code of Conduct and Core Values by providing confidential guidance on ethical issues, for example, conflicts of interest, outside activities and gifts.

During the year, 34 training courses were held to raise staff awareness of ethical issues in the workplace, including anti-harassment and IFAD's Code of Conduct.



Financing data and resource mobilization

The tables and charts in this chapter give detailed data for IFAD's ongoing and cumulative portfolio. Table 1 and related charts (1, 2 and 3) also give key figures for 1978-2011.

Core resources and supplementary funds in 2011

IFAD's financing is drawn from several sources. This includes our 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.

Ninth Replenishment of IFAD's Resources (2013-2015)

The Consultation on the Ninth Replenishment of IFAD's Resources began in February 2011 after the session of the Governing Council. During 2011, IFAD's Member States held four consultation sessions on the Ninth Replenishment, during which priorities for action and policy direction were agreed upon.

The Consultation agreed to a target of US\$1.5 billion in new contributions to finance agriculture and rural development projects across the developing world. This represents a 25 per cent increase over IFAD's Eighth Replenishment.

In addition to the new funds, Member States mandated IFAD to find new sources of finance that effectively share the development burden more broadly, including raising investment from non-members and others.

The injection of new funds from Member States is a confirmation of our vital role in international development architecture as an effective organization delivering results in the area of food and income security, especially for the poorest

people. Forty to fifty per cent of these resources will be channelled to sub-Saharan Africa for development projects.

Eighth Replenishment of IFAD's Resources (2010-2012)

The Eighth Replenishment of IFAD's Resources is ongoing and will continue until 31 December 2012. By 31 December 2011, Member States had pledged a total of US\$1,056.0 million for the Eighth Replenishment, 88 per cent of the replenishment target. Instruments of contribution deposited totalled US\$784.0 million and actual payments amounted to US\$846.0 million (80 per cent of pledges). At the same date for the Seventh Replenishment, actual payments amounted to US\$434.0 million (68 per cent of pledges).

IFAD's three-year US\$3.0 billion programme of work for the Eighth Replenishment period, combined with cofinancing, is expected to result in total investments in agricultural development, poverty reduction and improved food security worth US\$7.5 billion.

Supplementary funds

Supplementary funds are resources provided to IFAD in addition to regular replenishment contributions¹⁰ to support specific initiatives, as indicated in the relevant agreement between IFAD and the donors.

During 2011, major agreements were reached with various partners, including the European Commission, the International Bank for Reconstruction and Development (World Bank-IBRD), and the governments of Denmark and Finland. The European Commission committed to supporting the work of the CGIAR Consortium (see page 44), the Economic Opportunities Programme

¹⁰ The main resources of IFAD are those as defined in Article 4 of the Agreement Establishing IFAD. Supplementary funds are other contributions accepted to supplement these resources to enhance IFAD's operations and to build strategic linkages and partnerships with members. 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 our premises (Global Mechanism and International Land Coalition) or the Global Environment Facility.

in Yemen, and the establishment of a multi-donor Technical Assistance Facility for smallholder farmers accessing the African Agriculture Fund.

Denmark and Finland agreed to cofinance the Rural Assets Creation Programme in Armenia and the Smallholder Productivity Promotion Programme in Zambia, respectively. IFAD has been appointed as the supervising entity and funding channel for the stand-alone GAFSP US\$50 million programme in Sierra Leone and for the US\$20 million cofinancing grant to scale up both IFAD and World Bank-supported programmes in Togo.

Overall, in 2011, IFAD received US\$76.8 million in supplementary funds under agreements signed in 2011 and previous years. This figure does not include funds to the Associate Professional Officer

programme and to IFAD's hosted institutions. Table 3 shows supplementary funds received during the year.

Ongoing portfolio

In line with the strong growth in IFAD's programme of work – which rose by 18 per cent over 2010 – our ongoing portfolio continued to expand in 2011. At the end of the year, there were 240 ongoing programmes and projects with an IFAD investment of US\$4.6 billion, compared with US\$4.2 billion for 234 programmes and projects at the end of 2010. IFAD's two sub-Saharan African regions – West and Central Africa, and East and Southern Africa – together accounted for 106 ongoing projects, with a total investment of nearly US\$2 billion.

TABLE 3
Summary table of supplementary funds for thematic and technical assistance, and cofinancing received in 2011
Amounts in US\$ million

Donor	Thematic and technical assistance	Cofinancing (excluding parallel cofinancing)	Total
<i>Food Facility</i>		9.5	
<i>CGIAR</i>		29.8	
<i>Farmers' organizations</i>	1.5		
<i>Yemen</i>		2.5	
<i>Technical Assistance Facility</i>	0.3		
European Commission total	1.8	41.8	43.6
GAFSP (through the World Bank-IBRD) Sierra Leone, Togo		25.0	25.0
Netherlands	0.1	2.9	3.0
Switzerland	1.0	-	1.0
Denmark	-	2.6	2.6
COOPERNIC	1.0	-	1.0
Italy	-	0.5	0.5
UNIDO Technical Assistance Facility	0.1	-	0.1
Total	4.0	72.8	76.8

TABLE 4
Ongoing programme and project portfolio by region^a
As at end December 2011

	Number of programmes and projects	IFAD financing ^b (US\$ million)
West and Central Africa	54	826.0
East and Southern Africa	52	1 145.6
Asia and the Pacific	61	1 449.5
Latin America and the Caribbean	31	461.7
Near East, North Africa and Europe	42	698.3
Total^c	240	4 581.2

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 approved by the Executive Board. Amounts include loans, debt sustainability framework (DSF) grants and component grants. Grants unrelated to programmes and projects are not included.

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

Cofinancing of IFAD-supported programmes and projects

Cofinancing is a vital source of funding for the development interventions we support. This includes resources from multilateral and bilateral donors, and domestic contributions from recipient governments and project participants themselves. Over recent years, domestic contributions, in particular, have grown substantially – tripling in value from US\$274.0 million in 2007 to US\$832.4 million in 2011 (Table 1).

Multilateral cofinanciers continued to provide the bulk of external cofinancing during the year, followed by bilateral donors. Chart 10 shows the breakdown by type of external cofinancing of IFAD-supported programmes and projects for 2011.

Chart 11 shows the top 15 multilateral cofinanciers of IFAD-initiated programmes and projects to date, headed by the African Development Bank (AfDB), the OPEC Fund for International Development (OFID), the International Bank for Reconstruction and Development (IBRD) (of the World Bank Group), and the Arab Fund for Economic and Social Development (AFESD). Together, these four represent over 50 per cent of total multilateral cofinancing of US\$2.7 billion.

Chart 12 shows our top bilateral donors, with Spain, Belgium, Netherlands, France and Germany the largest contributors. Together, they have provided over 60 per cent of total bilateral cofinancing worth US\$840.1 million since we started work in 1978.

TABLE 5
Financing of IFAD-supported programmes and projects, 1978-2011
Amounts in US\$ million

	1978-1999	2000-2004	2005-2009	2010	2011	1978-2011
IFAD ^{a, b}	6 523.2	1 916.2	2 753.8	800.2	951.8	12 945.3
Cofinanced ^c	5 864.0	967.9	1 261.7	677.2	412.2	9 183.0
Domestic	7 006.1	1 262.9	1 636.3	934.0	832.4	11 671.6
Total^{d, e}	19 393.3	4 147.0	5 651.9	2 411.4	2 196.4	33 800.0
Number of programmes and projects ^f	551	121	153	33	34	892

Source: Project and Portfolio Management System.

^a Amounts as per the President's report for each programme or project approved by the Executive Board. Financing for programmes and projects includes loans, DSF grants and component grants. It does not include other grants unrelated to programmes and projects.

^b Figures include IFAD financing for the Indonesia National Programme for Community Empowerment in Rural Areas Project approved in 2008.

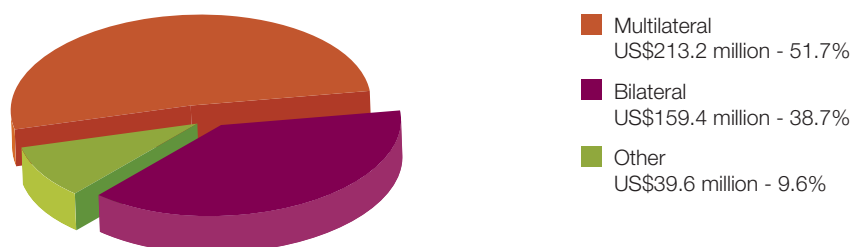
^c Includes cofinancing that may not have been confirmed at the time of Executive Board approval.

^d Total amounts may include additional financing for previously approved programmes and projects. Grants not related to programmes and projects are not included in this table.

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

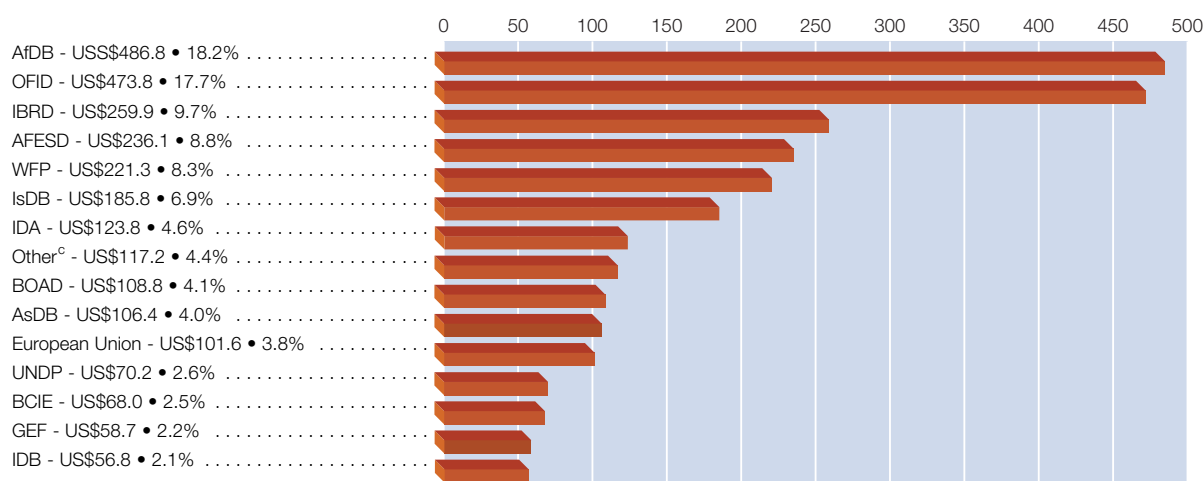
^f Fully cancelled or rescinded programmes and projects are not included.

CHART 10
Cofinancing of IFAD-supported programmes and projects, 2011
Share of total of US\$412.2 million^a



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

CHART 11
Cofinancing of IFAD-initiated programmes and projects by multilateral donors, 1978-2011^{a, b}
 Amounts in US\$ million



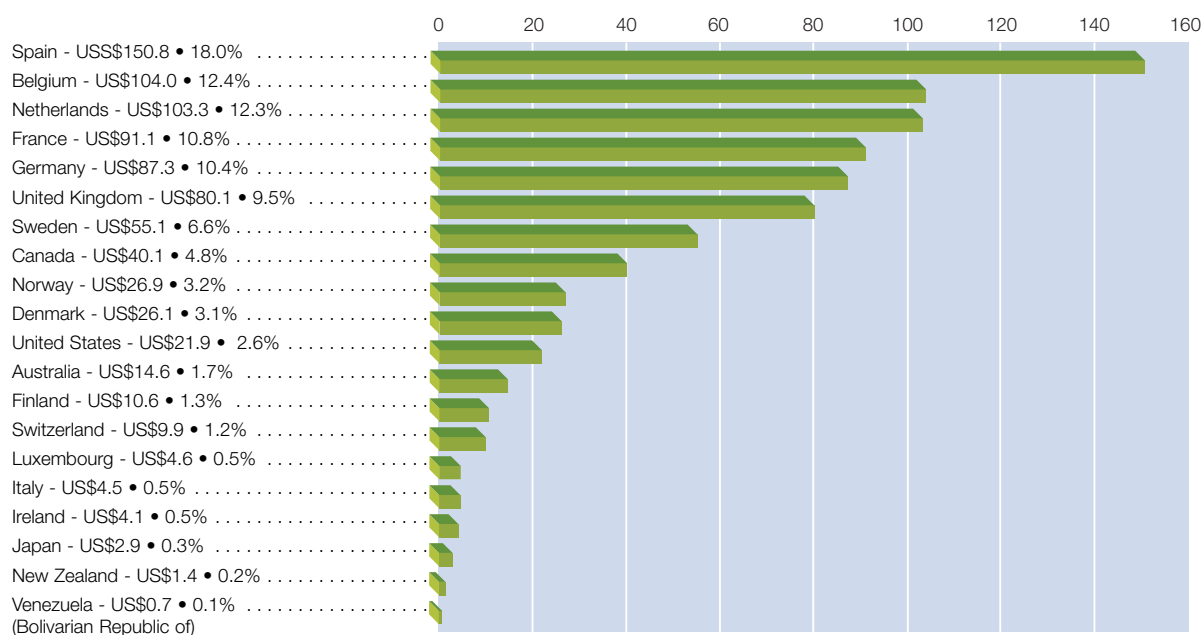
Source: Project and Portfolio Management System.

^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\$2,675.0 million. Multilateral participation in basket or similar funding arrangements is not included.

^b AfDB = African Development Bank; OFID = OPEC Fund for International Development; IBRD = International Bank for Reconstruction and Development; AFESD = Arab Fund for Economic and Social Development; WFP = World Food Programme; IsDB = Islamic Development Bank; IDA = International Development Association; BOAD = West African Development Bank; AsDB = Asian Development Bank; UNDP = United Nations Development Programme; BCIE = Central American Bank for Economic Integration; GEF = Global Environment Facility; IDB = Inter-American Development Bank.

^c Other cofinanciers include: Arab Authority for Agricultural Investment and Development (AAAID); The Africa Fund; Arab Bank for Economic Development in Africa (BADEA); Andean Development Corporation (CAF); Caribbean Development Bank (CDB); ECOWAS-Bank for Investment and Development; Food and Agriculture Organization of the United Nations (FAO); Global Agriculture and Food Security Program (GAFSP); 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).

CHART 12
Cofinancing of IFAD-initiated programmes and projects by donor Member States (bilateral), 1978-2011^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\$840.1 million. Bilateral participation in basket or similar funding arrangements is not included.

The Spanish Food Security Cofinancing Facility Trust Fund was approved by IFAD's Executive Board in 2010. The Trust Fund consists of a loan from the Government of Spain of €285.5 million (US\$400 million) and a grant of €14.5 million (US\$20.3 million) to be committed during the Eighth Replenishment period (2010-2012). During 2011, the use of €108.6 million was approved by the Board to scale up seven IFAD-supported projects: five in Latin America and the Caribbean (€80.2 million), one in Africa (€7.1 million), and one in Asia (€21.4 million).

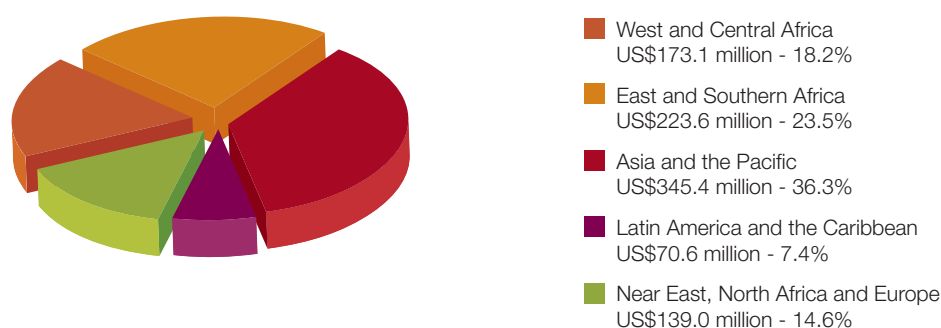
Priority country and regional financing

We continue to prioritize assistance to least developed countries and countries with low food security. Of 2011 programme and project financing, 85.4 per cent was for low-income food-deficit countries (as classified by FAO) and 46.2 per cent was for the United Nations-classified least developed countries. From a regional perspective, IFAD's two sub-Saharan African regions received over 40 per cent of new financing for programmes and projects in 2011 (Chart 13). Table 6 shows financing by region since 1978.

CHART 13

Regional distribution of IFAD financing for programmes and projects approved in 2011^a

Share of total of US\$951.8 million



Source: Project and Portfolio Management System.

^a Financing for programmes and projects includes loans, DSF grants and component grants. It does not include other grants unrelated to programmes and projects.

TABLE 6

IFAD financing for programmes and projects by region, 1978-2011^{a, b}

Amounts in US\$ million

	1978-1999	2000-2004	2005-2009	2010	2011	1978-2011
West and Central Africa						
Total amount	1 127.2	362.7	441.5	150.3	173.1	2 254.8
Number of programmes and projects	120	29	33	5	9	196
East and Southern Africa						
Total amount	1 120.9	403.4	606.8	265.4	223.6	2 620.2
Number of programmes and projects	100	25	30	8	5	168
Asia and the Pacific						
Total amount	2 148.3	520.7	989.4	192.2	345.4	4 196.0
Number of programmes and projects	141	26	42	7	10	226
Latin America and the Caribbean						
Total amount	1 036.4	296.8	336.8	69.0	70.6	1 809.6
Number of programmes and projects	99	17	23	6	4	149
Near East, North Africa and Europe						
Total amount	1 090.5	332.7	379.3	123.3	139.0	2 064.8
Number of programmes and projects	91	24	25	7	6	153
Total IFAD financing^c	6 523.2	1 916.2	2 753.8	800.2	951.8	12 945.3
Total number of programmes and projects^d	551	121	153	33	34	892

Source: Project and Portfolio Management System.

^a Amounts as per the President's report for each programme or project approved by the Executive Board. Financing for programmes and projects includes loans, DSF grants and component grants. It does not include other grants unrelated to programmes and projects.

^b Total amounts may include additional financing for previously approved programmes and projects.

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

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

Financing by subsector

IFAD's investments by subsector show that funding for agriculture and natural resource management is our top priority (Chart 14). This reflects our core commitment to sustainably raising poor rural people's agricultural productivity and food production. Rural financial services come second in terms of funds invested, and markets and related infrastructure a close third. These categories also play a key role in our drive to fuel economic growth in rural areas, to enable small producers to access profitable and transparent markets and to spread the benefits of wealth generation.

Allocation of programme and project financing by instrument and terms¹¹

Loans on highly concessional terms continue to make up the bulk of our financing for investment programmes and projects.¹² In 2011, a full 50 per cent of new financing was in the form of highly concessional loans, while grants under our debt sustainability framework (DSF) made up 23 per cent of the year's total (Chart 15).

As a share of our cumulative financing portfolio since 1978, highly concessional loans and DSF grants represent nearly 74.5 per cent of the total, well over the two-thirds target set out in IFAD's Lending Policies and Criteria. Table 7 shows figures for investments by financing terms. Table 8 shows investments by terms and regions.

CHART 14
IFAD current portfolio financing by subsector (at end 2011)



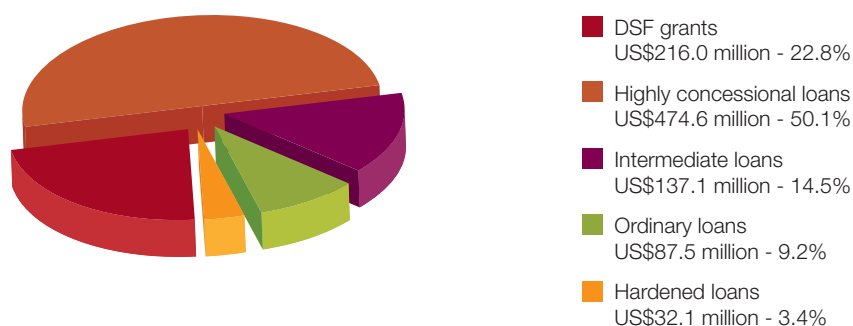
Source: Project and Portfolio Management System.

* Agriculture and natural resource management includes irrigation, rangelands, fisheries, research, extension and training.

** Other includes communication, culture and heritage, disaster mitigation, energy production, monitoring and evaluation, management and coordination, and post-crisis management.

CHART 15
IFAD loans by lending terms and DSF grants, 2011

Share of total of US\$947.2 million^a



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

¹¹ 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.

¹² We provide loans on four different types of lending terms: highly concessional loans that carry no interest charge, have a service charge of 0.75 per cent and are repaid over 40 years; loans on hardened terms that carry no interest charge, have a service charge of 0.75 per cent and are repaid over 20 years; intermediate loans that carry a variable interest charge equivalent to 50 per cent of the reference interest rate and are repaid over 20 years; ordinary loans that carry a variable interest charge equal to the reference interest rate and are repaid over 15 to 18 years.

TABLE 7
Summary of IFAD loans by lending terms, and of DSF grants, 1978-2011^a
Amounts in US\$ million

	1978-1999	2000-2004	2005-2009	2010	2011	1978-2011
DSF grants						
Amount	-	-	401.5	149.6	216.0	767.1
Number of grants	-	-	43	14	19	76
Highly concessional loans						
Amount	4 418.9	1 583.7	1 800.9	526.8	474.6	8 804.9
Number of loans	392	100	110	22	21	645
Hardened loans						
Amount	-	-	-	13.5	32.1	45.6
Number of loans	-	-	-	1	2	3
Intermediate loans						
Amount	1 404.0	150.5	231.3	27.3	137.1	1 950.2
Number of loans	120	10	13	1	3	147
Ordinary loans						
Amount	643.3	174.8	315.5	77.0	87.5	1 298.0
Number of loans	52	10	23	6	6	97
Total amount	6 466.2	1 909.0	2 749.2	794.2	947.2	12 865.8
Total number of loans and DSF grants^{b, c}	564	120	189	44	51	968

Source: Project and Portfolio Management System.

^a Amounts as per the President's report for each programme or project approved by 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. Any discrepancy in totals is due to rounding.

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

^c Fully cancelled or rescinded loans are not included.

TABLE 8
Regional summary of DSF grants and IFAD loans by lending terms, 1978-2011^a
Amounts in US\$ million

	West and Central Africa	East and Southern Africa	Asia and the Pacific	Latin America and the Caribbean	Near East, North Africa and Europe	Total
DSF grants						
Amount	227.0	295.1	129.3	30.0	85.9	767.1
Number of grants	23	21	14	7	11	76
Highly concessional loans						
Amount	1 885.1	2 188.4	3 416.3	403.3	911.8	8 804.9
Number of loans	181	155	190	40	79	645
Hardened loans						
Amount	-	-	-	-	45.6	45.6
Number of loans	-	-	-	-	3	3
Intermediate loans						
Amount	105.2	109.0	587.5	488.0	660.5	1 950.2
Number of loans	11	11	34	51	40	147
Ordinary loans						
Amount	21.3	10.7	47.0	882.9	336.1	1 298.0
Number of loans	3	3	1	64	26	97
Total amount	2 238.5	2 603.1	4 180.1	1 804.2	2 039.8	12 865.8
Percentage of total IFAD loans and DSF grants	17.4	20.2	32.5	14.0	15.9	100.0
Total number of loans^{b, c} and DSF grants	218	190	239	162	159	968

Source: Project and Portfolio Management System.

^a Amounts as per the President's report for each programme or project approved by 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. 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.

Disbursements

Disbursements of IFAD loans rose significantly to US\$549.6 million in 2011 compared with US\$457.5 million in 2010 (Table 9). Cumulative loan disbursements under the Regular Programme over the period 1979-2011 amounted to US\$7,900.7 million and 74 per cent of effective

commitments at the end of 2011 (Tables 9 and 11). This compared with US\$7,351.1 million disbursed at the end of 2010, which made up 72.8 per cent of effective commitments.

Together, disbursements of loans and DSF grants in 2011 totalled US\$625.9 million, rising 26 per cent over 2010 (Tables 9 and 10).

TABLE 9
Annual loan disbursement by region under the Regular Programme, 1979-2011^a
Amounts in US\$ million

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	1979-2011
West and Central Africa	33.0	34.5	48.6	61.4	62.3	57.8	61.8	64.4	66.8	66.0	74.4	1 137.9
East and Southern Africa	54.1	46.9	55.4	70.2	75.9	88.6	89.4	85.4	106.4	99.4	104.3	1 411.3
Asia and the Pacific	97.9	86.1	78.7	73.1	93.1	127.2	122.0	99.1	129.2	158.0	230.7	2 748.1
Latin America and the Caribbean	63.1	51.4	47.0	49.1	42.3	57.4	63.4	79.1	61.6	64.0	72.9	1 253.6
Near East, North Africa and Europe	43.2	44.5	56.1	57.6	68.0	55.9	62.1	96.1	73.5	70.1	67.3	1 349.8
Total^b	291.3	263.4	285.8	311.4	341.6	386.9	398.7	424.1	437.5	457.5	549.6	7 900.7

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 financing.

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

TABLE 10
Annual DSF disbursement by region, 2007-2011
Amounts in US\$ million

	2007	2008	2009	2010	2011	2007-2011
West and Central Africa	-	1.1	1.9	8.5	23.3	34.8
East and Southern Africa	1.0	3.6	5.2	16.8	27.3	53.9
Asia and the Pacific	0.9	1.7	4.6	8.8	13.9	29.8
Latin America and the Caribbean	-	-	0.6	0.9	2.9	4.4
Near East, North Africa and Europe	0.1	-	0.9	3.8	7.5	12.3
Global	-	0.1	0.6	0.7	1.4	2.8
Total^a	2.0	6.5	13.8	39.4	76.3	138.0

Source: Loans and Grants System.

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

Managing IFAD's liquidity, cash flow and financial policies

IFAD manages investments worth US\$2.5 billion for our regular programme of work, together with US\$0.7 billion on behalf of supplementary programmes and trust funds, and all related operational cash flows.

In 2011, cash flow operations reached record levels of US\$3.9 billion for the regular programme and US\$2.1 billion for supplementary programmes, registering an overall increase of 33 per cent compared with 2010. The level of the overall cash flow increase was driven mainly by a considerable expansion of supplementary fund activities.

During the year, we completed a comprehensive review of our investment policy and presented an Investment Policy Statement to the Executive Board, setting out the broad framework for IFAD's investments. As part of the review, a risk-budgeting approach will be introduced for

investments in 2012 and in-house risk management will be strengthened through the use of an enhanced risk management tool.

In preparation for the Consultation on the Ninth Replenishment of IFAD's Resources (see page 58), the impact of different programme levels on our financial resources was analysed using the asset liability management framework. We also reviewed the long-term financial approach to IFAD's sustainability and analysed alternatives to the Advance Commitment Authority. This is a facility that allows IFAD to use expected future loan reflows as an additional basis on which to make new loan and grant commitments. It was first used at IFAD in 2001.

IFAD is committed to continuing to make financial risk management and fiduciary and transparency issues a priority during the Ninth Replenishment period 2013-2015.

