

# ANNUAL REPORT 2012



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 about US\$14.9 billion in grants and low-interest loans to developing countries through projects empowering over 410 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 172 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 2013

# IFAD at a glance, 1978-2012<sup>a, b</sup>

TABLE 1

		2008	2009	2010	2011	2012	1978-2012
<b>Operational activities<sup>c, d</sup></b>							
<b>Loan and DSF grant approvals</b>							
Number of programmes and projects		29	31	33	34	33	924
Amount	US\$ million	552.2	644.1	794.2	947.2	968.0	13 811.7
<b>Grant approvals</b>							
Number		70	99	88	83	88	2 486
Amount	US\$ million	40.7	47.0	51.2	50.4	69.1	869.0
<b>ASAP Trust Fund</b>							
Number						1	1
Amount	US\$ million					4.9	4.9
<b>Total IFAD loan and grant operations</b>	US\$ million	<b>592.9</b>	<b>691.1</b>	<b>845.4</b>	<b>997.6</b>	<b>1 042.0</b>	<b>14 685.6</b>
<b>Cofinancing</b>	US\$ million	<b>305.0</b>	<b>308.1</b>	<b>677.2</b>	<b>412.2</b>	<b>458.5</b>	<b>9 627.6</b>
Multilateral		197.5	278.7	543.4	163.2	136.9	7 170.1
Bilateral		13.3	24.6	74.5	159.4	183.0	1 664.8
NGO		3.5	0.7	10.4	-	3.5	44.9
Other <sup>e</sup>		90.7	4.0	48.9	89.6	135.0	747.8
<b>Domestic contributions</b>	US\$ million	<b>282.7</b>	<b>362.3</b>	<b>934.0</b>	<b>834.3</b>	<b>600.1</b>	<b>12 269.6</b>
<b>Total programme and project cost<sup>f</sup></b>	US\$ million	<b>1 149.3</b>	<b>1 321.1</b>	<b>2 411.4</b>	<b>2 198.3</b>	<b>2 046.8</b>	<b>35 812.4</b>
<b>Programmes and projects</b>							
Number of effective programmes and projects under implementation		204	217	231	238	255	
Number of programmes and projects completed		24	24	21	26	22	643
Number of programmes and projects in the pipeline		69	65	74	64	79	
Number of approved programmes and projects initiated by IFAD		26	25	28	32	32	762
Number of recipient governments (current portfolio)		88	91	96	97	99	
<b>Loan disbursements</b>	US\$ million	<b>433.8</b>	<b>428.5</b>	<b>457.6</b>	<b>549.7</b>	<b>534.5</b>	<b>8 751.4</b>
<b>DSF grant disbursements</b>	US\$ million	<b>6.5</b>	<b>13.8</b>	<b>39.4</b>	<b>76.3</b>	<b>118.4</b>	<b>256.4</b>
<b>Loan repayments<sup>g</sup></b>	US\$ million	<b>186.4</b>	<b>201.0</b>	<b>274.1</b>	<b>287.5</b>	<b>268.9</b>	<b>3 078.7</b>
<b>Membership and administration</b>							
Member States – at end of period		165	165	165	167	169	
Professional staff – at end of period <sup>h, i</sup>		233	235	260	298	312	

Sources: Project and Portfolio Management System, IFAD financial statements for 1978-2012, IFAD's Accounting System.

<sup>a</sup> 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.

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

<sup>c</sup> Excludes fully cancelled programmes and projects. Excludes the Programme Development Financing Facility (PDFF).

<sup>d</sup> 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.

<sup>e</sup> 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.

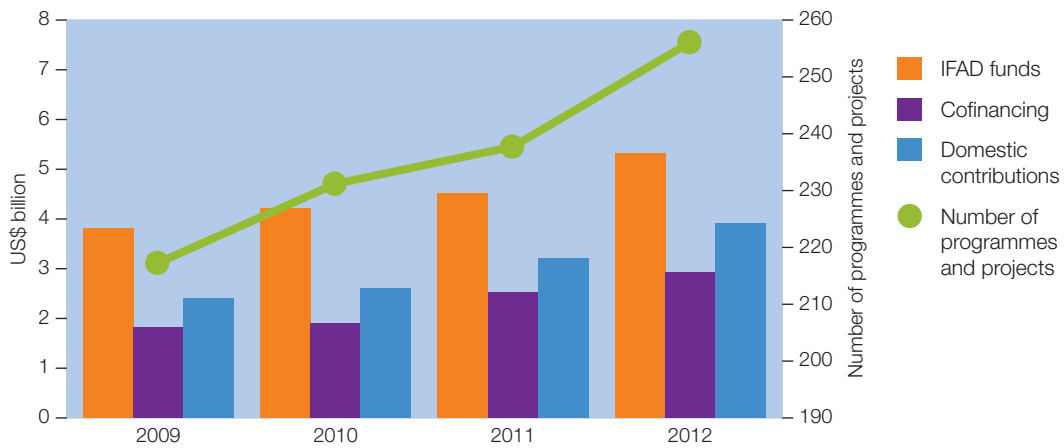
<sup>f</sup> Includes DSF grants and component grants, and excludes grants not related to investment projects.

<sup>g</sup> Loan repayments relate to principal repayments and include repayments on behalf of Heavily Indebted Poor Countries (HIPC) Debt Initiative countries.

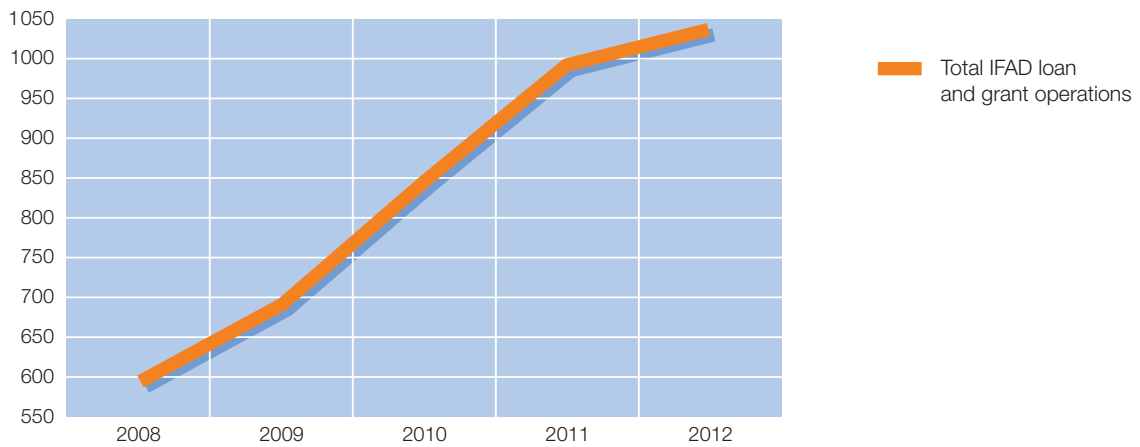
<sup>h</sup> Approved positions (excluding those of the President and Vice-President).

<sup>i</sup> Includes National Officers in country offices.

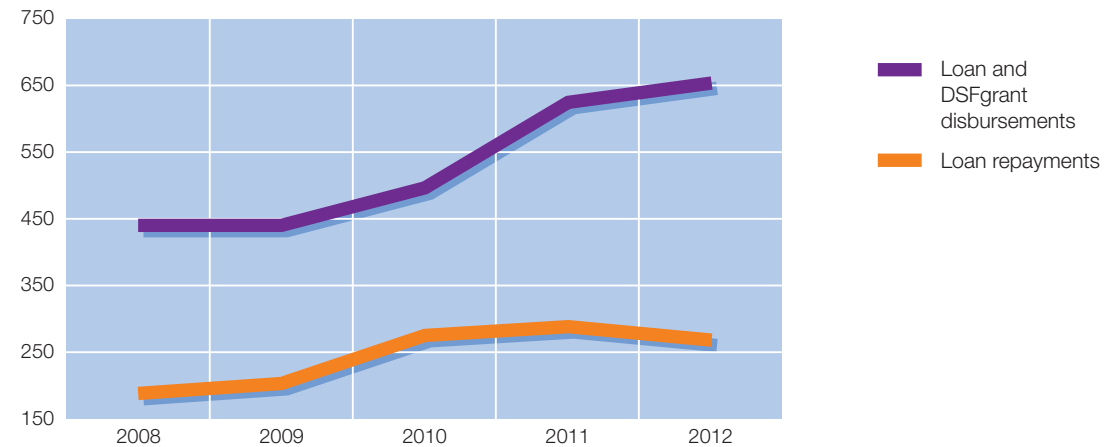
**CHART 1**  
**Ongoing portfolio of IFAD-supported programmes and projects, 2009-2012**  
 Amounts in US\$ billion



**CHART 2**  
**IFAD loan and grant operations, 2008-2012**  
 Amounts in US\$ million



**CHART 3**  
**Loan disbursements and loan repayments, 2008-2012**  
 Amounts in US\$ million

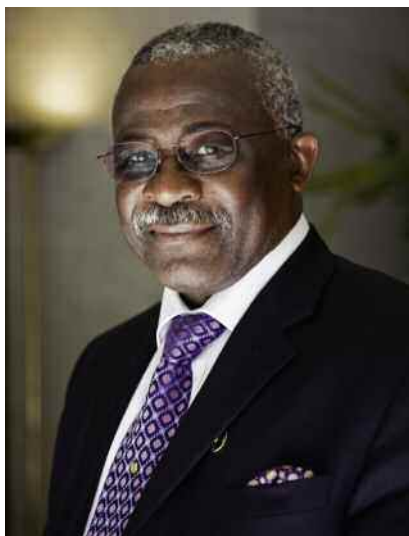


# Table of contents

President's foreword .....	2
IFAD Strategic Framework 2011-2015 .....	6
Programme of work in 2012 .....	9
New initiatives and new programmes .....	34
Measuring and improving results .....	41
Financing data and resource mobilization .....	48
Staff awards .....	58

Annual Report 2012 CD-ROM

# President's foreword



Shortly before this foreword was written, on 13 February 2013, our Member States re-elected me for a second four-year term as President of IFAD. I am honoured and grateful for this vote of confidence. I look forward to working with our members, staff and partners to consolidate the achievements and transformations of the past four years, which have put IFAD and our mission on the map. Today we are known as a twenty-first century development agency that champions sustainable and innovative solutions for smallholder farmers and poor rural people across the developing world.

In this report, you can read about our results, our priorities and our challenges in 2012 – the last year of our Eighth Replenishment period (IFAD8). For each of the regions where we work, you can also read the stories of the inspiring women and men who seize the opportunities offered by IFAD's interventions and make them their own.

## **Rising cofinancing shows our partners' confidence**

As always, the report sets out the facts and figures behind our portfolio, analysing trends and changes. An important indicator of our progress is the steady growth in the size and value of our ongoing portfolio (Chart 1). Including IFAD funds and external and domestic cofinancing, total investments in ongoing programmes rose by over 50 per cent between 2009 and 2012, from US\$7.9 billion to US\$11.9 billion.

The robust growth that we are seeing in cofinancing is a sure sign of our partners' confidence that IFAD's work has a real impact on the lives of poor rural women and men. Domestic cofinancing – that is, support from within the countries themselves for the projects we fund – has shown particularly strong growth, rising from US\$2.4 billion at the end of 2009 to US\$3.8 billion at the end of 2012.

This is incontrovertible proof that our messages about the crucial importance of investing in agricultural development to generate economic growth, reduce poverty and strengthen food and nutrition security are being heeded by those decision-makers who count most – the governments who own and drive the programmes and projects that we support.

This year's report also spotlights new directions and initiatives, including for example the Adaptation for Smallholder Agriculture Programme (ASAP) that aims to improve the capacity of about 8 million smallholder farmers to cope with climate change. The first programme to receive funding from ASAP was approved in 2012 in Mozambique (see page 38).

In line with our commitment to transparency, the report also aims to give you, our readers and partners, the information you are looking for about IFAD's systems and processes. For example, you will find details of our independent evaluation function, the measures we take to fight corruption, our participation in the Heavily Indebted Poor Countries



(HIPC) Debt Initiative, and our use of the performance-based allocation system to allocate funding to country programmes. The report also gives the big picture about our resource mobilization, with key figures for IFAD8 and IFAD9 and information on cofinancing and supplementary funds (see page 49).

### **Laying the foundations for sustainable change**

Looking back over the years since I took office, I am impressed by what IFAD has been able to achieve together with you, our partners. The three-year period of IFAD8 (2010 to 2012) was a time of growth, reform and change on all fronts for the Fund. In addition to the expansion in the portfolio and the cofinancing boom mentioned above, we introduced a new business model and built our presence in the countries where IFAD works, with 38 country offices at the end of 2012, up from 25 operational offices in 2009 (see map on page 7). The proportion of staff on the ground has risen from just 1.4 per cent in 2009 to 15 per cent in 2012. This has also enabled us to strengthen our direct supervision. We now directly supervise well over 90 per cent of the projects we support.

We established an Ethics Office in 2011 to promote and uphold the highest standards of the organization, our code of conduct and our core values. The Office is independent and has a level of authority that ensures decisions and recommendations are taken seriously at all levels. In 2012 the Ethics Office implemented an expanded financial reporting requirement for all directors and other selected staff based on their duties and responsibilities, requiring them to complete a confidential annual financial disclosure statement. Some 20 training courses were held during the year to raise staff awareness about ethical issues in the workplace, including anti-harassment and the code of conduct.

In our drive to make IFAD more efficient, more effective and more agile, we have also restructured the organization. We now have a dedicated Financial Operations Department – led by a Chief Financial Officer – maximizing our use of resources. We have a new Strategy and Knowledge Management Department to guide our participation in global dialogue and country policy formulation. And we

have a Partnership and Resource Mobilization Office tasked with identifying new and innovative sources of funding for rural development, and strengthening our strategic cooperation with partners and stakeholders at all levels.

We have been through a job audit and a strategic workforce planning exercise, enabling us to align human resources with strategic objectives and needs. During 2012 we introduced a rewards and recognition framework project to improve our ability to attract and keep talented, motivated staff. In this report, you can see the winners of the staff awards in 2012 – professionals we have recognized for their remarkable contributions and dedication (see page 58).

### **We support young people**

Sustainable change is only possible with the full involvement of future generations. With youth unemployment one of today's most pressing challenges across the globe, we've also sharpened our focus on the needs of young women and men. Decent work for young people in rural areas is a priority in many of the programmes we support.

In this report you can read about our work in Africa with the Phelps Stokes Fund to set up the Global Youth Innovation Network – an online community for young entrepreneurs. The network had 5,000 members at the end of 2012 and was growing fast (see page 11).

In the Near East and North Africa, which has the world's highest youth unemployment rates, we have a newly approved programme in Egypt, Morocco, Tunisia and Yemen that will work with two social enterprises to create job opportunities and offer training in business skills (see page 39). And you can read our story from the field in Nicaragua about how a programme in the dry region gave training, support and hope to young people who might otherwise have been drawn into crime (see page 26).

As part of our effort to disseminate solutions to youth unemployment, we produced a joint study with the International Labour Organization, reviewing the impact of five IFAD-funded projects in Egypt, Madagascar, Nepal, Nicaragua and Senegal. Key recommendations included raising awareness about health and safety and social protection, providing cost-effective equipment to protect young workers from harm, helping enterprises in the

informal sector gain legal status, and encouraging young people to see the benefit of workers' and employers' associations.

Within IFAD itself, we have also enhanced our internship programme, enabling us to recruit talented young professionals from around the world.

### Looking ahead

While in IFAD8 we reached about 40 million people with services and support, for IFAD9 (2013 to 2015) we've set our sights significantly higher. We have committed to enabling 80 million women and men to move out of poverty. Maximizing our reach and multiplying our impact to reach this goal means scaling up with our partners at all levels – locally, nationally, regionally and internationally.

The power of partnerships was the focus of the 36th session of IFAD's Governing Council in February 2013 – two days of intensive debate focused on forging alliances with poor rural people, governments, donors and the private sector to drive sustainable agricultural and rural development.

I'd like to close with the words of one of the people featured in this report – Angèle Thea, a farmer in Guinea, reminding us of the power of partnerships.

"When we work together things happen faster. We can achieve much more."

I look forward to working with each and every one of you – Member States, project participants, staff, development partners – on the next leg of our journey.



KANAYO F. NWANZE  
President of IFAD





SANTO & PRINCIPE  
COFFEE BEANS  
ORGANIC BY ECOCERT SA

ANO  
DE FERREIRA

HERCULANO  
GRUPO GERMINAL

HERCULANO  
GRUPO GERMINAL



# IFAD Strategic Framework 2011-2015

Agriculture can provide a robust pathway out of poverty, today and in the future, for many smallholder farmers and livestock producers. IFAD's strategic framework for 2011-2015 is guiding our efforts towards realizing that future.

IFAD prepared its fourth strategic framework in response to a global context characterized by persistent challenges and major changes. The challenges include massive rural poverty, and a high prevalence of food insecurity and hunger in some regions. The changes include increasingly diverse rural livelihoods; accelerating natural resource degradation and climate change; growing economic importance of agriculture and rising demand for food, biofuels and other agricultural goods and services; higher and more volatile food prices; and growing private-sector investment in agriculture.

As we move towards 2015, we continue to build on what we have learned about small-scale agriculture and rural poverty reduction in more than 30 years. At the programme and project level, this involves stepped-up efforts to:

- enhance environmental sustainability and resilience in small-scale agriculture
- promote win-win contractual arrangements to help small agricultural producers seize opportunities in agricultural value chains at lower risk
- support the development of technologies for sustainable intensification of small-scale agriculture
- increase the capacity of financial institutions to provide a broad range of inclusive services to poor rural people
- promote the capabilities of rural women and men, including young people
- capitalize on opportunities to use renewable energy sources, and promote low-cost technologies using local resources to provide energy.

In terms of thematic engagement, IFAD continues to focus on:

- natural resources – land, water, energy and biodiversity
- climate change adaptation
- improved agricultural technologies and effective production services
- a broad range of inclusive financial services
- integration of poor rural people within value chains
- rural enterprise development and non-farm employment opportunities
- technical and vocational skills development
- support to rural producers' organizations.

Each of these areas addresses gender equality and social inclusion as cross-cutting themes, as well as household strategies to improve food security and nutrition.

In delivering on strategic framework objectives, we continue to strive to improve quality and efficiency, strengthen our ability to work effectively with the private sector, step up our advocacy, and amplify the voices of poor rural women and men in decisions that affect their lives.

IFAD Strategic Framework 2011-2015:  
[http://www.ifad.org/sf/strategic\\_e.pdf](http://www.ifad.org/sf/strategic_e.pdf).

