

ANNUAL REPORT 2015



Investing in rural people

IFAD invests in rural people, empowering them to reduce poverty, increase food security, improve nutrition and strengthen resilience. Since 1978, we have provided US\$17.7 billion in grants and low-interest loans to projects that have reached about 459 million people.* IFAD is an international financial institution and a specialized United Nations agency based in Rome – the UN’s food and agriculture hub.

* As at time of press, June 2016

Ongoing IFAD-supported programmes and projects at end 2015, and IFAD country offices



Latin America and the Caribbean

36 programmes and projects

Argentina	1
Belize	1
Bolivia (Plurinational State of)	2
Brazil	6
Colombia	1
Cuba	1
Dominican Republic	2
Ecuador	2
El Salvador	2
Grenada	1
Guatemala	2
Haiti	2
Honduras	4
Mexico	2
Nicaragua	2
Panama	1
Paraguay	1
Peru	1
Uruguay	1
Venezuela (Bolivarian Republic of)	1

West and Central Africa

47 programmes and projects

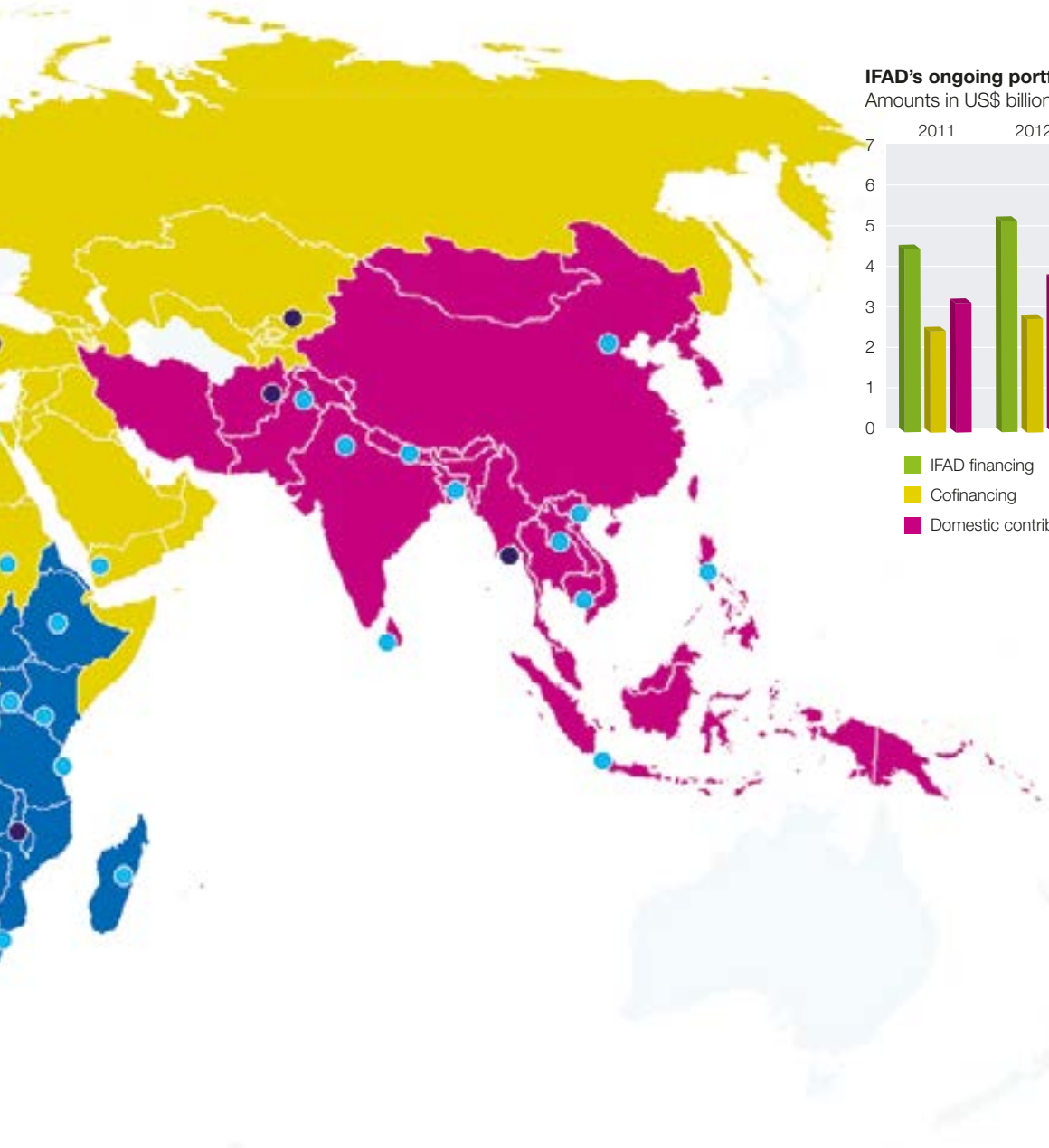
Benin	2
Burkina Faso	3
Cabo Verde	1
Cameroon	3
Central African Republic	1
Chad	2
Congo	1
Côte d'Ivoire	2
Democratic Republic of the Congo	2
Gabon	1
Gambia (The)	1
Ghana	4
Guinea	2
Liberia	2
Mali	3
Mauritania	2
Niger	3
Nigeria	3
Sao Tome and Principe	1
Senegal	3
Sierra Leone	3
Togo	2



East and Southern Africa

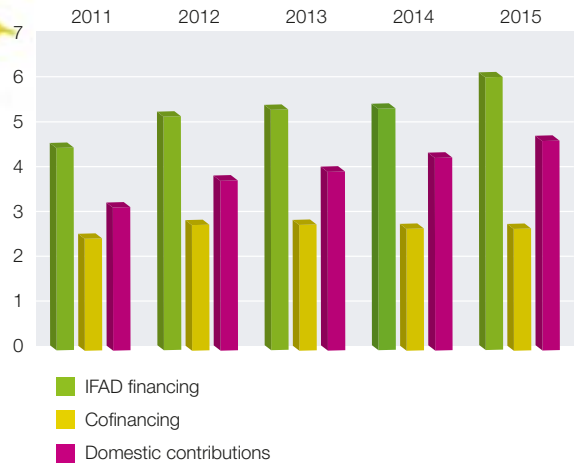
46 programmes and projects

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



IFAD's ongoing portfolio, 2011-2015

Amounts in US\$ billion



Near East, North Africa and Europe

36 programmes and projects

- Armenia 2
- Azerbaijan 1
- Bosnia and Herzegovina 2
- Djibouti 1
- Egypt 4
- Georgia 1
- Jordan 1
- Kyrgyzstan 2
- Lebanon 1
- Morocco 3
- Republic of Moldova 2
- Sudan 5
- Syrian Arab Republic 1
- Tajikistan 1
- Tunisia 2
- Turkey 2
- Uzbekistan 1
- Yemen 4

Asia and the Pacific

66 programmes and projects

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

IFAD country offices (as at 31 January 2016)

- Operational
- Approved

Table of contents

President's foreword	2
Programme of work in 2015	6
Major initiatives and new programmes	29
Impact and measuring and improving results	36
Financing data and resource mobilization	45
Awards	60

Annual Report 2015 CD-ROM

President's foreword



Agenda 2030 and climate change

2015 was a pivotal year for IFAD and for the development community as a whole. The agreement of 17 Sustainable Development Goals (SDGs) laid out a universal agenda with ambitious targets to be met by 2030. During the year, IFAD played an active role in the process to frame the new SDGs – advocating for the interests of smallholders and other rural people who make up the majority of the world's poor. In the run-up to the September summit that endorsed Agenda 2030 and the SDGs, IFAD was singled out at the Third International Conference on Financing for Development held in Addis Ababa in July for its efforts “in mobilizing investment to enable rural people living in poverty to improve their food security and nutrition, raise their incomes, and strengthen their resilience” (see page 29).

IFAD also took part in the Twenty-First Conference of the Parties (COP21) to the United Nations Framework Convention on Climate Change in Paris in December, calling for the importance of agriculture and food security to be recognized and highlighting the vulnerability of smallholder farmers in the face of climate change (see page 29). IFAD manages the largest global financing source dedicated to enabling poor smallholder farmers to adapt to climate change – the Adaptation for Smallholder Agriculture Programme (ASAP). During 2015,

new ASAP funding totalling US\$94 million was approved, bringing cumulative financing under the programme to US\$284.9 million, benefiting poor rural people in 36 countries.

Within IFAD, we have successfully reduced and offset our emissions and were listed at COP21 as one of the United Nations agencies that are climate neutral. In August, our efforts were rewarded when we were the first United Nations agency to receive Platinum certification in the Existing Buildings: Operations and Maintenance category of the Leadership in Energy and Environmental Design (LEED) certification programme (see page 62).

IFAD empowers rural women

IFAD has long recognized that we will never achieve zero poverty and zero hunger without empowering women. Our gender equality and women's empowerment policy ensures that our work contributes to SDG5 on Gender Equality. IFAD's leadership in this area has been recognized by the United Nations System-wide Action Plan on Gender Equality and the Empowerment of Women (UN-SWAP), which provides an accountability framework with progress against 15 gender mainstreaming indicators measured over the period 2012 to 2017. Starting from a good base, IFAD has improved its overall performance and, by 2015, had met or exceeded 11 of the 15 indicators. UN Women recognized that “IFAD is now exceeding

the requirements for almost half of all indicators (46 per cent). This accomplishment sets IFAD apart as one of the top performing entities in the UN-SWAP.”

We are also recognized as an innovator in the field of women’s empowerment, in particular with the success and scaling up of the household methodologies – grass-roots approaches to gender equality and social inclusion – which we have pioneered together with partners (see page 12). Economic empowerment – enabling women to earn a living and build their assets – is a key ingredient of gender equality. In addition to the activities in our own portfolio, we are working in partnership with FAO, WFP and UN Women on the Joint Programme on Accelerating Progress towards the Economic Empowerment of Rural Women. Our annual Gender Awards recognize IFAD-funded projects that have made an outstanding difference to the lives of the women they support (see page 62).

Decentralization and a focus on communication

We know from evidence and experience that decentralization and strengthening our presence in the field can have multiple benefits. These include improved portfolio management – with projects performing better in countries with IFAD country offices (ICOs) than in those without, greater policy influence and more effective partnership building. IFAD’s visibility in ICO countries is also enhanced, making the organization a more effective and trusted partner for all stakeholders. Our new Strategic Framework for 2016-2025 calls for increased decentralization, with a goal of 70 per cent of IFAD-supported projects being served by ICOs.

Our success in building good two-way relationships with the countries where we work was recognized by an independent external report published in 2015 by AidData, entitled *Listening to Leaders: Which Development Partners Do They Prefer and Why?* The report ranked IFAD as “the most communicative development partner in agriculture and rural development”. The organization was also in the report’s top ten for frequency of communication with host government counterparts and for helpfulness during reform implementation (see page 42).

New financial model

2015 was also the year in which we fully transformed our financial model to include sovereign borrowing as a resource mobilization instrument. The transformation was completed with the approval of ordinary loans worth €300 million to Member States, funded by sovereign borrowing from Germany’s KfW Development Bank (see page 47). As a direct result of this, we completed a programme of loans and grants of US\$1.4 billion for the year 2015, bringing the overall programme of loans and grants for the Ninth Replenishment period (2013-2015) to US\$3.09 billion, and exceeding the IFAD9 target of US\$3 billion (see page 47).

Impact assessment

Ambitions and expectations were also heightened in other areas, with donors and Member States increasingly requiring evidence of impact and value for money. In response, IFAD completed a landmark impact assessment initiative in 2015 – finalizing an innovative methodology that strengthens our foundations as a results-based organization. The new methodology enables us to accurately assess the multidimensional impacts of the programmes that we support in order to lay the groundwork for future activities and directions.

We have been working since 2012 to devise an impact assessment methodology that does justice to the complexity of the contexts in which we work. In other words, although we aim to reduce poverty, understanding success means looking at many parts of the picture – not just the monetary metric of income. In addition to measuring increase in earnings, the research undertaken over the past three years has shown that we need to consider measurements such as ownership of livestock and other assets, gender empowerment, dietary diversity and resilience to shock. During 2015, we finalized the methodology, which uses a variety of tools and is already attracting the interest of partners. The assessment reported that about 139 million people have already benefited from IFAD-supported operations opening or closing between 2010 and 2015 (see page 36).

I would like to close by inviting you to read more of the 2015 IFAD Annual Report. It takes you on a journey through the regions and countries where IFAD invests in rural transformation. Read the stories from the field to learn about the challenges and triumphs of rural women and men whose labour produces much of the food consumed in their communities and countries.

Meet farmer Coumba Ndoffen Sene in Senegal who has discovered the value of growing and selling local crops. Read Alima Artur's story about learning to live well with HIV/AIDS in Mozambique. Hear about Ratna Sari Dewi Bani's experience of setting up in business in Indonesia. Learn about an enterprising community in Ecuador and a business based on the colour red. Finally, meet an ambitious young woman by the name of Anastasia Gilca, owner and manager of a profitable blackberry plantation in the Republic of Moldova, and read her recipe for success.

"Anyone who wants to set up a business on their own must be determined," Gilca says. "You must be hard-working, and you cannot allow potential risks or negative responses from people to demoralize you."

The world faces severe challenges today – with conflict and climate change top of the list. The lives of families, communities and nations are disrupted, driving movements of vulnerable people on a massive scale. The rural women and men spotlighted in this report are ready and determined to transform the places where they live to create a better and more sustainable world. IFAD will not fail to match their determination with the investments and the support they so sorely need.



KANAYO F. NWANZE
President of IFAD



Programme of work in 2015

West and Central Africa

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

Overview

The economy of West and Central Africa grew by an impressive 6.2 per cent in 2014. Growth was slower than in the year before, but still outpaced that of sub-Saharan Africa as a whole. However, the benefits of growth were not felt by all social groups, and efforts to reduce poverty met with mixed success across the region.

With respect to the Millennium Development Goals (MDGs), nine countries met their target of halving poverty between 1990 and 2015, and five others made strong progress. In another six countries, however, levels of poverty and food insecurity actually increased. Governments seem more committed to the extractive industries, which do not support inclusive growth, than to

agriculture, which has been shown to drive poverty reduction and strengthen food security.

Some 457 million people live in the region, with 31 per cent of the population being under the age of 14, and 29 per cent aged 15-35 years. As in other regions, youth unemployment continues to be a significant economic issue. Given the lack of opportunities in the formal job market, rising food prices and relatively easy access to land, agriculture has become a growing source of informal employment opportunities for many young people. To foster this growth and maximize its potential, young women and men need better access to credit, rural infrastructure and training to build their skills.

Climate change continues to affect rural economies. In a recent study, rural households reported that the probability and impact of climatic events such as droughts and floods were perceived as greater than the probability and impact of disease and death. The continued use of traditional agricultural practices is putting increasing pressure on the environment because of population growth, a shift to market-oriented production, fragile soils and increasing climate variability. Extreme climate events are likely to become more frequent and their variability will intensify.

Overall, the region would benefit from devoting more attention to developing national and regional markets, attracting private and foreign direct investment, creating jobs for young people in rural areas and boosting efforts to adapt to climate change.

Portfolio management highlights

- 47 ongoing programmes and projects in partnership with 22 recipient governments in the region at the end of 2015
- US\$1,270.7 million invested by IFAD in the region's ongoing portfolio
- US\$184.4 million in new approvals in 2015: 7 new programmes and projects in Benin, Congo, the Democratic Republic of the Congo, Guinea-Bissau, Liberia (2 projects) and Niger, and additional financing for ongoing projects in The Gambia and Senegal

Our work and results in 2015

In 2015, our work in West and Central Africa focused on:

- inclusive value chains
- rural finance
- natural resource management and climate change adaptation
- empowering young people.

The aim is to integrate these four themes into comprehensive programmes and projects.

Inclusive value chains

IFAD works to strengthen the value chains that link producers and their organizations to markets and consumers. Having access to markets at home and abroad enables producers to sell produce at fair prices, increase production and improve incomes. Making it possible for small producers to “move up” the value chain – by storing or processing their own goods, for example – means that they take a bigger share of the final price.

In Senegal, an IFAD-supported project brokered a system of contracts between producer organizations and buyers to give smallholder and family farmers in the groundnut basin more sustainable access to markets. The project’s impact on sales of millet, sesame, cowpeas and maize has been particularly positive: transaction costs have fallen and the quantities traded and incomes earned have increased. (Read more in the Story from the field.)

In Sao Tome and Principe, IFAD is working with partners to help establish “geographical indications” for cocoa, coffee and pepper – all key products. In collaboration with institutions such as the World

Intellectual Property Organization, the project will identify the three products as originating in the island country. By carving out a distinct national identity for these exports, the project aims to improve producers’ access to international markets.

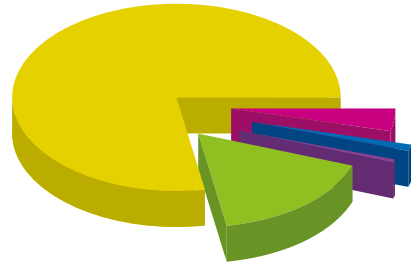
In Mauritania, an IFAD-funded programme is linking producers, transporters and traders. In collaboration with local authorities, these different actors have agreed on a fixed price for each step in the value chain, stabilizing the prices of goods such as carrots for producers and consumers. The programme has also enabled market gardeners, poultry keepers and goat milk producers to formalize partnerships with the private sector for processing and marketing. Producer groups and small and medium-scale private-sector actors form cooperatives with assets such as storage and processing facilities. The cooperatives share risks and profits based on a shareholder scheme.

Rural finance

Rural areas in developing countries are very poorly served by financial institutions. By strengthening microfinance networks in the region’s rural areas, IFAD-supported projects enable farmers to build their businesses and manage risk.

WEST AND CENTRAL AFRICA

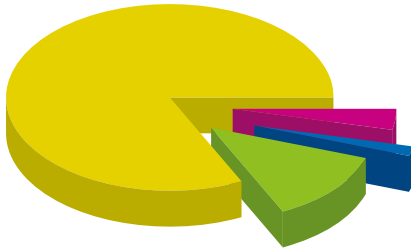
CHART 1a
IFAD loans by lending terms and DSF grants,
1978-2015^a
 Share of total of US\$3 012.6 million



- Highly concessional loans
US\$2 323.9 million - 77.1%
- Intermediate loans
US\$105.2 million - 3.5%
- Ordinary loans
US\$21.3 million - 0.7%
- Blend loans
US\$7.7 million - 0.3%
- DSF grants
US\$554.5 million - 18.4%

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

CHART 1b
Loan disbursements by lending terms and
DSF disbursements, 1979-2015^a
 Share of total of US\$1 680.9 million



- Highly concessional loans
US\$1 392.4 million - 82.8%
- Intermediate loans
US\$60.3 million - 3.6%
- Ordinary loans
US\$17.4 million - 1.0%
- DSF grants
US\$210.7 million - 12.5%

^a 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.