TABLE 11
Loan disbursement by region and lending terms under the Regular Programme, 1979-2011^a
Amounts in US\$ million

	Highly concessional	Intermediate	Ordinary	Hardened	Total
West and Central Africa					
Amount	1 063.4	60.3	14.2	-	1 137.9
Percentage of effective commitment	70.6	100.0	79.2	-	71.9
East and Southern Africa					
Amount	1 317.2	93.1	1.2	-	1 411.4
Percentage of effective commitment	69.2	90.8	12.0	-	70.0
Asia and the Pacific					
Amount	2 357.6	390.5	-	-	2 748.1
Percentage of effective commitment	74.5	84.0	-	-	75.0
Latin America and the Caribbean					
Amount	337.3	396.1	520.1	-	1 253.6
Percentage of effective commitment	82.5	87.6	66.2	-	76.3
Near East, North Africa and Europe					
Amount	763.8	365.0	219.0	2.0	1 349.8
Percentage of effective commitment	87.8	64.5	74.6	4.5	76.2
Total amount	5 839.3	1 305.0	754.4	2.0	7 900.7
Total percentage of effective commitment	74.4	79.5	65.7	4.5	74.0

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 financing.

As part of efforts to mobilize resources for IFAD's mandate, we evaluated and structured financing alternatives, including funds to be borrowed from Member States. We also provided support to country offices to facilitate local payments and manage special commitments for operational procurements.

As co-chair of the Finance and Budget Network Working Group on Common Treasury Services, IFAD continues to play a leadership role in United Nations system-wide efforts to increase the operational efficiency of United Nations treasuries. We host and administer the dedicated United Nations Treasuries Community of Practice website, which has become the principal forum for interaction among United Nations treasuries.

IFAD's approach and support to debt relief and debt management

Since 1996, with the introduction of the Heavily Indebted Poor Countries (HIPC) Debt Initiative, debt relief has been employed to aid many of the world's poorest developing countries. In 1999, the HIPC debt-burden thresholds were adjusted downward, enabling a broader group of countries to qualify for larger volumes of debt relief. During 2011, IFAD continued to give full support to these efforts. We also used our debt sustainability framework to ensure that vulnerable countries did not accumulate future debt.

Since the HIPC Debt Initiative was set up, many countries have made substantial progress in accessing debt relief. Over 93 per cent of eligible countries (35 out of 39) have passed their decision points, qualifying for IFAD assistance under the HIPC Debt Initiative. Thirty-one countries have reached the completion point – at which they get full and irrevocable debt reduction – and four are in the interim period between the decision and completion points.

At its December 2011 session, the IFAD Executive Board approved debt relief top-ups at completion point for the Democratic Republic of the Congo, Guinea-Bissau and Togo. The Comoros is expected to reach completion point in late 2012 together with Côte d'Ivoire and Guinea.

Our total commitments so far amount to approximately US\$718.0 million of debt service relief in nominal terms. As at 31 December 2011, IFAD has

provided US\$373.1 million in debt relief to the 31 countries that have reached the completion point.

Enabling countries to maintain debt sustainability beyond completion point remains a concern, particularly during the current financial crisis. This highlights the need to implement sound borrowing policies and strengthen their capacity to manage public debt. Multilateral creditors that participate in the HIPC Initiative together monitor the levels of debt relief through the annual survey carried out by the World Bank. We participate in the survey, reporting all debt information as part of our responsibilities under the DSF and in liaison with the World Bank and regional development banks.

During 2011, 22.9 per cent of the total value of approved financing for investment programmes and projects was in the form of grants under the DSF. Nineteen DSF grants were approved, for a total value of US\$216.0 million (Table 7).

SUMMARY OF 2011 PROGRAMMES, PROJECTS AND GRANTS

Programmes and projects

West and Central Africa

CENTRAL AFRICAN REPUBLIC: Project for Reviving Food Crops and Small Livestock Production in the Savannah

This project is the first IFAD-financed intervention in the Central African Republic since the end of the civil war and follows more than ten years in which IFAD was not present in the country. It will help strengthen food security and raise the incomes of poor rural producers in the four subprefectures of the Savannah region that were most severely affected by the war. The project will adopt a two-phased approach – activities will start in three subprefectures and, when the security situation improves, will be extended to the fourth. It will build the capacity of producers' organizations to deliver services to their members effectively and sustainably, and increase the production and marketing of food crops and small animals.

Loan amount: SDR 3.5 million (approximately US\$5.4 million) on highly concessional terms

Debt sustainability grant amount: SDR 3.5 million (approximately US\$5.4 million)

Total project cost: estimated at US\$13.2 million, of which beneficiaries will provide US\$724,000 and national government US\$1.6 million

Approximate reach: 10,450 households

Directly supervised by IFAD

CONGO: Agricultural Value Chains Development Programme (PADEF)

The programme's objective is to improve food security and incomes of small-scale producers (farmers, livestock breeders and fishers) and to create sustainable employment for rural people, particularly women and young people. It will strengthen small-scale producers' access to appropriate agricultural and fishing technologies for production, processing, storage and conservation, and transparent markets for inputs and agricultural and fishing products. The programme will also support the capacity of peasant organizations and local authorities to provide services to their members and increase their participation in local development.

Loan amount: SDR 6.2 million (approximately US\$9.8 million) on highly concessional terms

Total programme cost: estimated at US\$17.4 million, of which cofinanciers will provide US\$533,000 and national government US\$7.0 million

Approximate reach: 15,000 households

Directly supervised by IFAD

CÔTE D'IVOIRE: Support to Agricultural Development and Marketing Project

This project is designed to complement past and ongoing IFAD-financed projects – the Small Horticultural Producer Support Project and the Agricultural Rehabilitation and Poverty Reduction Project – within the same geographical area. Emphasis will be placed on rehabilitation, development and sustainability of productive infrastructure; post-harvest activities (storage, processing and marketing); and strengthening of the organizational, functional and economic capacity of producers' organizations.

Debt sustainability grant amount: SDR 14.5 million (approximately US\$22.5 million)

Total project cost: estimated at US\$29.0 million, of which beneficiaries will provide US\$1.1 million and national government US\$5.4 million

Approximate reach: 25,000 households

Directly supervised by IFAD

GHANA: Rural Enterprises Project

This is the third phase of the Rural Enterprises Project and it is part of the Government of Ghana's efforts to improve the livelihoods and incomes of entrepreneurial poor people in rural areas. Work under the first phase started in 13 districts in 1995, and continued under a second phase in 66 districts in 2003. Now a nationwide programme, the third phase will scale up and mainstream district-based small business and microenterprise support systems within the private and public sectors. The programme will provide business development services through business advisory centres. It will set up facilities for training in technical skills and demonstrations of new and improved technologies. And it will also boost access to rural finance for small businesses and microenterprises through linkages with participating financial institutions.

Loan amount: SDR 19.7 million (approximately US\$31.5 million) on highly concessional terms

Total programme cost: estimated at US\$185.1 million, of which the African Development Bank will provide US\$70.0 million, beneficiaries US\$20.1 million and national government US\$63.5 million

Approximate reach: 68,000 households

Directly supervised by IFAD

LIBERIA: Smallholder Tree Crop Revitalization Support Project

The project will be implemented in the county of Lofa. It will focus on poor smallholders relying on subsistence farming, households headed by women, young people, and the war-wounded and disabled. The project's main objectives will be to rehabilitate cocoa and coffee plantations, improve farm-to-market roads, and strengthen farmer-based organizations and Ministry of Agriculture extension services.

Loan amount: SDR 10.5 million (approximately US\$16.9 million) on highly concessional terms

Total project cost: estimated at US\$25.0 million, of which a private sector entity identified by the borrower and agreed by IFAD will provide US\$5.1 million, beneficiaries US\$923,000 and national government US\$2.0 million

Approximate reach: 15,000 households

Directly supervised by IFAD

MAURITANIA: Poverty Reduction Project in Aftout South and Karakoro – Phase II (PASK II)

The key objective of PASK II will be to help build an economic and social fabric based on sustainable natural resource management that is inclusive of poor rural households, particularly women and young people. The project will focus on soil restoration, surface water mobilization and management; development of crop, livestock and natural resource management systems; and support for local development.

Loan amount: SDR 5.6 million (approximately US\$9.0 million) on highly concessional terms

Debt sustainability grant amount: SDR 5.6 million (approximately US\$9.0 million)

Total project cost: estimated at US\$38.4 million, of which the Least Developed Countries Fund will provide US\$3.5 million, additional financing of US\$9.5 million will be provided, beneficiaries US\$2.3 million and national government US\$5.2 million

Approximate reach: 21,000 households

Directly supervised by IFAD

NIGER: Food Security and Development Support Project in the Maradi Region (PASADEM)

The project will be implemented in the central-south of the Maradi region. It will increase agricultural and pastoral household productivity through improved practices and technologies for producers; promote economic growth in rural markets to increase access to agricultural products; increase and diversify the incomes of women and undereducated young people; and improve eating habits to ensure better household nutritional security, especially for small children. The project will also strengthen producers' organizations such as cooperatives, farmers' groups and rural action groups, including village committees, Mata Masu Dubara women's groups and committees for management of community goods.

Loan amount: SDR 14.3 million (approximately US\$22.2 million) on highly concessional terms

Total project cost: estimated at US\$31.7 million, of which the World Food Programme will provide US\$2.7 million, beneficiaries US\$1.3 million and national government US\$5.6 million

Approximate reach: 65,000 households

Directly supervised by IFAD

SENEGAL: Support to Agricultural Development and Rural Entrepreneurship Programme

The programme will strengthen the voice of small-scale producers and their organizations and augment their capacity to participate actively in developing value chains under a market-oriented approach to agriculture. Emphasis will be given to strengthening the capabilities of producers' organizations to increase their influence on development processes and progressively widen the range of services they can provide to their members through new and effective forms of partnerships.

Loan amount: SDR 20.2 million (approximately US\$32.3 million) on highly concessional terms

Total programme cost: estimated at US\$51.7 million, of which the Spanish Food Security Cofinancing Facility Trust Fund (Spanish Trust Fund) will provide €7.0 million (approximately US\$10.1 million), beneficiaries US\$620,000 and national government US\$8.7 million

Approximate reach: 50,000 households

Directly supervised by IFAD

SIERRA LEONE: Smallholder Commercialization Programme

The two main objectives of this nationwide programme are to reduce the gap between national rice production and demand (70,000 metric tons) and to increase farm incomes by 10 per cent for smallholder farmers, women, young people and microentrepreneurs. It will achieve this through smallholder agricultural commercialization, small-scale irrigation development, and access to rural finance coordination and management.

Global Agriculture and Food Security Program grant amount: US\$50.0 million

Total programme cost: estimated at US\$56.4 million, of which beneficiaries will provide US\$1.9 million and national government US\$4.5 million

Approximate reach: 20,000 households

Supervised but not financed by IFAD

East and Southern Africa

ETHIOPIA: Rural Financial Intermediation Programme II

The programme will provide access to a range of financial services to rural households through support to a nationwide network of strong, vibrant and sustainable rural financial institutions geared towards engagement with the poor. Activities will include institutional development in the microfinance and cooperative subsectors, improved regulation and supervision of microfinance institutions, and provision of credit funds for microfinance institutions and rural savings and credit cooperatives.

Loan amount: SDR 31.3 million (approximately US\$50.0 million) on highly concessional terms

Debt sustainability grant amount: SDR 31.3 million (approximately US\$50.0 million)

Total programme cost: estimated at US\$248.0 million, of which commercial banks (to be determined) will provide US\$77.5 million, the Development Bank of Ethiopia US\$33.6 million, Rural Financial Intermediation Programme reflows US\$30.0 million, microfinance institutions US\$1.0 million and national government US\$5.9 million

Approximate reach: 6.9 million households

Directly supervised by IFAD

LESOTHO: Smallholder Agriculture Development Project

The project area covers four of Lesotho's ten districts, namely Butha-Buthe, Leribe, Berea and Mafeteng. The project will support smallholder farmers to exploit opportunities to increase their productivity and diversify into market-oriented agriculture. It will focus on increasing agricultural market opportunities and market-oriented smallholder production, and identifying commercially viable activities that can be replicated and successfully scaled up.

Loan amount: SDR 3.2 million (approximately US\$5.0 million) on highly concessional terms

Debt sustainability grant: SDR 3.2 million (approximately US\$5.0 million)

Total project cost: estimated at US\$24.5 million, of which the International Development Association (IDA) will provide approximately US\$10.0 million, beneficiaries US\$980,000 and national government US\$3.5 million

Approximate reach: 15,000 households

Jointly supervised by IDA and IFAD

MALAWI: Sustainable Agricultural Production Programme (SAPP)

The programme aims to create a viable and sustainable smallholder agricultural sector employing good agricultural practices. The SAPP will be geographically targeted and will concentrate on enhancing agricultural productivity using simple, affordable packages of improved agricultural practices suitable for smallholder adoption, to help bridge the considerable gap between actual and potential yields. It will also use a low-cost farmer-to-farmer extension approach supported by further adaptive research and knowledge management.

Loan amount: SDR 14.7 million (approximately US\$22.9 million) on highly concessional terms

Debt sustainability grant amount: SDR 14.3 million (approximately US\$22.9 million, including a Programme Preparatory Facility grant of US\$600,000)

Total programme cost: estimated at US\$51.1 million, of which beneficiaries will provide US\$1.2 million and national government US\$4.2 million

Approximate reach: 200,000 households

Directly supervised by IFAD

RWANDA: Project for Rural Income through Exports

This nationwide project will assist smallholder producers – particularly households headed by women – in taking advantage of concrete income opportunities in pro-poor cash-crop value chains in partnership with private operators. It will mainly focus on the proven export crops of coffee and tea, the promising export crop of silk, and horticultural crops principally for local and regional markets.

Loan amount: SDR 11.6 million (approximately US\$18.7 million) on highly concessional terms

Debt sustainability grant amount: SDR 11.6 million (approximately US\$18.7 million)

Total project cost: estimated at US\$56.1 million, of which the private sector will provide US\$2.8 million, cofinanciers (to be determined) US\$10.3 million, beneficiaries US\$513,000 and national government US\$5.1 million

Approximate reach: 128,700 households

Directly supervised by IFAD

ZAMBIA: *Smallholder Productivity Promotion Programme*

The programme will complement the IFAD-supported Smallholder Agribusiness Promotion Programme approved in 2009 by enhancing the on-farm productivity of smallholder farmers, thus enabling them to respond to the emerging market opportunities and improve the food security and nutritional status of their families. Its main objective is to sustainably increase the production, productivity and sales of smallholder farmers.

Loan amount: SDR 15.5 million (approximately US\$24.8 million) on highly concessional terms

Total programme cost: estimated at US\$40.0 million, of which the Government of Finland will provide US\$7.0 million, beneficiaries US\$1.5 million, districts US\$400,000 and national government US\$6.1 million

Approximate reach: 60,000 households

Directly supervised by IFAD

Asia and the Pacific

BANGLADESH: *Haor Infrastructure and Livelihood Improvement Project*

The project aims to reduce poverty, improve living standards and reduce the vulnerability of poor people in the Haor basin. It will contribute to strengthening infrastructure and economic opportunities through improved road infrastructure, access to natural resources, technology and markets. The project will also promote increased fish yields and biodiversity in water bodies, and it will enhance the productivity of smallholder farms and reduce their vulnerability to adverse weather conditions.

Loan amount: SDR 34.5 million (approximately US\$55.0 million) on highly concessional terms

Debt sustainability grant amount: SDR 0.6 million (approximately US\$1.0 million)

Total project cost: estimated at US\$118.0 million, of which the Spanish Trust Fund will provide €21.4 million (approximately US\$30.0 million) and national government US\$32.0 million

Approximate reach: 688,000 households

Directly supervised by IFAD

CHINA: Guangxi Integrated Agricultural Development Project

The project's objective is to increase the revenues of poor rural women and men through improved agricultural production. It will achieve this through community infrastructure development, agricultural production, and marketing support and rural environment improvement.

Loan amount: SDR 29.7 million (approximately US\$47.0 million) on ordinary terms

Total project cost: estimated at US\$96.8 million, of which beneficiaries will provide US\$3.4 million and national government US\$46.4 million

Approximate reach: 227,000 households

Directly supervised by IFAD

INDIA: Integrated Livelihoods Support Project

The project will target small rural producers, women, scheduled caste households and young people living in the hill districts in the State of Uttarakhand. The project will adopt a two-pronged approach to building livelihoods. The first will be to improve technologies for the production of traditional food crops and livestock and develop supporting services for input supply and the marketing of any surpluses. To make food production more secure, the project will contribute to watershed development to conserve water and soil resources. It will also support the production of fodder and other non-timber forest products in community forest areas. The second thrust of the project will be to generate cash incomes via the introduction and expansion of cash crops.

Loan amount: SDR 56.7 million (approximately US\$89.9 million) on highly concessional terms

Total project cost: estimated at US\$258.8 million, of which other financial institutions will provide US\$109.9 million, beneficiaries US\$11.0 million and national government US\$48.0 million

Approximate reach: 143,400 households

Directly supervised by IFAD

INDONESIA: Smallholder Livelihood Development Project in Eastern Indonesia

The project will improve the livelihoods of smallholder farmers engaged in tree and food crop production, woman-headed households, and poor indigenous and immigrant communities in five districts in Maluku and six in North Maluku, an area affected by conflict. It will achieve this through community empowerment, productivity improvement and integrated farming systems, value chain development and marketing, productive rural infrastructure investment, and institutional strengthening.

Loan amount: SDR 30.3 million (approximately US\$49.1 million) on intermediate terms

Debt sustainability grant amount: SDR 0.7 million (approximately US\$1.1 million)

Total project cost: estimated at US\$65.0 million, of which national government will provide US\$14.8 million

Approximate reach: 49,500 households

Directly supervised by IFAD

LAO PEOPLE'S DEMOCRATIC REPUBLIC: Soum Son Seun Jai – Community-based Food Security and Economic Opportunities Programme

The programme's objective is to ensure sustainable food security and income generation for poor rural people in the provinces of Sayabouly and Oudomxay. It will achieve this by improving and integrating farming systems through establishing farmers' organizations, introducing dry season crop options and better intercropping, as well as agroforestry and conservation practices, improving animal farming systems, and setting up efficient water harvesting and drinking water supply schemes. The programme will also improve access to markets and increase local value-added activities.

Debt sustainability grant amount: SDR 8.9 million (approximately US\$13.9 million)

Total programme cost: estimated at US\$19.3 million, of which World Food Programme will provide US\$3.7 million, German Agency for International Cooperation (GIZ) US\$430,000, beneficiaries US\$360,000 and national government US\$830,000

Approximate reach: 17,000 households

Directly supervised by IFAD

MONGOLIA: Project for Market and Pasture Management Development

The target group of the project will be nomadic herders – including women – and households living in permanent settlements in *soums* (districts) and *aimags* (provinces). The project will assist in the development of value chains, pasture management and climate change adaptation. These activities will be largely implemented by herder groups with support and capacity-building from the project.

Loan amount: SDR 7.3 million (approximately US\$11.5 million) on highly concessional terms

Total project cost: estimated at US\$18.4 million, of which the Global Environment Facility/Special Climate Change Fund will provide US\$1.5 million, participating financial institutions US\$2.7 million, beneficiaries US\$1.8 million, and national government US\$900,000

Approximate reach: 10,000 households

Directly supervised by IFAD

PAKISTAN: Gwadar-Lasbela Livelihoods Support Project

The project will increase the incomes and enhance the livelihoods of poor rural households and fisher communities in the Gwadar and Lasbela districts by improving physical infrastructure and marketing facilities, enhancing communities' access to capital, strengthening community and village organizations, and building capacity among the regulatory and support organizations.

Loan amount: SDR 18.6 million (approximately US\$30.0 million) on highly concessional terms

Total project cost: estimated at US\$35.3 million, of which beneficiaries will provide US\$500,000 and national government US\$4.7 million

Approximate reach: 20,000 households

Directly supervised by IFAD

SRI LANKA: Iranamadu Irrigation Development Project

The project will promote infrastructure development and production and marketing in the Kilinochchi district. It will rehabilitate irrigation infrastructure, encourage farmers to manage water use and women to participate effectively in water and land management. The project will also help diversify and increase crop production, establish remunerative markets and ensure that sustainable farmers' organizations are in place to deliver irrigation services to farmers.

Loan amount: SDR 14.4 million (approximately US\$22.2 million) on highly concessional terms

Total project cost: estimated at US\$29.3 million, of which private companies will provide US\$1.2 million, beneficiaries US\$2.7 million and national government US\$3.2 million

Approximate reach: 7,000 households

Directly supervised by IFAD

TAJKISTAN: Livestock and Pasture Development Project

The aim of this project is to increase the nutritional status and incomes of poor households by sustainably enhancing livestock productivity. It will work in selected districts of the Khatlon Oblast, which is one of the poorest regions of the country. The project will contribute to strengthening institutional development, livestock and pasture development, and income generation for women.

Debt sustainability grant amount: SDR 9.3 million (approximately US\$14.6 million)

Total project cost: estimated at US\$19.2 million, of which additional funding of US\$3.4 million will be sought, beneficiaries will provide US\$800,000 and national government US\$400,000

Approximate reach: 22,400 households

Directly supervised by IFAD

TIMOR-LESTE: Timor-Leste Maize Storage Project

The project's goal is to improve food security for maize-growing households through the reduction of losses of maize stored on-farm by purchasing and/or manufacturing maize storage drums and distributing them to recipient households. This improvement in household food security is expected initially to increase on-farm supplies of maize after harvest and then reduce the length of the hunger season.

Debt sustainability grant amount: SDR 3.2 million (approximately US\$4.9 million)

Total project cost: estimated at US\$5.6 million, of which beneficiaries will provide US\$480,000, and national government US\$160,000

Approximate reach: 23,000 households

Directly supervised by IFAD

Latin America and the Caribbean

ARGENTINA: Inclusive Rural Development Programme (PRODERI)

This nationwide programme will strengthen rural farmers' organizations and provide guarantees of equal access for vulnerable population groups, particularly indigenous peoples, young people, women and casual workers. It will achieve this by building up production capacities, diversification and market insertion,

promoting technological innovation for adaptation to climate change, and strengthening organizations in financial management and implementation of business plans and support for vulnerable groups.

Loan amount: SDR 5.0 million (approximately US\$7.8 million) on ordinary terms

Total programme cost: estimated at US\$149.5 million, of which the Spanish Trust Fund will provide €35.7 million (approximately US\$50.0 million), beneficiaries US\$33.8 million and national government US\$58.0 million

Approximate reach: 37,520 households

Directly supervised by IFAD

PLURINATIONAL STATE OF BOLIVIA: Economic Inclusion Programme for Families and Rural Communities in the Territory of the Plurinational State of Bolivia (ACCESOS)

The focus of the programme will be to strengthen community-based, territorial-level capacities to manage land, water and other natural resources. It will help restore terraces and promote agreements on regulations applicable to natural resource use and conservation. It will also facilitate development of self-organized, community-based enterprises. These enterprises will promote market access for agricultural products through producer networks and value chains, and will include alternative activities to generate rural non-farm employment. To help manage the risks associated with this process, the programme will promote broad-based access to financial services, including savings, credit and diverse forms of insurance.

Loan amount: SDR 11.6 million (approximately US\$18.0 million) on intermediate terms

Total programme cost: estimated at US\$45.6 million, of which the Spanish Trust Fund will provide €11.2 million (approximately US\$15.0 million), beneficiaries US\$5.8 million and national government US\$6.8 million

Approximate reach: 32,000 households

Directly supervised by IFAD

ECUADOR: Buen Vivir in Rural Territories Programme

This programme will improve the food security of rural households that are largely dependent on small-scale agriculture and related activities for their livelihoods and, consequently, are vulnerable to the effects of climate change. It will support the systematization of traditional knowledge related to ethno-agroecology, water management and other technologies, and promote business plans through the territorial initiatives investment fund. Training in sustainable production methods will be provided for training promoters and technical personnel.

Loan amount: SDR 10.8 million (approximately US\$17.3 million) on ordinary terms

Total programme cost: estimated at US\$62.9 million, of which the Spanish Trust Fund will provide €10.7 million (approximately US\$15.0 million), local financial institutions US\$10.3 million, decentralized autonomous governments US\$3.3 million, other cooperating partners US\$4.0 million, beneficiaries US\$5.9 million and national government US\$7.0 million

Approximate reach: 25,000 households

Directly supervised by IFAD

HONDURAS: Northern Horizons – Competitiveness and Sustainable Rural Development Project in the Northern Zone

The project will be executed in 27 municipalities with high rates of rural poverty in the departments of Atlántida, Cortés and Santa Barbara. It will promote and strengthen productive organizations, incorporate vulnerable groups into competitive production, create social infrastructure, develop agribusinesses and rural microenterprises, reduce food insecurity and environmental vulnerability, organize and capitalize rural financial services, and construct or improve rural access roads.

Loan amount: SDR 5.5 million (approximately US\$8.7 million) on highly concessional terms

Total project cost: estimated at US\$21.0 million, of which cofinanciers (to be determined) will provide US\$8.0 million, beneficiaries US\$2.1 million and national government US\$2.1 million

Approximate reach: 24,000 households

Directly supervised by IFAD

Near East, North Africa and Europe

AZERBAIJAN: Integrated Rural Development Project

The goal of the project is to reduce rural poverty in the regions of Agdash, Yevlakh, Sheki and Oghuz through increased food security and enhanced income-raising opportunities. It will assist poor rural people in improving their skills to use available natural resources effectively and efficiently to achieve sustainable productivity and profitability for crop and livestock husbandry. It will also improve the incomes of women and men producers through better farm management and access to credit.

Loan amount: SDR 12.3 million (approximately US\$19.4 million) on hardened terms

Total project cost: estimated at US\$103.5 million, of which the Islamic Development Bank will provide US\$66.4 million, non-bank financial institutions US\$2.2 million, beneficiaries US\$2.4 million and national government US\$13.1 million

Approximate reach: 52,600 households

Directly supervised by IFAD

BOSNIA AND HERZEGOVINA: Rural Business Development Project

The project will help subsistence farmers make the transition to commercial farming and support development of the non-farm enterprise sector for rural employment generation. It will achieve this by organizing smallholder farmers and providing them with technical and business skills, together with market access and financial services, which can help orient them towards commercial production, make them more competitive, and lead to an increase in income and employment in rural areas.

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

Grant amount: SDR 500,000 (approximately US\$780,000)

Total project cost: estimated at US\$30.2 million, of which the OPEC Fund for International Development will provide US\$5.4 million, participating financial institutions US\$1.8 million, beneficiaries US\$2.7 million and national government US\$6.8 million

Approximate reach: 20,000 households

Directly supervised by IFAD

EGYPT: Promotion of Rural Incomes through Market Enhancement Project

The project will increase the incomes of rural households by integrating them into the agriculture value chain. It will achieve this by increasing farmers' ability to obtain better and more stabilized farm-gate prices for their products. The project will organize and strengthen farmers' groups and associations; provide training in farming as a business and crop budgeting to improve farmer capacity to read market signals; facilitate value chain linkages between smallholder farmers and market intermediaries; and provide demand-driven extension advice and technical assistance for the introduction of new production technologies to enhance yields, reduce losses and increase market volume. The project will also support participatory development of a range of appropriate loan products along the agriculture value chain.