# Number of ongoing programmes and projects by region and country at end 2012

255 programmes and projects

97 countries and Gaza and the West Bank

## Near East, North Africa and Europe

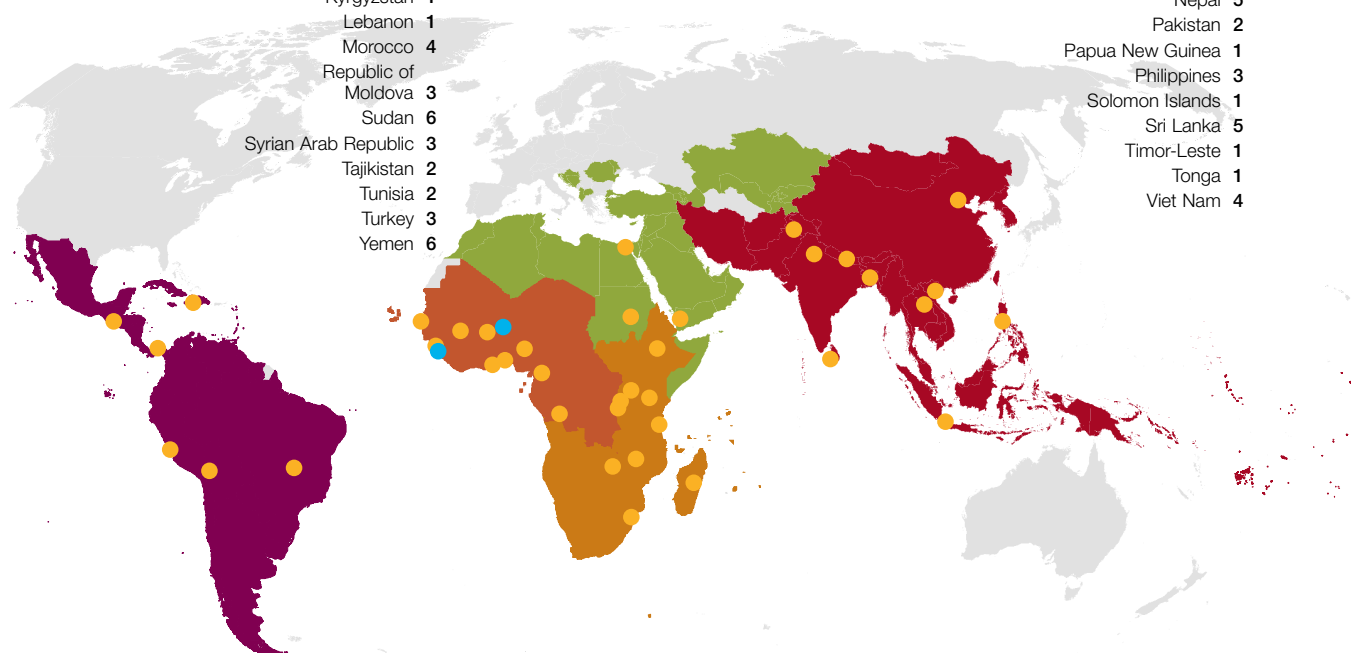
46 projects  
18 countries and Gaza and the West Bank

Albania	2
Armenia	2
Azerbaijan	2
Bosnia and Herzegovina	1
Djibouti	1
Egypt	4
Gaza and the West Bank	1
Georgia	1
Jordan	1
Kyrgyzstan	1
Lebanon	1
Morocco	4
Republic of Moldova	3
Sudan	6
Syrian Arab Republic	3
Tajikistan	2
Tunisia	2
Turkey	3
Yemen	6

## Asia and the Pacific

59 projects  
19 countries

Afghanistan	1
Bangladesh	7
Bhutan	1
Cambodia	3
China	5
India	8
Indonesia	4
Lao People's Democratic Republic	4
Maldives	2
Mongolia	1
Nepal	5
Pakistan	2
Papua New Guinea	1
Philippines	3
Solomon Islands	1
Sri Lanka	5
Timor-Leste	1
Tonga	1
Viet Nam	4



## Latin America and the Caribbean

39 projects  
19 countries

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

## West and Central Africa

55 projects  
23 countries

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

## East and Southern Africa

56 projects  
18 countries

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

IFAD country offices

● 2012

● planned 2013-2014





كمال

أسنة

على روض

سليم الرحمن الرحيم

شركة نظام  
التجارة  
الدقيق المطبوخ  
الخبز الكاف  
علاجية



# Programme of work in 2012

2012 was the third and final year of our Eighth Replenishment period, during which we strove to broaden our reach, strengthen our impact and maximize our efficiency.

The size and value of our ongoing portfolio has been increasing steadily, as new programmes and projects begin, successful interventions are scaled up and cofinancing support from our partners grows (Chart 1).

At the end of 2012, we were financing 255 ongoing programmes and projects with IFAD investments of US\$5.3 billion (Table 4) in 97 countries and Gaza and the West Bank. (See the map on page 7 to find out where we are working.)

External cofinancing and funds from domestic sources for the ongoing portfolio amounted to US\$6.6 billion, bringing the total value of ongoing programmes and projects in 2012 to US\$11.9 billion. This is a 50 per cent increase over the total value of the ongoing portfolio at the end of 2009 – just before the Eighth Replenishment period got under way. At that time, there were 217 ongoing interventions funded by US\$3.8 billion from IFAD and US\$4.1 billion from cofinanciers, for a total value of US\$7.9 billion.

Bilateral cofinancing to newly approved programmes has seen particularly marked growth, rising from US\$13.3 million for programmes approved in 2008 to US\$183.0 million in 2012 (Table 1).

Levels of disbursement also rose during 2012, keeping pace with the growing portfolio (see Tables 9, 10 and 11). Total disbursements of loans and debt sustainability framework (DSF) grants during 2012 were US\$652.9 million.

For 2013, IFAD proposes to commit approximately US\$1.066 billion in loans and grants from our resources.

## 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, Togo

### Portfolio management highlights

- 55 ongoing programmes and projects in 23 countries in the region at the end of 2012
- US\$966.7 million invested by IFAD in the region's ongoing portfolio
- 7 new programmes and projects in Benin, Burkina Faso, Cape Verde, Democratic Republic of the Congo, The Gambia, Niger and Nigeria for a total IFAD investment of US\$250.8 million
- 5 regional grants approved for a total of US\$4.8 million
- 19 ongoing regional grants for a total of US\$14.9 million
- supplementary financing worth US\$18.1 million provided to an ongoing project in Cameroon and 2 ongoing programmes in Sierra Leone
- Spanish Food Security Cofinancing Facility Trust Fund financing of €21.1 million (approximately US\$28.3 million) approved for Cape Verde and Niger
- 2 new results-based country strategic opportunities programmes (COSOPs) for Ghana and Niger

## Overview

Global and regional statistics suggest that West and Central Africa will remain the fastest growing African region in the coming decade – economically and demographically. Despite relatively high annual population growth (2.5 per cent), economic growth has generally resulted in declining poverty rates and improved human development indicators.

The total population of the region is about 488.2 million, of which 54.6 per cent lives in rural areas. Taking into account countries for which data is available, on average about 43.3 per cent of the population lives in extreme poverty on less than US\$1.25 a day.<sup>1</sup> The percentage of the population living in extreme poverty in these countries ranges from 4.8 per cent in Gabon to 83.7 per cent in Liberia.

Cameroon, Ghana, Mauritania and Senegal, in particular, have made progress in meeting the Millennium Development Goals (MDGs).

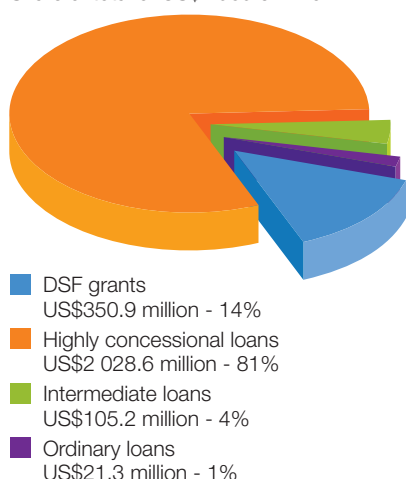
In much of sub-Saharan Africa, however, the MDGs will not be met by 2015 unless the pace of improvement increases. The principal risks to continued economic and social progress remain political and social instability and climate change, which poses a growing challenge to the resilience of rural communities. West and Central Africa includes

the highest concentration of fragile states compared with other regions in which IFAD works – with 12 of the region's 24 countries classified as fragile by the World Bank in 2011.

Despite the highest rates of urbanization in sub-Saharan Africa, agriculture accounts, on average, for about 30 per cent of the region's economic activity and employs 60 per cent of the economically active population. But agriculture's contribution to regional economic growth has generally been lower than its share of overall GDP, and agricultural labour productivity is low compared with that of the region's emerging service and manufacturing sectors.

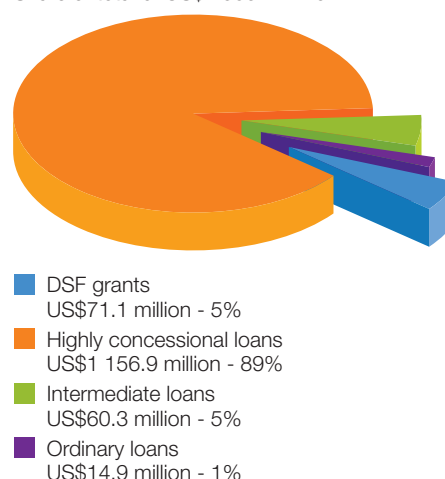
Recent studies indicate that, over the next five years, existing technologies could substantially increase yields in the region for some staple and market crops and livestock. Yields of cassava and rice could rise by an average of 30 to 50 per cent. Corn, sorghum and millet yields could increase by between 80 and 120 per cent. The development of more integrated crop and livestock production systems may expand livestock production by 50 to 100 per cent. Closing these yield and production gaps could increase overall agriculture sector growth by an average of about 60 per cent, driving rural economic growth and strengthening livelihoods.

**CHART 4a**  
IFAD loans by lending terms and DSF grants,  
1978-2012<sup>a</sup>  
Share of total of US\$2 505.9 million



<sup>a</sup> Any discrepancy in totals is the result of rounding.

**CHART 4b**  
Loan disbursements by lending terms  
and DSF disbursements, 1979-2012<sup>a</sup>  
Share of total of US\$1 303.2 million



<sup>a</sup> Loan disbursements relate solely to Regular Programme loans and exclude the Special Programme for Sub-Saharan African Countries Affected by Drought and Desertification. Any discrepancy in totals is the result of rounding.

<sup>1</sup> Raw data was sourced from the 2012 Human Development Report of the United Nations Development Programme. Population figures include all countries in the region. Data regarding population below the poverty line is not available for all countries in the region. The following country is excluded from the poverty line percentage: Equatorial Guinea. Because international data agencies continually improve their data series, the data presented in the 2012 Human Development Report is not comparable with that published in earlier editions.

## Our work and results in 2012

Our programme of work in West and Central Africa focuses on:

- agricultural production and markets
- rural finance
- natural resource management.

We consistently strive to ensure that vulnerable groups such as women, young people and indigenous peoples participate in the projects we support.

### Agricultural production and markets

Strengthening links to markets for poor rural producers is essential in increasing agricultural production, generating economic growth in rural areas, and reducing hunger and poverty. About 40 per cent of IFAD's ongoing projects in West and Central Africa focus on agricultural production and markets. In the past year, IFAD-supported projects in this area have intensified efforts to reach out to private-sector buyers with proven track records of social and environmental responsibility.

In Sao Tome and Principe, for example, a programme supporting smallholder agriculture and fisheries has moved quickly to establish stable value chains for organic cocoa, conventionally grown cocoa, coffee and pepper. These value chains have greatly benefited from strong partnerships with the private sector built up over time.

In 2012, the first of four local export cooperatives created through this programme became independent of project support. The cooperative comprises 34 primary associations, representing 49 communities and almost 1,800 smallholders. It currently exports about 500 tons of organic cocoa beans annually to the French market through a private French concern. And it fully funds its short- and long-term costs, including technical assistance to members and the operational and investment costs of the cooperative. IFAD will continue to contribute a minimum amount of financial support for the rejuvenation of production units in 2013, thus supporting the cooperative until it achieves full operational self-sufficiency.

In Senegal, an IFAD-funded value-chain support project is promoting contract farming arrangements that aim to integrate smallholders into markets. The arrangements not only provide farmers with

guaranteed buyers for their products, but also ensure that they are paid negotiated prices equal to – if not above – the market average. Sellers and buyers agree on price before the growing season on the basis of product quality, production costs and other relevant factors.

In July 2012, for example, 11 farmers' organizations signed a contract with African Natural Ingredient (ANI), a private-sector company, and supplied 617 tons of sesame at the price of 350 Communauté Financière Africaine francs (CFAF) per kilogram, which was well above the average price in Senegal. ANI estimated its needs at 5,000 tons a year, and farmers are strongly committed to increasing production next season to take advantage of market opportunities.

In 2012, a youth innovation initiative funded by IFAD and the Phelps Stokes Fund supported the establishment of a network of 5,000 young entrepreneurs across the region. Members of the Global Youth Innovation Network have created direct links with many IFAD-funded projects. They are participating in the design of new projects in The Gambia, Mali and Nigeria, and took part in a supervision mission in Senegal. Going forward, our support will help the network capitalize on synergies created through sharing innovative approaches and best practices among peer groups across Africa and globally.

### Rural finance

Access to financial services in rural areas enables poor people to manage their household cash flows, start new agricultural activities and set up small businesses. Of the 55 ongoing IFAD-supported projects in West and Central Africa, 23 include activities related to rural finance. Many of these projects have laid the foundations for rural financial institutions, including in The Gambia, Ghana, Niger, Nigeria and Sierra Leone, and these institutions have increased savings and the number of loan clients.

One rural finance project we support in Sierra Leone is particularly noteworthy. Since its implementation began in mid-2008, it has established 36 financial service associations and 13 community banks in rural areas, with a combined total of over 50,000 shareholders. The associations and banks have issued loans to approximately 15,000 active borrowers.



The project also works to empower communities to participate in and benefit from community-based planning and implementation and to develop the institutional capacity to support them in their endeavours. These objectives are consistent with the principle of community ownership of associations and community banks. As institutions become increasingly profitable, they are able to bear a certain level of cost independently and to become operationally self-sufficient.

The project's second phase, which will be presented at IFAD's April 2013 Executive Board session, is intended to consolidate the achievements of the first phase. It will also introduce a pilot programme for agricultural financing of new services – such as long- and medium-term loans for equipment rental and storage facilities – to help foster continued agricultural development in Sierra Leone.

In 2012, the IFAD and World Food Programme Weather Risk Management Facility launched an innovative research project to test the feasibility of index insurance for poor rural smallholders using remote sensing technology. Index insurance needs good historical yield and weather data – and real-time monitoring capabilities – which has been a key constraint on scaling up. This project is researching whether satellite images can accurately show when crop stress occurs on smallholder farms. The first in-field testing will take place in 2013, and the findings could advance the frontier for the entire industry.

In Senegal, 2011 was a bad year for farmers, with the rainy season ending almost two months early. Those who sowed late because they were waiting for seed and inputs lost almost everything. Food insecurity increased and farm households suffered economic setbacks. Senegalese farmers would benefit from index-based crop insurance, which would protect them against consumption shocks and lost investments and earnings.

### **Natural resource management**

Climate change and natural resource degradation pose grave challenges to smallholder farmers across West and Central Africa. Persistent droughts have hit rural communities in the Sahara-Sahel region particularly hard and are undermining their resilience.

Two IFAD-supported programmes in Burkina Faso focus on managing soil fertility in areas suffering from increasing drought and erratic rains. They have successfully reduced soil erosion and reversed land degradation. Improvements in indigenous soil and water conservation techniques have restored agricultural fertility, increasing millet and sorghum yields by up to 50 per cent. This has also enabled farm households to concentrate on new income-generating commodities such as livestock, cowpea and non-wood forest products.

The two programmes have also made a major contribution in long-abandoned agricultural areas, where the land was thought to be unreclaimable. Soil and water conservation techniques have regenerated the vegetative cover in these regions so that land can be returned to cultivation: since implementation began, the programmes have regenerated over 1,900 hectares of lowlands for rice cultivation and have rehabilitated more than 60,000 hectares for agricultural production overall. Moreover, some 36,000 smallholder farmers are currently applying improved soil and water conservation and cultivation techniques.

IFAD's new investment in the north, centre-north and east regions of Burkina Faso, which was presented at the December 2012 session of the Executive Board, is designed to scale up these successful practices to a larger area of the country. The project will also help strengthen the land tenure situation of smallholder farmers.

In Mauritania, we support a sustainable development programme targeting 12 oases at risk of desertification, water erosion and threats to biodiversity. In 2012, the programme developed three wadis, restored 130 hectares of dunes and promoted two dozen micro-environmental income-generating activities, including shops selling butane as an alternative to coal and firewood and women's groups producing couscous with improved stoves. IFAD-supported programmes in Burkina Faso and Mauritania are co-funded through Global Environment Facility (GEF) resources.

## Story from the field

### Pioneering direct farmer support in Guinea

With fertile soil, plentiful rain, and water available for dry season cultivation, Guinea's agricultural potential is enormous. Maize, oil palm, onion, potato, rice and rubber are among the products that Guinea could produce in abundance. But farmers lack credit to buy quality seed, fertilizer and other inputs, and limited basic infrastructure makes storage, transport and processing costly and difficult.

Because Guinea's farmers' organizations have proved to be strong and well organized, IFAD has taken the radical step of giving development funds directly to farmers. The National Programme to Support Agricultural Value Chain Actors provides funding, capacity-building, technical support and a partnership platform to allow farmers to determine how they will spend development funds and build up selected value chains.

This innovation is possible because of Guinea's exceptionally strong and dynamic National Confederation of Farmers' Organizations. The programme operates in Middle, Upper and Forest Guinea, and will expand to Lower Guinea in 2013. All told, 66,000 households will benefit directly.

The programme brings together all players along a value chain – producers, technical service providers, traders, even restaurants – to understand what is required to increase productivity and reach lucrative

markets. "We work together to lubricate the whole mechanism, from farmer to market," says Mouctar Diallo, regional coordinator for Middle Guinea.

Programme funds have enabled the confederation to launch a large-scale push for higher yields. In the first year alone, the programme distributed 20 tons of chemical fertilizer, 20 tons of improved seed and 100 litres of phytosanitary products to farmers, significantly increasing productivity.

The programme also introduced inexpensive lowland irrigation to expand dry season cultivation. Moreover, it is establishing nurseries to make high-yield, premium and certified planting materials more widely available.

Though still in its early stages, the programme is gaining momentum. Helping farmers help themselves out of poverty benefits Guinea as a whole, fostering economic growth, increased exports and decreased agricultural imports.

"Before it was each for himself," says Angèle Thea, a farmer in Forest Guinea. "Now we work together and help each other. And when we work together things happen faster. We can achieve much more."

Women threshing rice by hand after it has been dried, parboiled and dehusked by machine  
Guinea: National Programme to Support Agricultural Value Chain Actors  
©IFAD/Sarah Morgan



## 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, Swaziland, Uganda, United Republic of Tanzania, Zambia, Zimbabwe

### Overview

Economic prospects for the East and Southern Africa region are strikingly positive, with four of the world's ten fastest-growing economies in the region: Ethiopia, Kenya, Uganda and the United Republic of Tanzania. Other signs are also good. Infant mortality rates are falling sharply, the middle class is growing, foreign direct investment is strong, and high prices for key commodities such as coffee, tea and cotton increasingly fuel export earnings. The outlook for food security in the region is also generally positive – with the exception of parts of Ethiopia, northern Kenya, Malawi and Mozambique.

But the positive is only one side of the story. As a result of persistent inequality, the absolute number of poor people in the region is rising. Droughts and floods, which hit the very poor hardest, are

ever more frequent. The region is almost totally dependent on rainfed agriculture and has a massive deficit in rural infrastructure. As a result, yields for most cereal crops are only a third of what they could be, and soil fertility is declining rapidly.

The total population is about 322.2 million, of which 73.9 per cent lives in rural areas. Taking into account countries for which data is available, on average about 47.5 per cent of the population lives in extreme poverty on less than US\$1.25 a day.<sup>2</sup> The percentage of the population living in poverty in these countries ranges from 0.3 per cent in Seychelles to 81.3 per cent in Burundi.

Progress towards the MDGs across sub-Saharan Africa as a whole is modest and will be insufficient to meet the goals by 2015 unless there is significant acceleration. Achieving gender parity in primary school enrolment and halting the spread of HIV/AIDS are the two goals most likely to be met.

Economic forecasts for East Africa put GDP growth at 6.2 per cent for 2012, predicted to rise to 6.5 per cent in 2013. For Southern Africa, more modest forecasts of 3.9 per cent in 2012 and 4.8 per cent in 2013 reflect a much higher economic baseline. However, experts continue to voice concern for South Africa's high unemployment rate of 25 per cent. As the largest economy in sub-Saharan Africa, its economic health has a significant impact on its neighbours.

### Our work and results in 2012

Our work in East and Southern Africa focused on the following areas:

- improvement in beneficiary household income and assets
- investment in human and social capital
- agricultural productivity and food security
- institutions and policies
- markets.

#### Beneficiary household income and assets

Livestock is a key asset and source of income for many of the poor rural households with which IFAD works. Increasing the number and quality of animals owned by smallholders and pastoralists is thus an effective way to improve their livelihoods.

### Portfolio management highlights

- 56 ongoing programmes and projects in 18 countries in the region at the end of 2012
- US\$1,368.7 million invested by IFAD in the region's ongoing portfolio
- 4 new programmes and projects in Eritrea, Kenya, Madagascar and Mozambique for a total IFAD investment of US\$108.0 million – US\$4.9 million of this total is in the form of a grant from the Adaptation for Smallholder Agriculture Programme for the project in Mozambique
- supplementary financing worth US\$22.9 million provided to 2 ongoing projects in Madagascar and 1 in Burundi
- Spanish Food Security Cofinancing Facility Trust Fund financing of €40.4 million (approximately US\$52.1 million) approved for Kenya, Madagascar and Mozambique

<sup>2</sup> Raw data was sourced from the 2012 Human Development Report of the United Nations Development Programme. Population figures include all countries in the region. Data regarding population below the poverty line is not available for all countries in the region. The following countries are excluded from the poverty line percentage: Botswana, Eritrea, Mauritius, Namibia, Zimbabwe. Because international data agencies continually improve their data series, the data presented in the 2012 Human Development Report is not comparable with that published in earlier editions.

In Burundi, a project to rehabilitate the livestock sector has benefited over 142,000 households. Over 12,000 families have received pigs and goats through the solidarity chain scheme, in which farmers who receive animals pass on the animals' offspring. Through the use of veterinary artificial insemination services, over 2,500 households have increased the population of genetically improved heifer breeds. More than 16,000 households have reported an increase in milk production of up to 135 per cent, adding up to 600,000 litres of milk per year and reducing the cost from US\$2 per litre to US\$0.12.