In Chad, IFAD has been helping to boost governance in a microfinance institution in the region of Guéra, moving it towards greater professionalism and self-governance. Since 2013, both financial and organizational performance have improved. The volume of credit available jumped from XAF 11 million (approximately US\$18,000) to more than XAF 300 million (approximately US\$484,000) between 2010 and 2015.

In Nigeria, where the microfinance sector is growing fast, an IFAD-supported programme is building the capacity of rural financial institutions to reach out to poor households, particularly those headed by women, young people and the physically challenged, by introducing the Rural Business Plan approach. The programme has created a common platform from which partners collaborate to achieve the shared purpose of rural outreach. Over the last quarter of 2015, 245 microfinance banks and institutions in 12 participating states developed rural business plans. Four pilot institutions have achieved particularly promising results. For example, the Trustfund MicroFinance Bank started a rural branch with women-focused services that attracted nearly 7,500 clients – 6,000 more than projected. The aim now is to replicate the approach with as many institutions as possible.

In Mali, an IFAD-supported rural finance project is showing good results after four years of work. About 200,000 poor rural people have better access to financial services, allowing them to develop viable economic activities. Microfinance outreach in rural areas has increased by 10 per cent, while savings and loans have grown by 30 per cent and 60 per cent respectively. Four strong autonomous microfinance networks are now operating in the project area. A new IFAD-supported project in Mali focusing on youth will enable more than 15,000 young people to obtain access to financial services.

Natural resource management and climate change adaptation

Climate change is exacerbating severe natural resource challenges in the region, including poor soil fertility and desertification. Poor producers urgently need support to adapt to changing conditions and to adopt new practices that will protect the natural resources on which their livelihoods depend. Together with

partners, IFAD supports a mix of traditional and innovative approaches to help smallholders build their resilience.

Assisted natural regeneration techniques originally developed in Burkina Faso are being scaled up across the region. These techniques can reverse extreme soil degradation, increase arable land, and boost crop yields and food security. They range from improved planting pits – known as *tassa* or *zai* – to half-moons, contour stone bunds, vegetative barriers and permeable rock dams. Between 2005 and 2013, these techniques were used to help rehabilitate nearly 63,000 hectares.

In the Maradi region of Niger, an IFAD-funded project is helping to rehabilitate and protect the parklands cultivated by subsistence farmers and pastoralists. The project enables people to develop community-based enterprises that commercialize tree products. It also supports efforts to improve natural resource management practices related to soil and water conservation and to diversify, adapt and conserve trees of priority species.

In Togo, in support of government efforts to boost agricultural productivity, an IFAD-funded project is helping to disseminate techniques for improving soil fertility through farmer field schools. To date, more than 600 schools have trained more than 14,000 producers, 95 per cent of whom have adopted new practices. Maize production has increased by 87-100 per cent as a result.

During 2015, grants from IFAD's Adaptation for Smallholder Agriculture Programme (ASAP) worth US\$27.0 million were approved, bringing the total value of ASAP financing in the region to US\$73.9 million at the end of the year. Grants from the Global Environment Facility (GEF) worth US\$7.3 million were also approved, bringing the total value of GEF financing in the region to US\$44.0 million.

Empowering young people

As mentioned in the Overview, youth unemployment is a significant issue and agriculture is a growing source of informal employment. To boost young people's capacity to take advantage of opportunities, IFAD-funded programmes work to improve their skills and strengthen the organizations and infrastructure that support them.

Story from the field

Stronger markets for local crops transform Senegal's rural economy

Farmer Coumba Ndoffen Sene used to struggle to feed his family, but now he can pay his children's school fees and buy them new clothes. He has also started a business raising chickens.

Sene takes part in the IFAD-funded Agricultural Value Chains Support Project in Senegal. One of the ideas behind the project is to encourage people to grow, eat and sell local crops rather than consuming imported grains like rice. By changing the way people think about food and enabling them to access markets, the project has helped transform the communities in which it works.

Sene was one of almost 9,000 farmers who received training in improved agricultural practices that produce higher yields and better-quality harvests.

"Before we couldn't even get to one ton of millet," he says. "Now we produce two or three tons per year."

With project support, producer organizations brokered contracts with buyers. Transaction costs on sales of millet, sesame, cowpeas and maize fell substantially, increasing profits. Small producers now earn more and consume and sell more locally grown products, and the region is becoming less dependent on imports.

The hungry season has been shortened from six months to under a month. More than

5,000 previously unemployed people now have jobs, and 250,000 people have learned to grow, eat and sell local foods.

Women are participating in agricultural production, processing and marketing activities and have better access to land. Over 800 women – and chefs in local hotels – have learned to cook with locally grown crops, which are more nutritious than imported products such as rice. Women are starting new businesses, packaging products like baby porridge to be sold locally and nationally. In recognition of these achievements, the project won a 2015 IFAD Gender Award, highlighting its best practices in women's empowerment.

Many restaurants in the project area now offer only locally grown food. Restaurant manager Aissatou Cisse sees this trend as the future for the country.

"Our economy cannot grow if we keep importing," she says. "We need to consume what's produced here in Senegal."

Cisse won the 2015 President of Senegal Award for innovation.

Farmer Coumba Ndoffen Sene took training to improve his yields and boost the family income
Senegal: Agricultural Value Chains Support Project

©IFAD/Horaci Garcia Marti



In Benin, an IFAD-supported programme has a partnership with an agricultural training centre for young farmers and entrepreneurs, with a particular focus on women. The centre has trained 590 young entrepreneurs in techniques that include conservation of seeds, composting, and transforming soya into milk and cheese.

In Nigeria, an IFAD-funded programme is helping reduce tensions in the Niger Delta by improving employment prospects for young people and creating rural institutions that support participatory development and knowledge-sharing. To date, it has helped create 9,200 micro or small-scale rural enterprises along various agricultural value chains – including on-farm activities, agroprocessing and off-farm enterprises. The most profitable activities are operating in the cassava value chain. Overall, about 60,000 jobs have been created and incomes have risen by about 60 per cent.

In Sierra Leone, IFAD supports the development of financial service associations and community banks. The Rural Finance and Community Improvement Programme – Phase II is building on the achievements of its first phase. It has helped establish an apex bank that provides essential services to a network of financial service associations and community banks to guarantee their sustainability, efficiency and profitability. To ensure that young people are included, each association recruits a manager and a cashier aged 21-29 years from the local community, and the programme trains them.

A large regional grant-funded programme to create opportunities for young people in rural areas is developing a mobile application for crowd-funding to help incubate youth agribusiness enterprises. Thirty-two country-level facilitators have been trained. They will train 600 young rural people and establish a web/SMS platform providing access to multiple resources that support entrepreneurship.

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

Strong economic growth in the East and Southern Africa region is projected to continue over the next two years. The International Monetary Fund foresees real GDP growth of about 6.6 per cent for countries in both the East African Community and the Common Market for Eastern and Southern Africa. Additional positive factors include continued strong foreign and national investment, a growing middle class, and increasing remittances to rural areas from domestic and foreign sources. Of particular relevance to IFAD's work are the significant opportunities to strengthen domestic food production, benefiting smallholder farmers and substantially reducing imports of major food commodities, particularly sugar and comestible oils.

However, as in many other regions, economic growth is not benefiting all sectors of society. Worldwide, rural areas continue to show the greatest concentrations of poverty, and women are at greater risk than men of being poor.

Although the middle class is growing, progress is painfully slow. In fact, the absolute number of people living below the poverty line in East and Southern Africa is increasing, and income inequality is also on the rise. In addition, the region has the highest birth rates in the world, which will continue to push up the numbers of job seekers here over the next few decades. The challenge for national governments and their development partners is to transform the region's significant potential into equitable and broad-based growth that includes women and men in rural areas, as well as particularly vulnerable groups such as young people and ethnic minorities.

Five countries in the region met the MDG1 target of halving extreme poverty, and two others made substantial progress. Eleven countries remain off target. Performance regarding the target of halving the proportion of people suffering from hunger was also a source of major concern.

Only three countries met the target, one made sufficient progress and fourteen remained moderately or seriously off target.

Our work and results in 2015

In 2015, our programme of work in East and Southern Africa focused on:

- agricultural technologies and food security
- rural finance
- empowering women and young people
- policy dialogue and engagement
- natural resource management and climate change adaptation.

Agricultural technologies and food security

Enabling smallholder farmers to obtain access to improved agricultural technologies is a direct route to increased production, crop diversification, better incomes and strengthened food security and nutrition.

Twenty-one IFAD-supported projects in the region have trained more than 385,000 people in crop production. A third of these people are taking part in a rural income project in Rwanda, which started work in 2011. The initiative focuses on improving the quality of tea, coffee, fruits, vegetables and silk production to enable farmers to connect to export markets.

The expansion of coffee and tea production has seen particularly good results. The project is reaching increasing numbers of women, especially in sericulture. Women are also taking up leadership positions in groups of various kinds.

Small and large livestock play an important role in poor rural people's livelihoods. Twelve projects have trained about 230,000 people in livestock production – half of them in the United Republic of Tanzania. In Burundi, of the 15,000 households adopting artificial insemination practices, 90 per cent saw livestock productivity increase. Smallholder dairy farmers in Kenya have also been trained to carry out artificial insemination and vaccinate their livestock.

Rural finance

Accessible financial services enable small producers and microentrepreneurs to build their businesses, buy essential inputs and protect themselves against risk. In the worst scenarios, poor people fall prey to moneylenders because they have no other options. Rural areas in developing countries are particularly poorly served: only about 10 per cent of rural communities have access to basic financial services.

Fourteen IFAD-financed projects in the region focus on rural finance. Support is provided to organizations that cater specifically for the needs of small producers and microentrepreneurs, including community banks, microfinance institutions, and savings and credit cooperatives. IFAD also works with higher-level government institutions to strengthen the policy environment for rural finance (see section on Policy dialogue and engagement).

More than 3 million people are active borrowers, and more than 4 million are engaged in formal savings operations. One project in Ethiopia is responsible for 90 per cent of this activity. The second phase of this national project supports more than 10,000 rural savings and credit cooperatives and more than 30 microfinance institutions, building organizational capacity and strengthening professional skills. Women's access to services is growing and they now account for nearly half of the client base.

In Rwanda, where dairy cows play a key role in rural livelihoods and veterinary medicines are extremely expensive, an innovative animal health insurance scheme has been developed by an IFAD-funded project. To join the scheme, farmers pay an initial fee of about US\$15.50. Small monthly fees of less than US\$1 are then deducted from their monthly milk sales. With insurance, farmers can buy prescribed medication for their cows at half price.

Portfolio management highlights

- 46 ongoing programmes and projects in partnership with 17 recipient governments in the region at the end of 2015
- US\$1,463.1 million invested by IFAD in the region's ongoing portfolio
- US\$399.4 million in new approvals in 2015: 7 new programmes and projects in Angola, Burundi, Kenya, Madagascar, Malawi, Swaziland and the United Republic of Tanzania, and additional financing for ongoing projects in Burundi, Ethiopia, Kenya, Madagascar, Mozambique and the United Republic of Tanzania

Empowering women and young people

IFAD has a special focus on women and young people because both groups are particularly vulnerable to poverty and economic exclusion. Direct targeting is widely used to reach households headed solely by women, and projects are increasingly surpassing the target of 30 per cent for women's participation.

For example, a value chain development programme in Burundi reported that 60 per cent of savings group members are women, and 30 per cent of these women have had access to at least three credit cycles, enabling them to build their businesses and increase their incomes.

IFAD and partners have developed an innovative way of working at the household level, enabling family members to re-examine the entrenched norms that define the respective roles, responsibilities and opportunities of women and men. Known as the household mentoring methodology, the approach uses tools such as visioning and mentoring to support families in clearly describing their current situation and drawing up a shared plan for the future. During this process, gender inequality – which typically overburdens women with unpaid work and limits their freedom of movement and capacity to earn an income – is often identified as one of the factors that

locks households in poverty. The new methodology is currently reaching 75,000-100,000 poor households in sub-Saharan Africa.

A natural resource management project in Ethiopia won an IFAD Gender Award in 2015 for work on strengthening women's access to land. In the target area, all women heads of household have been issued with land certificates, and family land is being registered with both husband and wife as co-owners. Women have also taken leadership training and are playing a greater role in decision-making at the community level.

Policy dialogue and engagement

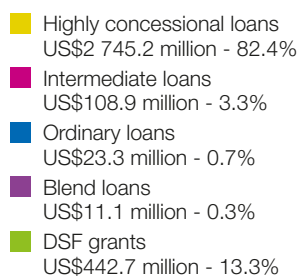
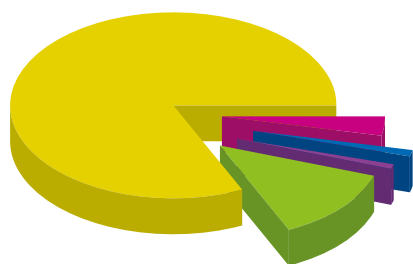
Policies shape the world in which rural people live and work and define their economic opportunities. Supportive policies open doors that can enable people to lift themselves out of poverty. Unsupportive policies create roadblocks and often favour some social groups to the exclusion of others. IFAD-supported projects work in partnership with national governments to build policies that foster poverty reduction and drive inclusive economic growth.

In East and Southern Africa, there is a strong link between the projects we support and national policies in the rural finance sector. Policy work in Uganda has resulted in the Tier 4 regulation

EAST AND SOUTHERN AFRICA

CHART 2a
IFAD loans by lending terms and DSF grants,
1978-2015^a

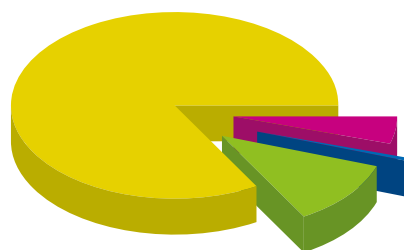
Share of total of US\$3 331.3 million



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

CHART 2b
Loan disbursements by lending terms and
DSF disbursements, 1979-2015^a

Share of total of US\$2 123.0 million



^a 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.

Story from the field

Boosting nutrition for people living with HIV/AIDS in Mozambique

An IFAD-supported project in northern Mozambique has helped teach people to eat better and enabled them to live healthier, longer lives.

The Coastal HIV/AIDS Prevention and Nutrition Improvement Project (CHAPANI), co-funded by the Belgian Fund for Food Security, worked with northern coastal fishing communities to combat the dual threats of HIV/AIDS and malnutrition. Poor diets, often limited to fish and cassava porridge, make it hard for people to fight the disease.

CHAPANI's local field officers delivered information on HIV prevention and treatment to people's homes and taught them how to prepare nutritious food.

The project ran cooking demonstrations using locally grown plants like moringa. Until project staff introduced moringa recipes, fishing families did not eat the plant, which contains proteins, vitamins and minerals. Moringa is now a popular addition to the local cuisine.

When 21-year-old Alima Artur began feeling ill several years ago, a CHAPANI field officer encouraged her to be tested for HIV. The results were positive.

"I was very sad and desperate," says Artur. "My life was only about crying and thinking I was going to die."

The project helped Artur find support within her family and stay optimistic. It taught her how to enrich her diet to keep her haemoglobin levels steady, and today Artur is happy and healthy.

"Someone could look at me and never imagine that I have this kind of problem. I am really fine."

Artur joined a volunteer Positive Living Group that uses songs to teach people how to prevent HIV/AIDS, how to eat better and how to live well with the disease. She describes herself as walking proof of the difference that healthy living can make.

More than 6,000 families in the project area started vegetable gardens to grow their own food. The new knowledge spread quickly, with locally trained volunteers leading the process.

Robson Mutandi, IFAD Country Director and Representative in Mozambique, saw the communities take ownership of the project's activities.

"Everyone gets excited, and for us that is key. Once the community owns the process, they don't need external people to tell them how to cook food. They do it themselves."

Alima Artur (left) shares her new-found knowledge about healthy eating as a volunteer with the Positive Living Group Mozambique: Coastal HIV/AIDS Prevention and Nutrition Improvement Project

©IFAD/Jonathan Crawford



for savings and credit and cooperatives, largely based on evidence from the IFAD-supported Rural Finance Services Programme that closed in 2011.

In Swaziland, a rural finance project contributed to the development of several policies for modernizing the business environment, including the Small, Micro and Medium-sized Enterprises Policy, the Microfinance Policy, the Consumer Credit Bill and a financial inclusion strategy. In the United Republic of Tanzania, a project focusing on market infrastructure and value addition played a role in the development of regulations for the microfinance sector.

Natural resource management and climate change adaptation

Natural resources such as land and water are fundamental to the livelihoods of rural people. Soil erosion is a major problem in the region – the Food and Agriculture Organization of the United Nations (FAO) estimates that 40 per cent of Africa’s land resources are currently degraded.

Ten IFAD-supported projects in East and Southern Africa have brought almost 180,000 hectares under improved land management practices, and irrigation schemes have been developed for 62,000 hectares. More than 1,000 community groups managing natural resources are being supported. Group members have received training in the maintenance of irrigation infrastructure and in how to develop environmental management plans.

In the island nation of Comoros, over 450 hectares of land have been reforested and more than 450,000 seedlings have been planted – 15 per cent of which are protected endemic species. Public awareness campaigns on integrated ecosystem management, including the protection of mangroves, have been carried out via radio, TV shows, training sessions and policy dialogue workshops.

Interventions funded by the GEF and ASAP are increasingly being integrated into IFAD-supported programmes in the region, and climate change resilience is being mainstreamed into projects and country strategic opportunities programmes.

During 2015, ASAP grants worth US\$38.0 million were approved, bringing the total value of ASAP financing in the region to US\$66.8 million at the end of the year. The total value of GEF grants in the region was US\$20.9 million.

Early-warning systems and climate and weather forecasts are supported through IFAD-funded projects in Burundi, Ethiopia, Mozambique and Rwanda. Soil and water conservation activities are being carried out in Kenya, Rwanda and Swaziland to minimize run-off and prevent soil erosion.