Loan amount: SDR 44.1 million (approximately US\$70.0 million) on intermediate terms

Grant amount: SDR 630,000 (approximately US\$1.0 million)

Total project cost: estimated at US\$108.2 million, of which the Agricultural Research and Development Fund will provide US\$10.9 million, Social Fund for Development US\$1.0 million, beneficiaries US\$17.7 million and national government US\$7.6 million

Approximate reach: 50,000 households

Directly supervised by IFAD

MOROCCO: Agricultural Value Chain Development Project in the Mountain Zones of Al-Haouz Province

The project will seek to capitalize on the gains made under the IFAD-supported intervention through the Rural Development Project in the Mountain Zones of Al-Haouz Province, focusing its activities on the development of three value chains (olive, apple, lamb meat). These value chains are deemed the most promising for sustainable growth in the incomes of the target groups – smallholder farmers and livestock producers, and poor rural women, men and young people.

Loan amount: SDR 4.1 million (approximately US\$6.4 million) on ordinary terms

Grant amount: SDR 90,000 (approximately US\$140,000)

Total project cost: estimated at US\$9.1 million, of which the National Sheep and Goat Association will provide US\$160,000, beneficiaries US\$120,000 and national government US\$2.3 million

Approximate reach: 6,600 households

Directly supervised by IFAD

SUDAN: Seed Development Project

This project will improve the food security, incomes and resilience to shocks of smallholder producers in rainfed areas of North and South Kordofan. It will increase agricultural productivity, production and farm incomes through the use of improved varieties and quality certified seeds, combined with improved soil and water conservation practices. The establishment of a participatory and well-organized all-class seed production and multiplication system, accompanied by a private-sector-driven processing, marketing and distribution system, will provide a sound foundation for future expansion of the seed industry in the country.

Debt sustainability grant amount: SDR 6.4 million (approximately US\$10.1 million)

Total project cost: estimated at US\$17.5 million, of which beneficiaries will provide US\$4.0 million and national government US\$3.4 million

Approximate reach: 220,000 households

Directly supervised by IFAD

YEMEN: YemenInvest – Rural Employment Programme

This nationwide programme will create sustainable and diversified employment opportunities for unemployed and underemployed women and men in rural communities living below the poverty line. The programme is expected to create about 28,670 full-time sustainable jobs in some 12,480 enterprises by investing in two non-farm value chains, natural stone and textiles, as well as agricultural and off-farm sectors selected on the basis of comparative advantage, market demand and growth, and job creation potential.

Debt sustainability grant amount: SDR 5.7 million (approximately US\$9.1 million)

Total programme cost: estimated at US\$48.2 million, of which cofinanciers (to be confirmed) will provide US\$21.3 million, participating financial institutions US\$6.2 million, private investors US\$6.9 million, Economic Opportunities Fund US\$2.8 million, beneficiaries US\$950,000 and national government US\$940,000

Approximate reach: 108,000 households

Directly supervised by IFAD

Grants

Since 1978, IFAD has committed about US\$800.0 million in grants (Table 12) to support agricultural research. These grants aid innovative projects that help poor farmers and build the capacities of partner institutions, including community-based and non-governmental organizations. Some IFAD grant proposals are country-specific, while others are regional or even global, depending on the nature of the innovation.

In 2011, we approved grants worth a total of US\$50.4 million. This consisted of US\$41.7 million for global and regional grants and US\$8.7 million for grants in specific countries, including US\$1.5 million for small grants under the debt sustainability framework. Our grants have supported research on a wide range of themes, including sustainable use and conservation of biodiversity for improved food security and resilience to climate change, gender mainstreaming, inclusive value chains, pro-poor policy advocacy and knowledge-sharing, and crops that are important to poor rural people's livelihoods.

Farmers and poor rural people participate in the agricultural research projects we support. They are typically located in marginal areas and adverse agroecological zones. Through these grants, we have developed strategic partnerships with CGIAR centres (see page 44), as well as with other United Nations agencies, farmers' organizations, NGOs and civil society groups. International and regional institutions that perform agricultural research for development and focus on the needs of poor rural people continue to be prominent recipients.

The results of the grant programme are captured in progress and completion reports and in technical advisory notes. So far, 87 technical advisory notes are available. These are shared through IFAD's regional electronic networks and grant recipients' dissemination channels.

This year, new Procedures for Financing from the Grants Programme were presented to the Executive Board at its May session. These procedures cover the allocation of grant resources; design, review and approval of grant proposals; implementation and supervision; completion and evaluation; and knowledge management.

Summary of large grants

Grants over US\$500,000 that are not connected with loan programmes and projects and were approved by the Executive Board during the year, are summarized below.

African Rural and Agricultural Credit Association: Rural Finance Knowledge Management Partnership (KMP) – Phase III (US\$1,500,000)

The partnership will raise incomes and standards of living among poor rural communities in East and Southern Africa by improving their access to affordable, appropriate and sustainable financial products and services.

Centro Latinoamericano de Economía Humana: Public Policy Dialogue on Family Farming and Food Security in the Southern Cone of Latin America (US\$1,800,000)

This initiative will help to improve the livelihoods of family farmers through adoption of effective policy measures and instruments that take into account their conditions and aspirations.

Eastern Africa Farmers' Federation: Strengthening Capacity of East African Farmers' Organizations through Knowledge Management and Institutional Development (US\$1,500,000)

This initiative will work to improve the capacity of national farmers' organizations to mobilize, retain and represent farmers, and to provide services to their members.

Ethical and Environmental Certification Institute: Programme for Strengthening Smallholders' Access to Markets for Certified Sustainable Products (US\$800,000)

This programme will help poor rural producers to use sustainable certification programmes to improve their economic and environmental situation.

Food and Agriculture Organization of the United Nations: 'Leading the Field' Initiative of the International Treaty on Plant Genetic Resources for Food and Agriculture (US\$1,500,000)

This initiative will assist farmers in adapting to climate change by supporting conservation and sustainable use of plant genetic resources for food and agriculture.

Food and Agriculture Organization of the United Nations: Pro-Poor Policy Approaches to Address Risk and Vulnerability at the Country Level (US\$1,500,000)

Working in Cambodia, the Lao People's Democratic Republic, Nepal and Viet Nam, this programme will improve institutional capacity to develop pro-poor policies for managing the risks and vulnerability faced by smallholder and marginal farmers. The focus will be on risks posed by price volatility and climate change.

Food and Agriculture Organization of the United Nations: Drought Recovery and Smallholder Adaptation Programme in Djibouti and Somalia (US\$1,300,000)

Working with about 4,000 drought-affected households, this programme will help to increase access to water, agricultural inputs, fodder and post-harvest storage facilities to improve food and nutrition security and restore livelihoods.

International Bank for Reconstruction and Development and International Development Association: Developing Inclusive Financial Systems for Improved Access to Financial Services in Rural Areas (US\$1,500,000)

This programme will open access to a wide range of sustainable rural financial services for poor rural women and men. Building stronger partners will improve IFAD's operational effectiveness and impact.

International Center for Tropical Agriculture: Improved Forage-based Livestock Feeding Systems for Smallholder Livelihoods in the Cambodia-Laos-Viet Nam Development Triangle (US\$1,500,000)

This programme will work to increase the productivity of smallholder crop and livestock systems and engagement with markets among marginalized and poor smallholder farmers.

International Food Policy Research Institute: Decreasing Vulnerability to Conflict in the Middle East and North Africa through Rural Development (US\$1,000,000)

This programme will make recommendations on how policies, investments and, in particular, IFAD-financed rural development programmes can improve resilience to conflict among households and communities.

International Land Coalition: Catalysing Commitment to Pro-Poor Land Governance (US\$1,000,000)

The goal is to enable poor women and men to achieve secure and equitable access to, and control over, land to enable them to increase their food security and overcome poverty and vulnerability.

International Livestock Research Institute: Enhancing Dairy-based Livelihoods in India and the United Republic of Tanzania through Feed Innovation and Value Chain Development Approaches (US\$1,000,000)

The programme will contribute to improving dairy-based livelihoods by strengthening value chains and innovation to improve feeding strategies.

International Maize and Wheat Improvement Center: Understanding the Adoption and Application of Conservation Agriculture in Southern Africa (US\$750,000)

This initiative will improve food security and livelihoods among smallholder farm households while conserving the natural resources used in agriculture.

International Water Management Institute: Safe Nutrient, Water and Energy Recovery – Developing a Business Case (US\$650,000)

This initiative will provide producers and consumers with the best business case options in recovering nutrients, water and energy from agricultural and domestic waste for food security and safety.

International Water Management Institute: Disseminating Challenge Program on Water and Food Innovations and Adoption Processes for Water and Food, and Piloting their Mainstreaming in the IFAD Portfolio (US\$1,000,000)

This initiative will improve the food security and livelihoods of poor rural communities by enhancing water management, which will increase production per unit of land, water and labour.

MADRE Inc., Mainyoto Pastoralists Integrated Development Organization and Tebtebba Foundation: Indigenous Peoples Assistance Facility (US\$1,450,000)

Indigenous peoples' communities and organizations will be aided to drive their own development by enabling them to design and implement projects compatible with their identity and culture.

Microfinance Information Exchange, Inc.: Improving Performance Monitoring and Effectiveness in Rural Finance (US\$1,200,000)

The programme will contribute to construction of a financial system that meets the needs of poor rural people by supporting the growth of healthy microfinance markets and microfinance service providers.

Nacional Financiera, Trustee of the Trust Fund for Biodiversity: Programme to Strengthen Community-based Management in Support of the REDD+ Strategy in Mesoamerica (PROFORCO) (US\$1,200,000)

This initiative will work to strengthen the management capacities of the indigenous *ejidos* (communal farms) and communities in five southern Mexican states and in indigenous territories of Guatemala and Panama.

Oxfam Italia: Renewable Energy Technologies in Albania, and Bosnia and Herzegovina (US\$1,200,000)

This grant will improve the livelihoods of rural communities through adoption of renewable energy technologies. It will work to reduce energy consumption and promote clean energy policies and programmes nationally and locally.

Oxfam Novib: Community-led Value Chain Development for Gender Justice and Pro-Poor Wealth Creation (US\$1,400,000)

This initiative aims to create wealth among poor people and upgrade value chains in Nigeria, Rwanda and Uganda. It will work to empower women and men from the poorest and most vulnerable households and to establish equitable, participatory processes for economic decision-making at all levels.

PICO Knowledge Net Ltd.: IFADAfrica Regional Knowledge Network – Phase II (US\$1,800,000)

This initiative will work to improve the results of IFAD-supported projects in East and Southern Africa. Building onto IFAD-financed projects and related government

departments, the programme aims to capture knowledge, experiences and lessons from practice, and use them to improve performance.

Regional Programme for Rural Development Training (PROCASUR): Strengthening Knowledge-sharing on Innovative Solutions Using the Learning Routes Methodology in Asia and the Pacific (US\$1,000,000)

This programme will increase people's capacity to adopt and scale up best practices and innovations for poverty reduction.

Regional Programme for Rural Development Training (PROCASUR): Promoting Young People's Entrepreneurship in Poor Rural Territories in Latin America and the Caribbean (US\$2,000,000)

Young rural women and men will be helped to improve their access to development initiatives relevant to their livelihood strategies.

University of Kassel-WATERCOPE: Supporting National Research Capacity and Policy Development to Cope with Dwindling Water Resources and Intensifying Land Use in the Transborder Altay-Dzungarian Region of Mongolia and China (US\$1,485,000)

The programme will strengthen local herders' and farmers' groups and improve national research capabilities and policies. The ultimate objective is to increase the incomes and food security of approximately 50,000 poor, ethnic-minority households.

World Agroforestry Centre: Programme for the Development of Alternative Biofuel Crops (US\$2,500,000)

This programme will finance coordinated research for the development of non-food or multiple-use biofuel crops along the entire value chain. The goal is for the crops developed to match or exceed the productivity of cereal/food-based biofuel crops.

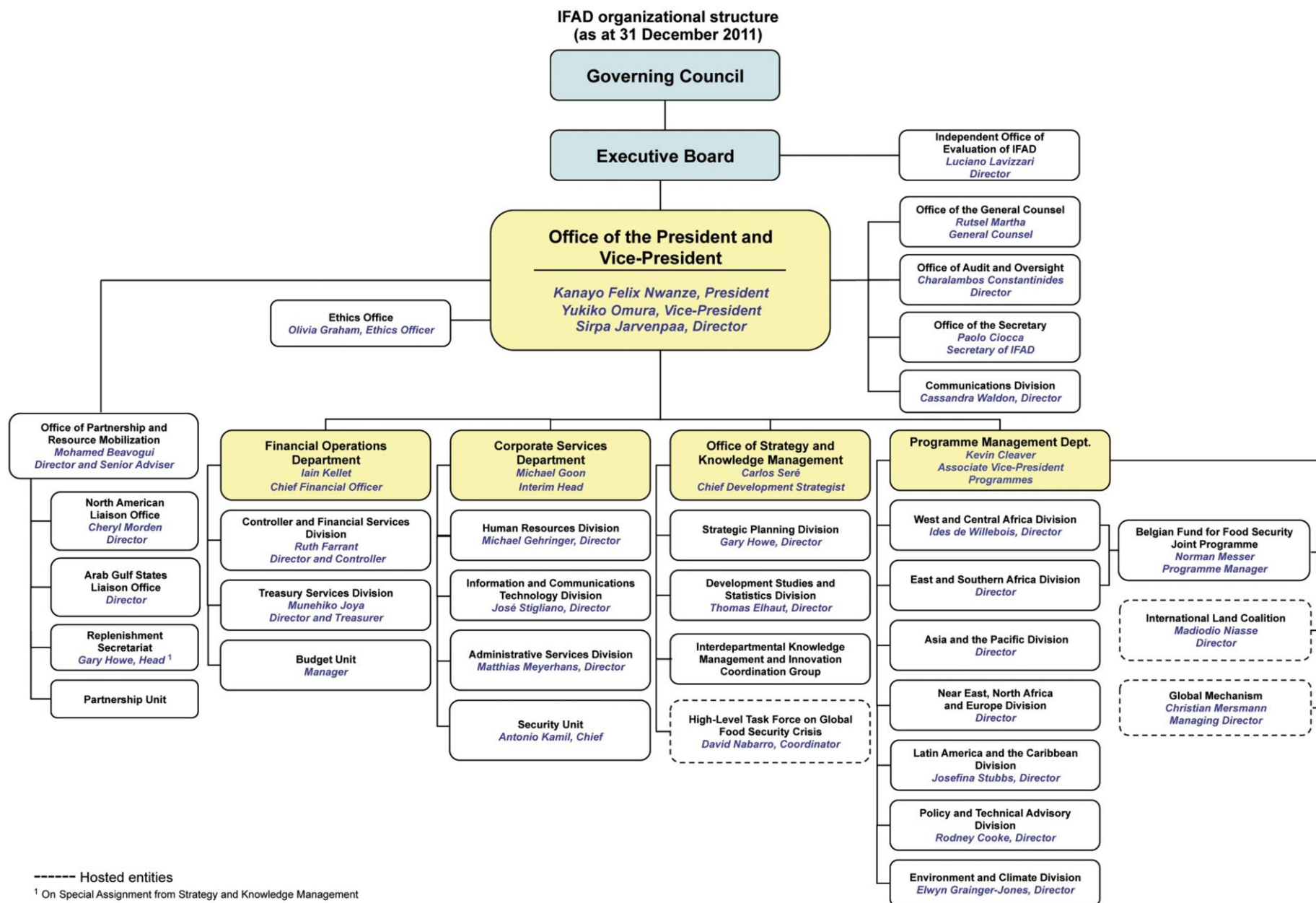
Table 12
Summary of grant financing, 2007-2011
(Amounts in US\$ million)^a

		2007	%	2008	%	2009	%	2010	%	2011	%	2007-2011	%
Global/regional grants													
	Amount	25.3	70.9	32.0	78.7	35.7	75.8	37.1	72.5	41.7	82.9	171.8	76.4
	Number of grants	43		46		70		54		68		281	
Country-specific grants													
<i>Stand-alone</i>	Amount	5	14.0	4.2	10.3	3.6	7.7	4.5	8.8	2.6	5.2	19.9	8.8
	Number of grants	19		13		16		16		5		69	
<i>Loan component</i>	Amount	3.9	10.9	4.3	10.7	6.6	14.2	6.0	11.7	4.6	9.1	25.4	11.3
	Number of grants	10		10		7		10		6		43	
Total country-specific	Amount	8.9	24.9	8.5	21.0	10.2	21.9	10.4	20.3	7.2	14.3	45.2	20.1
	Number of grants	29		23		23		26		11		112	
Other DSF grants													
	Amount	1.5	4.2	0.2	0.4	1.1	2.4	3.7	7.2	1.5	3.0	8	3.6
	Number of grants	5		1		6		8		4		24	
Total all windows	Amount	35.7	100.0	40.7	100.0	47.0	100	51.2	100	50.4	100	225.0	100
	Number of grants	77		70		99		88		83		417	

Source: Loans and Grants System and Grants Secretariat, Technical Advisory Division, Project and Portfolio Management System.

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

ORGANIZATION, MEMBERSHIP AND REPRESENTATION



Membership and representation

As of 31 December 2011, IFAD had a total membership of 167 countries – 23 in List A, 12 in List B and 132 in List C, of which 49 in Sub-List C1, 51 in Sub-List C2 and 32 in Sub-List C3.

List A

Austria
Belgium
Canada
Denmark
Finland
France
Germany
Greece
Hungary
Iceland
Ireland
Italy
Japan
Luxembourg
Netherlands
New Zealand
Norway
Portugal
Spain
Sweden
Switzerland
United Kingdom
United States

List B

Algeria
Gabon
Indonesia
Iran (Islamic Republic of)
Iraq
Kuwait
Libya
Nigeria
Qatar
Saudi Arabia
United Arab Emirates
Venezuela (Bolivarian Republic of)

List C

Sub-List C1 Africa

Angola
Benin
Botswana
Burkina Faso
Burundi
Cameroon

Cape Verde
Central African Republic
Chad
Comoros
Congo
Côte d'Ivoire
Democratic Republic of
the Congo
Djibouti
Egypt
Equatorial Guinea
Eritrea
Ethiopia
Gambia (The)
Ghana
Guinea
Guinea-Bissau

Kenya
Lesotho
Liberia
Madagascar
Malawi
Mali

Mauritania
Mauritius
Morocco
Mozambique
Namibia
Niger
Rwanda
Sao Tome and Principe
Senegal
Seychelles
Sierra Leone
Somalia
South Africa
Sudan

Sub-List C2 Europe, Asia and the Pacific

Afghanistan
Albania
Armenia
Azerbaijan
Bangladesh
Bhutan

Bosnia and Herzegovina
Cambodia
China
Cook Islands
Croatia
Cyprus
Democratic People's
Republic of Korea
Fiji
Georgia
India
Israel
Jordan
Kazakhstan
Kiribati
Kyrgyzstan
Lao People's Democratic
Republic
Lebanon
Malaysia
Maldives
Malta
Marshall Islands
Mongolia

Myanmar
Nepal
Niue
Oman
Pakistan
Papua New Guinea
Philippines
Republic of Korea
Republic of Moldova
Romania
Samoa
Solomon Islands
Sri Lanka
Syrian Arab Republic

Sub-List C3 Latin America and the Caribbean

Antigua and Barbuda
Argentina
Bahamas (The)
Barbados
Belize
Bolivia (Plurinational State
of)
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

Swaziland
Togo
Tunisia

Uganda
United Republic of
Tanzania
Zambia
Zimbabwe

Tajikistan
Thailand
The former Yugoslav
Republic of Macedonia
Timor-Leste
Tonga

Turkey
Uzbekistan
Viet Nam
Yemen

**LIST OF GOVERNORS AND ALTERNATE GOVERNORS OF IFAD MEMBER STATES
AS OF 31 DECEMBER 2011^{13, 14}**

Member	Governor	Alternate
AFGHANISTAN	Mohammad Musa Maroofi	Abdul Razak Ayazi
ALBANIA	Ridvan Bode	The Deputy Minister for Agriculture, Food and Consumer Protection
ALGERIA	Rachid Benaissa	Rachid Marif
ANGOLA	Afonso Pedro Canga	Manuel Pedro Pacavira (January 2011 - July 2011)
		-
		Florêncio Mariano da Conceição de Almeida (November 2011 -)
ANTIGUA AND BARBUDA	-	-
ARGENTINA	The Ambassador and Permanent Representative in Rome	María del Carmen Squeff (January 2011 - April 2011)
		-
ARMENIA	Sergo Karapetyan	Zohrab V. Malek
AUSTRIA	Edith Frauwallner	Klaus Oehler
AZERBAIJAN	Vaqif Sadiqov	-
BAHAMAS (THE)	Lawrence S. Cartwright	Paul Farquharson
BANGLADESH	Abul Maal Abdul Muhith	C. Q. K. Mustaq Ahmed
BARBADOS	-	-
BELGIUM	Jan de Bock (January 2011 - August 2011)	-
	-	
	Vincent Mertens de Wilmars (November 2011 -)	
BELIZE	-	-
BENIN	-	Abdoulaye Toko
BHUTAN	Pema Gyamtsho	Yeshey Dorji
BOLIVIA (PLURINATIONAL STATE OF)	Eduardo Ugarteche Paz Soldán (January 2011 - July 2011)	-
	-	
BOSNIA AND HERZEGOVINA	Branko Kesić	Vesna Njegić
BOTSWANA	Oreeditse Sola Molebatsi	L.P. Gakale
BRAZIL	Miriam Aparecida Belchior	Carlos Augusto Vidotto
BURKINA FASO	Lucien Marie Noël Bembamba	Léné Sebgo
BURUNDI	Clotilde Nizigama	Odette Kayitesi

¹³ At its Thirty-fourth Session on 19 and 20 February 2010, Her Excellency Clémentine Ananga Messina (Cameroon) served as chairperson of the Governing Council. His Excellency Jan de Bock (Belgium) and Her Excellency Gladys Francisca Urbaneja Durán (Bolivarian Republic of Venezuela) served as vice-chairpersons.

¹⁴ Dates in parentheses indicate when a Governor/Alternate Governor is appointed and when he or she steps down. Where no date is given, this indicates that the Governor/Alternate Governor was appointed before January 2011 and/or will continue to serve after December 2011.

CAMBODIA	Chan Sarun	-
CAMEROON	Clémentine Ananga Messina	Dominique Awono Essama
CANADA	Diane Jacovella	Michael Gort
CAPE VERDE	José Eduardo Barbosa	Maria Goretti Santos Lima (January 2011 - September 2011) Sónia Cristina Martins (September 2011 -)
CENTRAL AFRICAN REPUBLIC	Fidèle Gouandjika	David Banzokou
CHAD	Albert Pahimi Padacke (January 2011 - August 2011) Djimet Adoum (August 2011 -)	Oumar Chaibou
CHILE	Oscar Godoy Arcaya	Konrad Paulsen Rivas
CHINA	Li Yong	Zheng Xiaosong
COLOMBIA	The Ambassador and Permanent Representative in Rome Juan Manuel Prieto Montoya (February 2011 -)	Francisco José Coy Granados (January 2011 - April 2011) Beatriz Calvo Villegas (April 2011 -)
COMOROS	Idi Nadhoim (January 2011 - August 2011) Fouad Mohadji (August 2011 -)	- Mohamed Ali Soilihi (August 2011 -)
CONGO	Rigobert Maboundou	Mamadou Kamara Dekamo
COOK ISLANDS	-	-
COSTA RICA	-	Jorge Revollo Franco
CÔTE D'IVOIRE	Mamadou Sangafowo Coulibaly	-
CROATIA	Tomislav Vidosević	Ivo Resić
CUBA	Rodrigo Malmierca Díaz	Enrique Moret Echeverría
CYPRUS	George F. Poulides	Christina Pitta
DEMOCRATIC PEOPLE'S REPUBLIC OF KOREA	Kim Yong Suk	-
DEMOCRATIC REPUBLIC OF THE CONGO	Norbert Basengezi Katintima	Hubert Ali Ramazani
DENMARK	Tomas Anker Christensen	Susanne Rumohr Hækkerup (January 2011 - April 2011) Maj Hessel (May 2011 -)
DJIBOUTI	Abdoulkader Kamil Mohamed (January 2011 - June 2011) Mohamed Ahmed Awaleh (June 2011 -)	Mohamed Moussa Chehem (January 2011 - September 2011) -
DOMINICA	Matthew Walter	-
DOMINICAN REPUBLIC	Mario Arvelo Caamaño	-
ECUADOR	Carlos Vallejo López	Ramón Espinel (January 2011 - June 2011) Staynely Vera (June 2011 -)

EGYPT	Amin Ahmed Mohamed Othman Abaza (January 2011 - February 2011) - Salah Al-Sayed Youssef Farag (October 2011 - December 2011) Mohamed Reda Ismail (December 2011 -)	Ashraf Rashed (January 2011 - March 2011) Hssein Ihsan Hanafy El Atfy (June 2011 -)
EL SALVADOR	- Aida Luz Santos de Escobar (December 2011 -)	María Eulalia Jiménez Zepeda
EQUATORIAL GUINEA	Teodoro Nguema Obiang Mangue	Domingo Olomo Nve
ERITREA	Arefaine Berhe	Zemedede Tekle Woldetatos
ETHIOPIA	Tefera Derbew	Gessese Mulugeta Alemseged
FIJI	Mason Smith	-
FINLAND	Ritva Koukku-Ronde (January 2011 - August 2011) - Anne Sipiläinen (September 2011 -)	Pasi Hellman
FRANCE	Delphine D’Amarzit	-
GABON	Raymond Ndong Sima	Yolande Mbeng Bivigou
GAMBIA (THE)	Jatto Sillah	Kebba Satou Touray
GEORGIA	Bakur Kvezereli (January 2011 - October 2011) Zaza Gorozia (October 2011 -)	Konstantine Gabashvili
GERMANY	Friedel Eggelmeyer	Martin Dippl (April 2011 -)
GHANA	Kwesi Ahwoi	Evelyn Anita Stokes-Hayford
GREECE	Michael Cambanis	Nike Ekaterini Koutrakou
GRENADA	Michael Denis Lett	Stephen Fletcher
GUATEMALA	Alfredo Trinidad Velásquez	Ileana Rivera de Angotti
GUINEA	Jean Marc Telliano	El Hadj Thierno Mamadou Cellou Diallo (January 2011 - November 2011) -
GUINEA-BISSAU	-	-
GUYANA	Robert Montgomery Persaud	Dindyal Permaul
HAITI	Joanas Gué (January 2011 - November 2011) -	-
HONDURAS	Jacobo Regalado Weizemblut	Nehemías Martínez
HUNGARY	-	-
ICELAND	Jón Erlingur Jónasson	Hermann Örn Ingólfsson
INDIA	Pranab Mukherjee	Loretta M. Vas (January 2011 - July 2011) -
INDONESIA	Mulia Panusunan Nasution	Lukito Dinarsyah Tuwo