In Kenya, IFAD's Initiative for Mainstreaming Innovation (IMI) project: Making Biogas Portable, funded by the Department for International Development (United Kingdom), installed nine low-cost portable Flexi Biogas systems in dairy farms. These devices, which were locally designed and manufactured, provide farmers with a clean source of cooking fuel and an alternative to firewood and charcoal. The project installed four other Flexi Biogas systems, designed to use kitchen and human waste, in an orphanage school in Naivasha to provide electricity for lighting and Internet access.

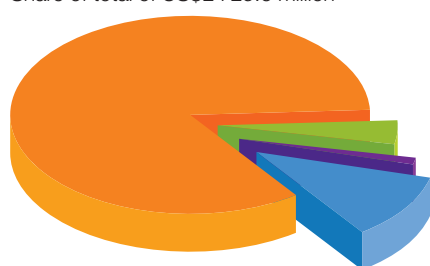
The project has a strong knowledge management and communication component. It conducted a multimedia awareness campaign among Kenyan young people (through comics, radio and social media channels) to highlight the benefits and

potential of biogas systems, breaking down stigmas and prejudices against their use. It facilitated knowledge-sharing and South-South cooperation between Kenyan engineers and the Indian Institute of Technology, which has provided a platform for scaling up the system internationally.

Financial services such as savings, credit and microinsurance can enable rural people to build small businesses and improve their resilience. In Uganda, over 1.6 million people nationwide have gained access to such services – 49 per cent of them women – thanks to an IFAD-funded programme that supports the government's strategy of establishing savings and credit cooperatives in all sub-counties. The programme helped to increase the number of cooperatives from fewer than 350 in 2004 to over 700 in 2011.

The Independent Office of Evaluation of IFAD carried out a country programme evaluation in 2012 that identified some ongoing challenges for the cooperatives: they are highly dependent on government subsidies, sometimes serve political interests rather than poor households and are subject to elite capture. In response, the programme has ensured the financial sustainability of over 250 cooperatives as measured by operational and financial self-sufficiency, return on assets and portfolio at risk.

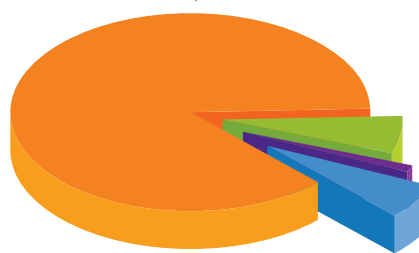
**CHART 5a**  
IFAD loans by lending terms and DSF grants,  
1978-2012<sup>a</sup>  
Share of total of US\$2 725.6 million



- DSF grants  
US\$306.8 million - 11%
- Highly concessional loans  
US\$2 299.1 million - 84%
- Intermediate loans  
US\$109.0 million - 4%
- Ordinary loans  
US\$10.7 million - 0.4%

<sup>a</sup> Any discrepancy in totals is the result of rounding.

**CHART 5b**  
Loan disbursements by lending terms  
and DSF disbursements, 1979-2012<sup>a</sup>  
Share of total of US\$1 647.4 million



- DSF grants  
US\$95.6 million - 6%
- Highly concessional loans  
US\$1 453.4 million - 88%
- Intermediate loans  
US\$95.0 million - 6%
- Ordinary loans  
US\$3.4 million - 0.2%

<sup>a</sup> Loan disbursements relate solely to Regular Programme loans and exclude the Special Programme for Sub-Saharan African Countries Affected by Drought and Desertification. Any discrepancy in totals is the result of rounding.

### **Human and social capital**

For young people in rural areas of developing countries, educational and training opportunities can make the difference between a life of deprivation and one of decent employment. In Rwanda, thanks to two phases of a project supporting rural enterprises, over 10,000 young people – 56 per cent of them women – completed training of 6 to 12 months. More than 30 trades were taught, including sewing, weaving, construction, carpentry and mechanics.

A survey showed that over 80 per cent of the graduates had obtained permanent work, either in their own businesses or as employees. Two per cent had decided to continue their education, 9 per cent had migrated and only 8 per cent were unemployed. The second phase of the project also provided the members of some 850 cooperatives with coaching, training and assistance in preparing business development plans.

IFAD's Indigenous Peoples Assistance Facility funded an NGO initiative that uses videos to engage communities in tackling issues such as climate change. The videos, which feature farmers in Ethiopia's Chenchu region, raise awareness that local changes in rain patterns, crop seasons and soil fertility are part of a global phenomenon. They also help communities find their own solutions, such as replanting trees to restore the soil. Once the trees have grown, they will contribute to carbon sequestration, which could also become an income source for Chenchu farmers.

### **Agricultural productivity and food security**

Increasing agricultural production is essential in reducing rural poverty and strengthening food security.

Madagascar is a leader in adopting the system of rice intensification – an innovative set of rice-farming best practices that raises yields while using less land, seed and water. Adoption rates are also increasing in Burundi and Rwanda, especially in areas where there is significant pressure on land.

The new techniques are disseminated through farmer field schools and exchange visits by farmers. In Burundi, 18,000 farmers adopted rice intensification from 2009 to 2011. In Madagascar, the same number did so in one year alone (2011), doubling rice production in the project area to over 4 tons per hectare. Overall, this has contributed 38,000 tons of additional paddy production,

reducing dependence on imports. Farmers working with an IFAD-supported project in Madagascar's Menabe and Melaky regions reported average yields of 5 tons per hectare, much higher than in previous years.

In 2012, we initiated a pilot project to raise awareness of post-harvest, post-marketing and processing-related food losses among smallholders in Malawi and Rwanda. This project demonstrates some simple technologies that could reduce losses. It has provided selected farmers and cooperatives in Rwanda with training and material, such as tarpaulins and hermetic bags, to aid effective and timely drying and storage of beans and maize.

In addition, through the collaboration of two IMI projects in Kenya and Rwanda, the Flexi Biogas technology (piloted initially in Kenya) is now supporting selected farmers in the Kirehe district in addressing post-harvest losses – a major concern being the challenge of adequate drying prior to storage. While most farmers depend on the sun to dry their crops, small-scale drying systems powered by a heat source, such as biogas, allow farmers to dry their crops during harvest seasons even when it is raining. The pilot project has also implemented cold storage systems powered with biogas, especially for milk and high-value crops, such as fruits and vegetables. In Malawi, farmers have learned field and storage technologies that reduce and monitor the level of mycotoxins in groundnuts.

A pastoral early warning and response programme in Ethiopia is mobilizing communities to take on the challenges of climate change and its impact on food security. The programme helps the government react quickly to emergency situations such as unseasonal drought. Participating communities collect information on livestock, food security and water availability that is then analysed by the Federal Early Warning and Response Directorate, which can declare disasters and alert the international donor community. In 2010, this programme enabled rapid response to a sudden water shortage in one of the pastoral regions. It also finances the construction of emergency animal feed stores, cold storage for medicines, and water-harvesting facilities. It is helping to improve the livelihoods of some 600,000 pastoral and agropastoral households – about 25 per cent of Ethiopia's pastoralists – in 55 districts.



## Story from the field

### Legal aid helps women in Burundi reclaim their rights

“If it were not for these people who know the law,” says Maura Ntukamazina, “I would not be in my own home, and I would already be dead.”

Ntukamazina is one of more than 1,000 women in Burundi who have benefited from the Legal Empowerment of Women Programme, an IFAD initiative supported by the Canadian International Development Agency.

The programme, which ran from 2010 to 2012, gave legal training to administrators and facilitators at family development centres in the provinces of Kayanza and Gitega. Facilitators share their newly acquired knowledge with women leaders, who in turn spread awareness of women’s rights within the population. As a result, it is becoming easier to advocate more effectively for vulnerable women, girls and orphans.

“There has been a distinct improvement in our collaboration with judicial police officers,” says Fabiola Girokwigomba, Kayanza’s communal facilitator. “Previously, these officers maltreated victims. They did not wish to hear their complaints. Now victims are treated well.”

The family development centre in Kayanza intervened on behalf of Maura Ntukamazina after a land dispute left her severely beaten. After her sister died, Ntukamazina’s relations – including a

cousin who was a judge – tried to force her out of her family home.

“I was completely alone in the house,” she recalls. “My cousin, accompanied by others, would come to my house and assault me violently. He told me that, as a magistrate, he could not be sentenced.”

“We found Maura in a dire state with fractures in almost every part of her body,” says Desirée Bizimana, Kayanza’s legal aid officer. With help from the centre, Ntukamazina regained possession of her property. With her farm back, she can once again feed her entire family and send her children to school.

“The law has gained in strength because women are starting to break free from customs,” says Bizimana. “Husbands and family circles also understand that women are protected and have support.”

Adds Constance Ngezahayo, president of the Association of Women Leaders of Bugendana: “The women of today are more conscious of their rights. What can I say? It’s wonderful!”

A paralegal raises awareness about women’s rights and other legal issues in Benga village  
Burundi: Bujumbura Rural Province  
©IFAD/Sarah Morgan



## Institutions and policies

Institutional and policy-level 'rules of the game' often disadvantage and even exclude marginalized groups. Levelling the playing field for vulnerable groups is an ongoing endeavour of IFAD and our partners.

In Lesotho, an IFAD-funded programme for rural financial intermediation successfully supported policy dialogue that led to the government's decision to grant the Lesotho PostBank a full banking licence, thus making financial services available to a broader client base. The programme also financed an international study to establish a new national credit guarantee scheme, which replaced a smaller, underperforming fund. And it strengthened national policies and regulations for financial cooperatives and trained central bank staff in microfinance regulation and supervision.

## Markets

Storage facilities, all-weather roads, viable transportation and market information systems all play their part in enabling poor farmers to sell surplus produce for a profit. A lack of rural infrastructure hinders development across the region and significantly constrains rural communities' access to functioning markets.

In Uganda, results reported in 2012 show that IFAD-supported programmes have repaired or constructed over 3,500 kilometres of community access roads and over 500 kilometres of feeder roads linking outlying areas to the main highway system. It is estimated that this has benefited a million people.

In the United Republic of Tanzania, a warehouse receipts system was established in the north and south and subsequently scaled up. This system enables smallholders to safely store their crops at harvest and sell when prices are in their favour, giving them more bargaining power with traders. Farmers are also able to leverage the value of their produce to access credit, which they reinvest in their farms.

In Singida district, 19 warehouses were repaired and some 2,000 tons of sunflower seeds collected from about 2,500 farmers. In one village, farm-gate

prices for sunflower seeds have risen by as much as 240 per cent thanks to improved storage facilities. A programme to strengthen market infrastructure initiated in 2011 aims to repair or construct a further 32 warehouses.

## Asia and the Pacific

31 countries: Afghanistan, Bangladesh, Bhutan, Cambodia, China, Cook Islands, Democratic People's Republic of Korea, Fiji, India, Indonesia, Islamic Republic of Iran, Kiribati, 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, Thailand, Timor-Leste, Tonga, Viet Nam

## Overview

The Asia and the Pacific region encompasses roughly 30 per cent of the global land mass and is home to more than 60 per cent of the world's population. The total population of the region is about 3,754.8 million, of which some 59.9 per cent lives in rural areas. Despite an unprecedented pace of economic growth in recent years and a general trend towards middle-income status, stark inequality persists.

Taking into account countries for which data is available, on average about 24 per cent of the population lives in extreme poverty on less than US\$1.25 a day.<sup>3, 4</sup> The percentage of the population living in extreme poverty in these countries ranges from 1.5 per cent in the Islamic Republic of Iran and Maldives to 55 per cent in Nepal.

Food insecurity continues to blight the lives of poor people across the region. Food prices remain volatile, and the poorest households spend up to 70 per cent of their incomes on food. Undernourishment is in the double digits: in South Asia, 17.6 per cent of the people were undernourished in 2010-2012, in East Asia 11.5 per cent and in South-East Asia 10.9 per cent. Land access and ownership are closely tied to food

<sup>3</sup> Raw data was sourced from the 2012 Human Development Report of the United Nations Development Programme. Population figures include all countries in the region. Data regarding population below the poverty line is not available for all countries in the region. The following countries are excluded from the poverty line percentage: Afghanistan, Democratic People's Republic of Korea, Fiji, Kiribati, Malaysia, Marshall Islands, Myanmar, Niue, Papua New Guinea, Republic of Korea, Samoa, Solomon Islands, Tonga. Because international data agencies continually improve their data series, the data presented in the 2012 Human Development Report is not comparable with that published in earlier editions.

<sup>4</sup> If China is excluded from figures for Asia and the Pacific, the total population is 2,407.2 million, of which 64.2 per cent lives in rural areas. In countries for which data is available, about 24.5 per cent lives in extreme poverty on less than US\$1.25 a day. If both China and India are excluded from figures for Asia and the Pacific, the total population is 1,165.8 million, of which 58.4 per cent lives in rural areas. In countries for which data is available, about 23.4 per cent lives in extreme poverty on less than US\$1.25 a day.



security, and landless poor households report food shortages for four to five months a year.

Overall, regional progress towards the MDGs has been strong, but many countries are lagging behind. Eighteen countries, including China and India, are on course to achieve poverty reduction targets, but others, such as Bangladesh, the Lao People's Democratic Republic and Mongolia, are falling behind. Progress towards targets on gender equality and women's empowerment is on track, with 25 countries already having achieved them. Figures for hunger and malnutrition are less encouraging, with 48 per cent of children undernourished in Afghanistan, Bangladesh and Nepal.

Unsurprisingly, these countries are making insufficient progress towards reducing child mortality and improving maternal health. In the Pacific subregion, lack of data for the majority of MDG indicators makes it difficult to assess progress.

Since more than 70 per cent of the region's population depends on agriculture and livelihoods based on natural resources, the region is highly vulnerable to the impacts of climate change. Delayed onset of rains in the planting season, higher temperatures, inundation of coastal areas as sea levels rise, salinity intrusion and increasingly intense natural disasters are among the destructive phenomena affecting the region. Poor rural people, women and children are at particular risk.

## Our work and results in 2012

In 2012, the projects we supported focused on:

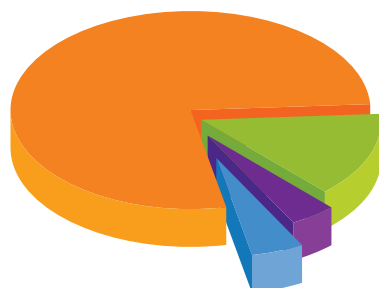
- policy engagement and partnership
- targeting, poverty focus and gender
- food security and agricultural productivity
- household assets and incomes
- empowerment and human social capital
- innovation, knowledge and learning
- responding to climate change.

### Portfolio management highlights

- 59 ongoing programmes and projects in 19 countries in the region at the end of 2012
- US\$1,592.8 million invested by IFAD in the region's ongoing portfolio
- 10 new programmes and projects in Afghanistan, Cambodia, China (2 new projects), India, Indonesia, Maldives, Nepal, the Philippines and Tonga for a total IFAD investment of US\$328.4 million
- supplementary financing worth US\$16.7 million provided to 2 ongoing projects in Nepal and 1 in the Philippines
- Spanish Food Security Cofinancing Facility Trust Fund financing of €6.28 million (approximately US\$7.8 million) approved for Indonesia
- 2 new results-based country strategic opportunities programmes (COSOPs) for Bangladesh and Viet Nam

**CHART 6a**  
IFAD loans by lending terms and DSF grants, 1978-2012<sup>a</sup>

Share of total of US\$4 455.2 million

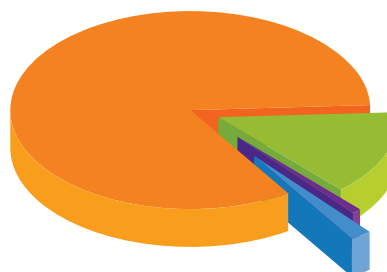


- DSF grants  
US\$202.6 million - 5%
- Highly concessional loans  
US\$3 478.8 million - 78%
- Intermediate loans  
US\$609.9 million - 14%
- Ordinary loans  
US\$163.9 million - 4%

<sup>a</sup> Any discrepancy in totals is the result of rounding.

**CHART 6b**  
Loan disbursements by lending terms and DSF disbursements, 1979-2012<sup>a</sup>

Share of total of US\$2 974.4 million



- DSF grants  
US\$54.1 million - 2%
- Highly concessional loans  
US\$2 502.0 million - 84%
- Intermediate loans  
US\$410.3 million - 14%
- Ordinary loans  
US\$8.0 million - 0.3%

<sup>a</sup> Loan disbursements relate solely to Regular Programme loans. Any discrepancy in totals is the result of rounding.

### **Policy engagement and partnership**

As more countries in the region attain middle-income status and move towards borrowing from IFAD on ordinary lending terms, we are building policy dialogue and analytical capacity to ensure that we provide the assistance needed. We identify critical areas for policy engagement at the country level based on continuously updated qualitative and quantitative data. The annual Multilateral Organisation Performance Assessment Network survey of IFAD clients in eight countries in the region shows, on average, about 97 per cent satisfaction regarding the alignment of IFAD-supported projects with national priorities.

During 2012, an IFAD-funded post-tsunami programme in the Maldives assisted the Ministry of Fisheries and Agriculture in finalizing the new Fisheries Master Plan and a fisheries and marine resource management bill. It also helped the ministry finalize a forestry policy and incorporate best practices and stakeholder concerns into its work.

### **Targeting, poverty focus and gender**

Effectively targeting the programmes we support ensures that they reach the right people in the right places. We use both geographical and social targeting because the benefits our projects bring – such as increased access to water – have a greater impact on poor people in rural areas than on non-poor and non-rural people. Many projects specifically promote the economic empowerment of women, helping to increase their status and decision-making power both inside and outside the home.

In Tejaswini, India, a rural women's empowerment programme is giving poor women from tribal communities a wider range of economic, social and political opportunities. It supports women's grass-roots organizations and self-help groups in livelihood development, collective action and community development. It also provides access to financial services, including microfinance and insurance. Thanks to this programme, some 20,000 women have taken out life, accident or asset insurance, thus increasing their resilience.

### **Food security and agricultural productivity**

Strengthening agricultural productivity can significantly improve food security and raise incomes. Results reported in 2012 for Asia and the Pacific show that about 100,000 farmers adopted technologies recommended by IFAD-supported programmes and 91,000 reported increased yields.

In Viet Nam, IFAD-supported projects have strengthened food security for poor households in mountainous areas. A project in Ha Giang raised rice productivity from 2 to 5 tons per hectare, while maize increased from over 1 ton to more than 3 tons per hectare. The percentage of households suffering from food insecurity decreased from 49 per cent in 2006 to 18 per cent in 2011.

In Timor-Leste, where about 70 per cent of the workforce engages in agriculture, mostly working on subsistence farms, a maize storage project fostered local manufacturing of storage drums. The drums allow maize to be stored safely on farms, cutting waste and strengthening the food security of maize-growing households. The drum manufacturing business also creates jobs for rural people.

### **Household assets and incomes**

Enabling poor rural people to build up their household assets and incomes strengthens their resilience and gives them a basis to improve their livelihoods. In rural communities where natural disasters have struck, there is added urgency because household assets may have been lost, including homes, tools and livestock. In Sri Lanka, for example, IFAD-funded activities are supporting post-tsunami reconstruction, providing forest land for planting rubber and improving leasing conditions for tea plantations, thus enabling smallholders to increase their incomes.

Microfinance services help stimulate inclusive economic growth in rural areas and create more robust livelihoods for rural households. Women often benefit most. In Bangladesh, an IFAD-supported microfinance and technical support project whose beneficiaries are 95 per cent women has enabled over 200,000 women to establish livestock businesses, gain management and leadership skills, and increase their assets by investing savings in banks and microfinance institutions. Participants in a programme promoting rural microenterprises in the Philippines have increased their profits by an average of 62 per cent and expanded their business asset size by 55 per cent.

### **Empowerment and human social capital**

Empowering poor, marginalized and vulnerable people and building their capacity are important components of every project we support. Education, training and participation in project planning and implementation enhance people's skills and confidence and strengthen the negotiating power of farmers' cooperatives, village associations and other groups. Literacy and skills training for women have a particularly important impact.

In India, almost 1.6 million women participate in IFAD-supported projects, with some 900,000 trained. Many belong to self-help groups, which provide a platform for collectively addressing social, cultural and health issues. Savings, interloaning and bank linkages have reduced women's dependence on local moneylenders, and they have accumulated 2.7 billion Indian rupees in savings (nearly US\$50 million). Today, nearly 920,000 Indian women are active borrowers through IFAD-supported projects.

In Viet Nam, a programme in Dak Nong province focuses on empowering ethnic minorities – especially women – by improving livelihoods and access to rural financial services. It also supports the development of collective action by encouraging the establishment of joint liability groups and savings and credit associations. The programme provides training activities and materials for these groups in local languages.