Asia and the Pacific

33 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, Tuvalu, Vanuatu, Viet Nam

Overview

Driven mainly by China and India, the economy of the Asia and the Pacific region grew by 6 per cent in 2013/14, cementing the region's leading role in global growth. Generally, lower-middle-income countries are climbing towards higher income status. While 560 million people in the region still lived below the poverty line of US\$1.25 per day in 2011, poverty rates continue to decline.

The reduction of poverty in Asia and the Pacific goes hand in hand with a rapid decline in the proportion of hungry people. Indeed, between 1990 and 2013, hunger was cut in half to 12 per cent, achieving the MDG target. Within the region, South-East and East Asia have led the way, with South Asia catching up at a slower pace.

Portfolio management highlights

- 66 ongoing programmes and projects in partnership with 21 recipient governments in the region at the end of 2015
- US\$2,142.2 million invested by IFAD in the region's ongoing portfolio
- US\$552.2 million in new approvals in 2015: 14 new programmes and projects in Afghanistan, Bangladesh, Bhutan, China, Fiji, India, Indonesia, Myanmar, Nepal, Pakistan, the Philippines (2 projects), the Solomon Islands and Sri Lanka, and additional financing for ongoing projects in Bangladesh, Cambodia, India, Lao People's Democratic Republic, Pakistan and Viet Nam
- 1 new results-based country strategic opportunities programme (RB-COSOP) for Sri Lanka

Despite all the progress, however, 490 million people in Asia still suffer from chronic hunger – about 62 per cent of the world's total number of hungry people. Moreover, as in other regions, the benefits of economic growth are not shared equally, undermining the pace of poverty reduction. Inequality affects women, indigenous populations and ethnic minorities disproportionately, with impacts on access to land, credit, education, health services and other productive assets. Poverty is also predominantly rural, with 76 per cent of the region's poor people living in rural areas.

Across Asia, as a result of globalization, capital deepening, trade liberalization and rural-urban transformation, the agrifood sector has undergone major changes since the 1980s. While contributing directly to poverty reduction, agriculture also supports economic growth indirectly through greater linkages to the broader agrifood sector. In most countries, more than half of rural income is generated through off-farm employment such as processing, packaging and distribution. Agriculture is also responsible for the quality and scope of environmental services enjoyed by society as a whole, and the search for more sustainable and inclusive value chains is emerging as a major priority across Asia.

Climate change continues to put pressure on the farm sector – and smallholders in particular. Moreover, many smallholders are forced to manage mounting risks in both production and marketing. Greater use of information and communication technology, along with better access to insurance and credit, could help build their resilience.

Our work and results in 2015

In 2015, our programme of work in Asia and the Pacific focused on:

- climate change adaptation
- empowering women and men
- market access and rural finance
- scaling up new technologies.

Climate change adaptation

In Bhutan, where more than 60 per cent of the population depends on agriculture for its livelihood, climate change is expected to have negative effects on water availability and soil fertility, and to increase pests and disease. Working initially in six southern and eastern districts, IFAD has begun helping rural communities

through a programme to strengthen agricultural production and cope with climate shocks more effectively. The programme will also help farmers move from primarily subsistence production of dairy and vegetable crops to selling their goods in markets. Ultimately, it aims to benefit nearly 29,000 smallholder households.

In the Philippines, IFAD supports work to ensure that smallholders are at the centre of the policy agenda, including for climate change issues, through an initiative known as the Knowledge and Learning Market – Policy Engagement (KLMPE). In November, the ninth annual KLMPE workshop generated recommendations to help smallholders build their resilience to climate change while increasing their market power. As part of the event, exhibitors, farmers and development practitioners from across the country showcased best practices related to family farming and smallholder advocacy.

With support from ASAP, the region has been integrating climate change considerations more systematically into environment and natural resource management projects. During 2015, ASAP grants worth US\$10.0 million were approved, bringing the total value of ASAP financing in the region to US\$67.1 million at the end of the year. In Cambodia, for example, IFAD has been helping smallholders to take advantage of market

opportunities, strengthen their resilience to climate change and other shocks, and gain better access to services.

In Bangladesh, ASAP funds have been integrated into a project in the remote north-east, a low-lying area that is completely flooded for up to six months a year. In addition to working with communities to protect infrastructure from flood damage, the project is installing a warning system that will allow farmers to harvest as much of their crop as possible before floods reach their fields.

In addition to harnessing ASAP funds, IFAD has also been blending finance from the GEF to strengthen its response to climate change in the region. The total value of GEF financing was US\$2.2 million at the end of the year. In Mongolia, working with a project supported by IFAD and the GEF, 60 pasture herder groups have developed land management plans to strengthen their resilience to climate change. The herders' households are also gaining better access to financial services and training. For example, some 250 women's groups have learned management skills such as preparing business plans, applying for loans and running cooperatives. They have also received technical training in trades such as sewing, handicrafts, embroidery, and processing of felt, vegetables and milk.

ASIA AND THE PACIFIC

CHART 3a
IFAD loans by lending terms and DSF grants,
1978-2015^a

Share of total of US\$5 418.9 million

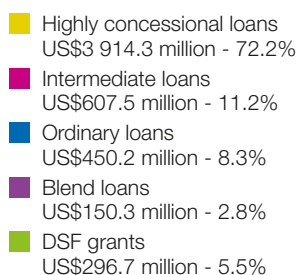
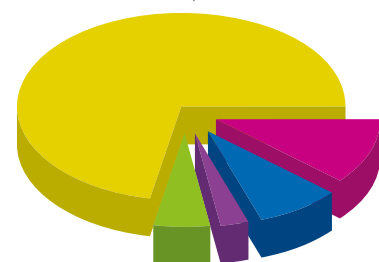
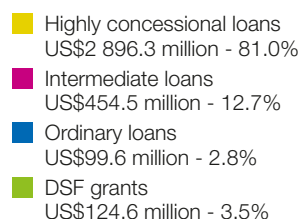
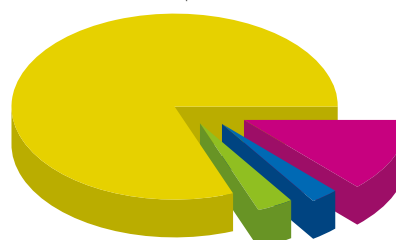


CHART 3b
Loan disbursements by lending terms and
DSF disbursements, 1979-2015^a

Share of total of US\$3 575.0 million



^a Loan disbursements relate solely to Regular Programme loans. Any discrepancy in totals is the result of rounding.

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

Empowering women and men

Throughout the region, IFAD supports economic and social empowerment, particularly for women, through strategies such as microfinance, savings and credit groups, development of small businesses and microenterprises, and capacity-building.

In India, the Tejaswini Maharashtra Rural Women's Empowerment Programme won an IFAD Gender Award in 2015 for its work on multiple forms of empowerment and financial inclusion. Over 75,000 self-help groups for savings and credit have been set up, reaching more than 1 million women. Village-level committees and community resource centres address social issues and promote value chain approaches and partnerships with financial service providers. The programme also engages men in addressing gender inequality issues, including preventing domestic violence and child marriage and promoting joint property ownership.

In the Ha Tinh and Quang Binh provinces of Viet Nam, IFAD targets vulnerable rural households, including those with unskilled and unemployed members, ethnic minorities and the landless. Recent achievements include empowering poor rural women and men to engage in community-level decision-making, and strengthening their access to markets.

In Indonesia, IFAD is working in five districts of Central Sulawesi to build the capacity of rural communities and increase agricultural productivity. In one of the first public-private partnerships in the country's agriculture sector, Mars, Inc. – the international chocolate company – provided technical support to cocoa farmers and trained "cocoa doctors" as sources of knowledge on new farming techniques for their peers.

Cocoa production has grown by more than 190 per cent. This has significantly increased the incomes of participating farmers and convinced others to maintain and invest in their cocoa plantations. Given the programme's success, the Government of Indonesia plans to scale up the model throughout the island of Sulawesi, one of the country's main cocoa-producing areas.

Market access and rural finance

While globalization continues to transform agricultural markets in Asia and the Pacific, smallholders and family farmers can struggle to access emerging opportunities. In response, IFAD

is strengthening value chains and providing access to training and inputs such as fertilizer and seeds. We are also boosting access to essential financial services and making it easier for migrants to send money home in the form of remittances.

According to results reported in 2015, nearly 1 million people obtained access to much-needed rural finance services in the region, either through formal microfinance institutions or through self-help groups. In addition, about 180,000 beneficiaries were supported in establishing and running marketing groups, 77,000 people were trained in post-production and processing techniques, and more than 1,300 km of market-access roads were constructed or rehabilitated.

Scaling up new technologies

In recent years, IFAD has focused on scaling up the results of successful projects within a community, across a country or region, or beyond. Processes for sharing knowledge or expanding scope range from using traditional approaches such as peer learning, to expanding reach through new technologies.

In Nepal, as part of a broader approach to improving crop yields in small rural farms, IFAD, Intel and Grameen Intel Social Business Ltd. are working together to promote "e-agriculture". Entrepreneurs with access to laptop or mobile computer devices are using specialized software to perform remote testing of soil quality, germination of seeds and application of pesticides. Using the software, which has been translated into local languages, they can recommend that farmers adopt particular seeds and fertilizer to match soil chemistry. In 2015, the approach was pilot tested in Nepal, and results were shared with a similar IFAD-funded project focusing on agricultural development and economic empowerment in Cambodia.

The same project in Cambodia is working in partnership with the GEF to promote the use of renewable energy technologies as an alternative to health-damaging biomass resources and kerosene. In addition, to decrease deforestation and land degradation, solar energy and other renewables will be used to power small-scale irrigation schemes. These interventions will improve the efficiency of water use for the production of high-value off-season vegetables.

Story from the field

Giving poor fishing families a future in Indonesia

Not long ago, Ratna Sari Dewi Bani stayed at home taking care of her husband and two children in a coastal community in Makassar, Indonesia. Income from her husband's fishing business barely met basic household needs. Bani's was one of nearly 8 million fishing families living in extreme poverty in the country.

Their lives improved when Bani joined the IFAD-supported Coastal Community Development Project (CCDP), which works with 70,000 fishing households in areas of high poverty in eastern Indonesia.

Today, Bani is a well-established entrepreneur. With a loan and technical support from the project, she and other members of her group started a small processing business, which produces fish floss (a dried fish product), fish nuggets and fish crackers.

"Before setting up our business, I used to produce five to ten kilograms of fish floss per month," she says. "Today, I lead an enterprise group and make US\$200 a month."

The women in the group previously had little or no opportunity to earn money. Now they process fish together. Among project participants, incomes have increased by an average of almost 60 per cent. Some of the profits are invested in the business, and the rest are shared among group members.

At least 200 new processing groups like Bani's are in operation. They are one element of CCDP's approach, which empowers communities to participate in planning and implementing development activities to increase their incomes and livelihood opportunities. The project is also building the groups' capacity to manage coastal resources, including through catch monitoring, mangrove rehabilitation and ecotourism.

Midway through the project, families from 108 villages are participating in similar activities in 12 districts across eastern Indonesia – a vast area that covers three time zones.

Results reported in 2015 show that household welfare has increased significantly since 2013. More people have diversified incomes, assets and savings and are employing others, thereby contributing to overall economic growth. There is increased food security, an improved natural resource base and less dependence on moneylenders. In 2016, project activities will be scaled up to an additional 72 villages.

Ratna Sari Dewi Bani (right) and members of her fish-processing group at work
Indonesia: Coastal Community Development Project
©IFAD/Susan Beccio



Latin America and the Caribbean

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

Overview

In 2014, economic growth in Latin America and the Caribbean slowed to 0.9 per cent, from 2.7 per cent in 2013. With the exception of the recession of 2009, this was the lowest regional annual growth rate for 13 years. However, there were marked subregional differences. South America had almost no growth, while Central America and the Caribbean showed economic expansion. Growth in 2015 is expected to weaken further to about 0.4 per cent.

Poverty levels in the region have been falling since 2000, but the rates of decrease have slowed recently. Combined with population increase, this means that the actual number of people living in poverty has risen in recent years.

Statistics for 2013 indicate that about 28 per cent of the population – 165 million people – lived in poverty, with 11.7 per cent – 69 million – classified as extremely poor. Poverty rates in rural areas remain significantly higher than in urban centres. Statistics also show that the large majority of poor people in the region are women. Conditional cash transfers and social protection schemes continue to play a role in reducing the number of poor people.

The region as a whole met the hunger and poverty targets of MDG1, cutting the proportions of people living in hunger and poverty by more than half between 1990 and 2015.

Despite recent improvements, inequality rates in Latin America remain among the highest in the world. The region is characterized by a markedly uneven distribution of assets, opportunities and rights. Overcoming inequality in its many dimensions is a major challenge and is essential to robust inclusive economic growth.

Family farming is an important economic activity across the region. Since the start of the

millennium, there has been strong growth in demand for agricultural products. Access to new markets in China, India and countries across Africa, coupled with rising prices internationally, have created a favourable environment for investment and expansion in agribusiness. A concerted effort is necessary to ensure that poor and marginalized people across the region are included in the benefits of economic growth in rural areas.

Our work and results in 2015

In 2015, our work in Latin America and the Caribbean focused on:

- empowering women and young people
- market access
- innovation, knowledge management and South-South and triangular cooperation
- promoting family farming through policy dialogue
- scaling up.

Empowering women and young people

Increasing incomes and building the capacity of women and young people in rural areas are priorities for IFAD in this region, as in others. In Belize, a rural finance programme won an IFAD Gender Award in 2015 for its work on giving women equal access to financial services. A pre-financial training module introduces the women to the basic concepts of financial literacy and encourages them to join credit unions. Since 2011, the credit unions have provided over 2,800 loans worth about US\$2.7 million – 60 per cent of them to women.

Portfolio management highlights

- 36 ongoing programmes and projects in partnership with 20 recipient governments in the region at the end of 2015
- US\$535.8 million invested by IFAD in the region's ongoing portfolio
- US\$116.6 million in new approvals in 2015: 7 new programmes and projects in Argentina, Bolivia, Ecuador, El Salvador, Mexico, Paraguay and Venezuela
- 3 new results-based country strategic opportunities programmes (RB-COSOPs) for Bolivia, El Salvador and Paraguay

A recently closed programme in Colombia focused on nurturing creativity and initiative in young people to help them find work and start businesses. Known locally as *Oportunidades Rurales*, the project targeted indigenous peoples, Afro-Colombians and the young. It provided training, technical assistance and business and financial services and used competitions to encourage participation. Potential beneficiaries had to win start-up funds in competitions judged by experienced microentrepreneurs.

The project reached about 47,000 families with small businesses – 40 per cent of them headed by women. The government is now mainstreaming *Oportunidades Rurales* as part of the Ministry of Agriculture’s regular operations and has assigned it a yearly budget of US\$20.0 million, investing in one year the equivalent of IFAD’s loan for a five-year programme.

Market access

Strengthening access to markets for small producers sets up a virtuous cycle in rural areas, with more being produced, more being sold, incomes rising, families prospering and communities thriving.

An IFAD-supported value chain and market access project in Nicaragua works with farmers

in three of the country’s poorest departments to strengthen links to markets and increase incomes. The project has supported 57,000 beneficiaries – 46 per cent of them women – linking them to commercial value chains. It has also promoted an overall increase in salaries and productivity and created more than 5,900 jobs. In addition, it has strengthened the management capacity of more than 360 producer organizations.

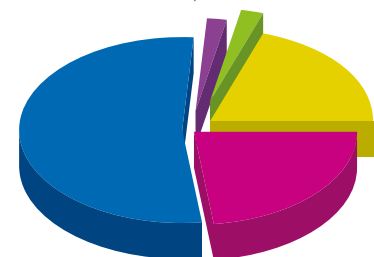
In the face of growing deforestation in the southern states of Mexico, IFAD is working with the country’s National Forestry Commission and the GEF to help communities establish sustainable livelihoods that are connected to markets and protect natural resources. Ecotourism is one example, with tourists becoming a natural market for artisans selling traditional products. With IFAD’s support, local women are reviving the traditional art of silk production. The project is also helping to create new systems for sustainable forestry and carbon sequestration. It aims to reach 18,000 families in Campeche, Oaxaca and Chiapas.

In Argentina, an IFAD-supported rural development project in Patagonia that closed in late 2014 enabled more than 11,000 families to connect to markets and boost their productive assets. The proportion of goods produced that

LATIN AMERICA AND THE CARIBBEAN

CHART 4a
IFAD loans by lending terms and DSF grants,
1978-2015^a

Share of total of US\$2 128.9 million

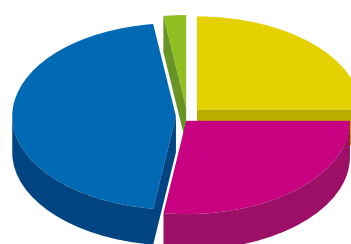


- Highly concessional loans
US\$411.4 million - 19.3%
- Intermediate loans
US\$488.0 million - 22.9%
- Ordinary loans
US\$1 146.1 million - 53.8%
- Blend loans
US\$32.2 million - 1.5%
- DSF grants
US\$51.2 million - 2.4%

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

CHART 4b
Loan disbursements by lending terms and
DSF disbursements, 1979-2015^a

Share of total of US\$1 517.4 million



- Highly concessional loans
US\$381.8 million - 25.2%
- Intermediate loans
US\$412.2 million - 27.2%
- Ordinary loans
US\$694.2 million - 45.8%
- DSF grants
US\$29.2 million - 1.9%

^a Loan disbursements relate solely to Regular Programme loans. Any discrepancy in totals is the result of rounding.

are then marketed rose from 57 to 71 per cent. Significantly, nearly a third of this production was processed, adding value for the producer.

In Honduras, a women's cooperative for cashew nut processing has increased production by 50 per cent with support from IFAD. The *Cooperativa Regional de Producción Agropecuaria La Sureñita* is linked to a value chain including producers, processors and sellers of cashews on national and international markets, mainly in Germany.

Innovation, knowledge management and South-South and triangular cooperation

Non-lending activities such as innovation, knowledge management and South-South cooperation contribute significantly to rural transformation. They are important elements of IFAD's portfolio in the region, and enable us to advocate for family farmers and support rural development in a variety of ways.

Innovations include fresh approaches to practical challenges, and new ways of engaging with project participants and local stakeholders. In Mexico, for example, IFAD's partnership with the government's largest cash transfer programme – Prospera – led to the design of an innovative pilot programme that is helping cash recipients improve their livelihoods.