IRAN (ISLAMIC REPUBLIC OF)	Mahmoud Barimani	-
IRAQ	Izuldine Aldawla	Hassan Janabi
IRELAND	Patrick Paul Hennessy	Jarlath O'Connor
ISRAEL	-	-
ITALY	-	-
	Luigi Casero (February 2011 - November 2011)	
	-	
JAMAICA	-	-
JAPAN	Hiroyasu Ando (January 2011 - May 2011)	Daikichi Monma (January 2011 - December 2011)
	-	Naoko Ishii (December 2011 -)
	Masaharu Kohno (June 2011 -)	
JORDAN	Jaafar Hassan	Radi Al-Tarawneh
KAZAKHSTAN	-	-
KENYA	Sally Kosgei	Josephine Wangari Gaita
KIRIBATI	Amberoti Nikora	Tarsu Murdoch
KUWAIT	Mustafa Jasem al-Shamali	Abdulwahab Ahmed Al-Bader
KYRGYZSTAN	-	Melis Mambetjanov
LAO PEOPLE'S DEMOCRATIC REPUBLIC	Somdy Douangdy (January 2011 - August 2011)	-
	Phouphet Khamphounvong (September 2011 -)	
LEBANON	Gloria Abouzeid	Rania Khalil Zarzour
LESOTHO	Ralechate Lincoln Mokose	Mathoriso Molumeli
LIBERIA	Florence Chenoweth	Peter Korvah
LIBYA	Abdulmajid M. Elgaoud (January 2011 - May 2011)	Fatih Alseddek Beram (January 2011 - September 2011)
	-	-
LUXEMBOURG	Marie-Josée Jacobs	Anouk Agnès
MADAGASCAR	Jaonina Mamitiana Juscelyno (January 2011 - June 2011)	Jean-Pierre Razafy-Andriamihaingo
	Vyvato Rakotovao (June 2011 - December 2011)	
	Ravatomanga Rolland (December 2011 -)	
MALAWI	Margaret Roka Mauwa	Andrew Timothy Daudi
MALAYSIA	-	Ramli Naam (January 2011 - September 2011)
		-
MALDIVES	Ibrahim Didi	Ahmed Assadh
MALI	Aghatam Ag Alhassane	Gaoussou Drabo
MALTA	Walter Balzan (January 2011 - October 2011)	Ritienne Bonavia
	-	

MARSHALL ISLANDS	-	-
MAURITANIA	Sidi Ould Tah	Aly Ould Haiba (January 2011 - December 2011)
MAURITIUS	Satya Veyash Faugoo	Moheenee Nathoo
MEXICO	Jorge Eduardo Chen Charpentier (January 2011 - August 2011) Miguel Ruiz Cabañas Izquierdo (September 2011 -)	Diego Alonso Simancas Gutiérrez (January 2011 - August 2011) -
MONGOLIA	Badamjunai Tunjin	Enkhsaikhan Jargalsaikhan
MOROCCO	Moha Marghi	Ali Lamrani
MOZAMBIQUE	Aiuba Cuereneia	Ernesto Gouveia Gove
MYANMAR	-	Maran Ja Taung
NAMIBIA	John Mutorwa	Henry Isak Amalovu Katali (January 2011 - February 2011) Petrus N. Ilonga (February 2011 -)
NEPAL	Mrigendra Kumar Singh Yadav (January 2011 - July 2011) Hari Narayan Yadav (July 2011 - November 2011) Nandan Kumar Datta (November 2011 -)	Braja Kishor Prasad Shah (January 2011 - November 2011) Nathu Prasad Chaudhary (November 2011 -)
NETHERLANDS	Ben Knapen	A. M. Agnes van Ardenne-van der Hoeven (January 2011 - July 2011) Gerda Verburg (July 2011 -)
NEW ZEALAND	Douglas Frederick Lawrence Markes (January 2011 - February 2011) Trevor Donald Matheson (February 2011 - December 2011)	Catherine Rae McGregor
NICARAGUA	Mónica Robelo Raffone	-
NIGER	-	Mireille Fatouma Ausseil (January 2011 - November 2011) -
NIGERIA	Sheikh Ahmed Abdullah (January 2011 - July 2011) - Akinwumi A. Adesina (November 2011 -)	Olusegun Olutoyin Aganga (January 2011 - July 2011) - Yerima Lawan Ngama (November 2011 -)
NIUE	-	-
NORWAY	Henrik Harboe (January 2011 - October 2011) -	Ingrid Glad
OMAN	Isshaq Al-Roqqeishy	Said Nasser Al-Harthy

PAKISTAN	Nazar Muhammad Gondal <i>(January 2011 - March 2011)</i> Mir Israrullah Zehri <i>(March 2011 - October 2011)</i> -	Sibtain Fazal Halim <i>(January 2011 - June 2011)</i> Abdul Wajid Rana <i>(June 2011 -)</i>
PANAMA	Alberto Vallarino Clément <i>(January 2011 - October 2011)</i> Frank George De Lima Gercich <i>(October 2011 -)</i>	Guido Juvenal Martinelli Della Togna <i>(January 2011 - June 2011)</i> Gerardo Enrique Vega Berrio <i>(June 2011 -)</i> -
PAPUA NEW GUINEA	Peter O'Neill	-
PARAGUAY	Dionisio Borda	Manuel Vidal Caballero Giménez
PERU	José Jesús Guillermo Betancourt Rivera <i>(January 2011 - August 2011)</i> César Rolando Castillo Ramírez <i>(August 2011 -)</i>	Manuel Antonio Álvarez Espinal <i>(January 2011 - August 2011)</i> -
PHILIPPINES	Cesar V. Purisima	-
PORTUGAL	José António de Sousa Canha <i>(January 2011 - November 2011)</i> -	Renata Mesquita
QATAR	Abdullah bin Mubarak bin Aaboud al- Midhadhi	Soltan Saad S.K. Al-Moraikhi
REPUBLIC OF KOREA	Kim Young-Seok	Park Sujin
REPUBLIC OF MOLDOVA	Vasile Bumacov <i>(January 2011 - July 2011)</i> -	Elena Matveeva
	Viorel Gutu <i>(December 2011 -)</i>	
ROMANIA	Danut Apetrei <i>(January 2011 - March 2011)</i> Adrian Radulescu <i>(March 2011 -)</i>	Razvan Victor Rusu
RWANDA	Agnes Matilda Kalibata	
SAINT KITTS AND NEVIS	-	-
SAINT LUCIA	Ezechiel Joseph	Hurbert Emmanuel
SAINT VINCENT AND THE GRENADINES	-	-
SAMOA	Niko Lee Hang	Taua Tavaga Kitiona Seuala
SAO TOME AND PRINCIPE	-	Carlos Gustavo dos Anjos
SAUDI ARABIA	Fahad bin Abdulrahman Balghunaim	Hamad Sulaiman A. Al Bazai <i>(January 2011 - February 2011)</i> Sulaiman al-Turki <i>(February 2011 -)</i>
SENEGAL	Khadim Gueye	Papa Cheikh Saadibou Fall
SEYCHELLES	-	-
SIERRA LEONE	Joseph Sam Sesay	Jongopie Siaka Stevens
SOLOMON ISLANDS	-	-

SOMALIA	Yousuf Moallim Amin (January 2011 - November 2011) Abdullahi Haji Hassan (November 2011 -)	Ibrahim Hagi Abdulkadir
SOUTH AFRICA	Thenjiwe Ethel Mtintso	Langa Zita (April 2011 -) -
SPAIN	Luis Calvo Merino (January 2011 - September 2011) - Alfonso Lucini Mateo (December 2011 -)	Vera Cruz Soler del Campo (January 2011 - August 2011) -
SRI LANKA	Hemantha Warnakulasuriya (January 2011 - December 2011) John Asitha Ivon Perera (December 2011 -)	Saman Udagedara (January 2011 - February 2011) Gothami Indikadahena (February 2011 -)
SUDAN	Abdel Halim Ismail Al Mutaafi	Ahmed Magdoub Ahmed
SURINAME	Jaswant Sahtoe	-
SWAZILAND	Clement N. Dlamini	Bongani Masuku
SWEDEN	Joakim Stymne (January 2011 - April 2011) - Hanna Hellquist (June 2011 -)	Per Örnéus
SWITZERLAND	Pio Wennubst (January 2011 - August 2011) Michel Mordasini (August 2011 -)	Raymund Furrer
SYRIAN ARAB REPUBLIC	Adel Safar (January 2011 - September 2011) Riyad Farid Hijab (September 2011 -)	Hassan Al-Ahmad (January 2011 - September 2011) Amer Husni Lutfi (September 2011 -)
TAJIKISTAN	Sulton Valiev	-
THAILAND	Chalernporn Phirunsarn (January 2011 - November 2011) Supatra Thanaseniwat (November 2011 -)	Tritaporn Khomapat
THE FORMER YUGOSLAV REPUBLIC OF MACEDONIA	-	-
TIMOR-LESTE	Mariano Assanami Sabino	-
TOGO	Kossi Messan Ewovor	Akla-Esso M'Baw Arokoum
TONGA	Sione Ngongo Kioa	-
TRINIDAD AND TOBAGO	-	-
TUNISIA	Mohamed Nouri Jouini (January 2011 - July 2011) Abdelhamid Triki (July 2011 -)	-

TURKEY	- Mehmet Mehdi Eker (April 2011 -)	Hakki Akil (April 2011 -)
UGANDA	Syda N.M. Bbumba (January 2011 - June 2011) Maria Kiwanuka (June 2011 -)	-
UNITED ARAB EMIRATES	Obeid Humaid Al Tayer	Maryam Hassan Al Shanasi
UNITED KINGDOM	Jim Harvey	Elizabeth Nasskau
UNITED REPUBLIC OF TANZANIA	Jumanne Maghembe	Wilfred J. Ngirwa
UNITED STATES	Timothy F. Geithner	Daniel S. Sullivan
URUGUAY	Gustavo Aníbal Álvarez Goyoaga	-
UZBEKISTAN	- Jakhongir Ganiev (May 2011 -)	Yashin Khidirov (May 2011 -)
VENEZUELA (BOLIVARIAN REPUBLIC OF)	- Edmée Betancourt de García (October 2011 -)	Gladys Francisca Urbaneja Durán
VIET NAM	Tran Xuan Ha (January 2011 - May 2011) Truong Chi Trung (May 2011 -)	Nguyen Thanh Do
YEMEN	Mansour Ahmed Al-Hawshabi	Khalid Abdulrahman Al-Akwa
ZAMBIA	-	-
ZIMBABWE	Joseph M. Made	Secretary for Agriculture

LIST OF EXECUTIVE BOARD REPRESENTATIVES

As of 31 December 2011¹⁵

MEMBER

ALTERNATE MEMBER

List A

CANADA	Ann Adair Heuchan	IRELAND	Jarlath O'Connor
FRANCE	Raphaëlle Simeoni <i>(January 2011 - March 2011)</i> -	BELGIUM	Martine Van Dooren
GERMANY	Heike Kuhn <i>(January 2011 - September 2011)</i> - Michael Bauer <i>(November 2011 -)</i>	LUXEMBOURG	- Richard Philippart <i>(May 2011 -)</i>
ITALY	Giorgio Leccesi <i>(January 2011 - July 2011)</i> Stefania Bazzoni <i>(July 2011 -)</i>	AUSTRIA	Klaus Oehler
JAPAN	Kazumasa Shioya <i>(January 2011 - July 2011)</i> - Hideya Yamada <i>(September 2011 -)</i>	DENMARK	Maj Hessel
NETHERLANDS	A. M. Agnes van Ardenne-van der Hoeven <i>(January 2011 - July 2011)</i> Ronald Elkhuisen <i>(July 2011 -)</i>	UNITED KINGDOM	Elizabeth Nasskau
SWEDEN	Amalia Garcia-Thörn	NORWAY	Arne B. Hønningstad <i>(January 2011 - August 2011)</i> - Jostein Leiro <i>(October 2011 -)</i>
UNITED STATES	Karen Mathiasen	SPAIN	Vera Cruz Soler del Campo <i>(January 2011 - August 2011)</i> - Francisco Capote <i>(December 2011 -)</i>

List B

KUWAIT	Hesham I. Al-Waqayan	UNITED ARAB EMIRATES	Nadia Sultan Abdullah
NIGERIA	Yaya O. Olaniran	QATAR	Soltan Saad S.K. Al-Moraikhi

¹⁵ Dates in parentheses indicate when a Representative is appointed and when he or she steps down. Where no date is given, this indicates that the Representative was appointed before January 2011 and/or will continue to serve after December 2011.

SAUDI ARABIA Bandar Bin Abdel Mohsin Al-Shalhoob

**VENEZUELA
(BOLIVARIAN
REPUBLIC OF)** -
Beatriz Bolívar
(October 2011 -)

INDONESIA Hari Priyono

ALGERIA Mohamed Larbi Ghanem
(January 2011 - July 2011)
Mohamed Bouzerde
(July 2011 - December 2011)
Nourdine Lasmi
(December 2011 -)

List C

Sub-List C1

BURKINA FASO Jacques Zida
CAMEROON Médi MOUNGUI

ANGOLA -
EGYPT Essam Othman Fayed

Sub-List C2

CHINA Wang Zhongjing
(January 2011 - April 2011)
Wu Jinkang
(April 2011 -)

INDIA Loretta M. Vas

BANGLADESH Sultana Afroz
(March 2011 -)

CYPRUS -
Christina Pitta
(April 2011 -)

Sub-List C3

BRAZIL Carlos Eduardo Lampert Costa
(January 2011 - March 2011)

ARGENTINA María del Carmen Squeff
(January 2011 - March 2011)

MEXICO Jorge Eduardo Chen Charpentier
(January 2011 - August 2011)

GUATEMALA Alfredo Trinidad Velásquez

-
Miguel Ruiz Cabañas Izquierdo
(September 2011 -)

-
Gustavo O. Infante
(October 2011 -)

PUBLICATIONS IN 2011¹⁶

This is a list of selected publications. Technical publications and papers focus on specialized topics, make an original contribution to the issues concerned and are published by IFAD. Publications issued by the IFAD Independent Office of Evaluation give impartial assessments of our results. Also included are policy publications; technical papers, journal articles and materials written by staff and published outside IFAD; and selected external publications with IFAD involvement.

Finally, we include links to some of our communication materials. This section gives a sample of the different kinds of public information and advocacy materials we produce to raise awareness of IFAD's impact and key areas of work.

Technical publications and papers

Agriculture

- Agriculture – Pathways to Prosperity in Asia and the Pacific
- Smallholder Conservation Agriculture: Rationale for IFAD Involvement and Relevance to the East and Southern Africa Region

Climate change

- Preparación jurídica para el cambio climático y el fomento al desarrollo rural en México – IFAD, IDLO (Spanish)

Guidelines

- IFAD Guidelines for Disaster Early Recovery (Arabic, English, French and Spanish)

Indigenous peoples

- IPAF Small Projects Desk Review: Analysis of the performance of the small projects financed in 2007 and 2008 through the Indigenous Peoples Assistance Facility

Knowledge-sharing

- Building and Operating a Mini-Hatchery: Sand Method

Land

- The Issue of Land in Argentina: Conflicts and Dynamics of Use, Holdings and Concentration (English and Spanish)

Participatory planning

- Evaluating the Impact of Participatory Mapping Activities
- IFAD and OIC Member States: Working Together to Eradicate Poverty (Arabic and English)

Rural finance

- Technical Brief: Outgrower Schemes – Enhancing Profitability (with TechnoServe)

Rural young people

- Investing in the Future: Creating Opportunities for Young Rural People
- Feeding Future Generations: Young Rural People Today – Prosperous, Productive Farmers Tomorrow. Proceedings of the Governing Council High-Level Panel and Side Events in conjunction with the Thirty-fourth Session of IFAD's Governing Council

Weather insurance

- Weather Index-Based Insurance in Agricultural Development: A Technical Guide

¹⁶ All publications are in the title language, unless otherwise indicated.

IFAD occasional papers

- No. 2: Responding to 'Land Grabbing' and Promoting Responsible Investment in Agriculture (Arabic, English, French and Spanish)

Regional occasional papers

- No. 12: Policy Responses to the Food Price Crisis and Their Implications: The Case of Four Greater Mekong Subregion Countries
- No. 13: Women's Empowerment and Microfinance: An Asian Perspective Study
- No. 14: Role of Agriculture in Achieving MDG1 in the Asia and the Pacific Region

IFAD viewpoints

- Smallholders Can Feed the World (Arabic, English, French and Spanish)
- Putting Young People First: Creating Opportunities in Rural Areas for Young Women and Men (English, French and Spanish)

IFAD Independent Office of Evaluation publications

- Annual Report on Results and Impact of IFAD Operations (ARRI) Evaluated in 2010 (Arabic, English, French and Spanish)
- 2011 IFAD Evaluation Policy
- IFAD's Private-Sector Development and Partnership Strategy: Corporate-level Evaluation

Country programme evaluations

- Kenya
- Niger (English and French)

Programme and project evaluations

- Brazil: Sustainable Development Project for Agrarian Reform Settlements in the Semi-Arid North-East (Dom Hélder Câmara Project) – (English and Portuguese)
- Dominican Republic: South-Western Region Small Farmers Project, Phase II (English and Spanish)
- Ethiopia: Rural Financial Intermediation Programme
- Ghana: Rural Enterprises Project, Phase II
- Lao People's Democratic Republic: Oudomxai Community Initiatives Support Project
- Mauritania: Poverty Reduction Project in Aftout South and Karakoro (English and French)
- Rwanda: Smallholder Cash and Export Crops Development Project
- Uganda: Vegetable Oil Development Project
- United Republic of Tanzania: Rural Financial Services Programme and Agricultural Marketing Systems Development Programme

Project performance assessments

- Jordan: Yarmouk Agricultural Resources Development Project
- Viet Nam: Rural Income Diversification Project in Tuyen Quang Province

Policy publications

- IFAD Strategic Framework 2011-2015 (Arabic, English, French and Spanish)
- IFAD Environment and Natural Resource Management Policy: Resilient Livelihoods Through Sustainable Use of Natural Assets (Arabic, English, French and Spanish)

Periodical articles and other materials published by IFAD authors

- Cooke, R. 2011. Investing in Agricultural Research and Agricultural Biotechnologies. In *Biotechnologies for Agricultural Development*. Rome: Food and Agriculture Organization of the United Nations (FAO).
- Cooke, R., and V. Raswant. 2011. Biofuels, Rural Development and Food Security. In *Africa Energy Yearbook 2011*. Kingston upon Thames, United Kingdom: EnergyNet Limited.
- Delaney S., G. Livingston, and S. Schonberger. 2011. Right Place, Right Time: Increasing the Effectiveness of Agricultural Development Support in Sub-Saharan Africa. *South African Journal of International Affairs* 18(3): 341-365.
- Durand, J.M., S. Jonckheer, H. Liversage, and P. Mathieu. 2011. Evaluation institutionnelle de la réforme foncière à Madagascar. IFAD-FAO mission report.
- Heinemann, E. 2011. TVET, Agricultural Development and Rural Poverty Reduction. *Norrad News Online* 46: 61-64.
- Joemat-Pettersson T., and K.F. Nwanze. Small Farmers can Energize Rural Economies. *Mail & Guardian*, 29 April 2011.
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- Nwanze K.F. Smallholders Play Fundamental Role as Business Partners in Feeding the World. World Economic Forum, Davos, 26 January 2011.
- _____. Positive News for World's Poor. *The Canberra Times*, 4 April 2011.
- _____. 2011. The Importance of Vibrant Rural Economies. In *The G8 Deauville Summit: New World, New Ideas*. London/Washington: Newsdesk Media Group; Toronto: Munk School of Global Affairs.
- _____. 2011. Foreword. In *Agribusiness for Africa's Prosperity*. Vienna: United Nations Industrial Development Organization (UNIDO).
- _____. Fight Hunger: Invest in Agriculture and Rural Enterprise. In *Network Review*, Parliamentary Network on the World Bank (PNWB), No. 10, September 2011.
- _____. 2011. Advancing Agriculture for Development. In *The G20 Cannes Summit 2011: A New Way Forward*. London/Washington: Newsdesk Media Group; Toronto: Munk School of Global Affairs.
- _____. Food Security, Now and Tomorrow. In *Dialogue*, Alliance against Hunger and Malnutrition, No. 04, December 2011.
- Nwanze K.F., and M.S. Swaminathan. Let's Make Climate Change Talks Inclusive. *The Hindu*, 13 November 2011.
<http://www.thehindu.com/opinion/lead/article2624715.ece>.

Nwanze K.F., G. Thapa, and A. Seth. 2011. *A Food Secure World: Challenging Choices for Our North with Opportunities for the South – Food Security and Sustainability in the Tropics*. Keynote paper for the Crawford Fund State Parliamentary Conference on 'A Food Secure World: Challenging Choices for Our North with Opportunities for the South', 6 April, Brisbane, Australia.

Rahman, A. 2011. Potential of Remittances for Rural Development: IFAD Approaches and Experiences. *ICIMOD Labour Migration*, Summer 2011, 59: 35-37.

Thapa G., and R. Gaiha. 2011. *Smallholder Farming in Asia and the Pacific: Challenges and Opportunities*. Paper presented at the IFAD Conference on New Directions for Smallholder Agriculture, 24-25 January, IFAD, Rome.

External publications with IFAD involvement

- Agritrade 2011: Programa de encadenamientos empresariales. Fifteenth edition of the Agritrade Expo and Conference, 17-18 March, Antigua, Guatemala.
- Broadening Coherence and Collaboration for Rural Development through Employment and Decent Work. Expert and Inter-agency Technical Meeting, 14-15 November, Rome. International Labour Organization.
- Enhancing Market Transparency. Agricultural Market Information System (AMIS), <http://www.fao.org/fileadmin/templates/worldfood/images/AMIS.PDF>.
- Food in Africa/Nourriture en Afrique. A collection of stories and photographs from ten Francophone African photographers depicted the issue of food security across the continent as part of Imagine l'Afrique, a World Press Photo training programme in partnership with IFAD. World Press Photo/IFAD.
- Global Drylands: A UN System-Wide Response. United Nations Environment Management Group, http://www.unemg.org/Portals/27/Documents/IMG/LAND/report/Global_Drylands_Full_Report.pdf.
- Good Practices in Building Innovative Rural Institutions to Increase Food Security. Rome: Food and Agriculture Organization of the United Nations (FAO).
- Leveraging Migration for Africa: Remittances, Skills and Investments. World Bank/African Development Bank joint publication.
- Price Volatility in Food and Agricultural Markets: Policy Responses. Policy report coordinated by FAO and the Organisation for Economic Co-operation and Development (OECD).
- Pro-poor Value Chain Development: 25 Guiding Questions for Designing and Implementing Agroindustry Projects. United Nations Industrial Development Organization/Danish Institute of International Studies.
- Re-examination of Supply Response to Changes in Food Commodity Prices in Asian Countries. Economics Discussion Paper Series EDP-1113, University of Manchester, United Kingdom.
- Role of Agriculture in Achieving MDG 1 in Asia and the Pacific Region. Discussion Paper Series DP2011-01, Research Institute for Economics and Business Administration, Kobe University, Japan.
- Save and Grow: A Policymaker's Guide to the Sustainable Intensification of Smallholder Crop Production. Rome: FAO.

- Subsidies as an Instrument in Agriculture Finance: A Review. Federal Ministry for Economic Cooperation and Development (BMZ), FAO, Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), IFAD, United Nations Capital Development Fund (UNCDF) and World Bank joint discussion paper.
- Transforming Lives Transforming Landscapes. In *The Business of Sustainable Water Buffer Management*. 3R Water Secretariat, The Netherlands.
- Value Chain Development: Approaches and Activities by Seven UN Agencies and Opportunities for Interagency Cooperation. Geneva: International Labour Office.

Communication materials

IFAD also produces a wide range of public information and advocacy materials.

The **Image bank** shows the many faces of rural life in the developing world.

<http://photos.ifad.org/asset-bank/action/viewHome>.

The **Newsroom** issues the latest releases on our work.

<http://www.ifad.org/media/index.htm>.

Regional electronic newsletters report from the five IFAD regions:

- FIDAction in West and Central Africa (English and French)
<http://www.ifad.org/operations/projects/regions/pa/newsletter.htm>.
- Progress in East and Southern Africa (English, French and Portuguese)
<http://www.ifad.org/operations/projects/regions/pf/newsletter.htm>.
- Making a Difference in Asia and the Pacific
<http://www.ifad.org/operations/projects/regions/pi/newsletter.htm>.
- Rural Echoes in the Near East and North Africa (Arabic and English)
<http://www.ifad.org/operations/projects/regions/pn/newsletters.htm>.
- Rural Perspectives: Sharing Experiences from Latin America and the Caribbean (English and Spanish)
<http://www.ifad.org/operations/projects/regions/pl/newsletter.htm>.

The IFAD **Social reporting blog** provides updates with events and developments taking place in the field and at headquarters.

<http://ifad-un.blogspot.com/>

Stories from the field feature successful projects with a human face.

<http://www.ifad.org/story/index.htm>.

Factsheets provide pertinent information on development issues, countries and regions around the globe. <http://www.ifad.org/pub/factsheet/index.htm>.

Our videos document successes and challenges from activities we support around the world. <http://www.ifad.org/video/index.htm>.

And there is more on our **Documents and publications** web page.

<http://www.ifad.org/pub/index.htm>.

For information on our publications issued in the field, see link:

<http://www.ifad.org/contacts.htm#country>.

Consolidated financial statements

For the year ended 31 December 2011*

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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 105th session of the Executive Board in April 2012 for further submission to the thirty-sixth session of the Governing Council for approval in accordance with regulation XII(6) of the Financial Regulations of IFAD.