Throughout the region, from July 2011 to June 2012, savings and credit organizations welcomed 740,000 new members, and community groups grew by 85,000.

Associations managing natural resources gained 17,000 members, 27,000 people joined infrastructure groups and 34,000 joined marketing organizations.

### **Innovation, knowledge and learning**

Innovation and learning are key principles of engagement under IFAD's strategic framework for 2011-2015. The projects we support often generate new approaches and innovative solutions to challenges facing poor rural people. For example, a post-earthquake agricultural rehabilitation project in China introduced fibreglass covers to replace conventional concrete covers for biodigesters. The new covers were so effective that the Government of China introduced them in other regions.

We use a variety of techniques to foster knowledge-sharing, including face-to-face exchanges, site visits and partnerships in implementation. We also invest in activities that enable our partners to exchange knowledge, best practices and innovations. The region's online home, the IFADAsia web platform, has a community of more than 1,800 individuals and contains nearly 150 individual websites. All network members are able to create their own content, discuss and collaborate. In this way, IFADAsia provides an innovative and effective approach to knowledge-sharing and operations.

### **Responding to climate change**

Carbon dioxide emissions are a major contributor to global warming. Peatland degradation and fires in South-East Asia emit an estimated 2 billion tons of carbon dioxide annually – about 6 per cent of global emissions – making it the largest regional source of emissions from land use. But the region's 25 million hectares of peatland also help regulate its climate and water resources and conserve biodiversity.

An IFAD-GEF regional grant is strengthening national and regional capacities to implement the Peatland Management Strategy of the Association of Southeast Asian Nations. Pilot sites in Indonesia, Malaysia, the Philippines and Viet Nam have initiated integrated management and rehabilitative activities. The project has developed guidelines on best management practices for oil palm and forest plantations, and has established a real-time peatland fire prediction and warning system and enhanced fire prevention measures.

## Story from the field

### Revitalizing cocoa production in Indonesia

Old trees, poor soil conditions, pests and disease, combined with dated agricultural practices, have led to a steady decline in cocoa production worldwide. In partnership with the Indonesian Government and IFAD, the Mars Sustainable Cocoa Initiative is working to reverse this trend in Sulawesi using IFAD's Rural Empowerment and Agricultural Development Programme as an entry point to reach farmers.

In 2011, the Mars company established a cocoa development centre in Sidole, a village in central Sulawesi. A team of trainers planted one hectare of new hybrid plants at the centre and continues to teach better cultivation techniques. The method used – side grafting – improves existing plants while farmers wait to plant new trees. The centre has created a hub-and-spoke network for outreach to cocoa farmers throughout the province.

By investing millions of dollars each year in research, education and cocoa certification, Mars has already seen success with the small farm model in Sulawesi. Some farmers have raised their annual profit from US\$700 to US\$3,500.

“Just by using side grafting on my old trees, I've already been able to increase my yield by 50 per cent,” says Mimi Abudohe, a student at the centre who has farmed cocoa in Sidole for more than 15 years. Abudohe's success inspired her neighbours'

interest, so she shared her skills with them. Now they are learning at the centre, too.

Anticipating the project's next phase, Abudohe says, “I'm excited, I've already built my own nursery at home so I can start growing the new hybrid trees!”

After farming cocoa for 20 years, Ahmad Darise almost gave up before he joined the project. Now his farm is attracting growers from all over the district to see his rejuvenated trees, which are bearing fruit beyond all expectations. A new IFAD revolving loan will soon be released to his farmer group, and Darise is inspired to begin borrowing. “Right now we are benefiting from Mars, but even if they left now we would continue with what they've taught us. It benefits us greatly.”

A cocoa producer spreads her crop to dry in the sun in Sidole, Central Sulawesi  
Indonesia: Rural Empowerment and Agricultural Development Programme  
©IFAD/Roger Arnold



## 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

### Overview

Although the Latin America and the Caribbean region has historically had the highest rates of inequality in the world, it is one of the few places where the gap is now closing. Progress is being made to reduce poverty and build economic resilience – based largely on sustained macroeconomic stability, high prices for commodity exports, and public spending on social programmes.

Nevertheless, the region's economic and social growth continues to face challenges from fiscal deficits, unemployment, violence, climate change and environmental degradation. Moreover, its heavy reliance on export commodities is subject to the volatility of global markets.

The total population is about 591.2 million, of which 20.2 per cent lives in rural areas. Taking into account countries for which data is available, on average about 10 per cent of the population lives in extreme poverty on less than US\$1.25 a day.<sup>5</sup> The percentage of the population living in extreme poverty in these countries ranges from 0.2 per cent in Jamaica to 55 per cent in Haiti.

Over the past 15 years, more than 50 million people have joined the middle class, which is now about the same size as the region's population of poor people. Analysts attribute progress in poverty reduction to pro-poor policies and the conditional cash transfer programmes that are the cornerstone of many social protection programmes.

However, regional and national averages present a distorted picture of the living conditions of rural people in general, and especially marginalized groups such as indigenous peoples and those of

African descent. In 2010, the region's rural poverty rate was twice as high as the urban rate, and four times higher in the case of extreme poverty. Gender inequality also remains a major issue in rural areas.

The region has met or is expected to meet the MDGs in eight target areas and shows no areas without progress. Nevertheless, if prevailing trends persist, progress will be insufficient to reach targets in the areas of extreme poverty, employment, primary schooling, women in government, maternal health, HIV/AIDS and the living conditions of slum dwellers.

### Our work and results in 2012

Our work in the region focuses on the following areas:

- developing markets and rural enterprises
- meeting basic human needs
- supporting social inclusion
- strengthening South-South cooperation
- building environmental sustainability.

### Markets and rural enterprises

Rapid urbanization in the region is creating sharp growth in medium-sized centres that link rural areas to large cities – improving poor rural people's access to markets. This process is also increasing non-farm

### Portfolio management highlights

- 39 ongoing programmes and projects in 19 countries in the region at the end of 2012
- US\$574.1 million invested by IFAD in the region's ongoing portfolio
- 8 new programmes and projects in Brazil (2 new projects), Colombia, Haiti, Mexico, Paraguay, Peru and the Bolivarian Republic of Venezuela for a total IFAD investment of US\$149.6 million
- Spanish Food Security Cofinancing Facility Trust Fund financing of €41.6 million (approximately US\$57.9 million) approved for Brazil, Colombia, Mexico and the Bolivarian Republic of Venezuela
- 2 new results-based country strategic opportunities programmes (COSOPs) for Honduras and Nicaragua

<sup>5</sup> Raw data was sourced from the 2012 Human Development Report of the United Nations Development Programme. Population figures include all countries in the region. Data regarding population below the poverty line is not available for all countries in the region. The following countries are excluded from the poverty line percentage: Antigua and Barbuda, Bahamas, Barbados, Belize, Cuba, Dominica, Grenada, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Uruguay. Because international data agencies continually improve their data series, the data presented in the 2012 Human Development Report is not comparable with that published in earlier editions.



employment opportunities, which are an important source of income for poor rural people. Yet recent studies show that just 8 per cent of family farmers are totally integrated into value chains and only 25 per cent currently have the potential to participate fully in the modern agriculture sector.

A quarter of the IFAD-supported initiatives in the region are dedicated to developing markets and rural enterprises. Through a US\$2 million grant to the Guatemalan Exporters Association, we are scaling up the successes of market access projects in Guatemala, where smallholder farmers now sell millions of dollars' worth of citrus, vegetables and other produce to large international markets. These successful approaches are being shared with farmers, producers' organizations, governments and private businesses across Central America.

The Regional Programme in Support of Rural Populations of African Descent in Latin America provides cofinancing for rural enterprises owned by women and young people. It also promotes learning and knowledge exchange among these entrepreneurs. The programme is showing evidence of improved self-esteem for women and increased income stability for their families, and it is receiving requests for technical assistance from other development agencies.

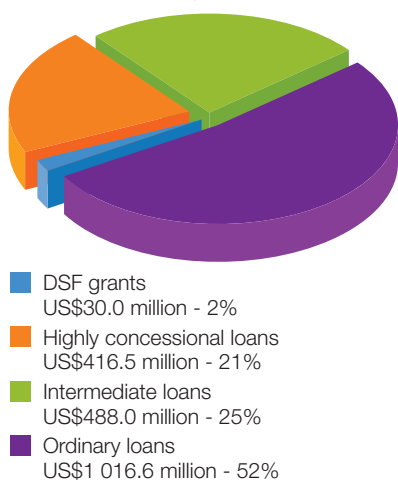
We are also focusing on farming and non-farming microenterprise to strengthen rural livelihoods. In the Plurinational State of Bolivia, an IFAD-supported project is helping rural families earn more money from their llama and alpaca herds. It also helps artisanal cooperatives to improve the quality of the shoes, shawls and sweaters they make for sale to local markets, and to manage and promote their businesses more effectively. In addition, it supports rural tourism initiatives to enable families who have traditionally relied on agriculture to diversify their revenue streams.

### Basic human needs

While hunger is now uncommon in most of Latin America and the Caribbean, malnutrition and low incomes remain key challenges to poor rural families across the region, and thus crucial areas of focus in IFAD's work. Results reported in 2012 show that 78 per cent of the projects we support generated tangible increases in the physical and financial assets of target groups, helping to strengthen incomes and nutrition.

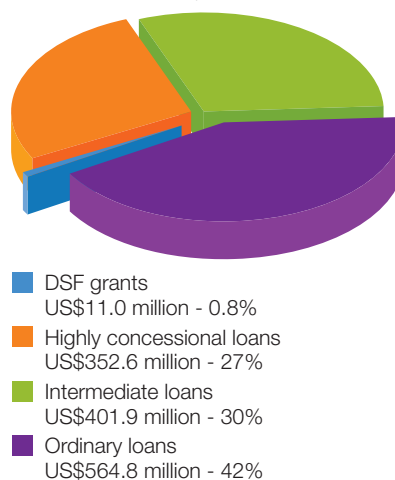
An IFAD-funded project supporting markets in Sierra Sur, Peru, entered its second phase in 2012. Initial reports from the first phase indicate increases in annual incomes of about 150 per cent, with a

**CHART 7a**  
IFAD loans by lending terms and DSF grants, 1978-2012<sup>a</sup>  
Share of total of US\$1 951.1 million



<sup>a</sup> Any discrepancy in totals is the result of rounding.

**CHART 7b**  
Loan disbursements by lending terms and DSF disbursements, 1979-2012<sup>a</sup>  
Share of total of US\$1 330.3 million



<sup>a</sup> Loan disbursements relate solely to Regular Programme loans. Any discrepancy in totals is the result of rounding.

40 per cent reduction in chronic malnutrition for project participants. The project also helped some 9,000 women open savings accounts. They now have combined savings of over US\$1 million.

In Nicaragua, a project connecting small-scale producers with dynamic value chains enables participants to diversify their incomes and improve their food security. The project has transferred more than US\$3 million to microenterprises, producers' organizations and other rural enterprises. It has directed over US\$2.7 million specifically to strengthening value chains and integrating small-scale producers into them, and has reached more than 50,000 people, 52 per cent of them women.

### South-South cooperation

IFAD shares lessons learned in Brazil, Guatemala and Peru through technology exchanges, policy dialogue platforms, and learning routes within the region and across the Global South.

We support the Africa-Brazil Agricultural Innovation Marketplace linking Brazilian and African experts and institutions – such as the Brazilian Agricultural Research Enterprise (EMBRAPA) and the Forum for Agricultural Research in Africa – in developing cooperative projects, fostering innovative technologies and generating pro-poor policy dialogue among Brazil, Africa and other regions of the Global South.

Since 2010, the Marketplace has approved funding for 30 projects in 12 African countries. A separate IFAD grant for a Latin America-Brazil Marketplace has approved five projects in Latin American countries.

The IFAD-supported Learning Routes approach, implemented by the NGO Corporation for Regional Rural Development Training (PROCASUR), brings farmers together from across the world. Initiated in Latin America in 1996, and more recently expanded to Africa and Asia, learning routes provide space for dialogue, exchange and cross-fertilization among IFAD-supported projects and other public and private actors. They help identify best practices and scale up the achievements of projects we fund.

Projects we support have used the learning routes to share their experience in creating savings accounts for poor rural women with the Women Savers in Action Project in Colombia, which has put the

knowledge to good use. Over 98,000 women saved more than US\$17 million through the Colombian initiative, which works in coordination with the IFAD-backed *Oportunidades Rurales* programme.

### Social inclusion

To build more inclusive societies – a key ingredient for peace in one of the most violent regions of the world – a new generation of IFAD-funded projects is working to strengthen local institutions and governments, and to provide poor rural people with land titles, identity documents, education and financial services. We also strive to raise awareness of poor producers' contributions to national economies. Countries such as the Plurinational State of Bolivia, Brazil, Ecuador and Peru have made measurable progress in the social inclusion of marginalized groups.

IFAD-sponsored learning routes are replicating key innovations in social inclusion, which originated in IFAD-funded projects in Peru, throughout the Andes and globally. These innovations include public competitions to assign project resources, manage natural assets, training and promotion of local talent, and distribute project funds through a local resource allocation system.

We also support policy dialogue platforms, such as the Commission on Family Farming of the Common Market of the South (MERCOSUR), the Latin American Center for the Human Economy, and country-specific platforms implemented by the Latin America Center for Rural Development (RIMISP). These platforms are helping to push family farming and rural poverty issues to the top of national agendas.

The RIMISP Knowledge for Change Program coordinates rural dialogue groups, which mobilize local leaders, business people, intellectuals and representatives from social organizations and NGOs to champion policies that support poor rural people. Colombia's rural dialogue group successfully backed the development of the nation's new land law. Mexico's group developed a proposal to fight rural poverty that was shared with presidential candidates.



## Story from the field

### Focus on youth: Fostering young rural talent in Nicaragua

The Latin America and the Caribbean region is the most urbanized in the world, with 80 per cent of the population living in cities, and projections show that this figure will rise to about 89 per cent by 2050. Cities may appear to offer more possibilities than rural areas – where access to employment, credit, assets and education is extremely limited – but this is only part of the picture. About one in four city dwellers in the region lives in poverty on less than 2 dollars a day.

Enabling young women and men in rural areas to earn decent livelihoods and plan for the future without leaving their homes and families is a key part of IFAD's work in fostering agricultural and rural development, strengthening food security and fighting poverty.

Thanks to the US\$25 million IFAD-supported Programme for the Economic Development of the Dry Region in Nicaragua (PRODESEC), which closed in 2011, 20-year-old Xenia Centeno is now a successful agro-industrial engineer working with a winery cooperative.

"Our life is much better now," Centeno says. "We never imagined we would ever be small business owners, or work in a cooperative. This truly is an achievement."

Centeno works with Vinos Don Rufo, a winery that benefited from IFAD technical support and

financing. The 20 members of the cooperative increased production, improved quality and raised their incomes thanks to a new wine press, corking device, processing centre and storage facility.

In addition, training seminars in business management, bookkeeping and accounting gave Centeno and other young entrepreneurs the business skills they needed to turn a profit.

In all, PRODESEC supported over 400 business plans designed to generate rural employment, with about 20 per cent of those plans creating new jobs specifically for young people under the age of 29. It provided technical and financial support to over 300 enterprises and worked with about 250 agro-industrial businesses.

"Without projects like this, many young people opt for crime," says Mercedes Calderón, the chief of production at the PRODESEC-supported Artefina Artisan Cooperative. "Thanks to the programme, we've been able to escape this."

Young apprentices learn to carve wood and make furniture  
Nicaragua: Programme for the Economic Development of the  
Dry Region in Nicaragua  
©IFAD/Greg Benchwick



### Environmental sustainability

IFAD works to mainstream environmental and climate change initiatives in the region. GEF cofinancing has increased significantly over the past few years, and is expected to reach US\$29 million by June 2013.

In Brazil, an ongoing GEF-funded project promotes organic cotton production and is introducing eco-stoves, biodigesters and animal traction. Projects in Mexico, Panama and Peru have also added new GEF components.

Notable successes in adaptation to climate change, sustainable natural resource management and environmental stewardship are evident throughout the regional portfolio. For example, a Bolivian project helped plant over 8 million trees and construct 800,000 hectares of new terraces that reduce erosion and minimize the effects of desertification.

In semi-arid zones of Brazil and the Bolivian Republic of Venezuela, IFAD-funded projects provide farmers with new techniques and technologies to manage scarce water supplies effectively, including pumping systems, microdams, rooftop water-catchment systems and water-saving planting techniques. By promoting composting and other green practices, projects are also reducing the use of pesticides.

We support a Bolivian project that is building the resilience of poor rural communities and helping them meet the challenges of climate change through more effective conservation of local agrobiodiversity. In Cachilaya, for example, custodian farmers are conserving over 100 varieties of papa (potato), as well as numerous varieties of quinoa, tarwi (bean) and oats for fodder. The diverse varieties can be used for different purposes, and some are more resistant to cold and adverse weather conditions.

IFAD-supported projects in the Plurinational State of Bolivia, Ecuador and Peru use competitive resource allocation to assign funds. This demand-driven focus on competition transforms family farmers into the primary stakeholders and decision makers in the management of their natural resources. It also ensures the long-term sustainability of the initiatives we support.

### Near East, North Africa and Europe<sup>6</sup>

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

#### Overview

The global economic crisis and political upheaval in the Arab region continue to pose challenges for countries of the Near East, North Africa and Europe. This economically, politically, environmentally and socially diverse region includes a high proportion of middle-income countries and, with some exceptions, its progress towards achieving the MDGs is largely on target. However, rural poverty and food insecurity, as well as high unemployment, especially among rapidly growing youth populations, remain problems in many countries.

The total population of the Near East and North Africa region is about 359.4 million, of which 43.4 per cent lives in rural areas. Taking into account countries for which data is available, on average about 6.2 per cent of the population lives in extreme poverty on less than US\$1.25 a day.<sup>7</sup> The percentage of the population living in extreme poverty in these countries ranges from 0.4 per cent in Jordan to 19 per cent in Djibouti.

Recovery from the food, fuel and financial crises has been mixed. Analysts expect real GDP growth across the Near East and North Africa region to recover to pre-crisis levels by 2015, after falling from 5.1 per cent in 2010 to 3.3 per cent in 2011. Growth in countries of Europe and Central Asia is forecast to weaken from 4.9 per cent in 2011 to just over 4 per cent in 2012 and 2013.

In the Near East and North Africa region, countries undergoing transitions and reforms have suffered severely in economic and social terms. Food security has been identified as a major driver of

<sup>6</sup> A single division in IFAD covers two distinct regions: the Near East and North Africa, and Europe and Central Asia.

<sup>7</sup> Raw data was sourced from the 2012 Human Development Report of the United Nations Development Programme. Population figures include all countries in the region. Data regarding population below the poverty line is not available for all countries in the region. The following countries are excluded from the poverty line percentage: Algeria, Kuwait, Lebanon, Libya, Oman, Palestine, Qatar, Saudi Arabia, Somalia, Sudan, United Arab Emirates. Because international data agencies continually improve their data series, the data presented in the 2012 Human Development Report is not comparable with that published in earlier editions.

conflict in Arab countries, and political risk remains high in the region due to the escalating crisis in the Syrian Arab Republic and its possible spillover effects, combined with tensions in Iraq, Sudan and Yemen. This affects IFAD-supported projects in Egypt, the Syrian Arab Republic, Tunisia and Yemen, but, with the exception of the Syrian Arab Republic, IFAD-funded projects continue to function.

As countries of Europe and Central Asia continue their transition from centrally planned to market-driven economies and towards more democratic governance, the crisis in the euro zone – the region’s key export market – has curtailed immediate growth prospects, particularly in the Balkan countries. Trade, investment and bank financing have all weakened, increasing uncertainty in the medium term. Countries in the Commonwealth of Independent

States are less dependent on the euro zone and some have benefited, until recently, from robust commodity prices. Across the region, domestic demand remains anaemic given high unemployment and the inability of governments with large budget deficits to undertake stimulus programmes.

The total population of the region of Central and Eastern Europe is about 186.7 million, of which 42.8 per cent lives in rural areas. Taking into account countries for which data is available, on average about 4.2 per cent of the population lives in extreme poverty on less than US\$1.25 a day.<sup>8</sup> The percentage of the population living in extreme poverty in these countries ranges from 0.2 per cent in Kazakhstan to 25.1 per cent in Tajikistan.

## Our work and results in the Near East and North Africa in 2012

IFAD’s work in the region focuses on:

- 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.

### Land and water management

Since poor rural people in this arid region depend largely on natural resources for their livelihoods, environmental problems can have a devastating impact. In Somalia, where 53 per cent of the rural population lives in extreme poverty – on less than US\$1.25 a day – periods of severe drought exacerbate poverty and food insecurity.