In the Dominican Republic, IFAD's current strategy has several innovative elements, including a gender-sensitive approach and linking rural areas to the tourist circuit. A comprehensive rural finance strategy is also being developed, based on a combination of loans, matching grants and pilot risk-sharing mechanisms.

Effective knowledge management ensures that the benefits of new learning and experience are shared, and drives successful innovation. In February in El Salvador, a large group of young rural people took part in a "learning route" – a full-immersion form of knowledge management in which participants travel and learn together. Forty young women and men participated, together with technical staff from rural development institutions in Belize, Brazil, El Salvador, Haiti, Honduras, Nicaragua and Venezuela.

IFAD supports the use of South-South and triangular cooperation activities to identify, deliver and implement solutions to common development challenges. The IFAD co-funded Agricultural Innovation Marketplace grant in Brazil made technologies tested by the Brazilian Agricultural Research Corporation (Embrapa) – the country's leading agricultural research agency – available to smallholders in Brazil, ten other countries in the region and twelve countries in Africa. Based on the success of the first grant, a second has been approved, with a focus on technology replication and adaptation, apprenticeships and knowledge-sharing between Embrapa, participating organizations and beneficiaries.

Promoting family farming through policy dialogue

As mentioned in the Overview, family farming is a significant economic activity in the region. IFAD is engaged in long-term policy dialogue with governments and regional bodies to promote family farming and level the playing field for poor producers in rural areas, where poverty is entrenched. Experience has shown that effective policy dialogue – which goes beyond ministries of agriculture to include other key public and non-public stakeholders – plays an important role in project performance.

In Nicaragua, for example, alternative development interventions supported by two IFAD-supported projects have influenced national public policies. A value chain project has become a model for the promotion of adaptation to climate change and has been scaled up from 3 to 12 departments. In Guyana, IFAD has contributed to the evolution of policy on water management, which is of crucial importance to the country. In Grenada, the government has adopted IFAD's approach to gender equality.

Scaling up

For IFAD, scaling up means expanding, adapting and supporting successful policies, programmes and knowledge, in order to leverage resources and partners to deliver more significant results for greater numbers of rural people.

Story from the field

Planting the seeds of good living in Ecuador

Achiote is a condiment made from the red seeds of the *Bixa orellana* shrub. Latin American people have long used it in traditional dishes and as a dye. Today it is sought after internationally as an industrial food colourant for cheeses, snacks and sausages.

The 24 de Mayo municipality in Ecuador's Manabí Province was once a prolific producer of achiote, but yields declined over the years. Now, with support from the IFAD-supported *Buen Vivir* [Good Living] in Rural Territories Programme, the community is back in the achiote business.

Since 2014, the San Jacinto de la Mocora Grande Community Management Centre – a local producer association made up of 99 families – has trained ten young people as extension workers. These young people then started teaching smallholders how to use organic fertilizers and pest control methods to improve the quality and quantity of the achiote produced.

As a result, 400 households have improved their yields. Some have doubled their productivity from 15 to 30 quintals per hectare. Their average monthly income has increased from US\$175 to over US\$280.

In parallel, they created ASOAM – a commercial enterprise selling achiote and derived products – and built a processing plant. They set the price for a quintal (about 46 kilograms) of achiote at

US\$80, which gives farmers a 50 per cent profit. Before, the farmers had been obliged to sell their product through intermediaries.

“The intermediaries used to cheat, not only with the price but also when weighing the product,” says Victor Bailes, an engineer with ASOAM.

“Farmers were not making a profit, which led to the decline in production. Thankfully, this is now history.”

The group now sells achiote to large companies like La Fabril, one of Ecuador's major cooking oil and condiment producers.

The 99 families are just a small proportion of those benefiting from the support of *Buen Vivir*, which stretches across nine provinces. People engaged in over 160 smaller initiatives under the programme have set up irrigation systems, improved livestock pastures, and built processing plants for beans, maize and coffee. More than 12,000 families have benefited so far, just halfway through the programme.

Juan Ponce, one of the young people working at ASOAM's processing plant, holds a bunch of achiote fruits
Ecuador: *Buen Vivir* [Good Living] in Rural Territories Programme
©IFAD/Juan Ignacio Cortés Carrasbal



Peru and Venezuela provide two outstanding examples of successful scaling up in the region. IFAD has been working with the Government of Peru for 20 years to scale up investments in agricultural and rural development in poor areas of the Andes. Now preliminary results from the Sierra Sur II Project show continued success in increasing incomes and improving nutrition and food security in the project area.

In Venezuela, the second phase of a project in semi-arid zones built on the achievements of the first phase to cut rural poverty rates by 42 per cent. Working with small producers in inhospitable areas where water management is a major issue, the project constructed or repaired more than 100 water facilities. As a result, water savings of up to 60 per cent were observed, increasing vegetable production and improving soil condition. When the project closed in 2014, 66 youth enterprises had been set up, and nearly half of the young entrepreneurs were women. Expanding job opportunities for young people in the area was a key factor in the project's success.

Near East, North Africa and Europe

24 countries and Gaza and the West Bank: Albania, Algeria, Armenia, Azerbaijan, Bosnia and Herzegovina, Djibouti, Egypt, Georgia, Iraq, Jordan, Kazakhstan, Kyrgyzstan, Lebanon, Morocco, Montenegro, Republic of Moldova, Somalia, Sudan, Syrian Arab Republic, Tajikistan, Tunisia, Turkey, Uzbekistan, Yemen

Overview

The countries covered by IFAD's Near East, North Africa and Europe region face wide-ranging development challenges. Prolonged conflict and political instability in Iraq, Libya, Somalia, the Syrian Arab Republic and Yemen are severely disrupting the lives and livelihoods of people in the Near East and North Africa. Nearly 13 million people in Yemen face a food emergency.

The number of undernourished people in the Near East and North Africa has doubled over the last 25 years from 16.5 million to 33 million. Economic growth across this region is expected to slow to about 3 per cent in 2016 because of conflict, low oil prices and the sluggish pace of structural reform.

According to recent data from the Office of the United Nations High Commissioner for Refugees (UNHCR), the conflict in the Syrian Arab Republic alone has forced more than 11 million people from their homes, with more than 4 million seeking refuge in Egypt, Iraq, Jordan, Lebanon and Turkey. The sudden population increases – 23.5 per cent in Lebanon and nearly 10 per cent in Jordan – are putting a strain on the natural resources and food security of these countries.

Portfolio management highlights

- 36 ongoing programmes and projects in partnership with 18 recipient governments in the region at the end of 2015
- US\$773.7 million invested by IFAD in the region's ongoing portfolio
- US\$78.0 million in new approvals in 2015: 4 new programmes and projects in Bosnia and Herzegovina, Tajikistan, Turkey and Uzbekistan

Conflict has increased the vulnerability of women and girls, exacerbating gender inequality in the region. Regional youth unemployment is the highest in the world: 29.5 per cent in 2014, more than double the global average of 13 per cent. Ensuring that women and men have decent jobs is crucial for social equity and stability. Investment in agriculture – which is two to four times more effective in reducing poverty than investment in other sectors – can stem labour migration by enabling young rural people to find work in their home regions.

Climate change and natural resource degradation pose other challenges. Countries in the Near East and North Africa have the lowest per capita share of the world’s available freshwater and most of their freshwater resources are transboundary. Climate change could reduce water availability by 30-50 per cent by 2050.

In Central and Eastern Europe and the Newly Independent States, countries are slowly transitioning from centrally planned to market-driven economies. Economic downturn in the Russian Federation, triggered by falling oil prices and economic sanctions, is having a ripple effect across Central and Eastern Europe and the Newly Independent States. Falling revenues from

agricultural exports to the Russian Federation, currency devaluations and shrinking remittances are hitting some countries hard.

Our work and results in 2015

Our work in the region in 2015 focused on:

- natural resource management and climate change adaptation
- agricultural productivity and food security
- rural finance and support for entrepreneurs
- market access and value chain development
- empowering young people and women.

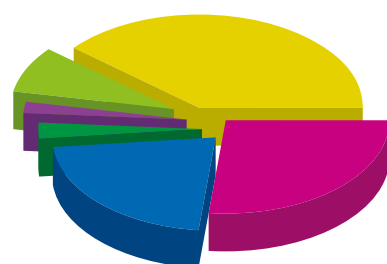
Natural resource management and climate change adaptation

Timely, reliable information on natural resources and the impact of climate change is essential for effective decision-making and country programme management. IFAD is promoting an earth mapping tool in several countries in the Near East, North Africa and Europe to improve project targeting.

In Djibouti, for example, geospatial tools have provided a more precise picture of the country’s mangroves, which protect coastal communities from climate hazards. The information is being used by a project that is working to strengthen Djibouti’s fisheries value chain by rehabilitating

NEAR EAST, NORTH AFRICA AND EUROPE

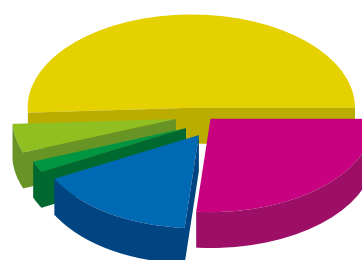
CHART 5a
IFAD loans by lending terms and DSF grants, 1978-2015^a
Share of total of US\$2 477.3 million



Highly concessional loans	US\$979.0 million - 39.5%
Intermediate loans	US\$665.0 million - 26.8%
Ordinary loans	US\$531.9 million - 21.5%
Hardened loans	US\$59.1 million - 2.4%
Blend loans	US\$48.2 million - 1.9%
DSF grants	US\$194.1 million - 7.8%

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

CHART 5b
Loan disbursements by lending terms and DSF disbursements, 1979-2015^a
Share of total of US\$1 674.7 million



Highly concessional loans	US\$862.2 million - 51.5%
Intermediate loans	US\$439.8 million - 26.3%
Ordinary loans	US\$267.1 million - 15.9%
Hardened loans	US\$25.0 million - 1.5%
DSF grants	US\$80.6 million - 4.8%

^a Loan disbursements relate solely to Regular Programme loans. Any discrepancy in totals is the result of rounding.

mangroves and fish breeding grounds and providing fishing communities with credit to buy boats and equipment. IFAD's goal is to have all countries in the region using the geospatial mapping system by 2018.

IFAD is supporting training in conservation agriculture for smallholder farmers in the Republic of Moldova, where droughts and floods have become frequent. Moldovan farmers using conservation agriculture techniques have increased their yields by an average of 20 per cent and are noticing improvements in the quality of their fields. The area under these cultivation techniques increased from 40,000 hectares in 2011 to 151,000 hectares in 2015. Use of mini-tillage machinery has reduced production costs by 37 per cent for maize, 7 per cent for winter barley and 8 per cent for sunflower.

In addition to IFAD's core resources invested in 2015, US\$5.0 million in ASAP grants were approved, bringing total ASAP financing in the region to US\$45.2 million. Another US\$32.1 million in approved GEF grants brought total GEF financing to US\$68.2 million. Eight projects under ASAP and 15 under GEF are operating in 13 countries, investing a total of US\$113.4 million in environment and climate financing in the region.

Agricultural productivity and food security

Boosting the productivity of crops, livestock and fisheries is essential to strengthening food and nutrition security for the growing number of hungry people in the region.

In Turkey's eastern provinces, an IFAD-supported project is working to improve production of livestock, fruits and vegetables, and to help 42,000 small-scale producers increase their profits. More than 700 farmers in Diyarbakir, Batman and Siirt are now growing strawberries on fallow wheat fields and unused land equipped with drip irrigation systems. They are earning US\$1,045 per 0.1 hectare – 30 times more than they made growing wheat on the same land.

In Tajikistan's Khatlon region, IFAD is helping 22,400 poor farming households access improved agricultural technologies, inputs and training to boost production. While activities centre on livestock, the project is also helping farmers to

grow food crops, such as fruits and quinoa, to diversify diets. Rotational grazing has boosted milk production by 25 per cent, while average sheep weight has increased from 40 to 50 kilograms and cattle weight from 250 to 260-270 kilograms.

Rural finance and support for entrepreneurs

IFAD works to make financial services more accessible and more effective for rural communities. In Sudan, IFAD-funded projects support three microfinance models: the Agricultural Bank of Sudan Microfinance Initiative (ABSUMI), community-owned apex institutions, and savings and credit groups.

In the Greater Kordofan, Sennar and Butana regions, 36,000 people – most of them women – have joined nearly 2,000 new savings and credit groups. The result is savings worth SDG 6.0 million (almost US\$1.0 million) across 430 communities. ABSUMI has provided 86,400 loans, valued at SDG 105.0 million (nearly US\$16.0 million). Over eight years, ABSUMI and other IFAD-funded projects in Kordofan have helped reduce extreme poverty in the project area by 45 per cent.

An IFAD-funded project in Azerbaijan has improved poor rural people's access to financial services. IFAD partnered with two financing institutions that extended individual loans to more than 100 borrowers, and more than 2,600 group loans to more than 10,300 borrowers, 68 per cent of whom were women. People used the loans to invest in livestock production (70 per cent), commercial vegetable crops and fruit trees (29 per cent) and a bakery. These efforts, along with other project components, have helped increase household incomes by 30 per cent, as found by the final impact study. All of the loans were repaid, with payments going into a revolving credit fund managed by the State Agency for Agricultural Credits.

Market access and value chain development

Poverty is widespread in rural Bosnia and Herzegovina, where youth unemployment averages about 40 per cent. IFAD is working to involve more people – especially women and young people – in the milk, fruit and vegetable value chains. This work focuses on strengthening producers'

participation in 45 farmer organizations. The aim is to improve the producers' ability to market collectively and to promote fairer contract farming relations with the private sector.

Thanks to matching grants made available by the project, about 6,000 producers have been able to buy potato seeders, fruit drying sheds, greenhouses, cooling chambers and milk pasteurizers to improve production, storage and processing. Farmers are expected to increase their incomes by 40 per cent over three years.

IFAD's country programme in Morocco aims to reduce poverty by 30 per cent by 2030 and to improve the living conditions of rural populations. A fully participatory approach is helping to transform rural communities in the country's mountainous zones, where poverty is high and access to infrastructure, services and markets limited.

Investment in agribusiness development in 17 remote communes in Al-Haouz Province has benefited nearly 33,000 rural households to date. By shifting to high-value crops and intensifying production (mainly of apples and olives), farmers have increased yields and incomes by an average of 30 per cent. IFAD Executive Board members visited the project in 2015 to see its achievements first-hand.

The second phase of the project is building on these results while helping the Government of Morocco to incorporate the participatory value chain development approach into its Green Morocco Plan, the country's comprehensive agricultural development strategy. IFAD is advocating keeping Moroccan smallholder farmers, including rural women and unemployed youth, at the centre of development in the Plan's second pillar.

Empowering young people and women

An IFAD grant-supported programme uses innovative approaches to increase employment opportunities for people aged 15-35 years in Egypt, Morocco, Tunisia and Yemen. Through the initiative, local institutions are being strengthened to provide savings and loan services and training in financial literacy, entrepreneurship and business management.

Al Barid Bank in Morocco has set up more than 45,000 new savings accounts for young people. In Egypt, more than 580 young people's savings groups have been created and more than two thirds of their 7,800 members are women. The programme is helping Tunisia develop its first start-up loans for small enterprises. These loans are designed for rural youth seeking to finance business activities in agriculture, livestock, fruit and vegetable production, and handicrafts. Use of a mobile phone application is helping young rural shop owners in Tunisia to overcome bottlenecks with suppliers and distributors and to establish formal transaction and credit histories.

An IFAD-supported South-South and triangular cooperation grant programme is reaching more than 1,000 young people and women working in agriculture in Algeria, Morocco, Turkey and Uzbekistan. The Islamic Development Bank is cofinancing the programme and is likely to expand operations to Kyrgyzstan, Sudan, Tajikistan and Tunisia. Participants are exchanging knowledge and sharing innovative solutions on issues such as growing water-efficient crops and breeding livestock to increase food production and incomes.

Story from the field

Financing for young farmers in the Republic of Moldova

Young women and men in rural areas of the Republic of Moldova are making good use of advantageous credit lines and other benefits offered by an IFAD-supported project.

Nineteen-year-old Anastasia Gilca is one of more than 700 women who have taken out a loan. She now runs her own profitable 3-hectare blackberry plantation. Following advice from her mother, Gilca started her business two years ago. When she heard about the youth entrepreneurship scheme run by the Rural Financial Services and Agribusiness Development Project, she signed up for training in business development, financial management and accounting.

With her first loan, Gilca bought and installed a drip irrigation system, which doubled her harvest and increased her income. Today, this impressive young woman employs six people and owns her own tractor, cultivator and cutter. She also leases a refrigerated vehicle to transport fresh berries to Chisinau, the capital city, where she sells her produce to international chain stores and wholesalers – including Linella, Fourchette and Metro.

During the blackberry season from June to September, 1 kilogram of berries sells for 40-60 Moldovan Leu (US\$2-US\$3).

Gilca's next goal is to expand her farm, planting an additional 6 hectares with blackberry bushes and growing from smallholder to commercial size. She also plans to buy a refrigerated truck and to design her own brand name, logo and packaging.

"Anyone who wants to set up a business on their own must be determined," Gilca says. "You must be hard-working, and you cannot allow potential risks or negative responses from people to demoralize you."

In 2015, the project won an IFAD Gender Award in recognition of its work to empower women. Although women make up only 35 per cent of the people taking loans, most of the trainees in financial management, business entrepreneurship and production technologies for vegetables and livestock are young women. In addition, women's enterprises are achieving better results than those of their male counterparts in terms of profitability and asset accumulation. Increasing numbers of women are decision makers in local public governing bodies, and several are now managing irrigation schemes.

Ambitious young farmer Anastasia Gilca prepares her blackberries to be transported to market
Republic of Moldova: Rural Financial Services and Agribusiness Development Project

©IFAD/Igor Spivacenco





Major initiatives and new programmes

Major initiatives

Year of decision

The year 2015 was a momentous one for the international development community as it came to grips with the expiry of the Millennium Development Goals (MDGs) and sought to frame a new, universal set of Sustainable Development Goals (SDGs) and to address the issue of climate change. IFAD was engaged in a series of global initiatives that will shape the development landscape for years to come. We successfully advocated for the concerns and interests of smallholders and other rural people in the context of the new agenda, and IFAD was singled out for its role in investing in rural people.