Consolidated statement of comprehensive income

For the years ended 31 December 2011 and 2010 (Thousands of United States dollars)

	2011	2010
Revenues		
Income from loans	54 964	50 668
Income from cash and investments (note 17)	110 838	85 448
Income from other sources (note 18)	13 535	10 035
Income from contributions (note 19)	133 541	142 873
Total revenues	312 878	289 024
Operating expenses (note 20)		
Staff salaries and benefits (note 21)	(94 561)	(80 820)
Office and general expenses	(38 311)	(34 343)
Consultants and other non-staff costs	(40 035)	(39 410)
Cooperating institutions	(3 173)	(3 151)
Direct bank and investment costs (note 24)	(3 715)	(4 355)
Subtotal operating expenses	(179 795)	(162 092)
Loan interest expenditures	(6 060)	(13)
Reversal of allowance for loan impairment losses (note 9(a))	12 060	2 187
Debt Initiative for HIPC income/(expenses) (note 26)	56 445	(25 127)
Grant expenses (note 22)	(178 826)	(172 583)
DSF expenses (note 23)	(76 331)	(39 378)
Depreciation (note 8)	(910)	(615)
Total expenses	(373 417)	(397 608)
(Deficit)/Excess revenue over expenses before fair value adjustments	(60 539)	(108 584)
Adjustment for changes in fair value (note 25)	(35 666)	28 274
(Deficit)/Excess revenue over expenses	(96 205)	(80 310)
Other comprehensive income/(loss):		
Losses from currency exchange movements (note 16)	(69 150)	(43 342)
Change in provision for After-Service Medical Coverage Scheme (ASMCS) benefits (note 21)	7 955	10 600
Total other comprehensive income/(loss)	(61 195)	(32 742)
Total comprehensive income/(loss)	(157 400)	(113 052)

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

IFAD-only statement of comprehensive income

For the years ended 31 December 2011 and 2010 Thousands of United States dollars)

	2011	2010
Revenues		
Income from loans	54 964	50 667
Income from cash and investments (note 17)	97 979	84 271
Income from other sources (note 18)	15 283	14 412
Income from contributions (note 19)	1 216	24
Total revenues	169 442	149 374
Operating expenses (note 20)		
Staff salaries and benefits (note 21)	(90 691)	(77 880)
Office and general expenses	(35 746)	(32 404)
Consultants and other non-staff costs	(36 282)	(34 496)
Cooperating institutions	(2 070)	(2 377)
Direct bank and investment costs	(3 616)	(4 288)
Subtotal operating expenses	(168 405)	(151 445)
Reversal of allowance for loan impairment losses (note 9(a))	12 060	2 187
Debt Initiative for HIPC income /(expenses) (note 26)	56 445	(25 127)
Grant expenses (note 22)	(59 017)	(43 337)
DSF expenses (note 23)	(76 331)	(39 378)
Depreciation (note 8)	(910)	(615)
Total expenses	(236 158)	(257 715)
(Deficit)/Excess revenue over expenses before fair value adjustments	(66 716)	(108 341)
Adjustment for changes in fair value (note 25)	(33 726)	27 103
(Deficit)/Excess revenue over expenses	(100 442)	(81 238)
Other comprehensive income/(loss):		
Losses from currency exchange movements	(64 516)	(34 728)
Change in provision for After-Service Medical Coverage Scheme (ASMCS) benefits (note 21)	7 955	10 600
Total other comprehensive income/(loss)	(56 561)	(24 128)
Total comprehensive income/(loss)	(157 003)	(105 366)

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

Consolidated statement of changes in retained earnings

For the years ended 31 December 2011 and 2010 (Thousands of United States dollars)

	<i>Total retained earnings</i>
Retained earnings as at 31 December 2009	999 802
(Deficit)/Excess revenue over expenses	(80 310)
Total other comprehensive income/(loss)	(32 742)
Retained earnings as at 31 December 2010	886 750
(Deficit)/Excess revenue over expenses	(96 205)
Total other comprehensive income/(loss)	(61 195)
Retained earnings as at 31 December 2011	729 350

IFAD-only statement of changes in retained earnings

For the years ended 31 December 2011 and 2010 (Thousands of United States dollars)

	<i>Total retained earnings</i>
Retained earnings as at 31 December 2009	977 216
(Deficit)/Excess revenue over expenses	(81 238)
Total other comprehensive income/(loss)	(24 128)
Retained earnings as at 31 December 2010	871 850
(Deficit)/Excess revenue over expenses	(100 442)
Total other comprehensive income/(loss)	(56 561)
Retained earnings as at 31 December 2011	714 847

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

Consolidated cash-flow statement

For the years ended 31 December 2011 and 2010 (Thousands of United States dollars)

	2011	2010
Cash flows from operating activities		
Interest received from loans	52 600	54 938
Receipts for non-replenishment contributions	163 193	71 886
Miscellaneous (payments)/receipts	25 465	(27 072)
Payments for operating expenses and other payments	(174 963)	(156 996)
Grant disbursements (IFAD)	(42 244)	(39 873)
Grant disbursements (supplementary funds)	(88 759)	(92 175)
DSF project disbursements	(76 331)	(39 378)
Transfer to restricted cash	(1)	(451)
Net cash flows generated from operating activities	(141 040)	(229 121)
Cash flows from investing activities		
Loan disbursements	(549 682)	(457 577)
Loan principal repayments	234 996	219 708
New HTM investments	(424 329)	0
Receipts from /(payments for) investments	57 509	74 880
Net cash used in investing activities	(681 506)	(162 989)
Cash flows from financing activities		
Receipts for replenishment contributions	356 319	320 493
Receipts for trust fund borrowing	(13)	383 013
Net cash used in financing activities	356 306	703 506
Effects of exchange rate movements on cash and cash equivalents	(16 964)	8 892
Net (decrease)/increase in unrestricted cash and cash equivalents	(483 204)	320 288
Unrestricted cash and cash equivalents at beginning of year	2 825 260	2 504 972
Unrestricted cash and cash equivalents at end of year	2 342 056	2 825 260
COMPOSED OF:		
Unrestricted cash	389 764	715 856
Unrestricted investments excluding held-to-maturity and payables control accounts	1 952 292	2 109 404
Cash and cash equivalents at end of year	2 342 056	2 825 260

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

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 certain financial assets 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 the 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.

(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)
- IFAD Fund for Gaza and the West Bank (FGWB)
- Other supplementary funds, including technical assistance grants, cofinancing, associate professional officers (APOs) and programmatic and thematic supplementary funds; the Belgian Fund for Food Security Joint Programme (BFFS.JP); and the Global Environment Facility (GEF)
- IFAD's Trust Fund for the Heavily Indebted Poor Countries (HIPC) Debt Initiative

- IFAD's After-Service Medical Coverage Scheme (ASMCS) Trust Fund
- Administrative account for Haiti Debt Relief Initiative (Haiti Debt Relief Initiative)
- Spanish Food Security Cofinancing Facility Trust Fund (Spanish 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 among these entities have been eliminated. Additional financial data for funds are drawn up as and when requested to meet specific donor requirements.

The BFFS.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. BFFS.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), the High Level Task Force (HLTF) on the Global Food Security Crisis 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. 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 recognized in the statement of comprehensive income.

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 and revenue and expenditures are translated at the closing rate.
- All resulting exchange differences are recognized as a separate component of equity.

(d) Measurement of financial assets and liabilities**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, which 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, 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

Appendix D

including promissory notes, have been recorded in the balance sheet at their fair value in accordance with IAS39, at level 2 (see note 3).

(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 overcommitment risk as a result of exchange rate fluctuations and possible delinquencies in the 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 overcommitment as a result of a decrease 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. 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 or enters into force when conditions precedent to effectiveness or entry into force have been fulfilled. Upon signature, disbursement may commence.

All IFAD 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 hardened 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 twenty (20) years, including a grace period of ten (10) years; (c) 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; (d) 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; and (e) 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) Heavily Indebted Poor Countries (HIPC) Debt Initiative

IFAD participates in the International Monetary Fund/World Bank original and enhanced HIPC Debt Initiative 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.

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 the accumulated allowance for the HIPC Debt Initiative, and as a charge to the HIPC Debt Initiative expenses in the statement of comprehensive income. The assumptions underlying these estimates are subject to periodic revision. Significant judgement has been used in the computation of the estimated 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 based on net present value calculation of their future debt relief flows.

(iv) Measurement of loans

In accordance with IAS39, loans are initially recognized at fair value on day one (full disbursement of the loan to the borrower) 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 because of the very low probability of default experienced by IFAD on its loan portfolio. 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. This fair value evaluation technique falls within level 2 (see note 3).

(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

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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 followed that adopts a method similar to the benchmark used for the provisioning of Member States' contributions. This means that an allowance shall be made on loan instalments overdue by more than 24 months. 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 (fair value at level 1, see note 3). 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 these derivative instruments are recognized immediately in the statement of comprehensive income.

(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, BFFS.JP and other supplementary funds are recorded in the balance sheet as deferred revenues and are recorded as revenue by the amount of project-related expenses in the statement of comprehensive income. 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 (fair value at level 2, see note 3). Following the approval by the Executive Board of the revisions to the General Conditions for Agricultural Development Financing (April 2009), grants become effective on entry into force when a recipient has the right to incur eligible expenditures.

Cancellations of undisbursed balances are recognized as an offset to the expense in the period in which they occur.

(j) Debt Sustainability Framework (DSF)

Under the DSF, countries eligible for highly concessional lending receive financial assistance on a grant rather than a loan basis. Principal amounts forgone by IFAD are expected to be compensated on a pay-as-you-go basis (according to the underlying loan amortization schedule) by the Member State, while the interest is relinquished. Principal compensation will be negotiated during future replenishment consultations. DSF financing is subject to IFAD's General Conditions for Agricultural Development Financing. DSF projects are implemented over an extended time horizon and its financing is recognized as expenditure in the statement of comprehensive income in the period in which conditions for the release of funds to the recipient are met.

(k) Borrowing under Spanish Food Security Cofinancing Facility Trust Fund

The Spanish Trust Fund was established in 2010. On 31 December 2010, it received EUR 285.5 million (US\$383.0 million) from Spain on a loan basis. This liability is accounted at fair value, level 2 (see note 3). The funds will be used to provide loans to IFAD borrowers in accordance with IFAD procedures (with the exception of DSF countries).

Repayments by the Trust Fund will be aligned to the loan repayments received from borrowing countries over 45 years, with a five-year grace period. The interest rate to be paid to Spain will be a variable 12-month Euribor rate. The interest will be paid to Spain by 15 January each year and is accounted on an accrual basis.

The liquidity available in the Spanish Trust Fund will be invested according to an investment policy that ensures that disbursement needs are met while generating adequate risk-adjusted return.

The excess investment income will be kept in a reserve account that will allow IFAD to manage risks.

In the event that it is determined that the Spanish Trust Fund lacks sufficient resources to meet its payment obligations, Spain will provide additional funds.

(l) 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 Fund 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

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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 comprehensive income 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 neither 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 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.

(m) 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.

(n) 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.

(o) Revenue recognition

Service charge income and income from other sources are recognized as revenue in the period in which the related expenses are incurred (goods delivered or services provided).

(p) Fixed assets – Intangible assets

Major purchases of property, furniture and equipment are capitalized. 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). Leasehold improvements are capitalized as intangible assets. Depreciation is calculated on a straight-line basis over their estimated useful life (rental period of IFAD headquarters).

(q) 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 the financial reporting requirements of IAS39.

(iv) The Executive Board is authorized 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 2011, as in the past, because regular resources were not sufficient to meet loan and grant commitments.

A loan or a grant is considered to be committed when approved by the relevant authority. In particular, loans and large grants must be approved by the Executive Board. The Executive Board reviews a statement of resources available for commitment at every session to ensure that resources are available to finance the loans and grants presented for approval at the session or expected to be approved through the lapse-of-time procedure prior to the subsequent Board session.

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.

Financial assets and liabilities recorded at fair value on the balance sheet are categorized based on the inputs to the valuation techniques as follows:

Level 1: Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2: Financial assets and liabilities whose values are based on quoted prices for similar assets or liabilities, or pricing models for which all significant inputs are observable, either directly or indirectly, for substantially the full term of the asset or liability.

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Level 3: Financial assets or liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

(ii) HIPC Debt Initiative

Significant judgement has 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****Analysis of balances (consolidated)**

	<i>Thousands of United States dollars</i>	
	2011	2010
Unrestricted cash	389 764	715 856
Cash subject to restriction	505	507
Subtotal cash	390 269	716 363
Unrestricted investments MTM	1 954 168	2 110 139
HTM investments	811 641	397 662
Investments subject to restriction	429	451
Subtotal investments	2 766 238	2 508 252
Total cash and investments	3 156 507	3 224 615

The composition of the portfolio by entity at 31 December was as follows:

	<i>Thousands of United States dollars</i>	
	2011	2010
IFAD	2 496 741	2 591 048
ASMCS Trust Fund	65 771	57 796
HIPC Trust Fund	25 935	9 292
BFFS.JP	18 995	5 791
Supplementary Funds	119 164	146 655
Spanish Trust Fund	388 622	383 012
Haiti Debt Relief Initiative(appendix J)	41 279	31 021
Total cash and investments	3 156 507	3 224 615

(i) Cash and investments subject to restriction

Cash and investments held by the Fund at 31 December 2011 in currencies not freely convertible amounted to US\$54,000 (2010 – US\$57,000) and US\$430,000 (2010 – US\$451,000) 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.

In 2010 IFAD opened an escrow account, which had a balance of US\$451,440 as at 31 December 2011. (2010 - US\$450,588).

(ii) Composition of the investment portfolio by instrument (consolidated)

At 31 December 2011, cash and investments, including payables and receivables, at market value amounted to US\$3,114,799,000 excluding restricted and non-convertible currencies (2010 – US\$3,155,809,000), and comprised the following instruments:

	<i>Thousands of United States dollars</i>	
	2011	2010
Cash	389 764	715 856
Fixed-income instruments	2 561 399	2 323 253
Unrealized (loss)/gain on forward contracts	(503)	13 069
Time deposits and other obligations of banks	205 443	171 705
Unrealized (loss)/gain on futures	(3 955)	(226)
Options	2	-
Total cash and investments	3 152 150	3 223 657
Receivables for investments sold	120 479	71 019
Payables for investments purchased	(157 830)	(138 867)
Total investment portfolio	3 114 799	3 155 809

Fixed-income investments and cash include US\$811,641,000 in held-to-maturity investments as at 31 December 2011 (2010 – US\$397,662,000).

The yearly movement of the held-to-maturity portfolio includes a decrease of US\$3,423,000 equivalent, related to the impairment of one security. Having identified the evidence necessary for impairment, at year-end IFAD Management has recorded the security at market value and

has recognized the related losses against income from cash and investments (see note 17).

(iii) Composition of the investment portfolio by currency (consolidated)

The currency composition of cash and investments at 31 December was as follows:

	<i>Thousands of United States dollars</i>	
	2011	2010
Euro	1 301 498	1 319 953
Japanese yen	244 308	392 977
Pound sterling	318 635	237 269
United States dollar	1 250 358	1 205 610
Total cash and investment portfolio	3 114 799	3 155 809

(iv) Composition of the investment portfolio by maturity (consolidated)

The composition of cash and investments by maturity at 31 December was as follows:

	<i>Thousands of United States dollars</i>	
	2011	2010
Due in one year or less	955 009	1 087 772
Due after one year through five years	1 637 861	1 653 319
Due from five to ten years	278 509	205 454
Due after ten years	243 420	209 264
Total cash and investment portfolio	3 114 799	3 155 809

The average life to maturity of the fixed-income investments included in the consolidated investment portfolio at 31 December 2011 was 47 months (2010 – 41 months).

(a) 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.

(i) 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 eight mandates to external managers as at 31 December 2011.

The weights and amounts of each asset class within the overall portfolio, together with the investment policy weights as at 31 December 2011 and 2010, are shown in table 1. Disclosures relate to IFAD-only accounts.

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Table 1
Asset class and investment policy weights (IFAD-only)
As at 31 December 2011 and 2010

Asset class	Portfolio		Investment policy	
	%	Millions of US dollars	%	
Short-term liquidity	8.1	199.9	5.5	
Held-to-maturity Government bonds	15.6	383.9	15.6	
Diversified fixed-income	38.7	950.5	43.5	
Inflation-linked	16.9	413.9	15.4	
	20.7	507.3	20.0	
Total	100.0	2 455.5	100.0	

Asset class	Portfolio		Investment policy	
	%	Millions of US dollars	%	
Short-term liquidity	7.2	182.6	5.5	
Held-to-maturity Government bonds	15.8	397.7	15.8	
Diversified fixed-income	40.2	1 013.7	43.5	
Inflation-linked	17.6	444.2	15.2	
	19.2	484.6	20.0	
Total	100.0	2 522.8	100.0	

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 tracking error limits
 2. 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 Index (1-3 years), customized to the four component currencies of the SDR valuation basket
Diversified fixed-income	Barclays U.S. Aggregate Index (Aa+ or above) and Barclays U.S. Aggregate Index (Aa+ or above) excluding ABS and CMBS
Inflation-linked	Barclays Capital World Government Inflation-Linked Index (1-10 years)
Held-to-maturity	Equally-weighted extended sector benchmark (internally calculated on a quarterly basis)

Note: ABS - asset-backed securities; CMBS – commercial mortgage-backed securities

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 is set at:

- One year above the benchmark for the global government bonds asset class.
- Two years above the benchmark for the diversified fixed-interest asset class.
- Two years above the benchmark for the inflation-linked bonds asset class.

The average duration of IFAD's investment portfolio at 31 December 2011 and 2010 and respective benchmarks are shown in table 3.

Table 3
Average duration of portfolios and benchmarks in years (IFAD-only)
As at 31 December 2011 and 2010

Portfolio	Portfolio		Benchmark	
	2011	2010	2011	2010
Short-term liquidity	-	-	-	-
Government bonds	1.8	1.7	2.0	1.8
Diversified fixed-interest	4.6	4.4	4.4	4.6
Inflation-linked	6.0	2.9	5.1	5.0
Held-to-maturity	2.3	2.3	2.3	2.3
Total average	2.6	3.1	2.5	3.7

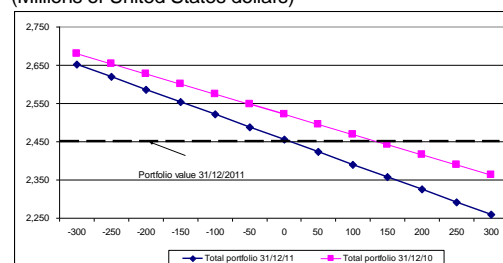
The sensitivity analysis of IFAD's overall investment portfolio in table 4 shows how a parallel shift in the yield curve (-300 to +300 basis points) would affect the value of the investment portfolio as at 31 December 2011.

Table 4
Sensitivity analysis on investment portfolio (IFAD-only)

Basis point shift in yield curve	2011		2010	
	Change in value of externally managed portfolio (US\$ million)	Total portfolio (US\$ million)	Change in value of externally managed portfolio (US\$ million)	Total portfolio (US\$ million)
-300	196	2 652	159	2 681
-250	164	2 619	132	2 654
-200	131	2 586	106	2 628
-150	98	2 554	79	2 602
-100	65	2 521	53	2 575
-50	33	2 488	26	2 549
0	-	2 456	-	2 522
50	(33)	2 423	(26)	2 496
100	(65)	2 390	(53)	2 469
150	(98)	2 357	(79)	2 443
200	(131)	2 325	(106)	2 417
250	(164)	2 292	(132)	2 390
300	(196)	2 259	(159)	2 364

The graph below shows the negative relationship between yields and fixed income portfolio value.

Sensitivity analysis on investment portfolio value (IFAD-only)
(Millions of United States dollars)



At 31 December 2011, if the general level of interest rates on the SDR markets had been higher/(lower) by 300 basis points (as a parallel shift in the yield curves), the overall portfolio value would have been lower/(higher) by US\$196 million as a result of the capital losses (gains) on the marked-to-market portion of the portfolio.

Table 5 shows the tracking error limits defined by the Investment Guidelines. Tracking error represents the annualized standard deviation of the excess return versus the benchmark, and is a measure of the active positions taken in managing a portfolio with respect to the benchmark.

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Table 5

Tracking error ranges by portfolio

Portfolio	Tracking error (percentage per annum)
Government bonds	0.75-1.00
Diversified fixed income	0.75-1.00
Inflation-linked	2.00

The investment portfolio's tracking error at 31 December 2011, based on a three-year history, was 0.38 per cent.

(ii) 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 by major credit rating agencies. The minimum allowable credit ratings for portfolios within IFAD's overall investment portfolio under 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
Global government bonds ^c	Moody's Aa3 or S&P AA-	A-1/P-1	A-1/P-1	n/a
Diversified fixed income bonds ^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-indexed bonds ^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: IRS=interest rate swaps; MBS=mortgage-backed securities.

At 31 December 2011, the average credit ratings by portfolio were in line with the minimum allowable ratings under the Investment Guidelines (table 7).

Table 7

Average credit ratings by portfolio (IFAD-only)

As at 31 December 2011 and 2010

Portfolio	Credit rating ^a	
	2011	2010
Short-term liquidity	P-1	P-1
Government bonds	Aaa	Aaa
Diversified fixed-interest	Aaa	Aa1
Inflation-linked	Aaa	Aaa
Held-to-maturity	Aa1	Aaa

^a The average credit rating is calculated based on market values at 31 December 2011 and 2010 except for the held-to-maturity portfolio average rating, which is calculated on amortized cost. As per IFAD's current Investment Guidelines, the credit ratings used are based on the best credit ratings available from either Standard and Poor's (S&P) or Moody's. The diversified fixed-income bonds portfolio also applies Fitch ratings.

(iii) Held-to-maturity investments

	Thousands of United States dollars equivalent			
	US\$	Euro	Pound sterling	All currencies
Corporate bonds	51 382	85 343	7 939	144 664
Government agencies	71 680	45 885	8 163	125 728
Government bonds	10 156	33 618	-	43 774
Government guaranteed	-	20 366	-	20 366
Supranational	31 173	18 184	-	49 357
Total 2011	164 391	203 396	16 102	383 889
Total 2010	205 835	175 749	16 078	397 662

The fair value of held-to-maturity investments as at 31 December 2011 was US\$390,952,000 (2010 – US\$407,098,000).

The maturity structure of held-to-maturity investments as at 31 December is as follows:

Period due	Thousands of United States dollars	
	2011	2010
Less than one year	75 833	72 555
1-2 years	72 642	76 362
2-3 years	76 142	74 560
3-4 years	80 891	81 285
4-5 years	68 153	82 110
5-6 years	10 228	10 790
Total	383 889	397 662

All investments due in less than one year have a maturity of more than three months from the date of purchase.

(iv) 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 quarterly basis.

In the case of misalignments that are considered persistent 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 2011 is shown in table 8.

Appendix D

Table 8

Alignment of assets to SDR basket (IFAD-only)

As at 31 December 2011

<i>Currency group</i>	<i>Net asset amount (%)</i>	<i>SDR weights</i>	<i>Difference</i>
United States dollar	41.3	42.9	(1.6)
Euro	35.4	35.7	(0.3)
Japanese yen	11.0	10.3	0.7
Pound sterling	12.3	11.1	1.2
Total	100.0	100.0	0.0

At 31 December 2011, had the United States dollar depreciated (appreciated) by 10 per cent over the three other currencies in the SDR basket, the composition of IFAD's assets subject to SDR alignment would have been as shown in table 9.

Table 9

Sensitivity of assets aligned to SDR basket (IFAD-only)

As at 31 December 2011

<i>Currency group</i>	<i>Difference towards SDR weights</i>	
	<i>-10% of US\$ (%)</i>	<i>+10% of US\$ (%)</i>
United States dollar	-0.9	4.0
Euro	1.9	-1.2
Japanese yen	-0.3	-1.2
Pound sterling	-0.7	-1.6
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.

(v) 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 during the Eighth Replenishment period (2010 to 2012). The current balance of highly liquid assets comfortably covers the minimum liquidity requirements.

(vi) 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 depending 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

	<i>Thousands of United States dollars</i>	
	<i>2011</i>	<i>2010</i>
Promissory notes to be encashed		
Replenishment contributions	304 185	428 451
BFFS contributions	0	16 774
Total	304 185	445 225
Fair value adjustment	(8 575)	(6 451)
Promissory notes to be encashed at fair value	295 610	438 774
Contributions receivable		
Replenishment contributions	194 127	335 630
BFFS contributions	9 352	18 449
Supplementary contributions	173 137	117 404
Spanish Trust Fund	11 684	19 452
Total	388 300	490 935
Fair value adjustment	(6 463)	(12 426)
Contributions receivable at fair value	381 837	478 509

(a) Initial, First, Second, Third, Fourth, Fifth, Sixth and Seventh Replenishment contributions

These contributions have been fully paid except as detailed in note 6 and in the table below:

Contributions not paid/encashed

As at 31 December 2011

<i>Donor</i>	<i>Thousands of United States dollars</i>	
	<i>Replenishment</i>	<i>Amount</i>
United States ^a	Sixth	459
Brazil ^a	Seventh	2 797
France ^a	Seventh	10 395
United States ^a	Seventh	15 429

^a Cases for which Members and IFAD have agreed to special encashment schedules.

(b) Eighth Replenishment

Details of contributions and payments made for the Eighth Replenishment are shown in appendix G. The Eighth Replenishment became effective on 1 December 2009.

(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 its 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:

	<i>Thousands of United States dollars</i>	
	<i>2011</i>	<i>2010</i>
Balance at beginning of the year	168 448	168 448
Total movements	100	0
Balance at end of year	168 548	168 448
Analyzed as follows:		
Promissory notes of contributors (a)	80 861	80 861
Amounts receivable from contributors (b)	87 687	87 587
Total	168 548	168 448

(a) Provisions against promissory notes

As at 31 December 2011, IFAD replenishment contributions deposited in the form of promissory notes up to and including the Seventh Replenishment have been fully drawn down. The comparable figure is 65 per cent for the Eighth Replenishment. (31 December 2010 – 35 per cent for the Eighth Replenishment).

As at 31 December 2011 and 2010, 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:

	<i>Thousands of United States dollars</i>	
	2011	2010
IFAD		
Initial contributions		
Iran (Islamic Republic of)	29 358	29 358
Iraq	13 717	13 717
	<u>43 075</u>	<u>43 075</u>
First Replenishment		
Iraq	31 099	31 099
	<u>31 099</u>	<u>31 099</u>
Third Replenishment		
Democratic People's Republic of Korea	600	600
Libyan Arab Jamahiriya	6 087	6 087
	<u>6 687</u>	<u>6 687</u>
Total IFAD	80 861	80 861
Grand total	80 861	80 861

(b) Provisions against amounts receivable from contributors

In accordance with its policy, the Fund has established provisions against some of these amounts:

	<i>Thousands of United States dollars</i>	
	2011	2010
Initial contributions		
Comoros	10	10
Iran (Islamic Republic of)	83 167	83 167
	<u>83 177</u>	<u>83 177</u>
Second Replenishment		
Iraq	2 000	2 000
	<u>2 000</u>	<u>2 000</u>
Third Replenishment		
Iran (Islamic Republic of)	2 400	2 400
Sao Tome and Principe	10	10
	<u>2 410</u>	<u>2 410</u>
Seventh Replenishment		
Bolivia (Plurinational State of)	100	0
	<u>100</u>	<u>0</u>
Total	87 687	87 587

NOTE 7**OTHER RECEIVABLES**

	<i>Thousands of United States dollars</i>	
	2011	2010
Receivables for investments sold	120 479	71 019
Other receivables	21 457	32 077
Total	141 936	103 096

The amounts above are all expected to be received within one year of the balance sheet date. The balance of other receivables includes reimbursements from the host country for expenditures incurred during the year.

NOTE 8**FIXED AND INTANGIBLE ASSETS**

	<i>Thousands of United States dollars</i>			
	1 Jan 2011	Increase/ (decrease)	Revaluation	31 Dec 2011
Cost				
Computer hardware	1 792	48		1840
Computer software	2 024	751 ^a		2 775
Furniture and fittings	401		(16) ^b	384
Leasehold improvement	267	414		681
Total cost	4 484	1 212	(16)	5 681
Depreciation				
Computer hardware	(665)	(347)		(1 012)
Computer software	(149)	(343)		(492)
Furniture and fittings	(195)	(78)	10 ^b	(263)
Leasehold improvement	(17)	(142)		(159)
Total depreciation	(1 026)	(910)	10	(1 926)
Net fixed and intangible assets	3 458	296	(6)	3 755

^a This movement relates to the net of total software acquisition costs incurred during the year of US\$2,239,000 and the reclassification of US\$1,487,000 for LGS research costs. These costs have been reclassified to the statement of comprehensive income as they no longer relate to the current project following a shift in contractual arrangements.

^b Due to foreign exchange movements on an item of fixed assets held in a euro denominated unit.