An IFAD-supported project in Somaliland has introduced an innovative mechanism to ensure water availability and access for smallholder farmers. It has constructed nine sand storage dams in two arid and semi-arid regions, increasing the availability of water for domestic and livestock use for more than 3,600 households. Women and children now spend

### Portfolio management highlights

- 46 ongoing programmes and projects in 18 countries in the region and Gaza and the West Bank at the end of 2012
- US\$787.7 million invested by IFAD in the region’s ongoing portfolio
- 4 new programmes and projects in Kyrgyzstan, Tunisia, Turkey and Uzbekistan for a total IFAD investment of US\$70.1 million
- 23 ongoing regional grant-funded projects for a total of US\$22.3 million
- 23 ongoing country-specific grants for a total of US\$18.1 million
- supplementary financing worth US\$23.8 million provided to ongoing programmes and projects in Egypt, Georgia and Lebanon
- US\$3.0 million provided to an ongoing programme in Gaza and the West Bank from the IFAD Fund for Gaza and the West Bank
- Spanish Food Security Cofinancing Facility Trust Fund financing of €28.4 million (approximately US\$36.9 million) approved for Lebanon, Tunisia and Uzbekistan
- 1 new results-based country strategic opportunities programme (COSOP) for Egypt

<sup>8</sup> Raw data was sourced from the 2012 Human Development Report of the United Nations Development Programme. Population figures include all countries in the region. Data regarding population below the poverty line is not available for all countries in the region. The following countries are excluded from the poverty line percentage: Bosnia and Herzegovina, Croatia, Cyprus, Malta and Uzbekistan. Because international data agencies continually improve their data series, the data presented in the 2012 Human Development Report is not comparable with that published in earlier editions.

less time collecting water, enabling them to invest in other productive pursuits such as schooling, domestic work and income-generating activities.

In Morocco, more than 12 per cent of the rangelands were degraded in 1995, potentially jeopardizing the livelihoods of millions of pastoral households. IFAD supported a project in two phases between 1990 and 2010 in the eastern part of the country, which developed a community-based rangeland management approach over an area of 3.8 million hectares with a population of almost 100,000. With cofinancing from GEF, the project helped establish pastoral management cooperatives and unions that became responsible for the introduction of new technologies and improved resource management.

Sixty cooperatives and three unions were created, involving 9,000 households in 11 rural communes. Production of fodder increased from less than 150 to 800 kilograms per hectare in areas benefiting from appropriate technology, and environmental indicators of soil protection, plant and animal diversity and environmental awareness improved. In addition, the seasonal movement of livestock was markedly reduced. Significantly, government technical institutions supported a process aimed at devolving the development of rangelands to cooperatives, thus improving ownership of interventions. Today, all new

rangeland development efforts in Morocco use this approach, and other countries in the region have been gradually adopting it.

In June 2012, the first IFAD initiative to be financed through the Adaptation Fund that was established by the United Nations Framework Convention on Climate Change was approved by the Adaptation Fund Board. Entitled Climate Smart Agriculture: Enhancing Adaptive Capacity of the Rural Communities in Lebanon (AgriCAL), this is an innovative project focused on water and rangeland management. Working in three areas in Lebanon, it promotes a variety of adaptation options, such as climate index-based insurance and access to adaptation technologies.

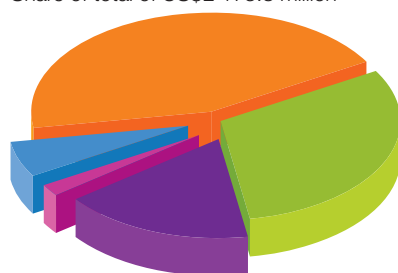
### Links to markets

Linking poor rural producers to domestic and international markets strengthens their livelihoods and resilience. In Egypt, we support a long-term project to improve the incomes and food security of households in newly settled areas of West Noubaria.

Among other activities, this project has helped establish farmers' marketing associations, which for the first time have made smallholder farmers attractive to large exporters and processors. By organizing some 36,000 producer households into marketing associations and training them in market

**CHART 8a**  
IFAD loans by lending terms and DSF grants,  
1978-2012<sup>a</sup>

Share of total of US\$2 173.8 million

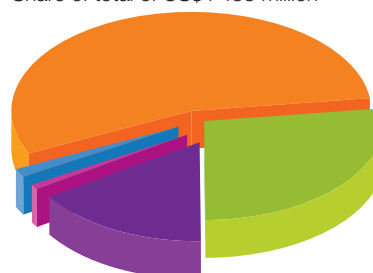


DSF grants	US\$122.5 million - 6%
Highly concessional loans	US\$948.3 million - 44%
Hardened loans	US\$45.6 million - 2%
Intermediate loans	US\$678.5 million - 31%
Ordinary loans	US\$378.9 million - 17%

<sup>a</sup> Any discrepancy in totals is the result of rounding.

**CHART 8b**  
Loan disbursements by lending terms  
and DSF disbursements, 1979-2012<sup>a</sup>

Share of total of US\$1 433 million



DSF grants	US\$21.3 million - 1%
Highly concessional loans	US\$798.5 million - 56%
Hardened loans	US\$3.6 million - 0.3%
Intermediate loans	US\$383.3 million - 27%
Ordinary loans	US\$226.3 million - 16%

<sup>a</sup> Loan disbursements relate solely to Regular Programme loans. Any discrepancy in totals is the result of rounding.

requirements, the project has enabled small-scale producers to establish successful business linkages with some 50 private companies involved in processing, trade and export of agricultural products. By purchasing from the associations, these buyers are shortening the supply chain and increasing profit margins for both producers and buyers. A recent impact study shows that farm-gate prices increased by up to 33 per cent and average annual household incomes reached US\$8,300, significantly exceeding the yearly minimum wage of US\$2,200.

### **Agricultural productivity**

Increased agricultural productivity can improve the food security and overall well-being of rural people. From 2007 to 2012, an IFAD-supported rural development project in the mountain zones of Morocco's Al-Haouz province significantly improved conditions for the 112,000 people living in these areas. The percentage of children suffering from chronic malnutrition dropped from 51 to 25 per cent, and, today, 93 per cent of the project's target population has not experienced a lean period in the past 12 months. Greater productivity also improved the standard of living of target groups, as indicated by increased domestic water and electrical connections and use of gas stoves. Some 300 associations and cooperatives were created, 75 per cent of which continued to function after the project had closed.

### **Financial services**

Limited or non-existent access to credit and other financial services makes it difficult for poor rural people to break out of the cycle of low productivity and low income. In Sudan, we support the Microfinance Initiative of the Agricultural Bank of Sudan, which brings sustainable microfinance solutions to rural areas to benefit the most disadvantaged people. Offering sharia-compliant credit, savings and microinsurance, particularly to women, this initiative provides much smaller loans – on average US\$130 – compared with other microfinance programmes in Sudan, where loans average US\$650.

Reaching 6,000 households through 350 women's groups, this initiative has mobilized savings worth US\$72,000, with a client base of 4,500 borrowers

and a loan portfolio of US\$700,000. Its loans, which have nearly a 100 per cent repayment rate, support small agricultural activities, livestock fattening and rearing, and a range of microenterprises. Over the period 2012-2013, six new units are being rolled out, with the aim of reaching a further 150,000 households over five years and mobilizing US\$10 million in savings.

### **Youth unemployment**

Rates of youth unemployment in the Near East and North Africa region are the highest in the world. They are projected to remain above 25 per cent over the next few years and may even rise further in parts of the region. In Yemen, youth unemployment is currently estimated at a shocking 60 to 70 per cent and is one of the most pressing problems the country faces.

An IFAD-supported community resource management project in Al-Dhala Governorate – one of the poorest and most isolated in the country – has been providing vocational training for young people since 2008. Following intensive training as mechanics, carpenters, electricians, metalworkers, plumbers or mobile phone technicians, 50 to 80 per cent of the participants found work in their chosen field. Annual demand for this training has quintupled, from about 50 trainees in 2008 to 260 in 2012.

### **Our work and results in Europe and Central Asia in 2012**

The priorities guiding IFAD's work in the region include:

- promoting rural financial services
- better linking farmers to markets, particularly through value-chain development
- developing the non-farm rural economy by supporting off-farm small and medium-sized enterprises.

### **Financial services**

For rural entrepreneurs and farmers, access to finance is crucial to promoting sustainable enterprise development and increasing farm income. In the Republic of Moldova, Europe's poorest country, with more than 60 per cent of the population living in rural areas and depending on agriculture for their livelihoods, IFAD's top priority is building inclusive and sustainable rural financial services.



## Story from the field

### Women help restore land and revive the rural economy in Sudan

In the Butana region of east-central Sudan, eight women have joined hands to protect and restore their community's grazing land. In a culture in which men traditionally control the resources, this was no small feat. But these women, who are all widowed or divorced, were determined to improve conditions for their families. The whole region has benefited as a result.

Livestock is the economic mainstay of Butana. In recent years, erratic rainfall, high temperatures and strong winds have conspired to erode and degrade grazing lands. Nevertheless, livestock populations kept growing, and nomadic pastoralists from southern Sudan brought in their own herds. Because of these pressures, Butana's traditional livestock-based economy collapsed.

In 2006, the local government fenced a large tract of land near the town of As-Subagh to protect it from erosion and unwanted grazing and to allow crop cultivation. But the land was not put to use until an IFAD-supported project began to revitalize it in 2010. The Butana Integrated Rural Development Project, implemented by the Government of the Sudan and IFAD, works to regulate access to rangelands, improve livelihoods of poor rural households and strengthen communities' resilience in the face of recurrent drought.

Eight women from As-Subagh acquired the right to farm inside the fence. The project gave them goats and starter seed for fodder, and built water-harvesting structures to help irrigate their plots. It also provided training in seed collection, extraction and storage, microproject planning and management.

Led by 51-year-old Zainab Abu Sin, the women organized themselves into teams to take turns tending the land and caring for their children and elders. After the harvest, they stored fodder for the dry months and sold surplus animals, seed and fodder. With their profits, they paid school fees and bought mobile phones and household necessities. Zainab Abu Sin planned to open a shop.

Today, the women of As-Subagh are better able to provide for their families, and they also play a larger role in their community. Other women are following their example. And the fenced land has become Butana's main source of rangeland seed for natural dispersion and regeneration.

Zainab Abu Sin (centre) and the women she works with to restore community grazing lands  
Sudan: Butana Integrated Rural Development Project  
©BIRDP/IFAD



We make loans available to small and medium-sized rural businesses through commercial banks, and to small and microenterprises through savings and credit associations. Although banks generally issue short-term loans, IFAD makes long-term finance available for up to eight years, which enables farmers and entrepreneurs to develop longer-term plans for building their businesses. IFAD has issued over 2,000 loans to rural businesses since we began work in the Republic of Moldova in 1999, generating some 17,000 new jobs. As the banking system continues to mature, opportunities to further scale up medium-term investment are emerging, and IFAD is working to strengthen partnerships with other major donors to create synergies in the financial sector.

### **Links to markets**

In many countries of the subregion, smallholder farmers lack the knowledge, tools and institutions to operate efficiently and thrive in a market-oriented economy. In Armenia, we support an innovative rural economic development fund – known as FREDa – that makes equity investments in companies strategically placed in agricultural value chains. The aim is to expand markets and build sustainable agricultural livelihoods.

Since its founding in 2009, the fund has invested over US\$4 million in ten agroproducers. The client companies have grown fast and performed well. Their total sales have increased by 62 per cent. They have increasingly engaged in exports and recorded a total growth of export volumes of 177 per cent. Employment in these companies has grown at the rate of 42 per cent, and procurement from farmers has increased by 211 per cent.

### **The rural economy**

In Bosnia and Herzegovina, where about half the people in rural areas rely on agriculture for their livelihoods, lack of employment opportunities is obstructing economic revival. IFAD supports a rural livelihood development project to create jobs and increase farmers' access to markets. We also work to improve quality and productivity, raise farm-gate prices for smallholders and foster growth in rural businesses.

The project focuses on rural business support and investments, and rural market infrastructure. It works in a total of 29 municipalities, 15 of which are in Bosnia and Herzegovina and 14 in the Republika Srpska. About 29,000 rural households are expected to benefit directly from the project. Commercially active producers' associations and agricultural cooperatives with outreach to smallholder farmers will participate. The project will also reach out to women and unemployed young people interested in non-farm wage employment or self-employment. It encourages women's participation in producers' associations and seeks to empower rural women by strengthening their technical capacity to engage in rural enterprise development and providing them with better access to training, markets, storage and packaging solutions, as well as professional networks.







# New initiatives and new programmes

## New initiatives

### Action on food and nutrition security

In 2012, rising and volatile global food prices and a crisis in the Sahel continued to focus international attention on food and nutrition security. IFAD and the other Rome-based food agencies welcomed continued attention from the international community – and in some cases growing commitment to agricultural development – and participated in a number of related initiatives. Many of these reflected growing appreciation of the need to develop deeper and broader (and in many cases innovative) partnerships to tackle the root causes of food insecurity and poverty. This viewpoint has continued to gain support during the year.

In May 2012, a number of African heads of state and Group of Eight (G8) and corporate leaders announced the New Alliance for Food Security and Nutrition, an innovative effort to join the forces of African governments, G8 countries and private investors to expand African agriculture in order to reduce poverty and hunger. The alliance focuses on concrete, measurable results, fostering smallholder-inclusive private investment in agriculture, promoting enabling policy reforms, and aligning public and private resources with the plans of the Comprehensive Africa Agriculture Development Programme. The President of IFAD was invited to join the Leadership Council that provides advisory support.

In this and other initiatives, IFAD pressed for the inclusion of smallholder farmers and their representatives, particularly women and young people, as partners in deciding on and carrying out the investments needed for agriculture-led growth. We further emphasized the importance of thriving national and regional markets, and responsible, sustainable agricultural investments.

## Work with the Rome-based agencies

Our collaboration with the other Rome-based agencies – Bioversity International, FAO and WFP – took numerous forms. In the international arena, we continue to collaborate closely in the United Nations High-Level Task Force on the Global Food Security Crisis and with the Group of Twenty (G20), including in the preparation of a report to the G20 Mexican Presidency concerning agricultural productivity growth. Also under the umbrella of the G20, we continued to collaborate in the context of the Agricultural Market Information System (AMIS), an initiative to enhance transparency in global markets for four key crops (wheat, corn, rice and soybean). IFAD is a member of the secretariat of AMIS, which provides technical expertise to the initiative (for example, data collection, analysis and interpretation of trends), as well as of its steering committee.

In preparation for the United Nations Conference on Sustainable Development (Rio+20), IFAD worked with the other Rome-based agencies to prepare a joint contribution to the draft outcome document. Together, we also presented briefs and made presentations on issues of rural poverty reduction, food security and nutrition, and smallholder agriculture and sustainable agricultural production. The conference document, *The Future We Want*, incorporated most of the key messages. At the conference itself, the Rome-based agencies co-hosted two events: an all-day technical event and a high-level event at which the United Nations Secretary-General officially launched his Zero Hunger Challenge.

These efforts dovetailed with IFAD's participation in discussions of the post-2015 United Nations development agenda. We were an active member of the United Nations System Task Team, chaired by the United Nations Department of Economic and Social Affairs and the United Nations Development

Programme, and contributed to the June 2012 report to the Secretary-General, *Realizing the Future We Want for All*. In the second half of the year, we worked with the other Rome-based agencies to plan and manage a thematic consultation on hunger, food security and nutrition that will feed into the work of the Secretary-General's High-level Panel of Eminent Persons.

IFAD and WFP collaborated with FAO in producing the 2012 edition of *The State of Food Insecurity in the World* report, which the three organizations jointly presented at the meeting of the Committee on World Food Security (CFS) in October. The report presented new estimates indicating that the increase in hunger between 2007 and 2010 was less severe than previously thought, but also that global progress in reducing hunger had slowed and levelled off since 2007-2008. The report suggested that achieving the MDG of reducing the share of hungry people in the developing world by half by 2015 is still within reach. However, this requires stepping up efforts to address new challenges – including climate shocks, food price spikes, protracted conflict and fragile situations. IFAD also contributed to the preparation of the 2012 edition of FAO's *The State of Food and Agriculture*, dealing with the topic of promoting greater and more-effective investment in agriculture.

During the year, the CFS continued to provide a global forum for debate aimed at policy convergence on issues related to food security, agriculture and nutrition, and made good progress in dealing with several important and sometimes controversial issues. In addition to providing technical expertise and financial support, the three Rome-based agencies jointly serve as the CFS secretariat.

The Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security were developed to guide policymakers and institutions in addressing governance issues related to land and natural resource tenure. They were approved at a special session of the CFS in May 2012. The CFS 39th Session in October 2012 saw unprecedented participation by a wide range of stakeholders: 112 governments, over 100 civil society organizations, 44 private-sector entities and foundations, plus United Nations and technical agencies, institutions and observers. This session also

endorsed the beginning of a process to prepare principles for responsible agricultural investment, aimed at ensuring that investments contribute optimally to food security and the progressive realization of the right to food. The process, led by the secretariat, will build on a number of existing sources. These include the Principles for Responsible Agricultural Investment that Respects Rights, Livelihoods and Resources, previously developed by the World Bank, FAO, IFAD and the United Nations Conference on Trade and Development, which the four agencies are taking forward through parallel consultations on refinement and field testing. The principles have received explicit recognition and support in the G20 context, as well as in the G8 New Alliance initiative.

### **A new partnership strategy**

Recognizing that partnerships are of growing importance and are central to aid effectiveness, IFAD developed a new partnership strategy in 2012. In the Ninth Replenishment period (2013-2015), we have committed ourselves to achieving broader outreach and greater impact in terms of rural poverty reduction. To do so, with limited resources, IFAD must work in partnership with other development actors that can assist us in scaling up innovative, successful solutions for rural poverty reduction. This scaling up must take place through both increased levels of investment and the creation of an enabling rural policy environment, at all levels, that supports pro-poor investment and growth.

Ultimately, IFAD's new partnership strategy aims to help more rural people move out of poverty through selective use and effective management of partnerships. It seeks to enable IFAD to: (i) use our corporate strategic priorities as the basis for determining our partnership requirements and be selective in identifying our partners; (ii) develop, manage and monitor our partnerships more effectively and efficiently; (iii) be a partner of choice for others; and (iv) through our partnerships, assist other rural development stakeholders in becoming more relevant, effective and efficient. The new Partnership and Resource Mobilization unit has overall responsibility for implementing the strategy; in 2012 it began work on a detailed workplan and budget.

## Climate change

IFAD's new Adaptation for Smallholder Agriculture Programme (ASAP) will help at least 8 million smallholder farmers respond to the challenges of a changing climate.

In sub-Saharan Africa and parts of Asia, smallholders are farming some of the world's most marginal and vulnerable land and providing up to 80 per cent of the food produced. Traditionally, they rely on indigenous knowledge and experience to manage variable weather patterns, but the pace and intensity of climate change are outstripping their capacity to cope.

By empowering farmers with new tools and knowledge, ASAP will help smallholders build resilience to climate shocks, improve agricultural production and diversify livelihood options.

Launched in 2012 with support as at 31 December from Belgium, Canada, the Netherlands, Sweden and the United Kingdom, ASAP will help IFAD scale up and integrate climate change adaptation across the Fund's investments. The programme aims to introduce new strategies into about 10 rural development projects in 2013 and more over the following two years.

ASAP will fund projects that deliver multiple benefits in food security, poverty reduction, biodiversity conservation and the lowering of greenhouse gas emissions. It will enable IFAD to expand the use of tried-and-tested approaches such as drought and flood risk management, mixed crop-and-livestock systems, drought- and salt-tolerant crop varieties, integrated water resource management, land regeneration, agroforestry and improved post-harvest storage.

New dimensions to project design and implementation will include, for example, climate modelling for long-term planning, analysing community-based climate vulnerability and capacity, and empowering local institutions to engage with national climate policy.

In September 2012, the first ASAP-supported project was approved: the Pro-Poor Value Chain Development Project in Mozambique's Maputo and Limpopo Corridors (for project details, see page 38).

## Land and water

With population growth, climate change, declining soil fertility and the need for global food and fuel security, the competition for agricultural land is intense. Through various forums, IFAD has kept the needs of rural poor people at the forefront of policy dialogues on land acquisition.

In 2012, IFAD collaborated in the elaboration of the Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security (see page 35). Field missions dealing with land issues took place in several countries to support the design, implementation and supervision of projects, programmes and results-based COSOPs.

The International Land Coalition (ILC), a global alliance of civil society and intergovernmental organizations housed at IFAD, worked closely with its members in 14 countries to formulate strategies to steer national land reform processes towards greater attention to equitable access to secure tenure rights. ILC also started the Land Observatory, an innovative pilot project to make spatial land and governance data more accessible in Cambodia, the Lao People's Democratic Republic, Madagascar, Peru and the United Republic of Tanzania. ILC continued its involvement in the Land Matrix – the world's largest database for large-scale, land-based investments.