Agenda 2030

In September, world leaders endorsed Agenda 2030 and its 17 global SDGs, which include a dedicated target on smallholder agriculture. In the run-up to the September summit, IFAD was active in the Third International Conference on Financing for Development, held in Addis Ababa in July, where it organized and participated in several high-profile debates and side-events. Issues of financial inclusion, investment in smallholder agriculture and the rural sector, and support to small and medium-sized enterprises were emphasized in the outcome document of the conference, the Addis Ababa Action Agenda. The document singled out IFAD and recognized our efforts “in mobilizing investment to enable rural people living in poverty to improve their food security and nutrition, raise their incomes, and strengthen their resilience”. In addition, it affirmed that rural development could achieve “rich payoffs across the SDGs”. IFAD was also co-chair of the working group on targets and policies related to raising smallholder productivity and incomes, a key pillar of the United Nations Secretary-General’s Zero Hunger Challenge.

IFAD’s fifth Strategic Framework was developed in 2015 and articulates the Fund’s contribution to Agenda 2030. The Framework presents the overarching goal, principles of engagement, strategic objectives, outcomes and pillars of results delivery that will guide IFAD’s operations over the 2016-2025 period and situates IFAD in the evolving global context. The four pillars sustaining the achievement of IFAD’s development results are its country programme delivery; knowledge building, dissemination and policy engagement; financial capacity and instruments; and institutional functions, services and systems.

Climate change and COP21

Rural children, women and men account for more than 70 per cent of the world’s poorest and most undernourished people, and most of them depend on smallholder agriculture for their livelihoods and sustenance. They are also highly vulnerable to climate change. In December, IFAD brought the smallholder perspective to the twenty-first session of the Conference of the Parties (COP21) to the United Nations Framework Convention on Climate Change in Paris, calling for recognition of the importance of agriculture and food security in the climate change agreement. It also launched the publication *The Policy Advantage: Enabling Smallholders’ Adaptation Priorities to be Realized* at the COP, drawing attention to the importance of involving smallholders in formulating policy responses to climate change and the need to channel more climate finance to rural people. An event was organized highlighting the impact that pro-poor applied research programmes led by CGIAR have on smallholder adaptation and climate change mitigation. These programmes have been financed with European Commission funds managed by IFAD, totalling more than €233 million since 2007.

IFAD has provided €12 million in cofinancing for programmes that are jointly identified, designed and financed with the European Commission.

During 2015, IFAD continued to implement its plan to mainstream climate across its portfolio. The Republic of Korea became the ninth country to contribute to IFAD's Adaptation for Smallholder Agriculture Programme (ASAP), whose total financing rose to more than US\$366.0 million. In June, the Global Environment Facility (GEF) launched the Integrated Approach Pilots (IAP) programme, which aims to promote the sustainable management and resilience of ecosystems and their different services (land, water, biodiversity, forests) as a means of addressing food insecurity. IFAD will be the lead agency for IAP and will implement 7 of the 12 planned IAP projects.

IFAD measures and reports its greenhouse gas emissions in line with the United Nations framework. Thanks to reduced energy consumption, the use of teleconferencing instead of business travel and the purchase of certified renewable energy, IFAD's emissions of CO₂ dropped from 5,579 tons to 3,930 tons between 2010 and 2014. In line with the agreed United Nations framework, IFAD has offset its remaining emissions for 2013 and 2014 through the UNFCCC Adaptation Fund. At COP21 in Paris, IFAD was listed as one of the United Nations agencies that are climate neutral. In August, we became the first United Nations entity to be awarded Platinum certification in the Existing Buildings: Operations and Maintenance category of the Leadership in Energy and Environmental Design (LEED) certification programme (see page 62).

Expo Milano

Coinciding with the culmination of efforts to craft a new development agenda, the 2015 Expo Milano drew global attention to challenges involving food and natural resources. The main objectives of IFAD's engagement in the Expo were to raise the visibility of the role of smallholder agriculture and smallholder farmers in feeding the planet sustainably, today and in the future. IFAD shared its experiences and perspectives through some 120 communication products featured in 18 United Nations dedicated spaces throughout the Expo site and through participation in about 30 events.

In June, working jointly with the World Bank and the European Commission, IFAD organized the fifth Global Forum on Remittances and Development (GFRD), which gathered more than 400 experts and practitioners from the public, private and civil society sectors to discuss global issues related to remittances and find solutions for maximizing their development impact. In October, with the Government of Italy, it organized the high-level discussion on "Finance for Food: Investing in Agriculture for a Sustainable Future", attended by the President of the Republic of Italy, Sergio Mattarella, United Nations Secretary-General Ban Ki-moon and others. IFAD's submission on the System of Rice Intensification won the Expo's Best Practice for Sustainable Development in Food Security competition, drawing attention to the impact of IFAD's investments.

Committee on World Food Security

IFAD was active in the Committee on World Food Security (CFS) throughout 2015, bringing its operational knowledge and the concerns of smallholder farmers to bear upon the preparation of CFS policy and initiatives. IFAD was part of the Rome-based agencies technical team that prepared the CFS Framework for Action for Food Security and Nutrition in Protracted Crises, which was adopted in October 2015. It was also active in the CFS Advisory Group and in deliberations on a CFS monitoring process, the definition of a new multi-year programme of work, and the identification of elements of a role for the CFS in implementation of the SDGs.

Remittances

IFAD's US\$36.0 million multi-donor Financing Facility for Remittances (FFR) operates in 40 countries, with 50 innovative pilot initiatives aimed at improving access to and use of remittances, as well as diaspora empowerment. The FFR is recognized as a global leader in the field of remittances, migration and development. In addition to its operational dimension, it pursues major global advocacy and policy activities.

The year 2015 was historic for IFAD's remittance work, as the Governing Council proclaimed 16 June the International Day of Family Remittances. The day was celebrated for the first time in Milan in

the framework of the fifth GFRD. In this context IFAD released *Sending Money Home: European Flows and Markets* – the first report to explore remittance flows and related issues specific to the European continent and receiving countries and regions in the developing world. Also in 2015, as an official implementing partner of the Global Partnership for Financial Inclusion and the Group of 20 (G20), the FFR produced a study on the use of remittances and financial inclusion, which was endorsed at the G20 Leaders' Summit in Antalya, Turkey, in November.

Nutrition-sensitive agriculture and rural development

An important step in IFAD's work to improve nutrition was taken in 2015 with approval of an action plan for mainstreaming nutrition in 2016-2018. The plan encompasses actions in five interrelated areas: design and implementation of nutrition-sensitive projects, country strategies and grants; strengthening of the technical, analytical and managerial capacities of implementing partners, including government institutions; enhancing policy engagement and partnerships at the global, regional and national levels to improve nutrition governance and create an enabling environment; building and managing the evidence base to support project design and implementation through research, studies, monitoring and evaluation, and communications to encourage uptake and use; and guaranteeing IFAD's internal capacity to deliver the action plan effectively by ensuring sufficient financial and human resources and adequate technical guidance and support.

IFAD was invited to the Global Forum on Nutrition-Sensitive Social Protection, co-hosted by the Russian Federation and the World Bank in September. IFAD played a leading role in panel discussions on nutrition, social protection, women's empowerment, local procurement, conflict-affected settings, and solutions for tackling malnutrition through social protection programmes.

The Platform for Agricultural Risk Management

Strengthening resilience is a key element of IFAD's overarching goal of empowering rural people. IFAD hosts the Platform for Agricultural Risk Management (PARM), a G20 initiative launched

in 2013. PARM focuses on nine selected sub-Saharan African countries and builds on existing agricultural risk management initiatives at the country level. In cooperation with the New Partnership for Africa's Development (NEPAD) and other agencies such as FAO and the World Bank, PARM is currently carrying out agricultural risk management assessments in Ethiopia, Niger and Uganda, and working with the governments of Uganda and Ethiopia to translate the assessment results into specific tools. During 2015, PARM also began to operate in Cabo Verde, Cameroon, Mozambique and Senegal.

In 2014-2015, the focus was on PARM visibility, launching the website (www.p4arm.org), undertaking studies and assessing needs. A PARM knowledge management strategy was launched in March. During the year, PARM has been active in several initiatives led by different agencies and stakeholders, including the Forum for Agricultural Risk Management in Development (FARMD), the World Bank, the African Rural and Agricultural Credit Association (AFRACA), AGRINATURA (the European alliance on agricultural knowledge for development), FAO, the African Union and NEPAD.

IFAD's engagement with indigenous peoples

Collaboration with indigenous peoples and their organizations is crucial to fostering inclusive rural transformation. IFAD hosted the second global meeting of the Indigenous Peoples Forum in February 2015, with the theme of indigenous peoples' food systems and sustainable livelihoods. The resulting recommendations were jointly addressed to IFAD, governments and indigenous peoples' organizations themselves:

- Take a holistic approach to supporting and strengthening indigenous peoples' food systems, sustainable livelihood practices, governance and values.
- Raise awareness of the values of indigenous peoples' food systems.
- Facilitate dialogue with the private sector on respecting indigenous peoples' food systems and sustainable livelihoods.

In 2015, IFAD's Indigenous Peoples Assistance Facility (IPAF) approved 25 grant proposals for a total of US\$1,050,000 for projects designed and implemented by communities and organizations of indigenous people.

IFAD also supported the second Indigenous Terra Madre (ITM 2015) event held in north-east India in November. This drew 600 participants from 140 tribes in 58 countries to discuss how to shape the future of sustainable local food systems that are more just and holistic and that respect the land and its resources.

International Land Coalition

The International Land Coalition (ILC) is a global alliance of civil society and intergovernmental organizations hosted by IFAD. It aims to respond to the needs and protect the rights of the women, men and communities who live on and from the land. In 2015, ILC members implemented 79 national land policies and agendas, organized 13 campaigns and mobilized more than 35,000 people to advocate for land policy changes in their countries. As a result of the ILC's work, more than 84,000 farmers now have more secure land tenure. The ILC also promoted inclusion of land rights in Agenda 2030 and indicators for measuring them. While the MDGs made no mention of land rights, the SDGs have four targets that refer to land tenure and rights. At the ILC's eighth biannual Global Land Forum and Assembly of Members in Dakar, Senegal, a new strategy was adopted, and more than 50 new members were accepted, bringing the ILC's membership to 207 from 64 countries. (Read more: <http://www.landcoalition.org/en>)

New programmes and projects West and Central Africa

Modernizing family farming in Niger

Family farms remain the principal source of agricultural production in Niger, where they are essential for food and nutrition security and revenue.

For the past three decades, IFAD has worked in the country's rural areas, where poverty is most concentrated. In 2015, we launched the Family Farming Development Programme in the regions of Maradi, Tahoua and Zinder, which is also supported by ASAP. The programme will integrate activities in the four priority areas for the region: connecting farmers to value chains; strengthening rural finance; managing natural resources and adapting to climate change; and focusing on young people.

Specifically, the new initiative will help smallholder farmers engaged in farming, forestry and herding activities to increase and diversify their output by adopting new production techniques and using small-scale irrigation systems. In addition, it will invest in rural infrastructure, including roads, collection centres and markets, thereby building linkages between production zones and consumers.

Over the eight-year life of the programme, 240,000 rural families are expected to benefit, with women and young people as priority participants.

East and Southern Africa

Boosting cereal and pulse production in Kenya

A new IFAD-supported programme in Kenya will increase the production of staple cereals such as maize, sorghum and millet to increase farmers' incomes and strengthen national food security. Pulses such as pigeon peas, green gram and cowpeas will also be included.

Agriculture is the mainstay of the country's economy, employing 70 per cent of the rural population and accounting for 65 per cent of export earnings. However, Kenya remains a food-deficit country and imports up to 20 per cent of its annual cereal requirements, even in years when harvests are good. Approximately 10 million Kenyans suffer from chronic food insecurity and poor nutrition.

The Kenya Cereal Enhancement Programme is a partnership among the Government of Kenya, IFAD, the European Union (EU), FAO and the World Food Programme (WFP). Working in semi-arid areas that have potentially high productivity, it aims to enable smallholders to graduate from subsistence farming to commercial agriculture. It also includes a focus on building poor producers' resilience to climate change.

A voucher scheme funded by the EU will help small producers buy agricultural inputs such as tools, fertilizers and improved seed. The programme will reach about 100,000 smallholder farmers and aims to lift 80 per cent of them out of poverty.

Asia and the Pacific

Scaling up support for vulnerable tribes in India

Building on the results of an earlier programme, IFAD is enhancing agricultural practices for vulnerable tribal populations in the eastern Indian state of Odisha.

More than 104 million people in India belong to tribes that traditionally live in forests, hills and other remote and inaccessible rural areas. In the heavily forested Eastern Ghats and Northern Plateau regions of Odisha, tribal populations make a living from shifting cultivation, rainfed agriculture and non-timber forest products. Farming practices are basic, and focus mainly on growing rainfed rice and millet.

In its earlier work in Odisha, IFAD helped set up village-level bodies and involved tribal groups in planning development projects, especially those related to natural resources. Encouraged by the success of the initiative, the Government of Odisha asked IFAD to scale up the approach to target particularly vulnerable tribal groups. This was the first time that the government had asked an external partner to work in these remote and difficult areas.

The new programme aims to achieve better living conditions and to reduce poverty for more than 62,000 vulnerable households. It will build the capacity of target households, help secure entitlements to land and forest, improve agricultural practices, promote income-generating microenterprises, ensure access to services such as education and health, and improve community infrastructure.

Latin America and the Caribbean

Piloting new ways to reduce poverty in Mexico

An innovative new IFAD-supported project has been approved in Mexico. The Rural Productive Inclusion Project is a pilot designed to test ways of implementing the government's new social policy through the promotion of productive activities among Prospera cash transfer beneficiaries. Prospera is Mexico's largest cash transfer programme and social inclusion programme.

Mexico is an upper-middle-income country. However, it is characterized by unequal income distribution and stagnant productivity, which are key constraints on economic performance and poverty reduction. About 53.3 million people live in poverty, 31 per cent of them in rural areas. Family farms – subsistence farms with no links to market – make up about half of rural production units.

The project expects to reach about 12,800 families who are current Prospera beneficiaries. It will facilitate access to productive investments and technical assistance provided by existing government programmes, thereby enabling beneficiaries to increase the quantity and improve the quality of their production, connect to markets and raise their incomes. It will also train Prospera staff to equip them for the project's new key role in implementing the national strategy for productive inclusion. The project aims to improve farming families' financial literacy and connect them to existing rural finance services.

Near East, North Africa and Europe

Dairy value chains in Uzbekistan

A new IFAD-funded programme in Uzbekistan will strengthen and modernize the dairy sector, which provides income and food to large numbers of smallholder farmers in Jizzakh and Kashkadarya regions. Livestock plays a vital role in the economy and society of the landlocked country, contributing substantially to national food security and acting as an economic and nutrition safety net for rural households.

Most of the livestock sector's production comes from 4.7 million small *dehkan* farms, which average less than 0.2 hectares each. *Dehkan* farmers own about 95 per cent of the cattle in the country and 83 per cent of the goats and sheep. With *dehkan* farms as the mainstay of the dairy market, milk production in Uzbekistan operates well below its potential.

The programme will improve the livelihoods of 12,000 rural households that produce and process milk, and of market entrepreneurs. It will strengthen value chains and create decent employment opportunities on farms and in processing. It will also boost farmers' skills and access to technology. There will also be a focus on boosting women's participation as processors, marketers and owners in dairy value chains, increasing women's access to credit and technologies, and providing training.



Impact and measuring and improving results

Impact assessment

IFAD's ambitious impact assessment initiative, launched in 2012 in line with a commitment made in the Consultation on the Ninth Replenishment of IFAD's Resources (IFAD9), bore important results in 2015. In order to assess the impact of our interventions we designed and applied an innovative methodology that encompassed a variety of tools, and which has already drawn the attention of other institutions.

The results reported in 2015 revealed that the focus on a single indicator, especially one that uses a money metric, obscures the importance of other key development outcomes generated by IFAD-supported project interventions, including food security, agricultural productivity and resilience. It also fails to capture the substantial and important welfare benefits transferred to, and generated by, IFAD's beneficiaries, poor rural women and men.

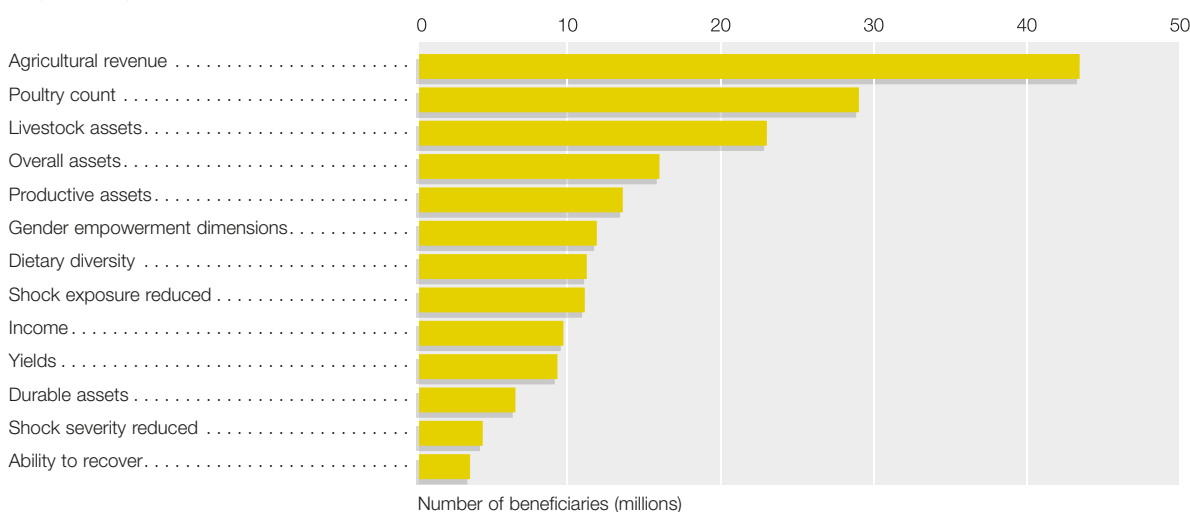
Among the impacts reported by the assessment were that, for all projects opening or closing between 2010 and 2015, some 139 million people

benefited from IFAD-supported operations. Looking at all the projects under way at the close of IFAD9 (ongoing and new projects), our operations will have significantly increased the agricultural revenue of over 40 million people, and expanded their ownership and control of productive assets, including livestock (Chart 6). IFAD will continue to work towards creating a system to design sound development projects, monitor their progress, and measure their results and impact across the project life cycle.