NOTE 9**LOANS****(a) Accumulated allowance for impairment losses**

An analysis of the accumulated allowance for loan impairment losses is shown below:

	<i>Thousands of United States dollars</i>	
	2011	2010
Balance at beginning of year	95 494	98 424
Net (decrease) in allowance	(12 060)	(2 187)
Revaluation	(374)	(743)
Balance at end of year at nominal value	83 060	95 494
Fair value adjustment	(59 694)	(71 395)
Total	23 366	24 099

All loans included within the accumulated allowance are 100 per cent impaired.

Appendix D

(b) Non-accrual status

Had income from loans with overdue amounts in non-accrual status been recognized as income, income from loans as reported in the statement of comprehensive income for the year 2011 would have been higher by US\$1,566,000 (2010 – US\$1,879,000). The Member States concerned are shown below:

(i) Borrowers in non-accrual status – IFAD
As at 31 December 2011

	Thousands of United States dollars		
	Principal outstanding	Principal overdue	Income not accrued in 2011
Cuba	12 880	12 880	526
Democratic People republic of Korea	37 004	2 704	206
Somalia	26 619	15 658	271
Zimbabwe	25 500	14 890	563
Total	102 871	46 073	1 566

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	
	2011	2010
IFAD approved loans less cancellations less full repayments and the adjustment for movement in value of total SDR loans in terms of US\$ (appendix H)		
2011 – US\$10 604 801		
2010 – US\$10 071 087		
Effective loans	9 946 325	9 454 621
Less: Undisbursed balance of effective loans	(2 441 662)	(2 387 715)
Repayments	(1 964 009)	(1 805 732)
Interest/principal receivable	19 399	18 416
Loans outstanding at nominal value	5 560 053	5 279 590
Fair value adjustment	(1 168 676)	(1 168 031)
Loans outstanding at fair value	4 391 377	4 111 559
SPA approved loans less cancellations, less full repayments and the adjustment for movements in value of total SDR loans in terms of US\$ (appendix H)		
2011 – US\$342 715		
2010 – US\$344 450		
Effective loans	342 715	344 450
Less: Undisbursed balance of effective loans	0	0
Repayments	(98 487)	(88 549)
Interest/principal receivable	510	562
Loans outstanding at nominal value	244 738	256 463
Fair value adjustment	(103 443)	(110 664)
Loans outstanding at fair value	141 295	145 799
Total approved loans less cancellations, less full repayments and the adjustment for movements in value of SDR loans in terms of US\$		
2011 – US\$10 875 828		
2010 – US\$10 415 536		
Effective loans	10 289 040	9 799 071
Undisbursed balance of effective loans	(2 441 662)	(2 387 715)
Repayments	(2 062 496)	(1 894 281)
Interest/principal receivable	19 909	18 978
Loans outstanding at nominal value	5 804 791	5 536 053
Fair value adjustment	(1 272 119)	(1 278 695)
Loans outstanding at fair value	4 532 672	4 257 358

(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 92.8 per cent (31 December 2010 – 92.7 per cent) of the current outstanding portfolio relates 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 9.

(f) Fair value estimation

Other than initial recognition and determination, 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			
	2011	Loans and receivables	Assets at fair value through profit and loss	Held-to-maturity
Net loans outstanding			4 455 537	
Other receivables	141 936			
Held-to-maturity investments				811 641
Other financial assets at fair value through profit and loss			2 467 253	
Cash and equivalents			390 269	
Total	141 936	7 313 059	811 641	

	Thousands of United States dollars			
	2010	Loans and receivables	Assets at fair value through profit and loss	Held-to-maturity
Net loans outstanding			4 152 322	
Other receivables	103 096			
Held-to-maturity investments				397 662
Other financial assets at fair value through profit and loss			2 862 884	
Cash and equivalents			716 363	
Total	103 096	7 731 569	397 662	

NOTE 11

HEAVILY INDEBTED POOR COUNTRIES (HIPC) Debt Initiative**(a) Impact of the HIPC Debt Initiative**

IFAD provided funding for the HIPC Debt Initiative in the amount of US\$124,670,000 during the period 1998-2010. 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 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 Eritrea, Somalia and The Sudan. Authorization for IFAD's share of this debt relief is expected to be given by the Executive Board in 2012-2013. At the time of preparation of the 2011 consolidated financial statements, the estimate of IFAD's share of the overall debt relief for these countries, principal and interest, was US\$148,520,139 (2010 – US\$149,726,852 for the Comoros, Eritrea, Somalia and The Sudan).

Gross investment income amounted to US\$21,737 (2010 – US\$17,418) from the HIPC Trust Fund balances.

The total cumulative cost of debt relief derives from the following sources:

	<i>Thousands of United States dollars</i>		
	2011	Movement	2010
IFAD contributions 1998-2010	124 670	0	124 670
Total contributions from external sources (appendix D1)	266 198	72 457	193 741
Net cumulative investment income	7 971	22	7 949
Short fall between debt relief approved and funds available	104 067	(38 930)	142 997
Cumulative net exchange rate movements	40 835	(514)	41 349
Total (appendix I)	543 741	33 035	510 706

(b) Accumulated allowance for the HIPC Debt Initiative

The balances for the two years ended 31 December are summarized below:

	<i>Thousands of United States dollars</i>	
	2011	2010
Balance at beginning of year	124 357	147 174
New approvals	0	2 519
Change in provision	(47 805)	(23 748)
Exchange rate movements	514	(1 588)
Balance at end of year	77 066	124 357
Fair value adjustment	(23 298)	(43 420)
Fair value equivalent	53 768	80 937

NOTE 12**PAYABLES AND LIABILITIES**

	<i>Thousands of United States dollars</i>	
	2011	2010
Payable for investments purchased and impairment	161 253	138 867
ASMCS liability	51 840	56 172
Other payables and accrued liabilities	67 898	73 556
Total	280 991	268 595

Of the total above, an estimated US\$76,862,000 (2010 – US\$79,784,000) is payable in more than one year from the balance sheet date.

NOTE 13**DEFERRED REVENUE**

Deferred revenue represents contributions received for which 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.

	<i>Thousands of United States dollars</i>	
	2011	2010
Deferred revenues	212 890	182 403
Fair value adjustment	(4 433)	(5 060)
Fair value equivalent	208 457	177 343

NOTE 14**UNDISBURSED GRANTS**

The balance of effective grants not yet disbursed to grant recipients is as follows:

	<i>Thousands of United States dollars</i>	
	2011	2010
IFAD	95 698	80 390
Supplementary funds	211 744	174 536
BFFS	14 695	17 995
Balance at end of year	322 137	272 921
Fair value adjustment	(7 121)	(9 192)
Undisbursed grants	315 016	263 729

NOTE 15**TRUST FUND BORROWING**

The amount lent by Spain for the establishment of the Spanish Food Security Cofinancing Facility Trust Fund is approximately US\$383.0 million (EUR 285.5 million). This is a long-term liability of 45 years with a five-year grace period. The balance as at 31 December 2011 of US\$376.3 million represents the funds received from the Spanish Government plus the interest accrued.

NOTE 16**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	<i>United States dollars</i>
2011	1.53882
2010	1.55027
2009	1.56372

The movement in the account for foreign exchange rates is explained as follows:

	<i>Thousands of United States dollars</i>	
	2011	2010
Opening balance at 1 January	945 677	989 019
Exchange movements for the year on:		
Cash and investments	(25 924)	(5 069)
Net receivables/payables	(2 305)	(2 773)
Loans and grants outstanding	(40 474)	(31 236)
Promissory notes and Members' receivables	3 794	2 658
Member States' contributions	(4 241)	(6 922)
Total movements in the year	(69 150)	(43 342)
Closing balance at		945 677

Appendix D

31 December	876 527
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The movement in this account excludes the gain/loss related directly to operations, which is included in total foreign exchange rate movements.

NOTE 17

INCOME FROM CASH AND INVESTMENTS

(a) Investment management (IFAD only)

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 2011, funds under external management amounted to US\$1,818,010,000 (2010 – US\$1,888,430,000), representing 74 per cent of the Fund's total cash and investments (2010 – 75 per cent).

(b) Derivative instruments

The Fund's Investment Guidelines authorize the use of the following types of derivative instruments, primarily to ensure alignment to the SDR basket:

(i) Futures

Future contracts open at year end were as follows:

	31 December	
	2011	2010
Number of contracts open:		
Buy	1 303	638
Sell	(163)	(184)
Net unrealized market gains of open contracts (US\$ '000)	1 730	172
Maturity range of open contracts (days)	39 to 716	67 to 444

The underlying instruments of future contracts open at 31 December 2011 were time deposits 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	
	2011	2010
Number of contracts open:		
Buy	52	0
Sell	0	0
Market value of open contracts (US\$ thousand)	2	n.a.
Net unrealized market gains/(losses) of open contracts (US\$ thousand)	(27)	n.a.
Maturity range of open options (days)	27	n.a.

(iii) Covered forwards

The unrealized market value loss on forward contracts at 31 December 2011 amounted to US\$500,000 (2010 – gain of US\$13,069,000). The maturities of forward contracts at 31 December 2011 ranged from 4 to 72 days (31 December 2010 – 4 to 80 days).

The underlying instruments of forward contracts open at 31 December 2011 were currencies.

(c) Income from cash and investments (consolidated)

Gross income from cash and investments for the year ended 31 December 2011 amounted to US\$110,838,000 (2010 – gross income of US\$85,448,000). This figure reflects direct charges against investment income of US\$3,715,000 (2010 – US\$4,355,000), which are included in expenses.

Thousands of United States dollars	
2011	

	MTM ^a	HTM ^a	Total
Interest from fixed-income Investments	52 522	28 547	81 069
Net income from futures/options and swaps	4 173		4 173
Realized capital (loss)/gain from fixed-income securities	11 897	329	12 226
Unrealized gain/(loss) from fixed-income securities	15 825	(3 423)	12 402
Interest income from banks and non-convertible currencies	968		968
Total	85 385	25 453	110 838

^a MTM=marked to market; HTM=held-to-maturity

	Thousands of United States dollars		
	2010		
	MTM ^a	HTM ^a	Total
Interest from fixed-income investments	55 523	16 497	72 020
Net income from futures/options and swaps	(2 932)	-	(2 932)
Realized capital (loss)/gain from fixed-income securities	29 502	(740) ^b	28 762
Unrealized gain/(loss) from fixed-income securities	(13 882)	-	(13 882)
Net income on assets held as cash collateral on securities lent	869	-	869
Income from securities lending	184	36	220
Interest income from banks and non-convertible currencies	391	-	391
Total	69 655	15 793	85 448

^a MTM=marked to market; HTM=held-to-maturity

^b Amortization of HTM securities

For held-to-maturity investments, realized capital gains/(losses) relate to amortization and impairment. Unrealized losses relate to impairment of one security.

The above figures include income for the consolidated entities, as follows:

	Thousands of United States dollars	
	2011	2010
IFAD	97 979	84 271
ASMCS Trust Fund	767	393
HIPC Trust Fund	22	17
BFFS.JP	130	233
Spanish Trust Fund	11 983	-
Haiti Debt Relief Initiative	275	-
Other supplementary funds	804	1 034
Less: income deferred/reclassified	(1 122)	(500)
Total	110 838	85 448

The annual rate of return on consolidated cash and investments in 2011 was 3.45 per cent net of expenses (2010 – 2.7 per cent net of expenses). The annual rate of return on IFAD cash and investments in 2011 was 3.82 per cent net of expenses (2010 – 3.26 per cent net of expenses).

NOTE 18

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. A breakdown is provided below:

Consolidated	Thousands of United States dollars	
	2011	2010

Appendix D

Host Government income	9 305	8 799
Income from other sources	4 230	1 236
Total	13 535	10 035

<i>Thousands of United States dollars</i>		
<i>IFAD-only</i>	<i>2011</i>	<i>2010</i>
Service charges	5 107	5 166
Host Government income	9 305	8 799
Income from other sources	871	447
Total	15 283	14 412

NOTE 19

INCOME FROM CONTRIBUTIONS

<i>Thousands of United States dollars</i>		
	<i>2011</i>	<i>2010</i>
IFAD	1 216	24
Supplementary funds	127 067	133 451
BFFS.JP	5 258	9 398
Total	133 541	142 873

From 2007, contributions to the HIPC Debt Initiative have been offset against the HIPC Debt Initiative expenses.

NOTE 20

OPERATING EXPENSES

An analysis of IFAD-only operating expenses by principal funding source is shown in appendix K. The breakdown of the consolidated figures is set out below:

<i>Thousands of United States dollars</i>		
	<i>2011</i>	<i>2010</i>
IFAD	168 405	151 445
Other entities	11 390	10 647
Total	179 795	162 092

The costs incurred are classified in the accounts in accordance with the underlying nature of the expense.

NOTE 21

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 in 2011 eligible for participation in the IFAD retirement plan was as follows (breakdown by principal budget source):

	<i>Professional</i>	<i>General Service</i>	<i>Total</i>
IFAD administrative budget	237	193	430
IFAD other sources	23	15	38
BFFS.JP	2	1	3
APO/SPO ^a	22		22
Programmatic funds	4	1	5
Total 2011	288	210	498
Total 2010^b	253	218	471

^a Associate professional officer/special programme officer

^b Restated to reflect the full-time-equivalent for pension.

(b) Non-staff

As in previous years, in order to meet its operational needs, IFAD engaged the services of consultants, conference

personnel and other temporary staff, who are also covered by an insurance plan.

(c) Retirement plan

The latest actuarial valuation for the UNJSPF was prepared as at 31 December 2009. This valuation revealed an actuarial deficit, amounting to 0.38 per cent of pensionable remuneration. Despite the actuarial deficit from the 2009 valuation, it was assessed that the UNJSPF is adequately funded. Therefore the United Nations General Assembly did not invoke the provision of article 26, requiring participating agencies to provide additional payments. IFAD makes contributions on behalf of its staff and would be liable for its share of the unfunded liability, if any (current contributions are paid as 7.9 per cent of pensionable remuneration by the employee and 15.8 per cent by IFAD). Total retirement plan contributions made for staff in 2011 amounted to US\$10,005,958 (2010 – US\$9,898,000).

(d) After-Service Medical Coverage Scheme

The latest actuarial valuation for the ASMCS was carried out as at 31 December 2011. The methodology used was the projected unit-credit-cost method with service prorates. The principal actuarial assumptions used were as follows: discount rate, 5.3 per cent; return on invested assets, 4.0 per cent; expected salary increase, 3.0 per cent; medical cost increase, 5.0 per cent; inflation, 2.5 per cent; and exchange rate euro:US\$1.292. The results determined IFAD's liability as at 31 December 2011 to be US\$51,840,000. The 2011 and 2010 financial statements include a provision and related assets as follows as at 31 December:

<i>Thousands of United States dollars</i>		
	<i>2011</i>	<i>2010</i>
Past service liability		
Total provision at 1 January	(56 172)	(60 919)
Interest cost	(2 985)	(2 762)
Current service charge	(2190)	(3 091)
Reclassification/current service charge from non-IFAD entities	1 552	0
Actuarial gains/(losses)	7 955	10 600
Provision at 31 December	(51 840)	(56 172)
Plan assets		
Total assets at 1 January	66 822	60 014
Interest earned on balances	767	392
Contributions	0	9 027
Exchange rate movement	(1 819)	(2 611)
Total assets at 31 December	65 770	66 822

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 2011, such costs included under staff salaries and benefits in the financial statements amounted to US\$4,262,000 (2010 – US\$5,853,000).

Based on the 2011 results and the recent actuarial evaluation, the assets already held in the trust fund are sufficient to cover the current level of liabilities.

(e) Actuarial valuation risk of the ASMCS

A sensitivity analysis of the principal assumptions of the liability and service cost contained within the group data as at 31 December 2011 is shown below:

<i>Impact on</i>	<i>Liability</i>	<i>Service cost</i>
Medical inflation:		
6.0 per cent instead of 5.0 per cent	13.1	0.8
4.0 per cent instead of 5.0 per cent	(10.5)	(0.7)

NOTE 22**GRANT EXPENSES**

The breakdown of the consolidated figures is set out below:

	<i>Thousands of United States dollars</i>	
	2011	2010
IFAD grants	59 017	43 337
BFFS.JP	4 460	8 649
Supplementary funds	115 349	120 597
Total	178 826	172 583

NOTE 23**DSF EXPENSES**

The DSF consolidated figure is set out below. For further details see appendix H2.

<i>IFAD-only</i>	<i>Thousands of United States dollars</i>	
	2011	2010
DSF expenses	76 331	39 378
Total	76 331	39 378

As at the end of December 2011, DSF projects effective but not yet disbursed amounted to US\$467.6 million (US\$ 439.7 million in 2010). At the same date, DSF projects approved not yet effective amounted to US\$165.9 million (US\$130.9 million in 2010) for a global amount of US\$633.5 million (US\$570.6 million in 2010).

NOTE 24**DIRECT BANK AND INVESTMENT COSTS**

	<i>Thousands of United States dollars</i>	
	2011	2010
Investment management fees	3 369	3 682
Other charges	346	678
Tax recoverable (paid)/ received	0	(5)
Total	3 715	4 355

NOTE 25**ADJUSTMENT FOR CHANGE IN FAIR VALUE**

An analysis of the movement in fair value is shown below:

	<i>Thousands of United States dollars</i>	
	2011	2010
Loans outstanding	(2 794)	50 181
Accumulated allowance for loan impairment losses	(11 173)	950
Accumulated allowance for HIPC Debt Initiative	(19 683)	(13 292)
Net loans outstanding	(33 650)	37 839
Contributors' promissory notes	2 124	2 197
Contributions receivable	(5 944)	5 943
Contributions	3 212	(7 707)
Undisbursed grants	(2 035)	(9 566)
Deferred revenues	627	(432)
Total	(35 666)	28 274

NOTE 26**DEBT RELIEF INCOME**

This balance represents the debt relief provided during the year to HIPC eligible countries for both principal and interest leading to a reduction in the provisions.

NOTE 27**HOUSED ENTITY DISCLOSURE**

Grants include annual funding for entities housed at IFAD, i.e. ILC and the Global Mechanism, as follows:

	<i>Thousands of United States dollars</i>	
	2011	2010
ILC	1 000	-
Global Mechanism	-	-
HLTF	400	-
Total	1 400	-

At 31 December liabilities owed to/(from) IFAD by the housed entities were:

	<i>Thousands of United States dollars</i>	
	2011	2010
ILC	393	531
Global Mechanism	(1 399)	536
HLTF	33	98
Total	973	1 165

NOTE 28**CONTINGENT LIABILITIES AND ASSETS****(a) Contingent liabilities**

IFAD has contingent liabilities in respect of debt relief announced by the World Bank/International Monetary Fund for nine countries. See note 11 for further details of the potential cost of loan principal and interest relating to these countries, as well as future interest not accrued on debt relief already approved as shown in appendix I.

As indicated in note 23, IFAD has a contingent liability for DSF financing effective but not yet disbursed for US\$ 633.5 million. Disbursements will occur when the conditions for the release of funds are met.

NOTE 29**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 March 2012 and endorsement by the Executive Board in April 2012. The 2011 consolidated financial statements will be submitted to the Governing Council for formal approval at its next session in February 2013. The 2010 consolidated financial statements were approved by the Governing Council at its thirty-fifth session in February 2012.

Statement of complementary and supplementary contributions and unspent funds**Statement of cumulative supplementary contributions including project cofinancing from 1978 to 2011¹**
(Expressed in thousands of United States dollars)

<i>Member States</i>	<i>Project cofinancing</i>	<i>APOs</i>	<i>Other supplementary funds</i>	<i>GEF</i>	<i>Total</i>
Algeria			91		91
Angola			7		7
Australia ²	2 721		84		2 805
Austria	755				755
Bangladesh			52		52
Belgium ³	10 214	1 873	590		12 677
Belgium for BFFS.JP			181 230		181 230
Canada	1 745		3 355		5 100
China			365		365
Colombia			25		25
Denmark	13 474	3 730	3 946		21 150
Finland	2 744	3 839	12 702		19 285
France	1 032	1 137	3 741		5 910
Germany	46	6 032	5 727		11 805
Ghana			91		91
Greece			91		91
India			1 000		1 000
Indonesia			50		50
Ireland	6 723		789		7 512
Italy	29 492	5 529	24 343		59 364
Japan	1 876	2 026	3 972		7 874
Jordan ⁴			165		165
Kuwait			130		130
Luxembourg	1 662		823		2 485
Malaysia			28		28
Mauritania ⁵			100		100
Morocco			50		50
Netherlands	84 766	4 919	11 235		100 920
Nigeria			50		50
Norway	22 540	2 237	6 047		30 824
Pakistan			25		25
Paraguay			15		15
Portugal	142		738		880
Qatar			130		130
Republic of Korea		3 728			3 728
Saudi Arabia			130		130
Senegal ⁶			135		135
Sierra Leone ⁷			100		100
South Africa			10		10
Spain	11 668		6 367		18 035
Suriname	2 019				2 019
Sweden	9 209	2 766	15 909		27 884
Switzerland	8 384	343	11 454		20 181
Turkey			47		47
United Kingdom	19 261		16 726		35 987
United States		322	86		408
Total Member States	230 473	38 481	312 751		581 705

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 Fund for Food Security (BFFS) Joint Programme.⁴ US\$150,000 relates to the Special Climate Change Fund (SCCF)⁵ US\$100,000 relates to the Least Developed Countries Fund (LDCF)⁶ US\$120,000 relates to LDCF⁷ US\$100,000 relates to LDCF

Statement of complementary and supplementary contributions and unspent funds**Statement of cumulative supplementary contributions including project cofinancing from 1978 to 2011¹ (cont.)**
(Expressed in thousands of United States dollars)

<i>Non-Member States and other sources</i>	<i>Project cofinancing</i>	<i>APOs</i>	<i>Other supplementary funds</i>	<i>GEF</i>	<i>Total</i>
African Development Bank	2 800		1 096		3 896
Agence Française de Développement			173		173
Arab Bank	1 106		25		1 131
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			1 015		1 015
Cassava Programme			71		71
Chief Executives Board for Coordination (CEB) Secretariat, Geneva			904		904
Congressional Hunger Center			183		183
Coopernic			3 894		3 894
European Commission	814		310 558		311 372
Food and Agriculture Organization of the United Nations	14		83		97
Global Agriculture and Food Security Program	70 000		3 430		73 430
Least Developed Countries Fund			32		32
Liechtenstein			5		5
National Agricultural Cooperative Federation	35				35
Office of the United Nations High Commissioner for Refugees	2 976				2 976
Organization of the Petroleum Exporting Countries	652				652
Other	251		1 050		1 301
Service Charges Surplus	50		96		146
Special Climate Change Fund (SCCF) ²			156		156
Technical Assistance Facility			13 158		13 158
United Nations Capital Development Fund	464		97		561
United Nations Development Programme	467		33		500
United Nations Fund for International Partnerships	82		145		227
World Bank	1 580		543	82 530	84 653
Total non-Member States and other sources	84 573		336 747	82 530	503 850
Total 2011	315 046	38 481	649 498	82 530	1 085 555
Total 2010	255 163	36 190	582 543	72 066	945 962

¹ Non-US\$ contributions have been translated at the year-end exchange rate.² The balance includes US\$125,000 related to Mongolia.

Statement of complementary and supplementary contributions and unspent funds**Statement of cumulative complementary and other contributions from 1978 to 2011**

(Expressed in thousands of United States dollars)

	<i>Amount</i>
Canada	1 511
Germany	458
India	1 000
Saudi Arabia	30 000
Sweden	13 827
United Kingdom	12 002
Cumulative contributions received from Belgium for the BFFS.JP in the context of replenishments	80 002
<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 2011	158 479
Total complementary contributions 2010	155 072

Statement of contributions from Member States and donors to the HIPC Debt Initiative

(Expressed in thousands of United States dollars)

	<i>Amount</i>
<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	194 674
Total contributions to IFAD's HIPC Trust Fund 2011	266 198
Total contributions to IFAD's HIPC Trust Fund 2010	193 741

Statement of complementary and supplementary contributions and unspent funds**Statement of complementary and supplementary contributions received in 2011****Contributions received for project cofinancing in 2011**

	<i>Currency</i>	<i>Amount (thousands)</i>	<i>Thousands of US dollars equivalent</i>
Denmark	DKK	14 486	2 649
Netherlands	US\$		2 086
Netherlands	EUR	600	856
Total			5 591

Contributions received for associate professional officers in 2011

	<i>Currency</i>	<i>Amount (thousands)</i>	<i>Thousands of of US dollars</i>
Belgium	EUR	16	21
Denmark	US\$		303
Finland	US\$		374
Germany	US\$		427
Italy	US\$		235
Netherlands	US\$		291
Norway	US\$		453
Republic of Korea	US\$		154
Sweden	US\$		158
Total			2 416

Supplementary fund contributions received in 2011

	<i>Currency</i>	<i>Amount (thousands)</i>	<i>Thousands of US dollars equivalent</i>
CEB Secretariat	US\$		91
Coopernic	EUR	700	1 015
European Commission	EUR	33 095	43 562
Italy	US\$		528
Least Developed Countries Fund	US\$		6 759
Netherlands	US\$		75
Other international financial institution and United Nations contributions	US\$		1 737
Special Climate Change Fund	US\$		3 980
Switzerland	CHF	920	1 013
Technical Assistance Facility	EUR	72	94
World Bank (Global Agriculture and Food Security Program)	US\$		25 000
Total			83 854

Statement of complementary and supplementary contributions and unspent funds
Statement of unspent complementary and supplementary contributions
(Expressed in thousands of United States dollars)

Unspent project cofinancing funds

	<i>Unspent balance as at 31 December</i>	
	<i>2011</i>	<i>2010</i>
Member States		
Belgium	64	1 502
Canada	89	89
Denmark	2 833	1 313
Finland	10	25
Ireland	560	560
Italy	5 132	6 093
Japan	164	164
Luxembourg	279	86
Netherlands	3 408	3 775
Norway	1 868	2 292
Spain	6 201	2 739
United Kingdom	876	1 504
Total Member States	21 484	20 142
Non-Member States		
Arab Bank	1 106	1 097
Global Agriculture and Food Security Programme(GAFSP) Trust Fund	15 395	
Organization of the Petroleum Exporting Countries	89	89
Other	26	251
United Nations Capital Development Fund	105	228
United Nations Development Programme	23	114
World Bank	199	268
Total non-Member States	16 943	2 047
Total	38 427	22 189

Unspent associate professional officer (APO) funds

	<i>Unspent balance as at 31 December</i>		<i>Cumulative number of APOs</i>	
	<i>2011</i>	<i>2010</i>	<i>2011</i>	<i>2010</i>
Belgium	493	870	4	4
Denmark	211	86	22	21
Finland	208	475	15	15
France	2	113	5	5
Germany	329	497	33	32
Italy	111	52	23	22
Japan	-	47	11	11
Netherlands	64	-	31	29
Norway	252	126	11	9
Republic of Korea	(9)	131	10	9
Sweden	148	122	15	15
Switzerland	-	-	3	3
United States	-	-	3	3
Total	1 809	2 519	186	178

A total of 23 APOs worked at IFAD in 2011 (2010: 20). These were financed by Belgium (3), Denmark (2), Finland (5), Germany (4), Italy (2), the Republic of Korea (2), the Netherlands (2), Norway (2) and Sweden (1).