During the year, ILC also consolidated resources available through an international network to support human rights defenders working on land rights, and created an emergency fund to support land rights defenders in the face of human rights violations.

ILC also documented lessons learned from five community-based projects promoting legal empowerment of rural women. In addition to strengthening women's land rights, the projects identified ways to scale up activities, for example, by providing paralegal services.

IFAD recognizes the need to better mainstream secure access to land for the people with whom we work. However, policy enforcement needs to be developed, in particular in the Latin American and Asian portfolios, by providing support to all aspects of the project cycle. In 2012, the analysis of lessons learned and implications for mainstreaming land

tenure issues into the Latin American and Asia Pacific operations was finalized, complemented by field missions in the Plurinational State of Bolivia and the Lao People's Democratic Republic.

Implementation issues were also addressed in terms of water development. An analysis of COSOPs demonstrated that the gap is closing between IFAD's strategic objectives in this sector and the water activities actually undertaken within operations. However, further analysis by FAO's Investment Centre Division, enabled by the Swiss Agency for Development and Cooperation funding, has demonstrated that implementation challenges remain, related to timing, participatory approaches, appropriateness of technical design, institutional capacities at the central and local levels, and quality of construction works. To address these issues, several water-related implementation and supervision support missions were undertaken in the Near East and North Africa, Asia and the Pacific, and West and Central Africa regions. Also, a Community of Practice on Water and Rural People was launched in 2012 to help mainstream the required support to local implementation level.

Innovations in microirrigation were successfully introduced to 30,000 extremely poor rural households in Guatemala, India and Madagascar thanks to a grant funded by COOPERNIC, a private-sector partner. An external independent evaluation of the grant was positive, but highlighted a critical need for national development partners to scale up the activities. Essentially, the sustainability of this technology depends on the willingness of the public sector to subsidize it.

## **Gender equality**

We promote gender equality in rural development. Evidence demonstrates that where gender equality is greater, there is higher economic growth and a better quality of life for all.

In 2011, women's representation among people served by IFAD-supported projects increased significantly, both numerically (from 19 million to 28 million) and as a percentage of the total (from 45 to 48 per cent). Women made up 75 per cent of the people trained in business and community management, and almost 70 per cent of the users of rural financial services.

Women are major players in the agriculture sector, accounting for 43 per cent of the workforce worldwide. In addition to working longer hours than men, they also look after children, the elderly and the sick. They are less likely than men to be paid decent wages for their labour and, when they are paid, they may have little or no say in how their wages are spent.

Despite their significant roles in feeding their families and strengthening household income, women face greater obstacles than men in securing access to public and financial services and markets. They also typically have little say in decisions not only at the household level, but also at the village and local government levels.

In 2012, the Executive Board adopted the IFAD Policy on Gender Equality and Women's Empowerment to strengthen our work in this vital area. The policy aims to promote economic empowerment that enables rural women and men to participate in, and benefit from, profitable economic activities; enable women and men to have an equal voice and influence in rural institutions; and achieve a more equitable sharing of workloads and benefits between the sexes.

Also during this year, IFAD joined UN Women, FAO and WFP in launching a five-year programme to economically empower rural women. Focused initially in Ethiopia, Guatemala, Kyrgyzstan, Liberia, Nepal, Niger and Rwanda, the programme has four goals: improving food and nutrition security; increasing incomes; enhancing leadership and participation in rural institutions; and creating a more responsive national and international policy environment.

## **New programmes and projects**

### **West and Central Africa**

#### **Forging value chains in Nigeria**

Some 15,000 smallholder households and 600 farmers' organizations in Nigeria will benefit from a new IFAD-supported programme to help achieve food security, increase production and productivity, and expand income and employment opportunities.

The Value Chain Development Programme will focus on the cassava and rice value chains. Its inclusive strategy, anchored in government priorities, is to strengthen both actors along the chain and

'enablers'. The actors include producers, processors and their organizations, and the enablers include public and private institutions, service providers, policy developers and regulators. The programme will also create value-chain action plans for specific commodities to help local government roll out relevant and sustainable activities.

In addition to working with farmers and their organizations, the programme will support over 1,600 processors and about 800 traders. It will repair 200 kilometres of existing feeder roads and build as many new ones, together with 100 new bridges and 200 culverts. It will also rehabilitate 24 water supply schemes and construct 36 new ones; repair 2,500 hectares of selected irrigation schemes; and protect 30,000 hectares of land from seasonal flooding.

### **East and Southern Africa Climate-resilient farming in Mozambique**

A new IFAD-supported project in Mozambique will strengthen the livelihoods of thousands of smallholder farmers and build their resilience to the impacts of climate change. The Pro-Poor Value Chain Development Project in the Maputo and Limpopo Corridors will introduce improved farming techniques and new marketing approaches to sustainably increase incomes for farmers involved in three key value chains: horticulture, cassava and livestock.

The project is partly funded by a grant from IFAD's newly launched multi-donor Adaptation for Smallholder Agriculture Programme (ASAP – see page 36) and a loan from the IFAD Spanish Food Security Cofinancing Facility Trust Fund.

It will rehabilitate land farmed by some 3,800 vegetable producers, finance 200 small greenhouses and establish water users' associations. It will create outgrower schemes for 8,000 cassava farmers and support more-extensive use of drought-tolerant planting materials. It will also enable some 5,600 cattle, goat and sheep herders to form producers' associations, organize cattle fairs and set up a new slaughterhouse.

Climate resilience is fully integrated into the project, decreasing the vulnerabilities of the three value chains to the negative impacts of climate change. Launched in 2012, ASAP aims to channel climate and environmental finance to smallholder farmers through IFAD-supported programmes.

### **Asia and the Pacific Scaling up innovation in Tonga**

The Tonga Rural Innovation Project (TRIP) scales up innovations piloted in Fiji, Kiribati and Tonga under the Mainstreaming of Rural Development Innovations Programme, closed in December 2011, which was financed by an IFAD regional grant of US\$1.5 million.

TRIP will enhance livelihoods in 60 vulnerable rural communities throughout the southern Pacific archipelago of Tonga. It will reach about 17,000 people in extremely poor and marginal households who lack access both to basic services and to opportunities to take part in the socio-economic life of their communities. This approach is in line with the work of other international development agencies and with government priorities. But in linking community and business development activities, IFAD is making a unique contribution to reducing poverty in Tonga.

The project will help prepare community development plans and will provide grants to build, restore and maintain productive infrastructure. At the same time, it will work with commercial banks to promote investment in agriculture and rural businesses. Through a holistic approach that targets both community and business development, the project expects to raise the incomes of vulnerable rural households and improve sustainable livelihoods. The work with commercial banks to promote business development replicates and builds on similar IFAD achievements in the Solomon Islands Rural Development Programme, cofinanced by IFAD with the World Bank, Australian Agency for International Development and European Union.

This two-pronged strategy has already proved successful for IFAD. The project will scale up and build on the achievements of both the Solomon Islands and Tonga programmes.



## **Latin America and the Caribbean Repairing the socio-economic fabric of Colombia**

An IFAD-funded project will build the entrepreneurial capacities of over 50,000 poor rural people, especially groups at risk that include women, indigenous peoples, Afro-Colombians, young people, and families displaced by internal conflict.

In recent years, Colombia has made good progress towards achieving peace and economic stability. Nevertheless, in the Colombian countryside, approximately 7 million people live below the poverty line, and 2 million are considered extremely poor. About 13 per cent of the population cannot meet basic food needs, and internal conflict has displaced some 3.6 million people.

The Building Rural Entrepreneurial Capacities: Trust and Opportunity Project will work in 17 Colombian departments covering more than 200,000 square kilometres. It will focus on building food security, improving access to financial and community services, and increasing the incomes of small-scale producers. It will also help rebuild the social fabric of a country that endured war and endemic violence for more than 30 years.

The project will introduce a number of innovations, including mobile banking in remote rural areas and a special fund to support youth enterprise. It will also pilot new data-gathering technologies to monitor project progress and impact.

## **Near East, North Africa and Europe Social enterprises create jobs for rural youth**

An IFAD-supported programme will tackle the special needs of young women and men in rural areas of Egypt, Morocco, Tunisia and Yemen.

The Arab world's rapidly expanding population of young people faces high levels of unemployment and underemployment, particularly in rural areas. Many have migrated to the cities in search of work, but few have been absorbed into the workforce. The exodus from rural areas has fuelled unrest, and risks squandering the potential of this demographic dividend.

The Scaling Up IFAD Rural Youth Employment Interventions Programme enables two social enterprises – Making Cents International and Silatech – to foster employment and entrepreneurial opportunities for low-income young people in rural areas. More than a third of the participants will be young women and adolescent girls, who face additional challenges in accessing financial and other services.

This grant-funded regional programme replicates and scales up proven approaches from countries in Eastern Europe and the former Soviet Union, where the private sector has a successful track record in creating jobs for unemployed young rural people through developing small and medium-sized enterprises.

For summaries of all programmes and projects approved in 2012, see <http://www.ifad.org/pub/ar/2012/e/9.pdf>.



# Measuring and improving results

## Report on IFAD's Development Effectiveness

In the context of a global food crisis unprecedented in modern times, IFAD is fully meeting Member States' expectations of a substantial increase in our programme of loans and grants and an increase in the mobilization of cofinancing. The 2012 edition of the Report on IFAD's Development Effectiveness, an in-depth report submitted to our governing bodies and available online (<https://webapps.ifad.org/members/eb/107/docs/EB-2012-107-R-8-Rev-1.pdf>), documents these increases.

IFAD is on track to achieve a 50 per cent increase in new commitments, as well as to increase cofinancing more than proportionally. The cofinancing ratio is almost exactly at the increased level called for. The expansion of domestic cofinancing has been particularly strong, approaching the level of IFAD's own contribution to project financing.

IFAD's Results Measurement Framework (RMF) established a comprehensive set of effectiveness indicators. By mid-2012, IFAD had almost entirely achieved the ambitious end-period target of reaching 60 million people, doubling our outreach in four years. The projects completed and reviewed in 2012 show a higher than targeted level of performance in terms of their relevance (95 per cent), effectiveness in achieving development objectives (91 per cent), rural poverty impact (95 per cent), innovation and scaling up (91 per cent), and gender (91 per cent). The quality of IFAD-funded projects at entry has improved further, including in terms of sustainability. The level of domestic cofinancing is a clear indication of strong support from governments.

Partner surveys give positive feedback on IFAD's collaboration, and our partnership performance rating in projects is now high. Disbursements have increased rapidly, but the average time required to start projects is still long. Analysis reveals that this is

largely the product of lengthy parliamentary approval mechanisms in a number of countries.

IFAD has strengthened our direct engagement in project implementation support and supervision and tightened our scrutiny, performance criteria and reporting. Against this background, the percentage of projects reported as at risk of not achieving development objectives remains an issue. We are addressing how IFAD may mobilize additional support to enable partner governments to solve implementation problems in often-fragile institutional and social contexts.

## Quality support for programme design

IFAD uses a two-step system to review and improve the design of programmes and projects: quality enhancement and quality assurance. In 2012, 26 programmes and projects, including 6 Global Environment Facility projects, went through the quality enhancement process, and 35 quality assurance reviews were held for 34 projects.

During 2012, the quality enhancement process itself was reviewed, and we introduced important innovations to improve its effectiveness. This effort formed part of the preparation of the divisional medium-term plans for the Ninth Replenishment of IFAD's Resources (see page 48). The aim of the review was to ensure that projects reach the first step of the quality support process while there are still resources and time available to make substantial changes, if needed.

In the old quality enhancement process, the Maturity Assessment Template rating system created a perverse incentive for country programme managers to try to reach the quality enhancement phase with projects at a very advanced stage of preparation. This meant they were often too close to quality assurance, and it was too late and difficult to introduce substantial changes with remaining

resources. The new process is designed to balance the timing of the different quality enhancement events and inputs in the most efficient way by shifting the support more upstream.

Under the revised process, rather than a one-off review panel, quality enhancement is a continuous process throughout the design stage and during implementation support. Technical staff now provide project design support directly through the country programme management teams starting at country strategic opportunities programme (COSOP) or concept note stage. The quality enhancement review meeting is carried out mostly through a peer reviewing process.

Of the 26 programmes and projects reviewed for quality enhancement in 2012, 7 followed the new process. All future projects will progressively switch to the new model.

During the year, IFAD also developed internal guidelines on financial and economic analysis, which are contributing to the improved quality of IFAD-designed programmes and projects.

In 2012, the Executive Board approved 60 per cent of the projects reviewed through quality assurance with few or minor changes, while 37 per cent required substantive design modifications. As in the previous year, in 2012 reviewers frequently highlighted issues related to the need to:

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

In 2012, there were marked improvements in some areas of project design, as measured by IFAD's quality-at-entry RMF indicators. Overall, the RMF judged at least 90 per cent of the projects reviewed satisfactory across all RMF categories (Table 2), thereby meeting corporate commitments regarding project quality-at-entry under the Eighth Replenishment of IFAD's Resources. In 2012, it judged 83 per cent of projects likely to achieve their development objectives, compared with 88 per cent in 2011, 86 per cent in 2010, and 79 per cent in 2008 and 2009.

## Anticorruption, audit and oversight

IFAD is committed to fighting irregular practices such as corruption, fraud and collusion that prevent funding from reaching poor rural people. Throughout 2012, we continued to build the capacity of our oversight functions, devoting more staff to performing audits and investigations, identifying weaknesses that could be exploited and conducting investigations into alleged irregularities.

At the same time, IFAD's Office of Audit and Oversight strengthened its coordination with counterpart offices in United Nations agencies and international financial institutions. Staff members were seconded to and from the World Food Programme and the World Bank, and common training sessions were held. Agencies also shared investigative tools and conducted joint investigations into allegations of irregularities in cofinanced projects.

The Office of Audit and Oversight supported the first IFAD management assertion on effectiveness of controls over financial reporting by testing and by providing an independent opinion on the effective functioning of key internal controls.

**TABLE 2**  
Quality-at-entry ratings, 2012

RMF indicators	Description	Moderately satisfactory or better ratings <sup>a</sup> (percentage)
1	Effectiveness of thematic areas	97
2	Projected impact on poverty measures	100
2D	Gender equity and target population	94
3	Innovation, learning and scaling up	94
4	Sustainability of benefits	94

<sup>a</sup> 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 number of projects receiving a rating of 4 or better out of the total number of projects.

IFAD has a confidential and anonymous mechanism through which complaints and allegations can be made. During 2012, 33 allegations were received as of 31 December, down from 41 received in 2011. These included external corruption and internal misconduct allegations. The 2011 Annual Report on Investigation and Anticorruption Activities was published in April 2012. <http://www.ifad.org/governance/anticorruption/report/2012/e.pdf>.

## **Independent evaluation Overview of the tenth Annual Report on Results and Impact of IFAD Operations**

The 2012 Annual Report on Results and Impact of IFAD Operations (ARRI) consolidates and synthesizes 24 project evaluations conducted by the Independent Office of Evaluation of IFAD (<http://www.ifad.org/evaluation/arri/2012/arri.pdf>). It also draws on the findings and recommendations of two country programme evaluations (Jordan and Uganda) and two evaluation syntheses on rural differentiation and gender, all undertaken between 2011 and 2012.

Three broad performance trends can be observed from the 2002-2011 project evaluation data. Over the decade, ratings improved for two evaluation criteria: natural resources and the environment; and IFAD's performance as a partner. A second group of evaluation criteria – sustainability, innovation and scaling up; human and social capital and empowerment; and institutions and policies – showed marked improvement since 2002-2004, but a more recent decline after a peak in 2006-2008. A final group of evaluation criteria – relevance, effectiveness, efficiency; and the performance of government as a partner – show flat and/or declining performance.

Moderately satisfactory performance predominates, which represents a future challenge for IFAD. A key objective is to increase the proportion of satisfactory projects and reduce the proportion of moderately unsatisfactory or unsatisfactory projects. Only projects that are satisfactory or better are likely to be worth scaling up.

The performance of government as a partner is one of the most fundamental determinants of project success, but it has remained unchanged over the past decade. Establishing a strong partnership,

common understanding and joint commitment with host governments in the design phase is critical. Realistic assessment of government capacity is also important, because project design and implementation support must correspond to this. Country context remains an important determining factor for project performance, and IFAD needs a more-differentiated approach to match an array of very different country contexts.

Policy dialogue is the learning theme of this year's ARRI. It is increasingly recognized as a key component of IFAD's operating model. Dialogue at the global and regional level is generally satisfactory. Examples of the Fund's positive role in policy dialogue exist at the country level, but they are episodic. This is largely due to limited clarity regarding what 'policy dialogue' means for IFAD; the Fund's ambitious policy objectives; the challenges of achieving pro-poor policy change; and insufficient capacity and skills, resources, incentives and accountability.

External benchmarking suggests that the performance of IFAD-funded operations since 2000 has been considerably better than that of the Asian Development Bank in the Asia and the Pacific region, and broadly similar to World Bank operations globally. Data shows that IFAD-supported operations in Africa performed better than those of the African Development Bank. Internal benchmarking shows that more attention is needed to improve results in West and Central Africa – where performance is weakest compared with the other regions.

Every year, IFAD management provides a written response to the ARRI (<https://webapps.ifad.org/members/eb/107/docs/EB-2012-107-R-7-Add-1.pdf>), which is presented to the Executive Board. In 2012, Board members commended the Independent Office of Evaluation for a well-prepared document, and voiced their appreciation for the written comments provided by management. Notably, management also expressed its satisfaction with this year's edition of the ARRI.

The 2012 management response also raised some methodological issues, noting that the projects making up any given year's ARRI sample are not a true 'cohort'. They have significantly different statistical characteristics – for example, in terms of entry and completion dates – and are therefore not representative of any specific category of project. This



makes trend analysis risky and unreliable, although the inclusion of project completion reports has made it possible to enlarge the size of the sample that underpins ARRI findings and thus increase the overall robustness of these findings. The Independent Office of Evaluation and the Programme Management Department have now agreed that the latest set of project completion reports reviewed by the Programme Management Department will be included in the ARRI.

Management also noted that project completion reports, which are used as the basis for much evaluation, are produced by the borrowing Member States and are variable in quality. IFAD accords the highest priority to supporting country ownership of the development process and will continue to build government capacity in this area.

As communicated in 2011, management repeated that the quality of project-level monitoring and evaluation, although improving, remains weak. This weakness continues to affect the quality of project completion reports and of the evaluations undertaken by the Independent Office of Evaluation.

As part of the drive to facilitate knowledge-sharing, IFAD management has posted 150 project completion digests and the corresponding project completion reports and performance ratings online. In keeping with the IFAD Policy on the Disclosure of Documents, these are accessible not only to IFAD staff but also to the public.

### **Other evaluation activities in 2012**

In addition to the ARRI report, the Independent Office of Evaluation worked on 2 corporate-level evaluations, 4 evaluation syntheses, 7 country programme evaluations, 9 project performance assessments and 21 project completion report validations.

Two corporate-level evaluations will be completed in 2013: IFAD's Institutional Efficiency and Efficiency of IFAD-funded Operations, and IFAD's Supervision and Implementation Support Policy. The emerging findings on efficiency were presented and discussed at the IFAD Evaluation Committee in November 2012, and the final report will be presented to the Evaluation Committee and Executive Board in April 2013. The results on supervision and implementation support will be presented to the Executive Board in September 2013.

The evaluation synthesis is a new product that facilitates learning and wider use of evaluation findings by identifying and capturing accumulated knowledge on common themes and findings across a variety of situations. The Office published the first evaluation synthesis – IFAD's Direct Supervision and Implementation Support – and completed two more on the role of cooperatives in rural development and on the results-based COSOP. It also prepared a synthesis on gender in response to a request from the Evaluation Cooperation Group of the multilateral development banks.

Country programme evaluations were initiated in 2012 in Ecuador, Indonesia and Madagascar, and will be completed in 2013. Four others were completed during the year for Jordan, Mali, Nepal and Uganda.

In Jordan, IFAD financed important initiatives consistent with national priorities, including soil and water conservation and support to non-farm rural livelihoods through credit. However, the evaluation found that IFAD-supported programmes have not achieved the overarching COSOP strategic objective of reaching poor people. Jordan is an urbanized middle-income country with a small number of poor rural people and insufficient small-scale growth opportunities in rainfed agriculture. Considering the context and limited past achievements, the evaluation draws the attention of IFAD and the Jordanian Government to the need to make important decisions concerning the partnership.