Report on IFAD's Development Effectiveness

The Report on IFAD's Development Effectiveness (RIDE) is the principal mechanism for reporting on the organization's performance to its governing bodies. This year's RIDE shows that performance across all indicators has improved compared with baselines. A total of 114 million people benefited from ongoing programmes supported by IFAD in 2014 – far exceeding the target of 90 million set

CHART 6
Beneficiaries impacted, by indicator
Projected impact, 2010-2023



Source: Synthesis of the Lessons Learned from the IFAD9 Impact Assessment Initiative.

for 2015. Women made up 49 per cent of the total number of people reached.

Read the full RIDE at: <https://webapps.ifad.org/members/eb/116/docs/EB-2015-116-R-10.pdf>.

Quality support for programme design

During design, IFAD uses a two-step process to optimize the quality of programmes and projects: quality enhancement and quality assurance.

In 2015, 27 programmes and projects went through the quality enhancement process. This involves the early engagement of IFAD technical expertise in country programme management teams in order to increase our operational effectiveness. Participation by technical staff in design missions increased significantly over previous years, rising from 46 missions in 2013 to 62 in 2015.

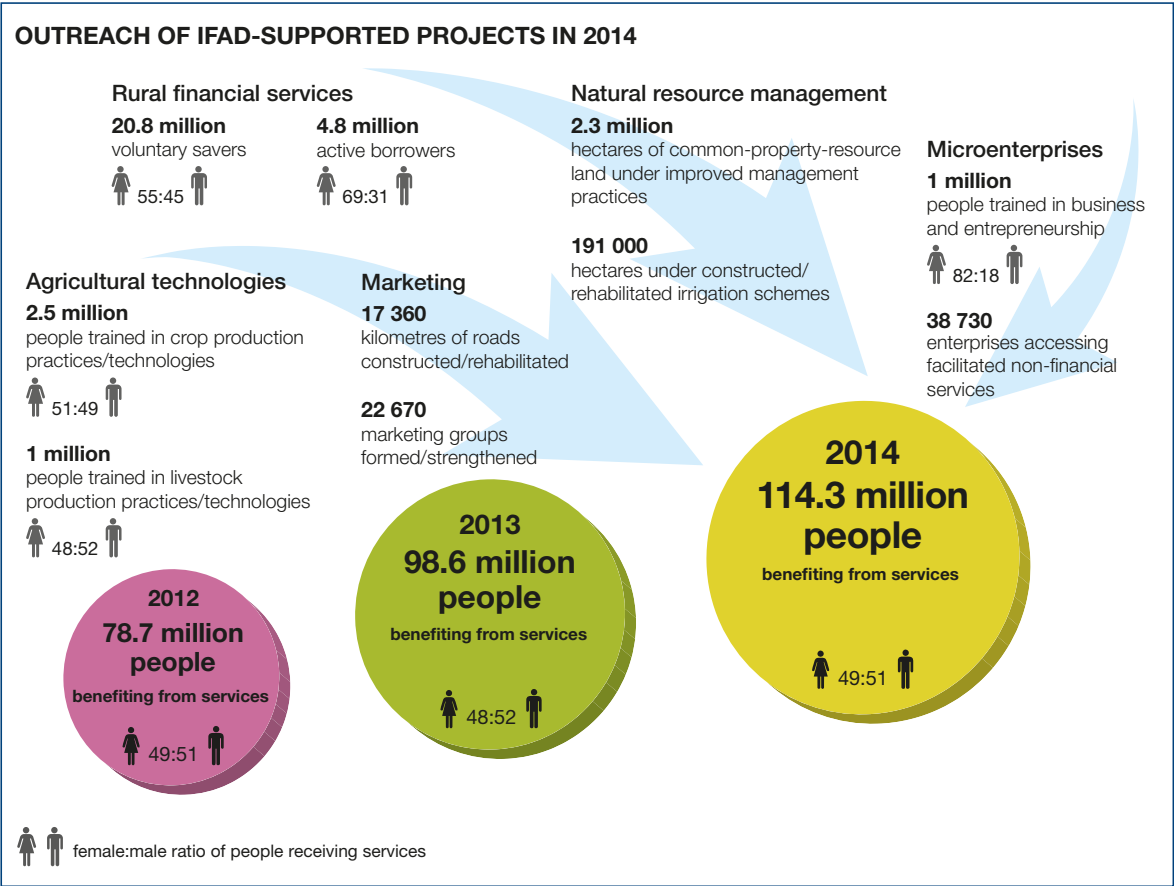
The quality enhancement process was itself assessed through an online survey and face-to-face interviews with regional directors and quality assurance reviewers. It was agreed that the process contributes to improving the quality of

design. The results of the survey were discussed during a workshop in June, resulting in further improvements to the process.

A total of 43 design documents for investment projects – ten of them for additional financing to ongoing projects – went through the quality assurance process, along with 19 project concept notes for entry into the pipeline, and four results-based country strategic opportunities programmes (RB-COSOPs). In line with the new Policy for Grant Financing, thirteen quality assurance meetings were held to review 58 grants.

Overall, the 43 investment projects reviewed were worth a total of US\$1.1 billion in IFAD financing and aim to reach poor rural households in 38 countries, 16 of which are classified as fragile states.

Table 1 shows the quality-at-entry ratings for 2014 and 2015 against the baseline year. Targets were exceeded for almost every indicator. Of the 33 new projects cleared for submission to the Executive Board, 97 per cent were judged likely to meet their objectives in full.



Scaling up results

The end goal of IFAD-funded interventions is not only to enable rural people to work their way out of poverty within the limited time and space of a given project. We also aim to use the positive results generated to inspire others and leverage policies, resources, knowledge and partners (private, public and the communities themselves) to bring those results to a larger scale in a sustainable manner. Scaling up results means maximizing the impact of successful development initiatives funded by IFAD. This is an overarching priority that directly supports the achievement of our mandate and IFAD is seen as a leader in this area.

The organization has developed a new operational framework for “scaling up results”. This proposes a shift from being project-centric towards implementing countrywide programmes. Such programmes better integrate project financing, policy engagement activities and knowledge management into a longer term approach to development beyond the scope of time-bound projects.

We have prepared a set of documents to guide IFAD staff and partners on how to systematically think through scaling up in the design and implementation of programmes. These documents are available at: <http://www.ifad.org/events/scalingup/index.htm>.

Independent evaluation Overview of the thirteenth Annual Report on Results and Impact of IFAD Operations and its learning theme: sustainability of benefits

The 2015 Annual Report on Results and Impact of IFAD Operations (ARRI) is the third and final ARRI produced in IFAD’s Ninth Replenishment (IFAD9) period (2013-2015). It draws on evaluations of operations that were completed in 2014. The report shows a positive picture of performance by IFAD-funded operations in a number of areas, including income and assets, empowerment of human and social capital, gender equality and women’s empowerment, and innovation and scaling up. Impact on rural poverty is also rated positively, with 87 per cent of projects rated moderately satisfactory or better in 2011-2013.

The ARRI notes that while there have been improvements in performance in recent years, many projects still achieve only moderately satisfactory performance in several of the evaluation criteria covered by the Independent Office of Evaluation (IOE). This means that there is potential to further strengthen ratings from moderately satisfactory to satisfactory or highly satisfactory.

Moreover, the ARRI highlights some systemic issues affecting overall performance during the IFAD9 period:

- the need to strengthen the operational efficiency of IFAD-supported programmes and projects

TABLE 1
Quality-at-entry ratings and percentages of projects with moderately satisfactory or better ratings^a

Indicators	Baseline year	Baseline value	Results 2014	Results 2015	Average 2014-2015	Target 2016
4.3 Percentage of projects rated 4 or more at entry/average rating						
4.3.1 Overall quality of design	2010/11	79	90	94	92	85
4.3.2 Overall quality of design for projects in fragile states only ^b	2010/11	n/a	86	94	90	80
4.3.3 Gender	2010/11	86	83	94	89	90
4.3.4 Monitoring and evaluation	2010/11	70	90	88	89	80
4.3.5 Scaling up ^c	2010/11	72	89	100	94	80

Sources: Based on ratings of 33 new projects cleared for presentation to the Executive Board in 2015. Projects are rated only after clearance for Board presentation.

^a Quality-at-entry ratings are based on a scale of 1-6, where 1 is highly unsatisfactory and 6 is highly satisfactory. The percentage indicates the number of projects receiving a rating of 4 or more (i.e. moderately satisfactory or better) out of the total number of projects.

^b In 2015, 17 projects cleared for Executive Board submission were located in 16 fragile states. This rating applies to only this subset of projects.

^c The 2015 scaling-up ratings are based on 23 projects that identify themselves as “scaling-up” activities.

- the need to improve monitoring and evaluation by enhancing the quality and timeliness of baseline surveys and designing logical frameworks with sharper indicators, and to strengthen the focus on outcomes and impact
- the need to ramp up performance in non-lending activities by defining attainable objectives matched by adequate resource allocations and enhancing partnerships at the country level
- the need to focus on government performance by strengthening national institutions, addressing human resource limits and improving knowledge of IFAD procurement processes, financial management and monitoring and evaluation requirements.

Overall, the evaluations confirmed that IFAD is playing an important role in the development aid architecture by helping developing Member States to tackle chronic challenges related to rural poverty, hunger and malnutrition. In this regard however, analysis carried out in the context of the 2015 ARRI learning theme confirms that the Fund needs to focus more effectively on the sustainability of benefits after projects have closed. Sustainability can be fostered, for example, by preparing exit strategies well before completion of each project, taking into account the ongoing and planned IFAD investments in the country, together with non-lending activities.

Management response to the ARRI

IFAD management welcomed the ARRI, noting that it was the last corporate independent evaluation report during IFAD9, a replenishment cycle that has witnessed unprecedented results and achievements through an active portfolio of US\$13.6 billion serving 114 million people. Management is satisfied with the positive trend in project performance, which has been improving since 2008, particularly in terms of impact on rural poverty. About 93 per cent of IFAD-funded operations were rated positively during IFAD9 (2013-2015).

The early positive effects of decentralization were noted by management: the shares of satisfactory projects are greater in countries with IFAD country offices.

Despite the organization's overall positive performance, management is committed to continuing to raise the "performance bar". While the ARRI provides insights into persistently challenging areas such as operational efficiency and sustainability of benefits, management notes that recently introduced solutions are not yet captured in the cohort of operations analysed. This is particularly true for efficiency.

Management also provided feedback on methodological issues. For example, it was suggested that a more nuanced analysis of fragility be employed in order to make conclusions operational. In addition, management suggested that future ARRIs analyse fiduciary and procurement-related issues more adequately, together with their impact on results.

Other evaluation activities in 2015

A corporate-level evaluation was published on IFAD's Engagement in Fragile and Conflict-affected States and Situations. This underlined the need for IFAD to develop a strategy for its work in fragile situations that includes a new definition and classification system for fragile states and takes particular account of IFAD's mandate. In particular, the evaluation emphasized the importance of focusing on fragile situations, where institutional capacities are too weak to meet the special needs of rural poor people for better livelihoods. The evaluation also recommended that IFAD should further customize its development approaches and operating model in fragile situations in order to improve development effectiveness.

Country programme evaluations were completed for Bangladesh, Brazil and the United Republic of Tanzania. In Bangladesh, IFAD-supported development projects are making substantial progress in helping to reduce rural poverty by improving agricultural productivity, strengthening social capital and promoting gender equality and women's empowerment. On the other hand, the evaluation underlines the fact that there are pockets in rural areas where access to credit is still limited and stresses the necessity for IFAD to broaden partnerships in the government to strengthen policy and institutional support for the programme.

The evaluation for Brazil concluded that performance has improved since the last country programme evaluation in 2007 and that the establishment of an IFAD country office in 2011 has been a key contributing factor. IFAD is supporting the government in promoting family farming and grass-roots development as a way of strengthening productivity, food security, nutrition and poor rural people's incomes. It has also had good results in knowledge-sharing and has undertaken some activities in South-South and triangular cooperation.

However, a better balance between agricultural and non-agricultural activities, and between investment programmes and non-lending activities, could be achieved in Brazil moving forward. This would require placing more emphasis on the agricultural components of investment programmes. It would also involve paying greater attention to non-lending activities – such as South-South and triangular cooperation – and to partnerships, including with the Rome-based agencies. The evaluation recommended outpostting the country programme manager from IFAD headquarters to Brazil as a key measure to further strengthen results on the ground.

According to the evaluation for the United Republic of Tanzania, IFAD's most effective intervention was in support of the Agricultural Sector Development Programme on the mainland, and on the island of Zanzibar in particular, which strengthened the capacity of decentralized government extension services. However, while the portfolio of projects in the country has generated a wealth of practical experience, this has not been adequately systematized. In addition, the policy dialogue objectives in the 2007 country strategic opportunities programme (COSOP) were found to have been too ambitious for the limited resources available.

During the year, the IOE completed two evaluation syntheses – pulling together evaluation knowledge from a variety of sources. The first was undertaken jointly with FAO and focused on FAO's and IFAD's engagement in pastoral development. The synthesis concluded that IFAD and FAO have carried out significant work in most

sectors of development for pastoral people over the last ten years. Important achievements have included the scaling up of innovative solutions in community-based animal health and natural resource management. Overall, however, FAO's and IFAD's engagement in pastoral development reflects the lack of a coherent conceptual framework and strategic direction.

The second evaluation synthesis covered IFAD's engagement with indigenous peoples. It confirmed that, with its long-standing rich experience and substantial contribution to international processes and advocacy, IFAD is recognized as a partner and pioneer in working with indigenous peoples both by the international community and by indigenous peoples themselves. That said, there is potential to strengthen the implementation of IFAD's policy on indigenous peoples, in particular at the level of investment projects.

An impact evaluation of the India Jharkhand-Chhattisgarh Tribal Development Programme was published. It found that the programme had had a positive impact, increasing incomes and paddy productivity within the target groups. However, the programme's design was found to be overly complex, encompassing too many activities in different subsectors and covering two fragile Indian states with weak institutional capacities under one loan.

In the context of initiatives organized to celebrate 2015 as the International Year of Evaluation, IOE published a booklet on the evolution of the evaluation function at IFAD. The booklet traces the history of the evaluation function in IFAD since 1978, spotlighting its major contributions to improving the Fund's accountability and learning for better performance.

International events

During the year, IOE organized events to promote learning and share knowledge from evaluations with partners inside and outside IFAD. The events also covered specific topics such as "Enhancing the evaluability of Sustainable Development Goal 2: End hunger, achieve food security and improved nutrition and promote sustainable agriculture". This technical seminar was jointly organized by the evaluation offices of CGIAR, FAO, WFP

and IFAD. The objective of the seminar was to contribute to a shared understanding of how progress towards SDG2 could be evaluated. It also aimed to identify actions that are needed to enable evaluations of SDG2 through the United Nations system, other international organizations or countries themselves.

Four in-country events were co-organized with the governments of Bangladesh, Brazil, Ethiopia and the United Republic of Tanzania. The main results from the respective country programme evaluations were discussed, together with key issues for the forthcoming RB-COSOPs. A learning workshop was also organized in India to present the findings of the impact evaluation mentioned above.

Evaluation Manual, second edition

Recognizing the dynamic environment in which IFAD operates, and in response to the evolution of the approaches and methodologies used in international development evaluation, IOE revised its Evaluation Manual, which was originally issued in 2009. This second edition contains the core methodology that IOE uses to conduct its evaluations, including those that were not contemplated in the first edition, such as corporate-level and impact evaluations, and evaluation synthesis reports. The manual also takes into account IFAD's new strategic priorities and operating model, and adopts more rigorous methodological approaches, for example by promoting better impact assessment techniques and by designing and using theories of change. The manual will help ensure that IFAD's evaluation methodologies remain state of the art.

Link to Evaluation webpage: <http://www.ifad.org/evaluation/index.htm>.

Ethics, internal oversight and anticorruption

Recognizing staff as IFAD's most valuable asset, we are committed to maintaining a working environment that ensures well-being and respect for work-life balance, and to fostering an organizational culture in which individuals fulfil their responsibilities while respecting the dignity of their colleagues. Dealing promptly and

confidentially with harassment, and providing guidance on how to prevent and manage conflicts of interest and unethical behaviour in the workplace are key to fulfilling this commitment.

During the year, IFAD's Ethics Office continued to support the Fund in maintaining the highest ethical standards to protect our reputation and maintain a safe and fair working environment. Particular attention was given to prevention and timely handling of harassment, which causes emotional stress, interferes with job performance and can damage the overall performance of IFAD. Completion of code of conduct and anti-harassment training was made mandatory, further underlining the expectations regarding workplace behaviour and the importance of respecting the code of conduct.

During the year, 24 divisions and 600 staff members received anti-harassment refresher training, including in seven country offices and IFAD's liaison office. Other training was given on the code of conduct and on targeted aspects, where necessary.

Staff sought guidance on IFAD's code of conduct, conflicts of interest, abuse of authority, harassment and a variety of other matters. There was a notable decrease in consultations – from 50 in 2014 to 25 in 2015 – regarding possible harassment or abuse of authority. The majority of these consultations were resolved informally or were not pursued beyond the initial request for advice. In 2015, the Ethics Office referred three complaints of harassment received in 2014 to the Office of Audit and Oversight for further investigation.

IFAD has a policy of zero tolerance for irregular practices. We are committed to fighting corruption, fraud and collusion, which divert resources from the programmes and projects that we fund. In support of this policy, IFAD's investigation and sanction processes were assessed by external experts in the last quarter of 2014. The experts' recommendations, which are currently being implemented through review and revision of relevant rules, will serve to ensure that IFAD's investigation and sanction practices remain consistent with the highest professional standards and current best practices.

The 2014 Annual Report on Investigation and Anticorruption Activities, and information on reporting, can be accessed at the following link: www.ifad.org/governance/anticorruption/report/2015/e.pdf. The 2015 report will be issued in April 2016.

The workplan of IFAD's Office of Audit and Oversight is based on the assessment of institutional risks. In 2015, the audit focus was on areas critical to the financial integrity of the Fund, its administrative effectiveness and efficiency, and its evolving decentralized model. The audits performed supported risk mitigation efforts in areas such as the organization, responsibilities and support structures of IFAD country offices, the efficiency of travel management processes, and the role and workload of country programme managers posted to IFAD country offices.

Eleven of the twelve high-priority audit recommendations due for implementation in 2015 were cleared during the year. This achievement highlights IFAD's continued strong commitment to active management of institutional risks.