Statement of complementary and supplementary contributions and unspent funds**Statement of unspent complementary and supplementary contributions (cont.)**

(Expressed in thousands of United States dollars)

Other unspent complementary and supplementary funds

	<i>Unspent balance as at 31 December</i>	
	<i>2011</i>	<i>2010</i>
Member States		
Belgium	19	19
Cameroon		35
Canada	367	502
China	156	175
Denmark	130	130
Finland	648	1 045
France		
Germany	458	518
India	1 000	1 000
Ireland	52	47
Italy	3 148	4 242
Japan	4	4
Jordan	12	89
Luxembourg	497	805
Malaysia	13	13
Mauritania	11	36
Netherlands	96	87
Norway	383	672
Pakistan		100
Portugal	24	24
Qatar		65
Senegal	26	110
Sierra Leone	12	11
Spain	4 336	11 068
Sweden	7 780	9 030
Switzerland	2 805	2 736
United Kingdom	4 331	4 487
United States	1	1
Total Member States	26 309	37 051
Non-Member States		
African Development Bank	302	115
Agence Française de Développement		155
Bill & Melinda Gates Foundation	1	3
Cassava Programme	43	42
CEB Secretariat, Geneva	56	482
Coopernic	332	464
European Commission	39 670	44 214
Food and Agriculture Organization of the United Nations	17	17
Global Agriculture and Food Security Program	2 547	3 115
Least Developed Countries Fund	12	12
Special Climate Change Fund	101	101
United Nations Capital Development Fund	32	88
World Bank	27	32
Other	181	369
Total non-Member States	43 321	49 209
Total	69 630	86 260

Statement of complementary and supplementary contributions and unspent funds
Statement of unspent complementary and supplementary contributions (cont.)
 (Expressed in thousands of United States dollars)

Global Environment Facility

<i>Recipient country</i>	<i>Cumulative contributions received as at 31 December 2011</i>	<i>Unspent at 1 January 2011</i>	<i>Received from donors</i>	<i>Expenses</i>	<i>Unspent at 31 December 2011</i>
ASEAN ¹ regional	4 639				
Brazil	5 988	57			57
Burkina Faso	2 016				
China	4 895	4 545		(4 545)	
Comoros	1 000				
Ecuador	2 783	18	2 683	(2 701)	
Eritrea	4 477	30	(23)	(7)	
Ethiopia	4 750				
Gambia (The)	96	4	(4)		
Global supplement for UNCCD ²	457				
Jordan	7 861	29	986	(76)	939
Kenya	4 700				
Mali ³	6 326	11			11
Mauritania	4 350				
MENARID ⁴ monitoring and evaluation	705				
Mexico	5 100	4	5 000	(4)	5 000
Morocco	410	80			80
Niger	4 326	4 200		(4 200)	
Panama	80	45		(45)	
Peru	1 820	11	1 720	(1 721)	10
Sao Tome and Principe	100		100		100
Sri Lanka	7 270				
Sudan	100	100		(90)	10
Swaziland	2 051				
Tunisia	5 350				
Venezuela (Bolivarian Republic of)	100	100		(100)	
Viet Nam	755				
Funds from cofinanciers of GEF activities	25				
Total	82 530	9 234	10 462	(13 489)	6 210

¹ Association of Southeast Asian Nations.

² United Nations Convention to Combat Desertification.

³ US\$326,000 received before the signature of the financial procedure agreement between IFAD and the GEF trustee.

⁴ MENARID: Integrated Natural Resources Management in the Middle East and North Africa Region Programme.

Statement of IFAD-only resources available for commitment

For the years ended 31 December 2011 and 2010 (Expressed in thousands of United States dollars)

	2011	2010
Assets in freely-convertible currencies		
Cash	231 198	218 397
Investments	2 262 587	2 370 809
Promissory notes	302 786	427 052
Other receivables	141 712	93 961
	2 938 283	3 110 219
Less		
Payables and liabilities	305 816	250 139
General Reserve	95 000	95 000
Undisbursed effective loans	2 441 662	2 387 715
Approved loans signed but not yet effective	93 407	45 500
Undisbursed grants and DSF	563 305	520 037
	3 499 190	3 298 391
Provision for promissory notes	80 861	80 861
	3 521 185	3 379 252
Resources available for commitment	(641 768)	(269 033)
Less		
Loans not yet signed	565 070	570 965
Grants, DSF not yet signed	189 553	96 137
Net resources pre-advance commitment authority (ACA)	(1 396 391)	(936 135)
ACA carried forward at 1 January	936 135	789 098
ACA approved at Executive Board sessions during the year	610 700	299 100
	1 546 835	1 088 198
Less		
ACA covered in year	(150 444)	(152 063)
ACA carried forward at 31 December²	1 396 391	936 135
Net resources available for commitment	-	-

¹ The ACA carry-forward is well within the ACA ceiling of seven years of future loan reflows (amounting to approximately US\$2.3 billion), as per the Eighth Replenishment definition.

Date: March 1, 2012

Management's Report regarding the effectiveness of Internal Controls over external Financial Reporting


The Management of the International Fund for Agricultural Development (IFAD) (the "Fund") is responsible for the preparation, fair presentation and overall integrity of its consolidated financial statements. The financial statements of the Fund have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board (IASB).

According to the Agreement Establishing IFAD, the President is responsible for establishing and maintaining adequate internal controls of the Fund including those over external financial reporting. The system of internal controls over financial reporting contains monitoring mechanisms and actions that are meant to detect, prevent and facilitate correction of deficiencies identified that may result in material weaknesses in internal controls. Internal controls over financial reporting are subject to on-going scrutiny and testing by management and the Office of Audit and Oversight and are subject to revisions where considered necessary. Management believes that such controls support the integrity and reliability of financial statements.

There are inherent limitations to the effectiveness of any system of internal controls, including the possibility of human error and the circumvention or overriding of controls. Accordingly, an effective internal control system can provide only reasonable, as opposed to absolute, assurance with respect to financial statements. Furthermore, the effectiveness of an internal control system can change with circumstances.

The Executive Board of the Fund has established an Audit Committee whose terms of reference is to assist the Board, among other things, in exercising supervision over the financial administration and internal oversight of the Fund including effectiveness of internal controls over financial reporting. The Audit Committee, which is comprised entirely of selected members of the Executive Board, oversees the process for the selection of external auditors and makes a recommendation for such selection to the Executive Board for its approval. The External Auditors and the Internal auditors meet with Audit Committee of the Executive Board to discuss their work plans and approach, which covers review of the adequacy of internal controls over financial reporting and any other matter that may require Audit Committee's attention.


The Fund's Management assessed the effectiveness of internal controls over financial reporting based on the framework provided by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). On the basis of the work performed, which included an independent review and testing of controls by an external consultant whose report provided Management with added assurance, Management asserts that the Fund maintained an effective system of internal controls over financial reporting as of 31st December 2011, and is not aware of any material control weakness that could affect the reliability of the 2011 financial statements.



Kanayo F. Nwanze
President



Iain M. Kellie
**Chief Financial Officer and
Head, FOD**



Ruth Farrant
Director and Controller



INDEPENDENT AUDITOR'S REPORT

**INTERNATIONAL FUND FOR
AGRICULTURAL DEVELOPMENT**

**CONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2011**



INDEPENDENT AUDITOR'S REPORT

To the International Fund for Agricultural Development

We have audited the accompanying consolidated financial statements of the International Fund for Agricultural Development which comprise the consolidated and IFAD-only balance sheet as at 31 December 2011, and the consolidated and IFAD-only statements of comprehensive income and changes in retained earnings and the consolidated cash-flow statement for the year then ended, the statement of complementary and supplementary contributions and unspent funds, the statement of IFAD-only resources available for commitment and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

PricewaterhouseCoopers SpA

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Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the International Fund for Agricultural Development as at 31 December 2011, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Rome, 2 April 2012

PricewaterhouseCoopers SpA


Scott Cunningham
(Partner)

IFAD-only balance sheet at nominal value in United States dollars and retranslated in special drawing rights

As at 31 December 2011 and 2010

Assets	Thousands of US dollars		Thousands of special drawing rights	
	2011	2010	2011	2010
Cash on hand and in banks (note 4)	233 725	219 788	151 886	141 774
Investments (note 4)	2 263 016	2 371 260	1 470 621	1 529 582
Contributors' promissory notes (note 5)	304 185	428 451	197 674	276 372
Contributions receivable (note 5)	194 127	335 630	126 154	216 498
Less: provisions (note 6)	(168 548)	(168 448)	(109 530)	(108 657)
Net contribution and promissory notes receivables	329 764	595 633	214 298	384 213
Other receivables (note 7)	275 811	231 776	266 379	149 507
Fixed assets (note 8)	3 755	3 458	2 440	2 230
Loans outstanding (note 9 and appendix H)	5 804 792	5 536 053	3 772 244	3 571 031
Less: accumulated allowance for loan impairment losses (note 9(a))	(83 060)	(95 494)	(53 977)	(61 598)
Less: accumulated allowance for the HIPC Debt Initiative (note 11(b) and appendix I)	(77 066)	(124 357)	(50 081)	(80 217)
Net loans outstanding	5 644 665	5 316 202	3 668 186	3 429 216
Total assets	8 750 736	8 738 117	5 773 810	5 636 522

Liabilities and equity	Thousands of US dollars		Thousands of special drawing rights	
	2011	2010	2011	2010
Liabilities				
Payables and liabilities (note 12)	287 718	279 374	274 117	180 210
Undisbursed grants (appendix H1)	95 698	80 390	62 189	51 855
Deferred revenues (note 13)	98 497	78 303	64 008	50 510
Total liabilities	481 913	438 067	400 314	282 575
Equity				
Contributions				
Regular	6 251 350	6 150 901	5 322 821	5 218 160
Special	20 349	20 348	15 219	15 219
Total contributions (appendix G)	6 271 699	6 171 249	5 338 040	5 233 379
General Reserve	95 000	95 000	61 737	61 279
Retained earnings	1 902 124	2 033 801	(26 281)	59 289
Total equity	8 268 823	8 300 050	5 373 496	5 353 947
Total liabilities and equity	8 750 736	8 738 117	5 773 810	5 636 522

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.

Statement of contributions

As at 31 December 2011 and 2010

Summary of contributions

	<i>Thousands of United States dollars</i>	
	2011	2010
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	553 776
Fourth Replenishment	361 396	361 396
Fifth Replenishment	441 371	441 370
Sixth Replenishment	566 991	566 988
Seventh Replenishment	654 647	639 020
Eighth Replenishment	884 586	805 322
Ninth Replenishment	5 654	0
Total IFAD	6 068 667	5 968 118
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	6 440 247	6 339 698
Statement of complementary contributions		
Belgian Survival Fund	80 002	76 605
HIPC Debt Initiative	19 679	19 679
Other complementary contributions	58 798	58 788
Total complementary contributions	158 479	155 072
HIPC contributions not made in the context of replenishment resources	194 674	174 062
Belgian Survival Fund contributions not made in the context of replenishment resources	63 836	63 836
Statement of supplementary contributions²		
Project cofinancing	315 046	255 163
Associate professional officer funds	38 481	36 190
Other supplementary funds	505 660	442 102
Global Environment Facility	82 530	72 066
Total supplementary contributions	1 200 227	1 043 419
Total contributions	7 798 953	7 538 189
Total contributions include the following:		
Total replenishment contributions (as above)	6 440 247	6 339 698
Less provisions	(168 548)	(168 448)
Total net replenishment contributions	6 271 699	6 171 250
Less fair value adjustment	(10 151)	(13 364)
Total replenishment contributions at fair value	6 261 548	6 157 886

¹ Including Iceland's special contribution prior to membership.² Includes interest earned according to each underlying agreement.

Statement of contributions

As at 31 December 2011 and 2010

Statement of Members' contributions¹

	<i>Initial, First, Second, Third, Fourth, Fifth, Sixth, Seventh Replenishments (thousands of US dollars equivalent)</i>	<i>Eighth Replenishment</i>					
		<i>Instruments deposited</i>			<i>Payments (thousands of US dollars equivalent)</i>		
		<i>Currency</i>	<i>Amount (thousands)</i>	<i>Thousands of US dollars equivalent</i>	<i>Cash</i>	<i>Promissory notes</i>	<i>Total</i>
Member States							
Afghanistan	0						
Albania	40	US\$	10	10	10	0	10
Algeria	52 430	US\$	10 000	10 000	6 500	3 500	10 000
Angola	460	US\$	1 900	1 900	1 900	0	1 900
Argentina	9 900	US\$	2 500	2 500	2 500	0	2 500
Armenia	22	US\$	8	8	8	0	8
Australia ²	37 247						
Austria	55 494	EUR	11 034	14 610	9 740	4 870	14 610
Azerbaijan	100	US\$	100	100	100	0	100
Bangladesh	4 356	US\$	600	600	390	210	600
Barbados	10						
Belgium	92 754	EUR	21 000	27 862	18 775	0	18 775
Belize	205						
Benin	200	US\$	99	99	99	0	99
Bhutan	135	US\$	30	30	30	0	30
Bolivia (Plurinational State of)	1 500						
Bosnia and Herzegovina	75	US\$	90	90	90	0	90
Botswana	410	US\$	150	150	150	0	150
Brazil ³	51 936	US\$	13 360	13 360	0	13 360	13 360
Burkina Faso	259	US\$	100	100	100	0	100
Burundi	80	US\$	10	10	10	0	10
Cambodia	630	US\$	210	210	210	0	210
Cameroon	1 649	EUR	610	791	791	0	791
Canada	203 446	CAD	75 000	74 260	74 260	0	74 260
Cape Verde	26						
Central African Republic	11						
Chile	800	US\$	60	60	60	0	60
China	56 839	US\$	22 000	22 000	15 000	0	15 000
Colombia	640	US\$	200	200	200	0	200
Comoros ⁴	33						
Congo	751	EUR	46	67	67	0	67
Cook Islands	5						
Côte d'Ivoire	1 559						
Cuba	9						
Cyprus	192	US\$	60	60	40	0	40
Democratic People's Republic of Korea	800						
Democratic Republic of the Congo	1 380	US\$	200	200	200	0	200
Denmark	124 609	DKK	75 000	13 604	9 237	0	9 237
Djibouti	6						
Dominica	51						
Dominican Republic	88						
Ecuador	791	US\$	50	50	50	0	50
Egypt	17 409						
El Salvador	100						
Eritrea	30	US\$	10	10	10	0	10
Ethiopia	221	US\$	30	30	30	0	30
Fiji	204						
Finland	40 268	EUR	12 000	16 231	10 389	0	10 389

Statement of contributions

As at 31 December 2011 and 2010

Statement of Members' contributions¹ (cont.)

	<i>Initial, First, Second, Third, Fourth, Fifth, Sixth, Seventh Replenishments (thousands of US dollars equivalent)</i>	<i>Eighth Replenishment</i>					
		<i>Instruments deposited</i>			<i>Payments (thousands of US dollars equivalent)</i>		
		<i>Currency</i>	<i>Amount (thousands)</i>	<i>Thousands of US dollars equivalent</i>	<i>Cash</i>	<i>Promissory notes</i>	<i>Total</i>
France	238 048	EUR	35 000	47 250	31 348	714	32 062
Gabon	3 356	US\$	41	41	41	0	41
		EUR	76	104	104	0	104
Gambia (The)	45						
Germany	335 873	EUR	45 184	59 835	39 305	20 530	59 835
Ghana	1 666	US\$	400	400	200	0	200
Greece	4 196						
Grenada	75						
Guatemala	1 043						
Guinea	330						
Guinea-Bissau	30						
Guyana	635	US\$	483	483	483	0	483
Haiti	107						
Honduras	801						
Iceland	315	US\$	35	35	35	0	35
India	79 812	US\$	25 000	25 000	25 000	0	25 000
Indonesia	46 959	US\$	5 000	5 000	1 500	0	1 500
Iran (Islamic Republic of) ⁴	128 750						
Iraq ⁴	55 099	US\$	500	500	500	0	500
Ireland ⁵	15 968	EUR	4 000	5 224	5 224	0	5 224
Israel	300						
Italy	278 407	EUR	34 154	45 683	45 683	0	45 683
Jamaica	326						
Japan	362 122	JPY	6 375 300	81 627	40 197	41 430	81 627
Jordan	840	US\$	100	100	100	0	100
Kenya	4 618	US\$	81	81	81	0	81
Kiribati	5						
Kuwait	161 041	US\$	12 000	12 000	7 800	4 200	12 000
Lao People's Democratic Republic	154						
Lebanon	195	US\$	100	100	100	0	100
Lesotho	389	US\$	100	100	100	0	100
Liberia	39						
Libyan Arab Jamahiriya ⁴	52 000						
Luxembourg	3 460	EUR	1 576	2 077	1 361	716	2 077
Madagascar	377	US\$	198	198	198	0	198
Malawi	73	US\$	50	50	50	0	50
Malaysia	1 125	US\$	50	50	50	0	50
Maldives	51						
Mali	190	US\$	97	97	97	0	97
Malta	55						
Mauritania	50						
Mauritius	270	US\$	5	5	5	0	5
Mexico	33 131						
Mongolia	2	US\$	10	10	10	0	10
Morocco	6 544	US\$	700	700	350	350	700
Mozambique	400	US\$	85	85	55	30	85
Myanmar	250						
Namibia	360						
Nepal	160	US\$	50	50	50	0	50
Netherlands	269 656	US\$	75 000	75 000	50 000	25 000	75 000

Statement of contributions

As at 31 December 2011 and 2010

Statement of Members' contributions¹ (cont.)

	<i>Initial, First, Second, Third, Fourth, Fifth, Sixth, Seventh Replenishments (thousands of US dollars equivalent)</i>	<i>Eighth Replenishment</i>					
		<i>Instruments deposited</i>		<i>Payments (thousands of US dollars equivalent)</i>			
		<i>Currency</i>	<i>Amount (thousands)</i>	<i>Thousands of US dollars equivalent</i>	<i>Cash</i>	<i>Promissory notes</i>	<i>Total</i>
New Zealand	7 991						
Nicaragua	119						
Niger	225	US\$	50	50	50	0	50
Nigeria	106 459	US\$	15 000	15 000	15 000	0	15 000
Norway	179 863	NOK	240 135	41 304	27 891	0	27 891
Oman	250	US\$	50	50	50	0	50
Pakistan	14 934	US\$	8 000	8 000	2 667	5 333	8 000
Panama	200	US\$	17	17	17	0	17
Papua New Guinea	170						
Paraguay	705	US\$	501	501	501	0	501
Peru	960	US\$	300	300	300	0	300
Philippines	1 978						
Portugal	4 384						
Qatar	39 980						
Republic of Korea	13 239	US\$	4 000	4 000	4 000	0	4 000
Republic of Moldova	19	US\$	18	18	18	0	18
Romania	250						
Rwanda	171	US\$	50	50	50	0	50
Saint Kitts and Nevis	20						
Saint Lucia	22						
Samoa	50						
Sao Tome and Principe	10						
Saudi Arabia	389 778	US\$	20 000	20 000	5 000	15 000	20 000
Senegal	386						
Seychelles	20						
Sierra Leone	37						
Solomon Islands	10						
Somalia	10						
South Africa	500	US\$	913	913	913	0	913
Spain	47 789	EUR	38 000	53 874	53 874	0	53 874
Sri Lanka	7 885	US\$	1 001	1 001	667	0	667
Sudan	1 139						
Swaziland	273						
Sweden	201 692	SEK	360 000	52 907	35 402	17 505	52 907
Switzerland	115 697	CHF	21 300	23 470	15 770	0	15 770
Syrian Arab Republic	1 317	US\$	500	500	500	0	500
Tajikistan	1	US\$	1	1	1	0	1
Thailand	900	US\$	300	300	300	0	300
Togo	35						
Tonga	55						
Tunisia	3 178	US\$	600	600	414	0	414
Turkey	16 236	US\$	1 200	1 200	1 189	0	1 189
Uganda	290	US\$	90	90	90	0	90
United Arab Emirates	52 180	US\$	1 000	1 000	650	350	1 000
United Kingdom	218 454						
United Republic of Tanzania	324	US\$	120	120	120	0	120
United States ³	701 674	US\$	90 000	90 000	36 000	23 440	59 440
Uruguay	425	US\$	100	100	100	0	100
Uzbekistan		US\$	5	5	5	0	5
Venezuela (Bolivarian Republic of)	189 689	US\$	6 569	6 569	6 569	0	6 569
Viet Nam	1 603	US\$	500	500	300	0	300

Statement of contributions

As at 31 December 2011 and 2010

Statement of Members' contributions¹ (cont.)

	<i>Initial, First, Second, Third, Fourth, Fifth, Sixth, Seventh Replenishments (thousands of US dollars equivalent)</i>	<i>Eighth Replenishment</i>					
		<i>Instruments deposited</i>			<i>Payments (thousands of US dollars equivalent)</i>		
		<i>Currency</i>	<i>Amount (thousands)</i>	<i>Thousands of US dollars equivalent</i>	<i>Cash</i>	<i>Promissory notes</i>	<i>Total</i>
Yemen	2 376	US\$	972	972	972	0	972
Yugoslavia	108						
Zambia	407	US\$	87	87	87	0	87
Zimbabwe	2 103						
Total contributions 31 December 2011	5 178 428			884 586	610 440	176 538	786 978

¹ Payments include cash and promissory notes. Amounts are expressed in thousands of United States dollars, therefore payments received for less than US\$500 are not shown in appendix G. Consequently, contributions from Afghanistan (US\$93) and Tajikistan (US\$400) do not appear above.

² Australia's withdrawal from membership of IFAD became effective on 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 Eighth Replenishment of EUR 6 million, Ireland has made a further contribution of EUR 891,000.

Statement of Members' contributions¹ (cont.)

		<i>Ninth Replenishment</i>				
		<i>Instruments deposited</i>			<i>Payments (thousands of US dollars equivalent)</i>	
		<i>Currency</i>	<i>Amount (thousands)</i>	<i>Thousands of US dollars equivalent</i>	<i>Cash</i>	<i>Promissory notes</i>
Democratic Republic of the Congo	US\$	290	290	290	0	290
Mali	EUR	71	92	92	0	92
Mexico	US\$	5 000	5 000	0	0	0
Nicaragua	US\$	150	150	0	0	0
Uganda	US\$	50	50	50	0	50
United Republic of Tanzania	US\$	62	62	62	0	62
Zambia	US\$	10	10	10	0	10
Total contributions 31 December 2011			5 654	504	0	504

Statement of contributions

As at 31 December 2011 and 2010

Special Programme for Africa

	<i>Currency</i>	<i>First phase</i>		<i>Second phase</i>		<i>Total</i>
		<i>Instruments deposited</i>		<i>Instruments deposited</i>		
		<i>Amount</i>	<i>Thousands of US dollars equivalent</i>	<i>Amount</i>	<i>Thousands of US dollars equivalent</i>	
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	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 2011		3 132 291	288 868		62 364	351 232
31 December 2010			288 868		62 364	351 232

Statement of contributions

As at 31 December 2011 and 2010

Statement of Members' replenishment contributions received in 2011¹
(Expressed in thousands of United States dollars)

<i>Member States</i>	<i>Instruments deposited^{2,3}</i>	<i>Promissory note deposit³</i>	<i>Payments</i>	
			<i>Cash</i>	<i>Promissory note encashment</i>
Replenishment 6				
Benin			3	
Total IFAD6			3	
Replenishment 7				
Brazil				5 119
France				10 772
Italy			15 938	
United States of America				7 714
Total IFAD7			15 938	23 605
Replenishment 8				
Algeria				3 500
Argentina			2 500	
Armenia			4	
Austria				5 279
Bangladesh				210
Benin			99	
Belgium			9 444	
Botswana			100	
Burkina Faso			100	
Burundi			10	
Canada		12 952		25 132
China			7 000	
Congo			67	
Cyprus			20	
Democratic Republic of the Congo			200	
Denmark			4 571	
Ethiopia			30	
Finland			6 215	
France		16 551		31 348
Gabon			104	
Ghana	400		200	
Germany		21 052		22 117
Guyana			483	
India			8 000	
Indonesia	5 000		1 500	
Iraq			500	
Iceland			25	
Ireland			2 694	
Italy			45 683	
Japan				20 410
Kuwait		12 000		7 800
Lebanon			100	
Luxembourg				761
Mongolia			10	
Morocco	700	700		350
Mozambique				55
Nepal			50	
Nigeria			15 000	
Netherlands				25 000
Norway			14 152	

Statement of contributions

As at 31 December 2011 and 2010

<i>Member States</i>	<i>Instruments deposited^{2,3}</i>	<i>Payments</i>		
		<i>Promissory note deposit³</i>	<i>Cash</i>	<i>Promissory note encashment</i>
Pakistan		8 000		2 667
Panama			8	
Paraguay			500	
Peru	100		100	
Republic of Korea			2 000	
Republic of Moldova			8	
Rwanda			50	
Saudi Arabia				5 000
South Africa			413	
Sri Lanka			667	
Sweden				18 646
Switzerland		7 214		15 770
Tajikistan			0	
Tunisia			211	
Turkey			489	
Uganda			40	
United Arab Emirates				650
United States		29 440		18 000
Uzbekistan			5	
Venezuela (Bolivarian Republic of)			6 569	
Viet Nam			200	
Total IFAD8	6 200	107 909	130 121	202 695

Replenishment 9

Burundi			10	
Democratic Republic of the Congo			290	
Mali			92	
Mexico	5 000			
Nicaragua	150			
Uganda			50	
United Republic of Tanzania			62	
Total	5 150		504	
Grand Total	11 350	107 909	130 625	249 884

¹ Amounts are expressed in thousands of United States dollars, therefore the payment from Tajikistan (US\$400) for the Eighth Replenishment 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 deposits 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 2011 and 2010