In Mali, programme performance improved during the evaluation period (2007-2011), with project design better adapted to the decentralized framework and financing mechanisms, and broader partnerships involving national and international actors. However, past COSOPs did not sufficiently consider the geographical distribution of poverty, population density and the risk of conflict in the northern part of the country, thus affecting the efficiency and effectiveness of operations. The country context has since worsened with the deterioration of the security situation following the coup d'état in March 2012 and the military intervention in January 2013.



For Nepal, the country programme evaluation rated IFAD cooperation with the government over the last 14 years as moderately satisfactory. There were notable achievements in promoting leasehold forestry as an innovative and effective tool to reduce poverty and preserve the environment. At the same time, the evaluation noted weaknesses, in particular in the area of rural finance, and also stressed the importance of strengthening non-lending activities and partnerships.

In Uganda, IFAD enjoys a strong partnership with the government focused on decentralizing development processes and raising incomes among poor rural women and men. One significant achievement is the innovative promotion of public-private partnerships in the palm oil subsector. Moving forward, IFAD and the government will need to address issues related to value chain development, policy dialogue, scaling up and country programme management.

### **Performance-based allocation system**

The performance-based allocation system (PBAS) allocates IFAD's loan and country grant resources to country programmes, including grants under the debt sustainability framework. The system bases allocations on population, per capita gross national income and country performance. Several other development finance institutions use a PBAS, including the African Development Bank, Asian Development Bank, Caribbean Development Bank, GEF, Inter-American Development Bank and International Development Association of the World Bank.

In the fourth quarter of 2012, we updated the data on portfolio and rural-sector performance to produce country scores for 2012. The final 2012 scores and 2013 country allocations reflect this data. The World Bank and Inter-American Development Bank hosted the eighth PBAS technical meeting in June 2012 in Washington, D.C. In summarizing the status of implementation, participants noted that the current system is generally working well.

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

### **Reforming human resources to empower people and deliver results**

Throughout 2012, we continued to move ahead with IFAD's change and reform agenda, putting in place a strategic workforce plan as a key part of the overall goal of matching resources to operational objectives.

We reviewed and reissued our Staff Rules and Human Resources Implementing Procedures to provide greater clarity to management and staff on key processes and procedures and to promote transparency. As part of IFAD's overall revision of human resources rules and procedures, we also finalized the Non-Staff Handbook to be included in the new human resources management framework.

The new Staff Rules and Implementing Procedures bring order to this critical area, with a more practical approach and an easily usable format.

In response to a 2010 external review of IFAD staff compensation and benefits, a group of consultants conducted a job audit following standard professional position-assessment practices and using the International Civil Service Commission (ICSC) job grading system. The audit results supported our strategic workforce planning and medium-term planning processes during 2012. We also participated in the ICSC General Service Salary Survey, which involved the three Rome-based agencies.

We introduced new performance management guidelines, and thanks to the streamlining of our year-end review procedures, in 2012 the e-Performance process was more efficient and less time-consuming for all staff than it was in 2011.

In July 2012, we inaugurated a rewards and recognition framework project to improve IFAD's ability to attract, retain and motivate talented staff. By 2014, an improved framework will include both monetary and non-monetary rewards and introduce some form of pay for performance.

Since the launch of our enhanced Internship Programme in December 2011, we have promoted the recruitment of talented young professionals from around the world to improve the geographical distribution of staff at IFAD.

A new automated interface between IFAD's database and the United Nations Joint Staff Pension Fund's database went live on 30 January 2012, enabling us to increase the efficiency and

effectiveness of the Human Resources Division, decrease the cost of information and eliminate paperwork.

IFAD's presence in the field continues to grow (see map on page 7). As of 31 December 2012, we had issued contracts (including those contracts issued by the United Nations Development Programme on behalf of IFAD) to 60 National Officers and General Service staff members in 34 locations in the regions in which we operate. In addition, we had issued contracts to 23 international Professional staff members in IFAD country offices, including 5 Associate Professional Officers in 17 locations.

To promote the integration of staff at all levels across the Fund, we conducted two week-long induction programmes in Rome, involving a total of 17 staff members serving in the field and 28 at headquarters.

We are also enhancing our rotation policy to increase staff mobility and improve effectiveness and efficiency. In 2012, there were a total of 52 internal rotations and 5 transfers outside IFAD. We will continue to participate in the United Nations' Inter-Organization Agreement concerning Transfer, Secondment or Loan of Staff, which was revised in 2012.

Staff numbers and statistics as of 31 December 2012 were as follows:

- Total staff numbered 538, including staff of the Independent Office of Evaluation of IFAD. Of these, 312 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 82 Member States. Within this category, women constituted 43 per cent of staff, whereas in the General Service category, women represented 81 per cent. Overall, women make up 59 per cent of IFAD staff.



# Financing data and resource mobilization

The tables and charts in this chapter give detailed data for IFAD's ongoing and cumulative portfolios. Table 1 and Charts 1, 2 and 3 (at the front of the report) also give key figures.

## Core resources and supplementary funds in 2012

IFAD's financing is drawn from several sources. These include our initial capital, investment income, loan reflows, and contributions from Member States and multilateral institutions. The Member State 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 was held in 2011. IFAD Member States agreed to a target of US\$1.5 billion in new contributions to finance agricultural and rural development projects across the developing world. This is a 25 per cent increase over IFAD's Eighth Replenishment, and will help finance a programme of loans and grants of US\$2.95 billion over the Ninth Replenishment period. IFAD will channel 40 to 50 per cent of these resources to sub-Saharan Africa.

Thanks to the commitment of IFAD's Member States, the Ninth Replenishment became effective on 30 November 2012. Under Governing Council rules, a replenishment is effective when IFAD has received half the funds pledged.

By the end of December, Member States had pledged a total of US\$1,386 million, 92 per cent of the replenishment target. Instruments of contribution deposited totalled US\$1,001 million, and actual payments amounted to US\$406 million (29 per cent of pledges). At the same point in the replenishment cycle, actual payments for the Eighth Replenishment amounted to US\$278 million (26 per cent of pledges).

For the Ninth Replenishment period, IFAD has established a cofinancing ratio target of 1:1.6. This means that our programme of loans and grants (US\$2.95 billion), taken together with cofinancing funds, domestic contributions from entities operating in developing Member States, and other non-IFAD funds administered by IFAD, will be worth a total of US\$7.9 billion in investments.

As part of our efforts to identify new sources of finance, we established an office of Partnership and Resource Mobilization in 2012. In June, we convened a round-table discussion on Mobilizing Resources for IFAD Programmes: Alternative Sources and Innovative Modalities. More than 50 external participants attended, representing a wide range of institutions: central banks, ministries of finance, development finance institutions, United Nations agencies, think tanks, commercial banks and impact investment funds. The round table responded to a February 2012 directive to IFAD management from the Fund's Governing Council to explore the scope for increasing financing from alternative sources. The event marked the launch of a multi-year effort to examine new avenues for supporting our work in reducing rural poverty.

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

The Eighth Replenishment of IFAD's Resources concluded on 31 December 2012. By this date, Member States had pledged a total of US\$1,056 million, 88 per cent of the replenishment target. Instruments of contribution deposited totalled US\$1,048 million and actual payments amounted to US\$1,048 million (99 per cent of pledges).

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

## Supplementary funds

Supplementary funds are grant resources provided to IFAD in addition to regular replenishment contributions. They are earmarked to cofinance specific initiatives and projects, as indicated in the relevant agreement between IFAD and the donors.

The major agreements reached during 2012 included the European Commission, the OPEC Fund for International Development (OFID), and the Governments of France, the Republic of Korea and Switzerland. These agreements support IFAD's partnerships with farmers' organizations, natural resource and weather risk management, value chain development and improved access to rural financial services. IFAD was also appointed as the supervising entity and funding channel for the US\$30 million programme of the Global Agriculture and Food Security Program (GAFSP) in Burundi.

Overall, in 2012, IFAD received US\$42.7 million in supplementary funds under agreements signed in 2012 and previous years (Table 3). This figure does not include funding of the Associate Professional Officer Programme or funding to IFAD's hosted institutions.

## Ongoing portfolio

IFAD's portfolio of ongoing programmes and projects continued to grow in 2012 (Chart 1). At the end of the year, there were 255 programmes and projects at work around the world funded by IFAD investments worth US\$5.3 billion (Table 4). This compares with 238 ongoing programmes and projects at the end of 2011, with US\$4.5 billion worth of IFAD funding. In 2012, IFAD's two sub-Saharan African regions – West and Central Africa, and East and Southern Africa – together accounted for 111 ongoing programmes and projects, with a total investment of US\$2.3 billion.

## Cofinancing of IFAD-supported programmes and projects

Cofinancing from our partners multiplies the value of the development interventions that we support. This includes resources from bilateral and multilateral donors, and domestic contributions from recipient governments and project participants themselves. Chart 9 shows the breakdown by type of external cofinancing for IFAD-supported programmes and projects approved in 2012.

**TABLE 3**  
**Summary table of supplementary funds for thematic and technical assistance and cofinancing received in 2012**  
 Amounts in US\$ million

Donor	Thematic and technical assistance	Cofinancing (excluding parallel cofinancing)	Total
<i>Food Facility</i>	-	0.7	
<i>CGIAR</i>	-	15.4	
<i>Farmers' organizations</i>	5.8	-	
<i>Eritrea</i>	-	1.2	
<i>Yemen</i>	-	1.2	
<i>Technical Assistance Facility</i>	1.8	-	
<i>African Postal Financial Services initiative</i>	2.6	-	
<b>European Commission total</b>	<b>10.2</b>	<b>18.5</b>	<b>28.7</b>
Denmark: Armenia and Republic of Moldova	-	3.6	3.6
Finland	0.7	1.6	2.3
Netherlands	-	2.2	2.2
GAFSP: Burundi supervision	1.5	-	1.5
Switzerland	1.2	-	1.2
Luxembourg: Financing Facility for Remittances	1.0	-	1.0
OFID: Somalia	-	0.6	0.6
Italy: Viet Nam	-	0.5	0.5
Republic of Korea	0.5	-	0.5
COOPERNIC	0.4	-	0.4
AGRA: Technical Assistance Facility	0.2	-	0.2
<b>Total</b>	<b>15.7</b>	<b>27.0</b>	<b>42.7</b>



Contributions to IFAD from bilateral donors have shown strong and steady growth in recent years, increasing from US\$13.3 million in 2008 to US\$183.0 million in 2012 (Table 1). This year, for the first time, bilateral donors as a group provided the bulk of cofinancing for newly approved programmes and projects.

Chart 10 ranks bilateral donors to programmes and projects initiated by IFAD, with Spain, the

Netherlands and Belgium at the top of the chart. Together, they have provided over 50 per cent of total bilateral cofinancing to IFAD-initiated projects worth US\$1 billion since we started work in 1978.

Chart 11 shows the top 15 multilateral cofinanciers of IFAD-initiated programmes and projects to date, headed by OFID, the African Development Bank, the International Bank for Reconstruction and Development (of the World

**TABLE 4**  
**Ongoing programme and project portfolio by region<sup>a</sup>**  
As at end December 2012

	Number of programmes and projects	IFAD financing <sup>b</sup> (US\$ million)
West and Central Africa	55	966.7
East and Southern Africa	56	1 368.7
Asia and the Pacific	59	1 592.8
Latin America and the Caribbean	39	574.1
Near East, North Africa and Europe	46	787.7
<b>Total<sup>c</sup></b>	<b>255</b>	<b>5 290.1</b>

Source: Project and Portfolio Management System.

<sup>a</sup> The ongoing portfolio consists of approved programmes and projects that have reached effectiveness and have not yet been completed.

<sup>b</sup> 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 for investment programmes and projects. Grants unrelated to programmes and projects are not included.

<sup>c</sup> Any discrepancy in totals is the result of rounding.

**TABLE 5**  
**Financing of IFAD-supported programmes and projects, 1978-2012**  
Amounts in US\$ million

	1978-1999	2000-2005	2006-2010	2011	2012	1978-2012
IFAD <sup>a, b</sup>	6 518.3	2 400.9	3 056.0	951.8	988.2	13 915.2
Cofinanced <sup>c</sup>	5 864.0	1 092.0	1 800.9	412.2	458.5	9 627.6
Domestic	7 006.1	1 687.4	2 141.8	834.3	600.1	12 269.6
<b>Total<sup>d, e</sup></b>	<b>19 388.3</b>	<b>5 180.3</b>	<b>6 998.7</b>	<b>2 198.3</b>	<b>2 046.8</b>	<b>35 812.4</b>
Number of programmes and projects <sup>f</sup>	551	152	154	34	33	924

Source: Project and Portfolio Management System.

<sup>a</sup> 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.

<sup>b</sup> Figures include IFAD financing for the Indonesia National Programme for Community Empowerment in Rural Areas Project approved in 2008.

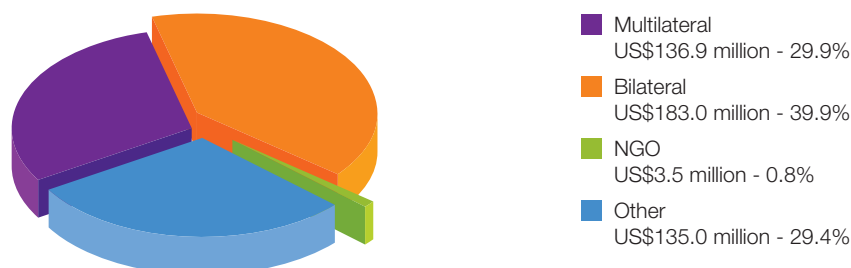
<sup>c</sup> Includes cofinancing that may not have been confirmed at the time of Executive Board approval.

<sup>d</sup> Total amounts may include additional financing for previously approved programmes and projects.

<sup>e</sup> Any discrepancy in totals is the result of rounding.

<sup>f</sup> Fully cancelled or rescinded programmes and projects are not included.

**CHART 9**  
**Cofinancing of IFAD-supported programmes and projects, 2012**  
Share of total of US\$458.5 million<sup>a</sup>



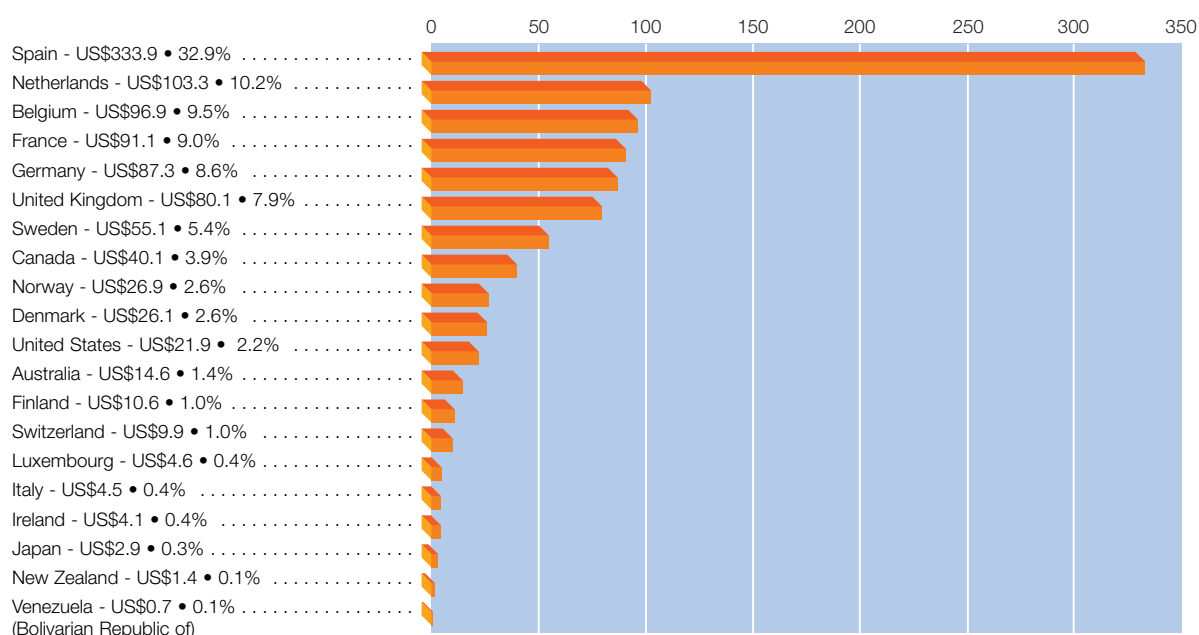
Source: Project and Portfolio Management System.

<sup>a</sup> Any discrepancy in totals is the result of rounding.



**CHART 10****Cofinancing of IFAD-initiated programmes and projects by donor Member States (bilateral), 1978-2012<sup>a</sup>**

Amounts in US\$ million

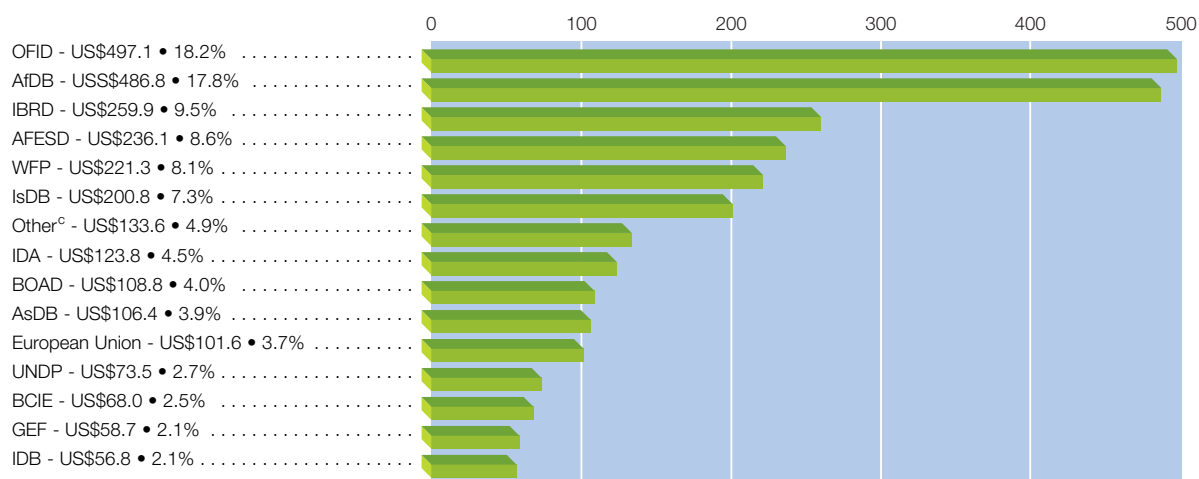


Source: Project and Portfolio Management System.

<sup>a</sup> 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\$1,016.0 million. Bilateral participation in basket or similar funding arrangements is not included.

**CHART 11****Cofinancing of IFAD-initiated programmes and projects by multilateral donors, 1978-2012<sup>a, b</sup>**

Amounts in US\$ million



Source: Project and Portfolio Management System.

<sup>a</sup> 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\$2,732.9 million. Multilateral participation in basket or similar funding arrangements is not included.

<sup>b</sup> OFID = OPEC Fund for International Development; AfDB = African Development Bank; 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.

<sup>c</sup> Other cofinanciers include: Arab Authority for Agricultural Investment and Development (AAID); 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); International Labour Organization (ILO); 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); United Nations Development Fund for Women (UNIFEM).

Bank Group), and the Arab Fund for Economic and Social Development. Together, these four represent over 50 per cent of total multilateral cofinancing of US\$2.7 billion.

IFAD's Executive Board approved the Spanish Food Security Cofinancing Facility Trust Fund in 2010. It 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). As at 31 December 2012, the Board had approved €246.9 million from the Trust Fund to scale up IFAD-supported projects: 9 in Latin America and the Caribbean (€121.7 million), 3 in West and Central Africa (€28.1 million), 3 in East and Southern Africa (€40.4 million), 2 in Asia and the Pacific

(€27.7 million) and 3 in the Near East, North Africa and Europe (€29.0 million).

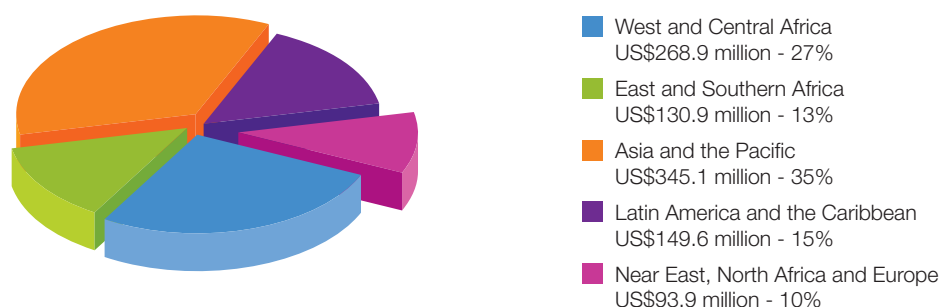
## Priority country and regional financing

We continue to prioritize assistance to least developed countries and countries with low food security. Of 2012 programme and project financing, 70.8 per cent was for low-income food-deficit countries (as classified by FAO) and 44.5 per cent was for the United Nations-classified least developed countries. From a regional perspective, IFAD's two sub-Saharan African regions received 40 per cent of new financing for programmes and projects in 2012 (Chart 12). Table 6 shows financing by region since 1978.