Communication and knowledge-sharing

In 2015, IFAD was recognized as "the most communicative development partner in agriculture and rural development" by the AidData report, *Listening to Leaders. Which Development Partners Do They Prefer and Why?* The report looked at the "ground game" of development organizations – the strength of their local presence and direct engagement with host government officials. It considered how this shapes the way decision makers assess the trustworthiness, influence and performance of development partners.

Of a total of more than 50 development partners rated, IFAD was in the report's top ten (sixth out of 57) for frequency of communication with host government counterparts. IFAD also ranked highly (seventh out of 51) for helpfulness during reform implementation. The report found that this "helpfulness" showed a strong correlation with influence at the agenda-setting stage. This recognition of IFAD's effective communication with government partners confirms the substantial impact of the organization's drive to decentralize and boost country presence and policy dialogue.

In addition to prioritizing communication with governments, IFAD pays particular attention to knowledge-sharing and debate with partners of all kinds. The organization's online AgTalks series, launched in 2014, continued during 2015 bringing together experts to generate debate on issues such as rural women, livestock and fishing. IFAD also hosted seminars and lectures on a wide range of topics throughout the year, including nutrition, conservation agriculture, labour-saving technologies for women, setting up geographical indications (GIs), rural-urban transformation, climate change, and many more.

Human resource management

Effective management of human resources empowers staff and consultants to produce consistently excellent results.

A reward and recognition framework tied to the annual performance management process provides monetary and non-monetary rewards to high-performing staff. In 2015, IFAD fine-tuned this process to shift part of the funding to non-monetary travel rewards while maintaining the framework's overall structure. This adaptation brings our performance management into line with that of other international financial institutions, and to the forefront of practice across United Nations agencies. The framework addresses the need to reward excellence – which was identified by IFAD's 2012 Global Staff Survey – and complies with International Civil Service Commission guidelines.

As an additional way of recognizing and rewarding consistently good performance, in 2013 IFAD re-established an annual process of converting fixed-term into indefinite contracts. As part of this exercise, 41 staff members were awarded indefinite appointments at the beginning of 2015.

Career development is essential if the skills of IFAD's staff are to remain at their peak. To facilitate mobility and career development while streamlining recruitment and job classification processes, we developed generic job profiles for 95 per cent of positions in IFAD. The working group on career development and recognition of performance are working on a career development framework that will be published in early 2016.

In the ongoing effort to automate paper-based processes and streamline activities, two major projects went live during 2015:

- E-request for personnel action (e-RPA): the PeopleSoft e-RPA module replaced the paper form with an integrated, electronic version.
- E-recruitment: the recruitment process in its entirety is now run within the PeopleSoft system inclusive of integrations with the Internet, intranet, e-mail and other PeopleSoft modules.

In 2015 we conducted 76 recruitment exercises for positions in Professional and higher categories; average recruitment time was 84 days.

IFAD's presence in the field continues to grow, and country offices have been mainstreamed into human resource management practices. A staff member has been dedicated to focus exclusively on the human resource needs of country offices, in collaboration with the Field Support Unit. As of 31 December 2015, we had 26 international Professional staff members, 5 Junior Professional Officers, 40 National Officers and 21 General Service staff members in IFAD country offices around the world (see map inside front cover).

Staff numbers and statistics as of 31 December 2015 were as follows:

- Total staff numbered 593, including staff of the Independent Office of Evaluation of IFAD and Junior Professional Officers.
- Of this total, 324 staff members were in the Professional and higher categories, 40 in the National Officer category, 21 in the National General Service category, and 208 in the General Service category.
- The National Officer, Professional and higher categories included nationals from 87 Member States.
- Women constituted 40 per cent of Associate Vice-Presidents, 48 per cent of the Professional and higher categories, 23 per cent of the National Officer category, and 82 per cent of the General Service category.
- Overall, 59 per cent of IFAD staff members are women.



Financing data and resource mobilization

Resources in 2015

IFAD's core financing is drawn from several sources. These mainly include contributions from Member States and other donors, investment income and loan reflows. Member State contributions come through regular replenishments held every three years. Member States also request IFAD to administer their donations to third parties in the form of supplementary funds.

In efforts to capitalize on new sources of funding and continue to build the resource base of IFAD, during the IFAD9 period (2013 to 2015), under the guidance of its Executive Board, the organization made a major breakthrough in transforming its financial model to include sovereign borrowing as a resource mobilization tool (read more below). In 2015, this transformation was completed with the approval of ordinary loans to Member States funded by sovereign borrowing from Germany's KfW Development Bank (Chart 7). As a direct result of this new resource mobilization mechanism, the organization approved its largest ever programme of loans and grants in 2015 – US\$1.4 billion.

As an institution that is both a specialized United Nations agency and an international financial institution, IFAD already occupied a unique position. Our new ability to tap resources through sovereign loans makes it possible to leverage and manage resources more flexibly and to increase the size of our portfolio.

Tenth Replenishment of IFAD's Resources (2016-2018)

The Consultation on the Tenth Replenishment of IFAD's Resources (IFAD10) was held in 2014. Member States agreed to a replenishment target of US\$1.44 billion in new contributions to finance agriculture and rural development projects across the developing world. Members also established

four main themes for unrestricted complementary contributions: mainstreaming climate change, nutrition-sensitive agriculture, enhancing IFAD's South-South and triangular cooperation, and the public-private-producer partnerships (4Ps) initiative.

As of 16 August 2015, six months after the adoption of the Resolution by the Governing Council, pledges for core contributions amounted to US\$1.07 billion – the highest level of core contributions ever achieved at this point in an IFAD replenishment cycle. Despite the difficult global financial situation, IFAD received strong financial support from its Members, including borrowing countries. Because of a slight shortfall relative to the level of US\$1.44 billion set by the Member States, the target for IFAD10 was revised to US\$1.353 billion. The shortfall was the result of various factors, particularly the impact of fluctuations in currency exchange rates.

Although the replenishment target was adjusted, the target for the IFAD10 programme of loans and grants was maintained at a level of up to US\$3.2 billion for the three-year period. IFAD10 became effective on 2 December 2015, when instruments of contribution (IOCs) and payments not supported by IOCs had been deposited in the amount equivalent to 50.8 per cent of the total pledges received. Achieving effectiveness lays a solid foundation for delivering the ambitious IFAD10 programme of loans and grants by making all contributions paid to date available for operational commitment.

As of 31 December 2015, 88 countries had pledged a total of US\$1.17 billion to IFAD10, representing 87 per cent of the revised target of US\$1.353 billion. IOCs deposited (including payments with no prior IOC deposit) amounted to US\$681.0 million, or 58 per cent of total pledges received.

TABLE 2
IFAD at a glance, 1978-2015^{a, b}

		2011	2012	2013	2014	2015	1978-2015
Operational activities^{c, d}							
Loan and DSF grant approvals							
Number of programmes and projects		34	33	25	26	39	1 013
Amount	US\$ million	947.2	960.7	731.1	625.8	1 227.6	16 369.0
Grant approvals							
Number		83	90	63	64	70	2 685
Amount	US\$ million	50.4	71.5	50.0	50.6	73.6	1 043.7
ASAP Trust Fund							
Number		-	1	10	10	15	36
Amount	US\$ million	-	4.9	103.0	83.0	94.1	285.0
Total IFAD loan and grant operations	US\$ million	997.6	1 037.1	884.1	759.4	1 395.3	17 697.7
Cofinancing	US\$ million	412.2	420.3	329.8	238.4	1 063.6	11 162.8
Multilateral		213.2	153.3	207.1	128.0	861.7	8 517.6
Bilateral		159.4	183.0	87.8	4.5	21.2	1 749.4
NGO		-	3.5	-	0.9	-	52.0
Other ^e		39.6	80.5	34.9	104.9	180.7	843.8
Domestic contributions	US\$ million	834.3	599.5	552.7	601.0	925.5	14 317.8
Total programme and project cost^f	US\$ million	2 198.3	2 003.0	1 720.2	1 552.9	3 319.7	42 247.8
Programmes and projects							
Number of programmes and projects under implementation		238	256	241	224	231	-
Number of programmes and projects completed		26	21	43	45	27	757
Number of approved programmes and projects initiated by IFAD		32	32	24	26	36	846
Number of recipient countries/territories (ongoing portfolio)		97	99	98	99	98	-
Loan disbursements	US\$ million	549.6	534.5	482.6	484.7	486.6	9 889.1
DSF grant disbursements	US\$ million	76.3	118.6	142.6	157.4	125.6	682.1
Loan repayments^g	US\$ million	287.5	267.5	261.1	271.3	320.8	5 380.1
Membership and administration							
Member States – at end of period		167	169	172	173	176	-
Professional staff – at end of period ^{h, i}		298	312	321	344	364	-

Sources: Grants and Investment Projects System, IFAD financial statements for 1978-2015, IFAD's accounting system.

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

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

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

^d The Smallholder Commercialization Programme approved in 2011 for Sierra Leone is supervised by IFAD and entirely funded by a grant from the Global Agriculture and Food Security Program (GAFSP). The programme is counted under the number of programmes and projects but has no IFAD financing.

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

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

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

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

ⁱ Includes National Professional Officers in country offices.

In order to deliver on IFAD10 commitments, a rolling medium-term plan (MTP) for the period 2016-2018 has been put in place to translate into action the objectives derived from the Strategic Framework (see page 29). Resources will be allocated in line with MTP priorities, while maintaining the Fund's drive for greater effectiveness.

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

2015 was the third and final year of the IFAD9 period. As of 31 December 2015, IOCs received (including payments with no prior IOC deposit) amounted to more than US\$1.423 billion, representing 99 per cent of the pledges received as of 31 December 2015. This financing enabled the Fund for the first time to reach a total volume of project and grant approvals of US\$1.4 billion in a single year, and US\$3.09 billion in our programme of loans and grants for IFAD9, exceeding the target level of US\$3.0 billion.

Additional resource mobilization

IFAD's Additional Resource Mobilization Initiative provides strategic direction for the exploration of new financing options. Main achievements in 2015 included:

- the establishment of a framework to guide IFAD's future sovereign borrowing
- the hosting of a two-day technical round-table discussion on emerging trends in mobilizing concessional resources for international financial institutions (IFIs) with participants from IFIs, the public sector, think tanks and other United Nations agencies

- the implementation of projects financed by IFAD's first concessional loan provided by the KfW Development Bank of Germany (see following section).

Borrowing from sovereign sources

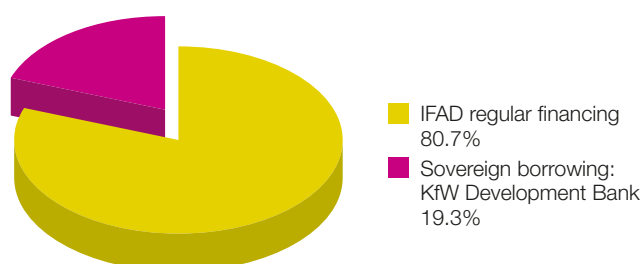
The framework, which was established to guide future sovereign borrowing, represents a unique and innovative financial policy tool to meet the increased need for investment in the Fund's agricultural development projects. It also provides the means to leverage additional funding for IFAD's work in remote areas, where few others venture. IFAD believes that financing tools like this are essential to transforming rural areas into vibrant places where women and men can thrive, especially in terms of financing the post-2015 agenda.

Ten projects financed with €300 million under the KfW framework agreement were approved in 2015. The agreement provides IFAD with a credit line of up to €400 million to finance IFAD's programme of loans and grants. This has enabled us to leverage resources and expand the programme of work, scale up investments in sustainable and inclusive rural transformation, and reach more smallholder farmers. In 2015, the second individual loan agreement was signed with KfW, bringing IFAD's loan amount to €300 million.

New partnerships

2015 was a landmark year for IFAD's cooperation with traditional and new partners, which will contribute to the success of the new 2030 Agenda for Sustainable Development. During the year, we pursued a new strategic collaboration with the Development Bank of Latin America (CAF) to expand cofinancing in programmes implemented

CHART 7
Loans and DSF grants approved in 2015
by financing source



Source: IFAD Corporate Reporting System Oracle BI.

in common Member States. We will also draw on the respective comparative advantages of IFAD and CAF in rural social and economic infrastructure development, and increase investment in inclusive and sustainable rural transformation by engaging the private sector.

We continued to make progress on our collaboration with major private-sector partners. To help smallholders participate in a supply chain in Nigeria, IFAD is working with Unilever's food brand Knorr to train cassava farmers in sustainable agricultural practices. We are also playing an active role in global platforms for the private sector, including the new Grow Asia partnership initiated by the World Economic Forum and the Secretariat of the Association of Southeast Asian Nations.

Under IFAD's partnership strategy, we developed and implemented a range of best practice tools, training and procedures. These tools have enhanced staff capacity to build partnerships, strengthened the monitoring and evaluation of partnerships, and improved IFAD's targeted communications and outreach materials. In line with Sustainable Development Goal 17 (SDG17) on partnerships for the goals, IFAD launched an internal process for adapting its partnership strategy to the challenges and opportunities arising from the new development landscape.

Supplementary funds

Supplementary funds are grant resources administered by IFAD at the request of donors for the benefit of the Fund's developing-country Member States. Most are earmarked for specific cofinancing initiatives and projects, as indicated in the individual agreements between IFAD and the donors concerned.

In 2015, IFAD signed supplementary fund agreements with the European Commission, Italy, the Republic of Korea and the Bill & Melinda Gates Foundation. These agreements support interventions for improving livestock productivity, empowering farmer organizations and their networks in Asia and the Pacific, strengthening the impact of global remittances in rural areas, enhancing agricultural productivity, increasing revenues, particularly in fragile contexts (for example, Somalia and the Pacific Islands),

and funding research on enhanced nutrition, sustainable agriculture and resilience. The Korea International Cooperation Agency signed its first agreement with IFAD, providing supplementary funds to the ASAP Trust Fund. IFAD also signed an agreement with the Abu Dhabi Fund for Development to provide technical assistance in designing a project in Guinea.

In addition, a contribution agreement was signed by FAO and IFAD as part of implementation of the programme *Actions Intégrées en Nutrition et Alimentation* in Madagascar. This is part of the European Union's initiative to accelerate the eradication of extreme poverty and hunger. It is led by FAO and is being implemented in partnership with IFAD, WFP and five NGOs – HELVETAS Swiss Intercooperation, CARE International (Cooperative for Assistance and Relief Everywhere), GRET (*Groupe de Recherches et d'Échanges Technologiques*), ICCO (Interchurch Organization for Development Cooperation) and Welthungerhilfe.

IFAD mobilized a total of US\$62.6 million in supplementary funds during the year and received US\$83.8 million under agreements signed in 2015 and previous years. Table 3 shows supplementary funds received during 2015.

Ongoing portfolio

IFAD's investment in ongoing programmes and projects in rural areas was worth US\$6.2 billion in 2015 (Table 4). At the end of the year, there were 231 programmes and projects at work around the world, funded by IFAD in partnership with 98 recipient governments. External cofinancing and funds from domestic sources for the ongoing portfolio amounted to US\$7.6 billion, bringing the total value of these programmes and projects to US\$13.8 billion (see map and chart inside front cover).

The ongoing portfolio of grant-funded operations was worth US\$220.1 million at the end of 2015, with 252 grants operational in 112 countries. IFAD stand-alone grants support research, innovation, institutional change and pro-poor technologies. They are closely linked to our country programmes and often support connections between different initiatives in a country. Grant recipients include research organizations, centres of excellence

involved in rural poverty reduction, NGOs, governments, and private sector and civil society organizations. (To learn more about IFAD's grant programme, and read stories from the field, see page 81 on the CD ROM.)

Cofinancing of IFAD-supported programmes and projects

Cofinancing from our partners increases the value of the development interventions that we support. Cofinancing includes domestic contributions from recipient governments and from the women and men who participate in the projects, and resources from bilateral and multilateral donors.

Levels of cofinancing are affected by many external factors and approvals may vary greatly from year to year. In 2015, newly approved domestic contributions rose to US\$925.5 million from

US\$601.0 million in 2014 (Table 2). Levels of domestic contributions invested in the ongoing portfolio have been rising steadily over recent years, reaching US\$4.7 billion in 2015 (see chart inside front cover).

Newly approved multilateral cofinancing rose to US\$861.7 million in 2015 from US\$128.0 million in 2014 and provided the bulk of external cofinancing for newly approved programmes and projects (Table 2 and Chart 8).

Chart 9 shows the top 15 multilateral cofinanciers of IFAD-initiated programmes and projects to date. This is headed by the OPEC Fund for International Development (OFID), the African Development Bank, the International Bank for Reconstruction and Development (of the World 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\$3.0 billion.

TABLE 3
Summary table of supplementary funds for thematic and technical assistance and cofinancing received in 2015
Amounts in US\$ million, at EUR/USD fixed exchange rate = 0.920556

Donor	Thematic and technical assistance	Cofinancing (excluding parallel cofinancing)	Total
<i>CGIAR</i>	17.5	-	17.5
<i>Farmer organizations</i>	4.7	-	4.7
<i>International Land Coalition</i>	-	1.6	1.6
<i>Remittances</i>	3.6	-	3.6
<i>Technical Assistance Facility</i>	0.1	-	0.1
<i>Burundi</i>	-	4.2	4.2
<i>Mozambique</i>	-	7.3	7.3
<i>Tunisia</i>	-	0.6	0.6
<i>Uganda</i>	-	0.1	0.1
<i>Yemen</i>	-	6.9	6.9
European Commission total	25.9	20.7	46.6
Bill & Melinda Gates Foundation	-	0.5	0.5
FAO	0.1	0.5	0.6
GAFSP: Lao People's Democratic Republic, Sierra Leone, Togo	-	21.9	21.9
Multi-Partner Trust Fund (RWEE)	1.0	-	1.0
Saudi Fund for Development	-	0.7	0.7
Denmark	-	0.9	0.9
France	0.2	-	0.2
Germany	0.5	0.8	1.3
Luxembourg	0.5	-	0.5
Netherlands	4.0	2.1	6.1
New Zealand	-	0.4	0.4
Republic of Korea	1.5	-	1.5
Switzerland	1.7	-	1.7
Others	0.1	-	0.1
Total^a	35.5	48.5	83.8

Source: IFAD financial systems.

GAFSP = Global Agriculture and Food Security Program; RWEE = Economic Empowerment of Rural Women.