Borrower or guarantor	Approved loans less cancellations	Loans not yet effective	Effective loans			Outstanding loans
			Undisbursed portion	Disbursed portion	Repayments	
US\$ loans¹ (expressed in thousands)						
Bangladesh	30 000			30 000	17 250	12 750
Cape Verde	2 003			2 003	1 152	851
Haiti	3 500			3 500	2 056	1 444
Nepal	11 538			11 538	6 643	4 896
Sri Lanka	12 000			12 000	7 200	4 800
United Republic of Tanzania	9 488			9 489	5 574	3 914
Subtotal¹	68 530			68 530	39 875	28 655
Exchange adjustment on US\$ loans	3 158			3 158	3 191	(33)
Subtotal US\$ loans¹	71 688			71 688	43 066	28 622
SDR loans¹ (expressed in thousands)						
Albania	35 080		5 333	29 747	3 668	26 079
Angola	16 981		4 907	12 074	2 027	10 048
Argentina	55 545		26 613	28 933	22 826	6 107
Armenia	54 546		8 710	45 839	2 649	43 190
Azerbaijan	44 909		19 376	25 533	1 282	24 251
Bangladesh ²	362 390	34 450	71 185	256 755	59 253	197 502
Belize	3 068		1 582	1 486	824	662
Benin	78 254		10 629	67 625	16 614	51 011
Bhutan	32 630		5 416	27 214	4 787	22 427
Bolivia (Plurinational State of)	60 980	11 600	8 692	40 688	10 187	30 501
Bosnia and Herzegovina	48 304	8 050	8 218	32 036	2 633	29 403
Botswana	2 600	2 600				
Brazil	93 871	28 871	4 212	60 788	38 432	22 356
Burkina Faso	81 458		22 280	59 178	9 656	49 522
Burundi ²	41 289		1 993	39 296	9 980	29 316
Cambodia	32 320	850	4 488	26 982	1 228	25 754
Cameroon	53 171		23 968	29 203	5 066	24 137
Cape Verde	13 489		2 064	11 425	1 842	9 583
Central African Republic	26 494		3 387	23 107	7 896	15 211
Chad	20 350		7 852	12 498	550	11 948
China	430 994	29 650	53 993	347 351	64 889	282 462
Colombia	23 344		3 779	19 565	8 488	11 077
Comoros	4 182			4 182	1 324	2 858
Congo	20 150	6 200	4 719	9 231	9 231	9 231
Costa Rica	3 400			3 400	3 287	113
Côte d'Ivoire	18 371		1 643	16 728	3 424	13 304
Cuba	10 581			10 581	2 273	8 308
Democratic People's Republic of Korea	50 496			50 496	8 400	42 096
Democratic Republic of the Congo	39 693		7 530	32 163	9 051	23 112
Djibouti	4 462		389	4 073	815	3 258
Dominica	2 902			2 902	1 842	1 060
Dominican Republic	31 663	9 250	9 450	12 963	7 891	5 072
Ecuador	46 336	10 750	13 209	22 377	13 323	9 054
Egypt	207 475	44 140	41 685	121 650	49 672	71 979
El Salvador	77 801	11 150	15 870	50 781	21 119	29 663
Equatorial Guinea	5 794			5 794	1 729	4 064
Eritrea	24 643		2 949	21 694	1 968	19 726
Ethiopia	190 102	31 300	38 550	120 252	24 426	95 826
Gabon	3 800		2 631	1 169	253	915
Gambia (The)	29 214		2 340	26 874	5 752	21 122
Georgia	21 818		5 281	16 537	923	15 614
Ghana	133 077	19 700	27 595	85 782	14 395	71 387
Grenada	4 399		1 619	2 780	1 117	1 663
Guatemala	80 731	22 950	24 977	32 804	21 632	11 173
Guinea-Bissau	5 117			5 117	2 448	2 669
Guinea	69 238		10 154	59 084	12 555	45 529
Guyana	8 522		1 315	7 207	1 149	6 058
Haiti	60 221		6 745	53 476	11 446	42 030
Honduras	79 701	5 500	11 089	63 112	9 005	54 107
India	507 228	56 700	123 373	327 155	103 927	223 227
Indonesia ²	156 412		52 956	103 456	24 755	78 701
Jordan	32 248		3 026	29 222	17 258	11 964
Kenya	101 061		41 122	59 939	7 850	52 089
Kyrgyzstan	7 097			7 097	1 088	6 009

Appendix H
Statement of loans

1. IFAD: Statement of outstanding loans (cont.)

As at 31 December 2011 and 2010

Borrower or guarantor	Approved loans less cancellations	Loans not yet effective	Effective loans			Outstanding loans
			Undisbursed portion	Disbursed portion	Repayments	
Lao People's Democratic Republic	49 569		2 716	46 853	6 934	39 918
Lebanon	17 133		2 600	14 533	12 490	2 043
Lesotho	27 314		4 701	22 613	4 426	18 187
Liberia	20 680	10 500		10 180	8 139	2 041
Madagascar ²	99 770		17 788	81 982	15 569	66 414
Malawi ²	84 324	14 650	7 011	62 663	17 103	45 560
Maldives	10 893		2 925	7 968	1 887	6 081
Mali	116 465		44 587	71 878	16 922	54 956
Mauritania	49 975	5 600	6 611	37 763	6 827	30 937
Mauritius	10 818		3 450	7 368	3 827	3 541
Mexico	43 132		12 490	30 642	21 799	8 843
Mongolia	20 689		6 278	14 411	459	13 952
Morocco	88 830	4 100	39 531	45 199	27 790	17 410
Mozambique ²	126 215		45 538	80 677	14 597	66 079
Namibia	4 200			4 200	4 200	
Nepal	77 312		15 179	62 133	19 752	42 381
Nicaragua	45 622	6 400	5 065	34 157	3 868	30 288
Niger	55 939	14 300	7 822	33 817	6 645	27 172
Nigeria	86 911		36 019	50 892	4 809	46 083
Pakistan ²	276 229	18 550	48 985	208 694	71 862	136 832
Panama	31 587		5 144	26 443	24 051	2 392
Papua New Guinea	13 121		8 952	4 169	3 545	623
Paraguay	21 807		3 045	18 762	11 267	7 495
Peru	60 150		10 921	49 229	29 658	19 571
Philippines	84 196		21 896	62 300	13 386	48 914
Republic of Moldova	45 700		15 634	30 066	387	29 680
Romania	12 400			12 400	6 613	5 787
Rwanda ²	96 448		13 996	82 452	12 695	69 758
Saint Lucia	1 242			1 242	916	326
Saint Vincent and the Grenadines	1 484			1 484	1 437	47
Samoa	1 908			1 908	684	1 223
Sao Tome and Principe	13 761		2 289	11 472	2 171	9 300
Senegal	91 512		29 849	61 663	6 895	54 769
Sierra Leone	33 550		8 142	25 408	9 637	15 771
Solomon Islands	2 519			2 519	998	1 521
Somalia	17 710			17 710	411	17 299
Sri Lanka	141 850	14 350	36 410	91 090	19 834	71 256
Sudan	129 498		16 786	112 712	25 826	86 887
Swaziland	20 403		6 872	13 531	8 419	5 112
Syrian Arab Republic	78 768		33 877	44 891	27 986	16 905
The former Yugoslav Republic of Macedonia	11 721			11 721	1 226	10 496
Togo	17 565			17 565	5 766	11 799
Tonga	4 837			4 837	1 464	3 373
Tunisia	49 590	5 750	6 079	37 761	21 693	16 068
Turkey	45 657		20 139	25 518	13 126	12 392
Uganda	198 024		78 409	119 615	23 033	96 582
United Republic of Tanzania	223 428		81 637	141 791	11 830	129 961
Uruguay	18 880		383	18 497	13 840	4 657
Venezuela (Bolivarian Republic of)	25 254		9 527	15 727	10 387	5 340
Viet Nam	174 017		67 585	106 432	6 855	99 577
Yemen ²	138 935		16 762	122 173	35 191	86 982
Zambia	105 979		34 190	71 789	15 580	56 209
Zimbabwe	32 176			32 176	15 605	16 571
Total	6 907 702	427 911	1 586 714	4 893 077	1 313 191	3 579 886
Fund for Gaza and the West Bank ³	2 513	0	0	2 513	353	2 160
US\$ equivalent	10 633 557	658 477	2 441 662	7 533 418	1 920 943	5 612 475
Exchange adjustment on SDR loan repayments	(100 442)	0	0	(100 442)	0	(100 442)
Subtotal SDR loans 31 December 2011 US\$	10 533 115	658 477	2 441 662	7 432 976	1 920 943	5 512 033
Total loans						
31 December 2011 US\$ at nominal value	10 604 801	658 477	2 441 662	7 504 662	1 964 009	5 540 653
Fair value adjustment						(1 168 676)
31 December 2011 US\$ at fair value	10 604 801					4 371 977
31 December 2010 US\$ at nominal value	10 071 086	616 465	2 387 715	7 119 484	1 805 732	5 261 174
Fair value adjustment						(1 168 031)
31 December 2010 US\$ at fair value						4 093 143

Appendix H
Statement of loans

2. IFAD: Summary of loans approved at nominal value¹

As at 31 December 2011

		<i>Approved loans in thousands of SDR</i>			<i>Value in thousands of United States dollars</i>					
		<i>As at 1 January 2011</i>	<i>Loans cancelled</i>	<i>Loans fully repaid</i>	<i>As at 31 December 2011</i>	<i>As at 1 January 2011</i>	<i>Loans cancelled</i>	<i>Loans fully repaid</i>	<i>Exchange rate movement SDR/US\$</i>	<i>As at 31 December 2011</i>
1978	US\$	68 530			68 530	68 530			0	68 530
1979	SDR	201 486			201 486	312 357			(2 307)	310 050
1980	SDR	187 228			187 228	290 253			(2 144)	288 110
1981	SDR	188 716			188 716	292 560			(2 161)	290 399
1982	SDR	103 110			103 110	159 848			(1 181)	158 667
1983	SDR	143 589			143 589	222 601			(1 644)	220 957
1984	SDR	131 907			131 907	204 491			(1 510)	202 981
1985	SDR	60 332			60 332	93 531			(691)	92 840
1986	SDR	23 664			23 664	36 686			(271)	36 415
1987	SDR	43 793			43 793	67 891			(501)	67 389
1988	SDR	68 380			68 380	106 007			(783)	105 224
1989	SDR	103 343		(5 279)	98 064	160 209		(8 123)	(1 183)	150 903
1990	SDR	80 168		(40 102)	40 066	124 282		(61 710)	(918)	61 654
1991	SDR	127 804			127 804	198 130			(1 463)	196 667
1992	SDR	150 231			150 231	232 898			(1 720)	231 178
1993	SDR	168 976			168 976	261 958			(1 935)	260 023
1994	SDR	179 425	(176)		179 249	278 157	(271)		(2 055)	275 831
1995	SDR	221 732			221 732	343 744			(2 539)	341 205
1996	SDR	225 766	(1 022)		224 744	349 998	(1 573)		(2 585)	345 840
1997	SDR	268 955	(1 433)		267 522	416 952	(2 205)		(3 080)	411 667
1998	SDR	269 084	(1 635)		267 449	417 152	(2 516)		(3 081)	411 555
1999	SDR	292 882	(3 842)		289 040	454 045	(5 912)		(3 354)	444 780
2000	SDR	295 639	(9 588)		286 051	458 320	(14 754)		(3 385)	440 180
2001	SDR	282 212	(13 937)		268 051	437 504	(21 446)		(3 232)	412 826
2002	SDR	245 071	(381)		244 690	379 926	(586)		(2 806)	376 533
2003	SDR	254 332			254 332	394 283			(2 912)	391 370
2004	SDR	260 300			260 300	403 535			(2 981)	400 554
2005	SDR	319 310			319 310	495 016			(3 656)	491 360
2006	SDR	347 499	(48)		347 451	538 716	(74)		(3 979)	534 663
2007	SDR	266 330			266 330	412 883			(3 050)	409 833
2008	SDR	289 156			289 156	448 269			(3 311)	444 958
2009	SDR	307 555	(2 550)		305 005	476 792	(3 924)		(3 522)	469 347
2010	SDR	422 295			422 295	654 670			(4 836)	649 835
2011					459 940					707 763
Total	SDR	6 530 270	(34 612)	(45 381)	6 910 217	10 123 665	(53 262)	(69 833)	(74 777)	10 633 557
Total	US\$	68 530				68 530				68 530
Exchange adjustment on loans disbursed										
Total										(97 286)
Total										
10 604 801										

Appendix H
Statement of loans

3. IFAD: Maturity structure of outstanding loans by period at nominal value

As at 31 December 2011 and 2010 (expressed in thousands of United States dollars)

<i>Period due</i>	<i>2011</i>	<i>2010</i>
Less than 1 year	24 715	268 440
1-2 years	243 160	210 853
2-3 years	216 400	210 587
3-4 years	219 627	213 917
4-5 years	231 512	223 423
5-10 years	1 196 846	1 144 963
10-15 years	1 118 120	1 022 720
15-20 years	991 375	919 248
20-25 years	780 617	673 999
More than 25 years	518 281	373 023
Total	5 540 653	5 261 174

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 1.53882 at 31 December 2011.

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).

4. IFAD: Summary of outstanding loans by lending type at nominal value

As at 31 December 2011 and 2010 (expressed in thousands of United States dollars)

	<i>2011</i>	<i>2010</i>
Highly concessional terms	5 138 513	4 875 987
Hardened terms	2 002	
Intermediate terms	241 844	238 374
Ordinary terms	158 294	146 813
Total	5 540 653	5 261 174

5. Disbursement structure of undisbursed loans at nominal value

Projected as at 31 December 2011 and 2010 (expressed in thousands of United States dollars)

<i>Disbursements in</i>	<i>2011</i>	<i>2010</i>
Less than 1 year	623 516	553 796
1-2 years	575 077	523 487
2-3 years	498 512	468 903
3-4 years	420 372	408 497
4-5 years	336 814	333 576
5-10 years	645 848	697 654
More than 10 years	-	18 270
Total	3 100 139	3 004 183

Appendix H
Statement of loans

6. Special Programme for Africa: Statement of loans at nominal value

As at 31 December 2011 and 2010

<i>Borrower or guarantor</i>	<i>Approved loans less cancellations</i>	<i>Undisbursed portion</i>	<i>Disbursed portion</i>	<i>Repayments</i>	<i>Outstanding loans</i>
SDR loans (expressed in thousands)					
Angola	2 714	-	2 714	596	2 118
Burkina Faso	10 546	-	10 546	3 137	7 409
Burundi	4 494	-	4 494	972	3 522
Cape Verde	2 183	-	2 183	636	1 547
Chad	9 617	-	9 617	2 558	7 059
Comoros	2 289	-	2 289	536	1 753
Djibouti	114	-	114	36	78
Ethiopia	6 660	-	6 660	2 382	4 278
Gambia (The)	2 639	-	2 639	792	1 847
Ghana	22 321	-	22 321	6 275	16 046
Guinea-Bissau	2 126	-	2 126	797	1 329
Guinea	10 762	-	10 762	3 498	7 264
Kenya	12 241	-	12 241	3 134	9 107
Lesotho	7 481	-	7 481	2 153	5 328
Madagascar	1 098	-	1 098	238	860
Malawi	5 777	-	5 777	1 156	4 621
Mali	10 193	-	10 193	3 568	6 625
Mauritania	19 020	-	19 020	5 783	13 237
Mozambique	8 291	-	8 291	2 944	5 347
Niger	11 119	-	11 119	3 892	7 227
Senegal	23 234	-	23 234	6 509	16 724
Sierra Leone	1 505	-	1 505	339	1 167
Sudan	26 012	-	26 012	7 438	18 574
Uganda	8 124	-	8 124	2 843	5 280
United Republic of Tanzania	6 790	-	6 790	2 037	4 753
Zambia	8 607	-	8 607	2 996	5 611
Total	225 957	0	225 957	67 245	158 712
US\$ equivalent	347 707	0	347 707	98 488	249 220
Exchange adjustment on SDR loan repayments	(4 992)		(4 992)		(4 992)
31 December 2011 US\$ at nominal value	342 715	0	342 715	98 487	244 228
Fair value adjustment					(103 444)
31 December 2011 US\$ at fair value					140 784
31 December 2010 US\$ at nominal value	344 450	0	344 450	88 549	255 901
Fair value adjustment					(110 664)
31 December 2010 US\$ at fair value					145 237

7. Special Programme for Africa: Summary of loans approved at nominal value

As at 31 December 2011

		<i>Approved loans in thousands of SDRs</i>			<i>Value in thousands of United States dollars</i>			
		<i>As at 1 January 2011</i>	<i>Loans cancelled</i>	<i>As at 31 December 2011</i>	<i>As at 1 January 2011</i>	<i>Loans cancelled</i>	<i>Exchange rate movement SDR/US\$</i>	<i>As at 31 December 2011</i>
1986	SDR	24 902	-	24 902	38 940	-	(285)	38 320
1987	SDR	41 292	-	41 292	64 014	-	(473)	63 541
1988	SDR	34 770	-	34 770	53 903	-	(398)	53 505
1989	SDR	25 756	-	25 756	39 929	-	(295)	39 634
1990	SDR	17 370	-	17 370	26 928	-	(199)	26 729
1991	SDR	18 246	-	18 246	28 286	-	(209)	28 077
1992	SDR	6 952	-	6 952	10 777	-	(80)	10 698
1993	SDR	34 268	-	34 268	53 125	-	(392)	52 732
1994	SDR	16 320	-	16 320	25 300	-	(187)	25 113
1995	SDR	6 081	-	6 081	9 429	-	(71)	9 358
Total	SDR	225 957		225 957	350 295	-	(2 588)	347 707

Appendix H
Statement of loans

8. Special Programme for Africa: Maturity structure of outstanding loans by period at nominal value
As at 31 December 2011 and 2010 (expressed in thousands of United States dollars)

<i>Period due</i>	<i>2011</i>	<i>2010</i>
Less than 1 year	9 160	10 171
1-2 years	8 939	9 006
2-3 years	8 939	9 006
3-4 years	8 939	9 006
4-5 years	8 939	9 006
5-10 years	44 696	45 030
10-15 years	44 696	45 030
15-20 years	44 696	45 030
20-25 years	42 189	43 815
More than 25 years	23 033	30 801
Total	244 228	255 901

9. Special Programme for Africa: Summary of outstanding loans by lending type at nominal value
As at 31 December 2011 and 2010 (expressed in thousands of United States dollars)

	<i>2011</i>	<i>2010</i>
Highly concessional terms	244 228	255 901
Intermediate terms	-	-
Ordinary terms	-	-
Total	244 228	255 901

IFAD-only statement of grants

As at 31 December 2011 and 2010 (expressed in thousands of United States dollars)

	<i>Undisbursed as at 1 January 2011</i>	<i>2011 movements</i>			<i>Exchange rate</i>	<i>Undisbursed as at 31 December 2011</i>
		<i>Effective</i>	<i>Disbursements</i>	<i>Cancellations</i>		
Other grants	80 390	61 357	(42 244)	(2 340)	(1 465)	95 698
Fair value adjustment						(1 852)
Total 2011 at fair value						93 846
Total 2010	77 002	44 679	(39 873)	(1 342)	(76)	80 390
Fair value adjustment						(1 928)
Total 2010 at fair value						78 462

IFAD-only Debt Sustainability Framework

As at 31 December 2011 and 2010 (expressed in thousands of United States dollars)

<i>Borrower or guarantor</i>	<i>Undisbursed as at 1 January 2011</i>	<i>Effective/ (Cancellations) 2011</i>	<i>Disbursements 2011</i>	<i>Exchange difference</i>	<i>Undisbursed as at 31 December 2011</i>
US\$ Debt Sustainability Framework					
Afghanistan	98	0	0	0	98
Chad	49	0	(32)	0	17
Democratic Republic of the Congo	500	0	(425)	0	75
Guinea	40	0	0	0	40
Haiti	500	0	(500)	0	0
Lao People's Democratic Republic	0	500	(450)	0	50
Lesotho	20	0	(20)	0	0
Malawi	20	0	0	0	20
Nepal	1 111	0	(479)	0	632
Nicaragua	0	500	(222)	0	278
Niger	120	(70)	(50)	0	0
Sudan	0	1 490	(804)	0	686
Yemen	36	0	0	0	36
Subtotal US\$ DSF	2 494	2 420	(2 982)	0	1 932
SDR Debt Sustainability Framework					
Afghanistan	13 807		(2 594)		11 213
Benin	5 777		(124)		5 653
Burkina Faso	5 400		(268)		5 132
Burundi	39 753		(4 898)		34 855
Cambodia	6 807		(1 295)		5 512
Central African Republic	0	3 450	(63)		3 387
Chad	12 447	5 400	(1 147)		16 700
Comoros	1 637		(960)		677
Congo	3 971		(479)		3 492
Côte d'Ivoire	6 300		(525)		5 775
Democratic Republic of the Congo	15 700		(1 206)		14 494
Djibouti	1 499	2 000	(1 029)		2 470
Eritrea	12 600		(2 001)		10 599
Ethiopia	26 756		(3 100)		23 656
Gambia (The)	4 398		(247)		4 151
Guinea-Bissau	2 076		(758)		1 318
Guinea	11 719		(2 647)		9 072
Guyana	1 461		(146)		1 315
Haiti	3 397		(854)		2 543
Kyrgyzstan	4 633		(1 369)		3 264
Lao People's Democratic Republic	9 160	8 850	(1 073)		16 937
Lesotho	1 830	3 150	(569)		4 411
Liberia	2 500		(673)		1 827
Malawi	4 367		(546)		3 821
Mauritania	3 856		(323)		3 533
Nepal	6 314		(1 807)		4 507
Nicaragua	2 597		(698)		1 899
Niger	4 853	4 150	(2 742)		6 261
Rwanda	14 160	12 400	(5 250)		21 310
Sao Tome and Principe	1 990		(376)		1 614
Sierra Leone	4 035	7 050	(3 229)		7 856
Solomon Islands	0	2 550			2 550
Sudan	18 331	8 875	(2 333)		24 873
Tajikistan	6 845	9 300	(316)		15 829
Togo	8 650				8 650
Yemen	12 362		(899)		11 463
Subtotal SDR DSF	281 988	67 175	(46 541)	0	302 622
Sub-total SDR DSF (US\$ equivalent)	437 153	103 370	(73 349)	(1 498)	465 676
Total US\$ and SDR DSF	439 647	105 790	(76 331)	(1 498)	467 608
2010	228 793	249 071	(39 998)	(1 162)	439 647

Summary of the Heavily Indebted Poor Countries Debt Initiative

As at 31 December 2011 and 2010 (expressed in thousands of United States dollars)

As at 31 December 2010, the cumulative position of the debt relief provided and estimated to be provided under both the original and the enhanced Heavily Indebted Poor Countries Debt Initiative is as follows:

	<i>Debt relief provided to 31 December 2011</i>		<i>Debt relief to be provided as approved by the Executive Board</i>			<i>Total debt relief</i>
	<i>Principal</i>	<i>Interest</i>	<i>To be covered by IFAD</i>		<i>To be covered by World Bank contribution</i>	
			<i>Principal</i>	<i>Interest</i>		
Completion point countries						
Benin	4 568	1 643	0	0	0	6 211
Bolivia (Plurinational State of)	5 900	1 890	0	0	0	7 790
Burkina Faso	6 769	2 668	0	0	0	9 437
Burundi	2 523	780	4 241	756	10 475	18 775
Cameroon	1 701	481	653	158	698	3 691
Central African Republic	6 336	2 194	1 197	272	2 948	12 947
Congo	0	55	0	15	29	99
Democratic Republic of the Congo	5 994	2 302	3 022	342	6 830	18 490
Ethiopia	14 198	4 596	2 110	461	5 108	26 473
Gambia (The)	2 186	539	103	23	275	3 126
Ghana	12 632	4 332	1 043	234	2 346	20 587
Guinea-Bissau	2 427	863	1 264	150	2 869	7 573
Guyana	1 526	299	0	0	0	1 825
Haiti	1 946	635	0	0	0	2 581
Honduras	1 077	767	0	0	0	1 844
Liberia	8 139	6 092	458	68	1 067	15 824
Madagascar	7 810	2 096	0	0	0	9 906
Malawi	6 380	1 737	4 617	920	11 163	24 817
Mali	6 211	2 431	0	0	0	8 642
Mauritania	8 104	2 491	120	29	341	11 085
Mozambique	12 521	3 905	0	0	0	16 426
Nicaragua	7 259	943	0	0	0	8 202
Niger	5 812	1 732	1 714	348	4 187	13 793
Rwanda	6 200	2 711	7 340	1 637	4 104	21 992
Sao Tome and Principe	659	192	978	166	2 342	4 337
Senegal	2 247	882	0	0	0	3 129
Sierra Leone	5 311	1 456	1 907	283	4 353	13 310
Togo	2 008	759	0	0	0	2 767
Uganda	12 449	4 654	0	0	0	17 103
United Republic of Tanzania	12 349	4 172	132	30	301	16 984
Zambia	10 448	3 158	2 883	581	7 018	24 088
Decision point countries						
Chad	0	0	2 230	431	0	2 661
Côte d'Ivoire	0	0	1 742	287	0	2 029
Comoros	0	0	2 527	349	0	2 876
Guinea	0	0	9 800	1 878	0	11 678
31 December 2011 SDR	183 690	63 455	50 081	9 418	66 454	373 098
Less future interest on debt relief not accrued (including interest covered by the World Bank contribution)						(19 752)
Total cumulative cost of debt relief as at 31 December 2011 (thousands of SDR)						353 346
<hr/>						
31 December 2011 US\$	282 666	97 646	77 066	14 492	102 261	574 131
Total less future interest on debt relief not accrued (including World Bank)						(30 390)
Total cumulative cost of debt relief as at 31 December 2011 (thousands of US\$)						543 741
Fair value adjustment			(23 298)			
31 December 2011 at fair value			53 768			
<hr/>						
31 December 2010 SDR	155 928	55 429	80 215	18 240	55 537	365 349
Less future interest on debt relief not accrued						(27 831)
Total cumulative cost of debt relief as at 31 December 2010 (thousands of SDR)						337 518
<hr/>						
31 December 2010 US\$	232 496	82 626	124 358	28 278	86 095	553 852
Less future interest on debt relief not accrued						(43 146)
Total cumulative cost of debt relief as at 31 December 2010 (thousands of US\$)						510 706
Fair value adjustment			(57 083)			
31 December 2009 at fair value			90 091			

Summary of the Haiti Debt Relief Initiative

As at 31 December 2011

<i>Member States</i>	<i>Thousands of US dollars</i>	<i>Thousands of SDR</i>
Austria	685	438
Belgium	775	509
Canada	3 500	2 303
Denmark	513	339
France	1 700	1 080
Germany	2 308	1 480
Japan	2 788	1 743
Luxembourg	280	178
Mauritius	5	3
Norway	1 626	1 066
Sweden	1 718	1 115
Switzerland	962	637
United Kingdom	2 700	1 717
United States	8 000	5 217
Total contribution received by Member States	27 560	17 825
Interest earned	163	
Debt relief provided	(1 240)	
Total administrative account Member States	26 483	
IFAD contribution	15 200	10 088
Interest earned	125	
Debt relief provided	0	
Total administrative account IFAD	15 325	
Grand total	41 808	
<i>Exchange rate movement</i>	(529)	
Haiti Debt Relief Initiative cash and investments	41 279	

IFAD-only statement of operating expenses

An analysis of IFAD operating expenses by principal sources of funding
 For the years ended 31 December 2011 and 2010 (expressed in thousands of United States dollars)

	<i>Regular budget</i> ¹	<i>Direct charges</i> ²	<i>Other sources</i> ³	<i>Total</i>
Staff salaries and benefits	85 784	2	4 904	90 690
Office and general expenses	25 309	393	10 043	35 745
Consultants and other non-staff costs	35 039	40	1 202	36 281
Cooperating institutions	2 048		24	2 072
Direct bank and investment costs		3 617		3 617
Total 2011	148 180	4 052	16 173	168 405
Total 2010	131 451	4 789	14 154	151 445

¹ These refer to IFAD and the Independent Office of Evaluation of IFAD and carry forward.

² Direct charges against investment income.

³ Includes Italian Government reimbursable expenses, voluntary separation leave expenditures and positions funded from service charges.

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Taking the truck to the weekly market in Molondo – from the book *Nourriture en Afrique/ Food in Africa*, funded by a partnership between World Press Photo and IFAD

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