**CHART 12**

### Regional distribution of IFAD financing for programmes and projects approved in 2012<sup>a</sup>

Share of total of US\$988.2 million



Source: Project and Portfolio Management System.

<sup>a</sup> 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.

Any discrepancy in totals is the result of rounding.

**TABLE 6**

### IFAD financing for programmes and projects by region, 1978-2012<sup>a, b</sup>

Amounts in US\$ million

	1978-1999	2000-2005	2006-2010	2011	2012	1978-2012
<b>West and Central Africa</b>						
Total amount	1 127.2	449.2	505.3	173.1	268.9	2 523.6
Number of programmes and projects	120	35	32	9	7	203
<b>East and Southern Africa</b>						
Total amount	1 120.9	468.9	806.8	223.6	130.9	2 751.1
Number of programmes and projects	100	30	33	5	4	172
<b>Asia and the Pacific</b>						
Total amount	2 136.9	728.2	934.4	330.8	345.1	4 475.4
Number of programmes and projects	139	37	35	9	10	230
<b>Latin America and the Caribbean</b>						
Total amount	1 036.4	349.7	352.8	70.6	149.6	1 959.2
Number of programmes and projects	99	20	26	4	8	157
<b>Near East, North Africa and Europe</b>						
Total amount	1 096.9	404.9	456.7	153.6	93.9	2 206.0
Number of programmes and projects	93	30	28	7	4	162
<b>Total IFAD financing<sup>c</sup></b>	<b>6 518.3</b>	<b>2 400.9</b>	<b>3 056.0</b>	<b>951.8</b>	<b>988.2</b>	<b>13 915.2</b>
<b>Total number of programmes and projects<sup>d</sup></b>	<b>551</b>	<b>152</b>	<b>154</b>	<b>34</b>	<b>33</b>	<b>924</b>

Source: Project and Portfolio Management System.

<sup>a</sup> 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.

<sup>b</sup> Total amounts may include additional financing for previously approved programmes and projects.

<sup>c</sup> Any discrepancy in totals is the result of rounding.

<sup>d</sup> Fully cancelled or rescinded programmes and projects are not included.

## Financing by subsector

Data on IFAD's investments by subsector shows that funding for agriculture and natural resource management remains our top priority, with over 30 per cent of resources invested in the current portfolio supporting activities in this category (Chart 13). This reflects our core commitment to enabling poor rural women and men to sustainably improve their agricultural productivity and their management of natural resources. Rural financial services and market and related infrastructure both account for 15 per cent of funds invested. These two subsectors play an important role in supporting inclusive economic growth in rural areas.

## Allocation of programme and project financing by instrument and terms<sup>9</sup>

Although loans on highly concessional terms continue to make up the bulk of our financing for investment programmes and projects, 2012 saw a sharp rise in the amount of both loans on ordinary terms and DSF grants (Table 7).<sup>10</sup> New financing during the year was divided fairly evenly between these three forms of investment: highly concessional loans accounted for 33 per cent, DSF grants 32 per cent and ordinary loans 30 per cent (Chart 14). Loans on intermediate terms accounted for 4 per cent of the total.

As a share of our cumulative financing portfolio since 1978, highly concessional loans and DSF grants represent about 74 per cent of the total, well over the two-thirds target set out in IFAD's Lending Policies and Criteria. Table 8 shows investments by terms and regions.

**CHART 13**  
IFAD current portfolio financing by subsector (at end 2012)

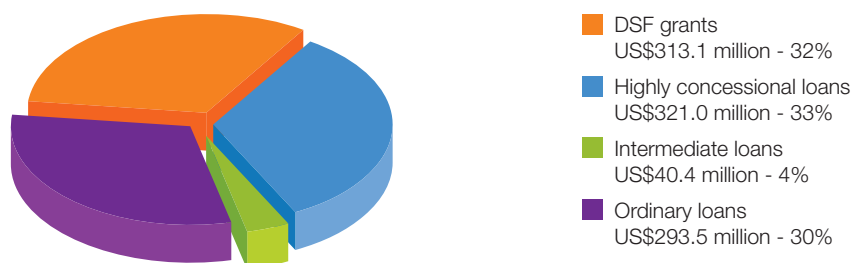


Source: Project and Portfolio Management System.

<sup>a</sup> Agriculture and natural resource management includes irrigation, rangelands, fisheries, research, extension and training.

<sup>b</sup> Other includes communication, culture and heritage, disaster mitigation, energy production, monitoring and evaluation, management and coordination, and post-crisis management.

**CHART 14**  
IFAD loans by lending terms and DSF grants, 2012  
Share of total of US\$968.0 million<sup>a</sup>



Source: Project and Portfolio Management System.

<sup>a</sup> 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.

<sup>9</sup> 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.

<sup>10</sup> IFAD provides 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, 1978-2012<sup>a</sup>**  
Amounts in US\$ million

	1978-1999	2000-2005	2006-2010	2011	2012	1978-2012
<b>DSF grants</b>						
Amount	-	-	502.8	196.9	313.1	1 012.8
Number of grants	-	-	49	16	17	82
<b>Highly concessional loans</b>						
Amount	4 415.1	2 011.3	1 930.1	493.7	321.0	9 171.2
Number of loans	391	128	111	24	19	673
<b>Hardened loans</b>						
Amount	-	-	13.5	32.1	-	45.6
Number of loans	-	-	1	2	-	3
<b>Intermediate loans</b>						
Amount	1 404.0	166.7	242.4	137.1	40.4	1 990.6
Number of loans	120	11	13	3	4	151
<b>Ordinary loans</b>						
Amount	643.3	230.3	337.0	87.5	293.5	1 591.5
Number of loans	52	13	26	6	13	110
<b>Total amount</b>	<b>6 462.4</b>	<b>2 408.3</b>	<b>3 025.8</b>	<b>947.2</b>	<b>968.0</b>	<b>13 811.7</b>
<b>Total number of loans and DSF grants<sup>b, c</sup></b>	<b>563</b>	<b>152</b>	<b>200</b>	<b>51</b>	<b>53</b>	<b>1 019</b>

Source: Project and Portfolio Management System.

<sup>a</sup> 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.

<sup>b</sup> 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.

<sup>c</sup> Fully cancelled or rescinded loans are not included.

**TABLE 8**  
**Summary of IFAD loans by lending terms, and of DSF grants, by region, 1978-2012<sup>a</sup>**  
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
<b>DSF grants</b>						
Amount	350.9	306.8	202.6	30.0	122.5	1 012.8
Number of grants	25	20	18	6	13	82
<b>Highly concessional loans</b>						
Amount	2 028.6	2 299.1	3 478.8	416.5	948.3	9 171.2
Number of loans	192	163	192	42	84	673
<b>Hardened loans</b>						
Amount	-	-	-	-	45.6	45.6
Number of loans	-	-	-	-	3	3
<b>Intermediate loans</b>						
Amount	105.2	109.0	609.9	488.0	678.5	1 990.6
Number of loans	11	11	36	51	42	151
<b>Ordinary loans</b>						
Amount	21.3	10.7	163.9	1 016.6	378.9	1 591.5
Number of loans	3	3	4	71	29	110
<b>Total amount</b>	<b>2 505.9</b>	<b>2 725.6</b>	<b>4 455.2</b>	<b>1 951.1</b>	<b>2 173.8</b>	<b>13 811.7</b>
<b>Percentage of total IFAD loans and DSF grants</b>	<b>18.1</b>	<b>19.7</b>	<b>32.3</b>	<b>14.1</b>	<b>15.7</b>	<b>100.0</b>
<b>Total number of loans<sup>b, c</sup> and DSF grants</b>	<b>231</b>	<b>197</b>	<b>250</b>	<b>170</b>	<b>171</b>	<b>1 019</b>

Source: Project and Portfolio Management System.

<sup>a</sup> 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.

<sup>b</sup> 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.

<sup>c</sup> Fully cancelled or rescinded loans are not included.



## Disbursements

Disbursements of IFAD loans and DSF grants rose to US\$652.9 million in 2012, compared with US\$625.9 million in 2011 (Tables 9 and 10). Over the period 1979-2012, cumulative disbursements of loans under the Regular Programme amounted to US\$8,435.2 million, representing 75 per cent of effective commitments at the end of 2012 (Table 11). This compared with US\$7,900.7 million disbursed at the end of 2011, which made up 74 per cent of effective commitments.

## Managing IFAD's liquidity, cash flow and financial policies

IFAD manages US\$2.3 billion for the regular programme of work, US\$0.7 billion on behalf of supplementary programmes and trust funds, and all related operational cash flow activities.

In 2012 the volume of cash transactions reached record levels of US\$5.2 billion for the regular programme and US\$2.3 billion for supplementary programmes and trust funds. This was an overall increase of 25 per cent compared with 2011 – mainly

**TABLE 9**  
Annual loan disbursement by region under the Regular Programme, 1979-2012<sup>a</sup>

Amounts in US\$ million

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	1979-2012
West and Central Africa	34.5	48.6	61.4	62.3	57.8	61.8	64.4	66.8	66.0	74.4	94.2	1 232.1
East and Southern Africa	46.9	55.4	70.2	75.9	88.6	89.4	85.4	106.4	99.4	104.3	140.4	1 551.8
Asia and the Pacific	86.1	78.7	73.1	93.1	127.2	122.0	99.1	129.2	158.0	230.7	172.2	2 920.3
Latin America and the Caribbean	51.4	47.0	49.1	42.3	57.4	63.4	79.1	61.6	64.0	72.9	65.7	1 319.3
Near East, North Africa and Europe	44.5	56.1	57.6	68.0	55.9	62.1	96.1	73.5	70.1	67.3	61.9	1 411.7
<b>Total<sup>b</sup></b>	<b>263.4</b>	<b>285.8</b>	<b>311.4</b>	<b>341.6</b>	<b>386.9</b>	<b>398.7</b>	<b>424.1</b>	<b>437.5</b>	<b>457.5</b>	<b>549.6</b>	<b>534.5</b>	<b>8 435.2</b>

Source: Loans and Grants System.

<sup>a</sup> Loan disbursements relate solely to Regular Programme loans. They exclude the Special Programme for Sub-Saharan African Countries Affected by Drought and Desertification, and DSF financing.

<sup>b</sup> Any discrepancy in totals is the result of rounding.

**TABLE 10**  
Annual DSF disbursement by region, 2007-2012

Amounts in US\$ million

	2007	2008	2009	2010	2011	2012	2007-2012
West and Central Africa	-	1.1	1.9	8.5	23.3	36.2	71.1
East and Southern Africa	1.0	3.6	5.2	16.8	27.3	41.7	95.6
Asia and the Pacific	0.9	1.7	4.6	8.8	13.9	24.3	54.1
Latin America and the Caribbean	-	-	0.6	0.9	2.9	6.6	11.0
Near East, North Africa and Europe	-	-	0.9	3.8	7.5	9.1	21.3
Global	0.1	0.1	0.6	0.7	1.4	0.5	3.4
<b>Total<sup>a</sup></b>	<b>2.0</b>	<b>6.5</b>	<b>13.8</b>	<b>39.4</b>	<b>76.3</b>	<b>118.4</b>	<b>256.4</b>

Source: Loans and Grants System.

<sup>a</sup> Any discrepancy in totals is the result of rounding.

driven by the continued expansion of regular and supplementary programmes and trust fund activities.

During the year, IFAD undertook full implementation of the Investment Policy Statement, approved by the Executive Board in December 2011 (<https://webapps.ifad.org/members/eb/104/docs/EB-2011-104-R-43.pdf>). We re-tendered contracts with external investment managers for current and new asset classes. This resulted in the appointment of four new managers and subsequent portfolio transitions. We also diversified investments into eligible investment-grade emerging market debt and global diversified fixed-income securities. All investment guidelines were reviewed and aligned with the Investment Policy Statement and the risk-budgeting framework.

Internal Treasury processes, procedures and tools for risk management were redefined, strengthened and documented. IFAD's Treasury Services Division is committed to furthering the enhancement of efficiency in its activities at all levels. In this regard, in 2012 Treasury contributed to Phase I of the Loan and Grant System Replacement project. Additionally, it reviewed intradivisional processes to identify

scope for improvement. This review resulted in further streamlining of activities and processes and the reduction of operational risk.

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. IFAD Treasury hosts and administers the dedicated United Nations Treasuries Community of Practice website, which has become the principal forum for interaction among United Nations treasuries.

In line with IFAD's growing presence in the countries in which we work, Treasury provided support to country offices in 2012 to facilitate local payments and manage special commitments for operational procurement. Following negotiations with the Standard Chartered Bank, IFAD opened the first country office account in Viet Nam.

Treasury participated in efforts to mobilize resources for IFAD's mandate and took part in the technical round-table discussion held in June (see page 48).

**TABLE 11**  
**Loan disbursement by region and lending terms under the Regular Programme, 1979-2012<sup>a</sup>**  
Amounts in US\$ million

	Highly concessional	Intermediate	Ordinary	Hardened	Total
<b>West and Central Africa</b>					
Amount	1 156.9	60.3	14.9	-	<b>1 232.1</b>
Percentage of total loan effective commitment	72	100.0	83.1	-	<b>73.2</b>
<b>East and Southern Africa</b>					
Amount	1 453.4	95.0	3.4	-	<b>1 551.8</b>
Percentage of total loan effective commitment	72.4	92.5	33.2	-	<b>73.2</b>
<b>Asia and the Pacific</b>					
Amount	2 502.0	410.3	8.0	-	<b>2 920.3</b>
Percentage of total loan effective commitment	76.7	84.2	5.0	-	<b>75</b>
<b>Latin America and the Caribbean</b>					
Amount	352.6	401.9	564.8	-	<b>1 319.3</b>
Percentage of total loan effective commitment	86.4	88.7	61.9	-	<b>74.6</b>
<b>Near East, North Africa and Europe</b>					
Amount	798.5	383.3	226.3	3.6	<b>1 411.7</b>
Percentage of total loan effective commitment	91.6	67.3	65.6	8.0	<b>77.2</b>
<b>Total amount</b>	<b>6 623.4</b>	<b>1 350.8</b>	<b>817.4</b>	<b>3.6</b>	<b>8 435.2</b>
<b>Total percentage of total loan effective commitment</b>	<b>76.8</b>	<b>80.9</b>	<b>56.9</b>	<b>8.0</b>	<b>74.7</b>

Source: Loans and Grants System.

<sup>a</sup> 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.

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

Debt relief and debt management play a key role in reducing poverty in many of the world's poorest countries. During 2012, we continued to support work at the international level addressing the existing debt of poor countries through the Heavily Indebted Poor Countries (HIPC) Debt Initiative. We also used our DSF to ensure that vulnerable countries did not accumulate future debt. During the year, we completed a debt settlement proposal and a proposal for rescheduling the debt, respectively, for Cuba and Sudan, based on IFAD's Policy Framework for Managing Partnerships with Countries in Arrears. The Executive Board agreed to both proposals.

Since the HIPC Debt Initiative was set up, many countries have made substantial progress in gaining access to debt relief. Over 93 per cent of eligible countries (35 out of 39) have passed their decision points, qualifying for Debt Initiative assistance from IFAD. Thirty-three countries have now reached 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 2012 session, the IFAD Executive Board approved debt relief top-ups at completion point for Côte D'Ivoire and Guinea.

Our total commitments so far amount to approximately US\$741.6 million of debt service relief in nominal terms. As at 31 December 2012, IFAD has provided US\$411.9 million in debt relief to the 33 completion point countries.

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

During 2012, 32 per cent of the total value of approved financing for investment programmes and projects was in the form of DSF grants. Seventeen grants were approved, for a total value of US\$313.1 million (Table 7).

## Staff awards

Every year, we invite all of our staff to nominate colleagues who they believe deserve special acknowledgement for their innovative contributions, extraordinary achievements and outstanding performance. These are the colleagues who, through their actions and their conduct, constantly inspire us with their dedication, enthusiasm and creative thinking.

IFAD annual Staff Awards recognize the exceptional contributions of our colleagues in three categories: as

leaders – at any level in the organization; as designers or implementers of innovative projects or initiatives; and as effective facilitators of changes that improve the operations we fund.

Congratulations to the 2012 Staff Award winners. We are very proud of your contributions to IFAD's efforts to create and support opportunities for poor rural people to improve their livelihoods and resilience and to move out of poverty.



Staff award winners 2012 with IFAD President (from left to right): Francesca Tarabella, Tina Frezza, Clare Bishop-Sambrook, Edward Gallagher, Aisha Nazario, Adriana Bombardone, David Hartcher, Kanayo F. Nwanze, Paula Kim, Silvana Scalzo, Bobby Baber, Federica Cerulli Irelli, Tomás Rosada, María Turco, Purificación Tola Satue, Sandra Reyes, Fabio Mariano and Rajiv Sondhi



## 2012

### Extraordinary initiative

- *Cuba team*: Tomás Rosada, Natalia Toschi, Rajiv Sondhi, Purificación Tola Satue, Deirdre McGrenra, Sandra Reyes, Mirka Ferrise, David Hartcher;  
*Honourable mention*: Ruth Farrant, Rutsel Martha, Josefina Stubbs
- Fabio Mariano
- Silvana Scalzo

### Change agent

- Clare Bishop-Sambrook

### Innovative project

- Maria Turco

## 2011

### Leadership

- Shyam Khadka

### Outstanding project/initiative

- *ICT-SEC team*: Amedeo Paglione, Victoria Chiartano, Paola de Leva, Shamela Brown
- *Global Share Fair team*: Christiano de Santis, Roberto de Tora, Roberto Rea, Christian Assogba, Birgit Plockinger, Beate Stalsett, Florence Yu, Alessio Accardi, Fabio Caruso, Jean-Philippe Decraene, Severino Manuel, Roberto Montalto, Dave Nolan, Elisabetta Vaccari

## 2010

### Outstanding project

- Edward Heinemann
- *Yemen project team*: Omer Zafar, Fathia Bahran, Nicole Hervieu, Jessica Lattughi

### Leadership

- Roberto Haudry
- Henning Pederson

### Facilitator of change

- Thu Hoai Nguyen
- Rasha Omar
- Federica Cerulli Irelli
- *Team*: Adriana Bombardone, Aisha Nazario, Francesca Tarabella, Tina Frezza
- Edward Gallagher

### Leadership

- Paula Kim
- Bobby Baber

### Presidential recognition

- Rasha Omar

### Change agent

- Rahel Getachew
- Hubert Boirard
- Dina Nabeel
- *IFAD Go Green Group*: Moses Abukari, Hazel Bedford, Sabine Pallas, Steven Jonckheere, Miriam Blanco

### Presidential recognition

- Ron Hartman

### Change agent

- *IFAD Farmers' Forum team*: Jean-Philippe Audinet, Philippe Remy, Roberto Longo, Carla De Donato, Sandra Di Rienzo, Gisella Barbieri, Natalia Espinel, Sylvia Isaia, Vincent Sineau
- Roxanna Samii

### Presidential award

- Communications Division

The designations employed and the presentation of material in this publication do not imply the expression of any opinion whatsoever on the part of the International Fund for Agricultural Development of the United Nations concerning the legal status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries. The designations “developed” and “developing” economies are intended for statistical convenience and do not necessarily express a judgement about the stage reached by a particular country or area in the development process.

This publication or any part thereof may be reproduced without prior permission from IFAD, provided that the publication or extract therefrom reproduced is attributed to IFAD and the title of this publication is stated in any publication and that a copy thereof is sent to IFAD.

Cover:

Villagers use a makeshift bamboo bridge to cross the water during monsoon season in Bishambarpur, Sunamganj

Bangladesh: Sunamganj Community Based Resource Management Project

©IFAD/GMB Akash

© 2013 by the International Fund for Agricultural Development (IFAD)

Printed by Quintily, Rome, Italy

2013

Printed on ecological paper



International Fund for Agricultural Development

Via Paolo di Dono, 44 - 00142 Rome, Italy


Tel: +39 06 54591 - Fax: +39 06 5043463


E-mail: [ifad@ifad.org](mailto:ifad@ifad.org)

[www.ifad.org](http://www.ifad.org)

[www.ruralpovertyportal.org](http://www.ruralpovertyportal.org)

 [ifad-un.blogspot.com](http://ifad-un.blogspot.com)

 [www.facebook.com/ifad](http://www.facebook.com/ifad)

 [www.twitter.com/ifadnews](http://www.twitter.com/ifadnews)

 [www.youtube.com/user/ifadTV](http://www.youtube.com/user/ifadTV)



ISBN 978-92-9072-381-3



9 789290 723813