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

TABLE 4
Ongoing programme and project portfolio by region^a
 As at end December 2015

	Number of programmes and projects	IFAD financing ^b (US\$ million)
West and Central Africa	47	1 270.7
East and Southern Africa	46	1 463.1
Asia and the Pacific	66	2 142.2
Latin America and the Caribbean	36	535.8
Near East, North Africa and Europe	36	773.7
Total^c	231	6 185.5

Source: Grants and Investment Projects System.

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

^b Amounts as per the President's report for each programme or project approved by the Executive Board. Amounts include loans, DSF grants and country-specific grants for investment projects. Grants unrelated to programme and projects are not included.

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

TABLE 5
Financing of IFAD-supported programmes and projects, 1978-2015

Amounts in US\$ million

	1978-2006	2007-2009	2010-2012	2013-2015	2015	1978-2015
IFAD ^a	9 431.9	1 735.9	2 717.5	2 881.8	1 330.6	16 767.2
Cofinanced ^b	7 061.7	1 027.3	1 435.0	1 638.8	1 063.6	11 162.8
Domestic	8 985.2	918.8	2 334.6	2 079.2	925.5	14 317.8
Total^{c, d}	25 478.8	3 682.1	6 487.1	6 599.8	3 319.7	42 247.8
Number of programmes and projects ^e	730	94	99	90	39	1 013

Source: Grants and Investment Projects System.

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

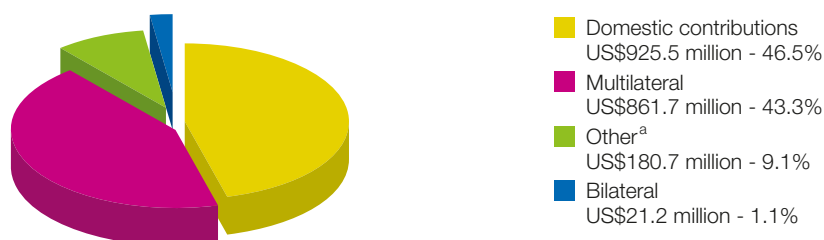
^b Includes cofinancing that may not have been confirmed at the time of Executive Board approval.

^c Total amounts may include additional financing for projects/programmes previously approved.

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

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

CHART 8
Cofinancing of IFAD-supported programmes and projects, 2015
 Share of total of US\$1 989.1 million



Source: Grants and Investment Projects System.

^a Other cofinancing 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.

Chart 10 ranks bilateral donors to programmes and projects initiated and supported by IFAD, with Spain, the Netherlands, Belgium, Germany and France at the top of the chart. Together, they have provided about 70 per cent of total bilateral cofinancing to IFAD-initiated projects worth US\$1.1 billion since we started work in 1978.

Priority country and regional financing

We continue to prioritize assistance to least developed countries and countries with low food security. Of 2015 programme and project financing, 60 per cent was for low-income food-deficit countries (as classified by FAO) and 50 per cent was for the United Nations-classified least developed countries. From a regional perspective, IFAD's two sub-Saharan African regions received about 44 per cent of new financing

for programmes and projects in 2015 (Chart 11). Table 6 shows financing by region since 1978.

Financing by sector

Chart 12 shows how the investments in our current portfolio are divided by theme or sector. About one third of the portfolio funds agriculture and natural resource management, enabling smallholder farmers to increase their production and manage natural resources more sustainably and efficiently. About 16 per cent of funds currently invested in finance work to strengthen markets and related infrastructure, which are vital to connect rural people to markets and enable them to make a decent income from their produce. Rural finance accounts for 12 per cent of funds invested, enabling rural women and men to use services such as credit, savings and insurance to build their businesses and manage risks.

TABLE 6
IFAD financing for programmes and projects by region, 1978-2015^{a, b}
Amounts in US\$ million

	1978-2006	2007-2009	2010-2012	2013-2015	2015	1978-2015
West and Central Africa						
Total amount	1 660.8	265.4	592.3	587.1	184.4	3 105.5
Number of programmes and projects	162	20	21	18	7	221
East and Southern Africa						
Total amount	1 683.6	447.5	619.9	669.0	399.4	3 420.1
Number of programmes and projects	135	20	17	16	7	188
Asia and the Pacific						
Total amount	3 031.8	573.6	859.3	1 048.9	552.2	5 513.6
Number of programmes and projects	182	22	26	28	14	258
Latin America and the Caribbean						
Total amount	1 476.2	193.7	272.2	227.7	116.6	2 169.9
Number of programmes and projects	124	15	17	13	7	169
Near East, North Africa and Europe						
Total amount	1 579.5	255.8	373.8	349.2	78.0	2 558.2
Number of programmes and projects	127	17	18	15	4	177
Total IFAD financing^c	9 431.9	1 735.9	2 717.5	2 881.8	1 330.6	16 767.2
Total number of programmes and projects^d	730	94	99	90	39	1 013

Source: Grants and Investment Projects System.

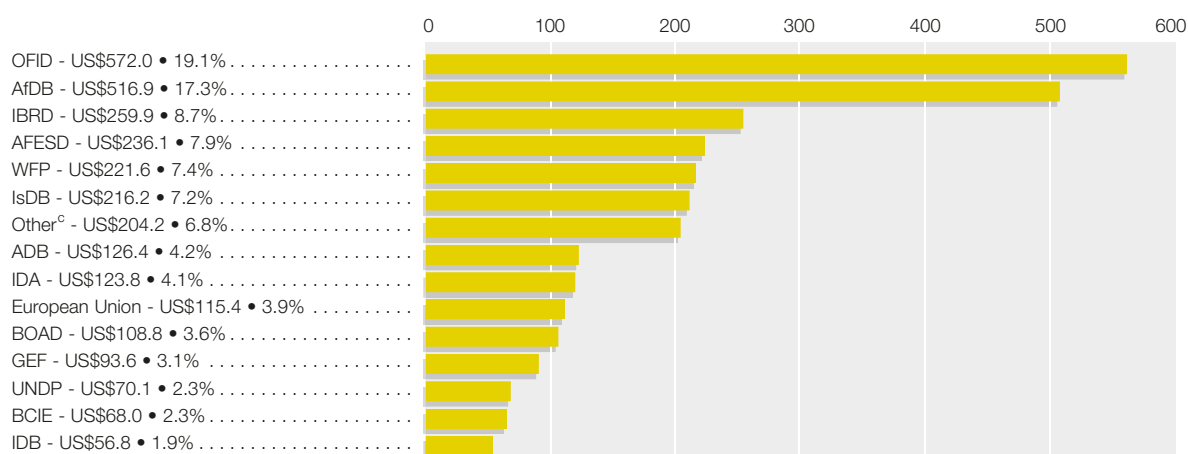
^a Amounts as per the President's report for each programme or project approved by the Executive Board. Financing for programmes and projects includes loans, DSF grants and country-specific grants for investment projects.

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

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

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

CHART 9
Cofinancing of IFAD-initiated programmes and projects by multilateral donors, 1978-2015^{a, b}
 Amounts in US\$ million



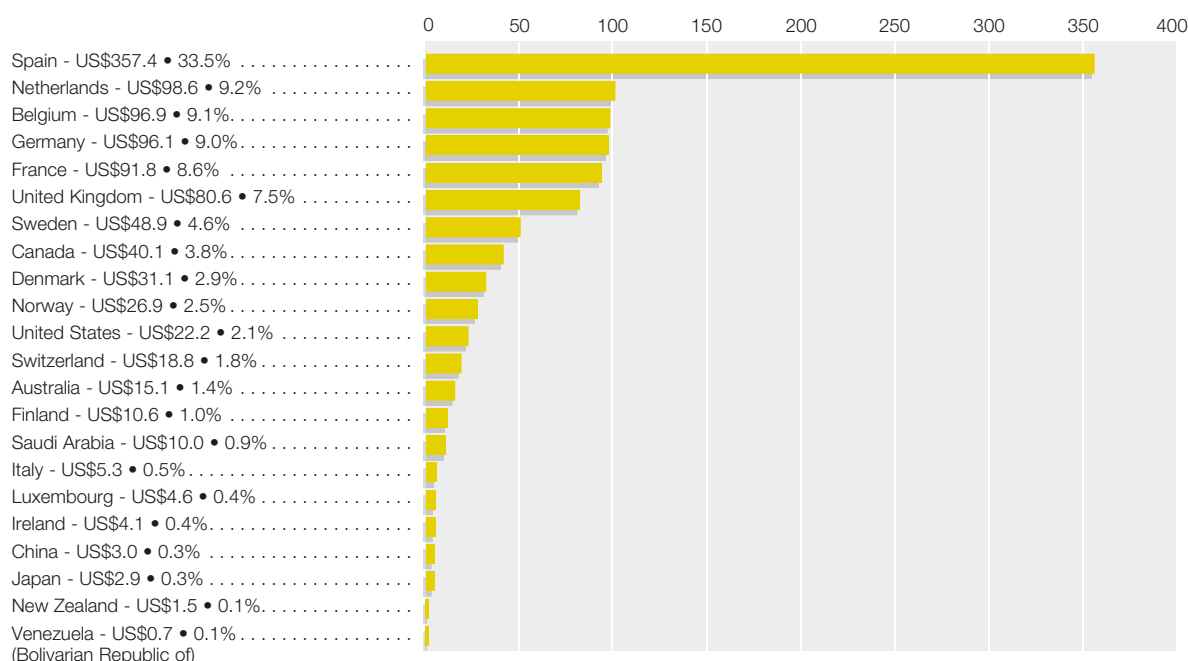
Source: Grants and Investment Projects System.

^a Amounts as per the President's report for each programme or project presented to the Executive Board. Any discrepancy in totals is the result of rounding. The amounts and percentages shown here represent the share of each multilateral in total multilateral cofinancing of US\$2,989.6 million. Multilateral participation in basket or similar funding arrangements is not included.

^b ADB = Asian Development Bank; AfDB = African Development Bank; AFESD = Arab Fund for Economic and Social Development; BCIE = Central American Bank for Economic Integration (*Banco Centroamericano de Integración Económica*); BOAD = West African Development Bank (*Banque Ouest Africaine de Développement*); GEF = Global Environment Facility; IBRD = International Bank for Reconstruction and Development; IDA = International Development Association; IDB = Inter-American Development Bank; IsDB = Islamic Development Bank; OFID = OPEC Fund for International Development; UNDP = United Nations Development Programme; WFP = World Food Programme.

^c Other cofinanciers include: Andean Development Corporation (*Corporación Andina de Fomento*); Arab Authority for Agricultural Investment and Development; Africa Fund, Arab Bank for Economic Development in Africa; Caribbean Development Bank; Economic Community of West African States (ECOWAS) Bank for Investment and Development; Food and Agriculture Organization of the United Nations; Global Agriculture and Food Security Program; Inter-American Institute for Cooperation on Agriculture; International Finance Corporation; International Labour Organization; Strategic Climate Fund; United Nations Capital Development Fund; United Nations Children's Fund; United Nations Development Fund for Women (UNIFEM, now United Nations Entity for Gender Equality and the Empowerment of Women [UN Women]); United Nations Fund for Drug Abuse Control; United Nations International Drug Control Programme; and United Nations Population Fund.

CHART 10
Cofinancing of IFAD-initiated programmes and projects by donor Member States (bilateral), 1978-2015^a
 Amounts in US\$ million

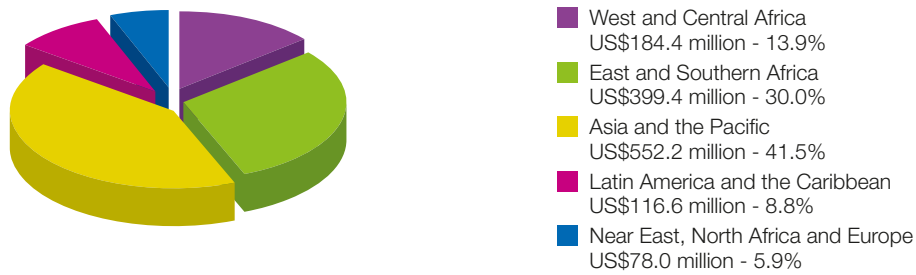
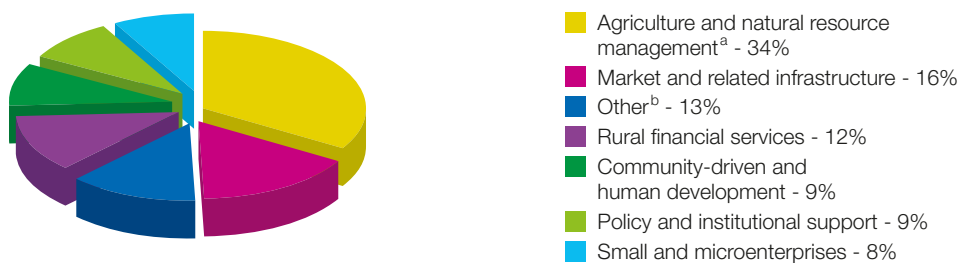


Source: Grants and Investment Projects System.

^a Amounts as per the President's report for each programme and project presented to the Executive Board. Any discrepancy in totals is the result of rounding. The amounts and percentages shown here represent the share of each bilateral in total bilateral cofinancing of US\$1,067.6 million. Bilateral participation in basket or similar funding arrangements is not included.

CHART 11**Regional distribution of IFAD financing for programmes and projects approved in 2015^a**

Share of total of US\$1 330.6 million

^a Any discrepancy in totals is the result of rounding.**CHART 12****IFAD current portfolio financing by sector (at end 2015)**

Source: Grants and Investment Projects System.

^a Agriculture and natural resource management includes irrigation, rangelands, fisheries, research, extension and training.^b Other includes communications, culture and heritage, disaster mitigation, energy production, monitoring and evaluation, management and coordination, and post-crisis management.

Allocation of programme and project financing by instrument and terms

Loans on highly concessional terms continue to make up the bulk of our financing for investment programmes and projects (Table 7).¹ About 44 per cent of new financing approved during the year was in the form of highly concessional loans – worth a total of US\$533.8 million. Ordinary loans made up 26.3 per cent of the total, followed by DSF grants with 18.3 per cent and blend loans with 11.9 per cent (Chart 13).

As a share of our cumulative financing portfolio since 1978, highly concessional loans and DSF grants represent about 73 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.

Disbursements

Disbursements of IFAD loans and DSF grants amounted to US\$612.2 million in 2015 (Tables 9 and 10). Over the period 1979-2015, cumulative disbursements of loans under the Regular Programme amounted to US\$9,889.1 million, representing 74 per cent of effective commitments at the end of 2015 (Table 11). This compared with US\$9,402.5 million disbursed at the end of 2014, which made up 76 per cent of effective commitments.

Managing IFAD's liquidity, cash flow and financial policies

IFAD manages a total of US\$2.0 billion in cash and investments: US\$1.5 billion for the regular programme of work and US\$0.5 billion for supplementary programmes and trust funds. Over the course of 2015, internally managed investments were stable at US\$0.8 billion and represented 42 per cent of the total funds under management. They included all supplementary and borrowed funds, and a portion of regular resources.

As projected, all types of resources declined over the year due to net outflows that were the result of larger disbursements and foreign exchange movements.

In 2015 the volume of cash transactions increased, continuing the growth trend started during IFAD8. The total volume of cash transactions amounted to US\$6.8 billion, 13 per cent higher than in 2014. The biggest driver was the notable increase in non-regular fund transactions, which reached US\$3.0 billion (US\$2.0 billion in 2014), while regular programme transactions were relatively stable at US\$3.8 billion (US\$4.0 billion in 2014). The growth in non-regular fund transactions was also the result of a more active internal investment management.

IFAD strengthened its risk management for cash operations by enhancing and upgrading two major financial systems for enterprise resource planning (ERP), following a review initiated in 2014. Liquidity management was further improved by negotiating more favourable arrangements with IFAD's banks and by fine-tuning short-term financial projections to reduce idle cash.

¹ IFAD currently provides loans on three different types of lending terms: highly concessional loans with no interest, a service charge of 0.75 per cent and a maturity period of 40 years; blend loans with a fixed interest rate of 1.25 per cent, a service charge of 0.75 per cent and a maturity period of 25 years; and ordinary loans with a variable interest rate and a maturity period of 15-18 years.

TABLE 7
Summary of IFAD loans by lending terms, and of DSF grants, 1978-2015^a

Amounts in US\$ million

	1978-2006	2007-2009	2010-2012	2013-2015	2015	1978-2015
DSF grants						
Amount	-	401.5	680.7	457.0	224.9	1 539.2
Number of grants	-	43	50	33	12	126
Highly concessional loans						
Amount	6 825.8	948.6	1 315.4	1 283.9	533.8	10 373.7
Number of loans	545	55	61	62	28	723
Hardened loans						
Amount	-	8.5	50.6	-	-	59.1
Number of loans	-	1	4	-	-	5
Intermediate loans						
Amount	1 605.8	171.4	197.4	-	-	1 974.7
Number of loans	133	9	6	-	-	148
Blend loans						
Amount	-	-	-	249.5	145.9	249.5
Number of loans	-	-	-	13	8	13
Ordinary loans						
Amount	950.8	186.5	441.5	594.0	323.0	2 172.8
Number of loans	69	17	24	25	14	135
Total amount	9 382.4	1 716.6	2 685.6	2 584.4	1 227.6	16 369.0
Total number of loans and DSF grants^{b, c}	747	125	145	133	62	1 150

Source: Grants and Investment Projects System.

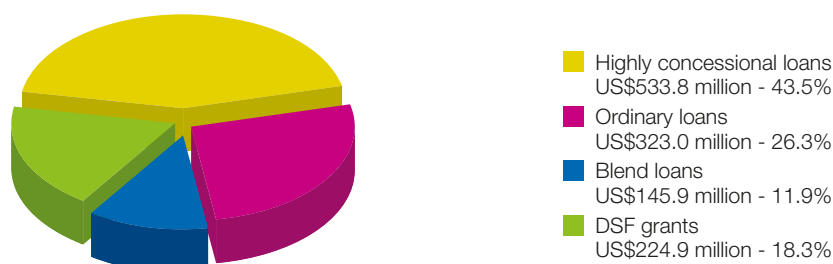
^a Amounts as per the President's report for each programme or project approved by the Executive Board. Includes Regular Programme loans, Special Programme for Sub-Saharan African Countries Affected by Drought and Desertification loans and DSF grants. Includes a loan on highly concessional terms approved in 2005 for Indonesia made up of unused proceeds of a loan approved in 1997 on intermediary terms. Any discrepancy in totals is due to rounding.

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

^c Fully cancelled or rescinded loans are not included.

CHART 13
IFAD loans by lending terms, and DSF grants, 2015^a

Share of total of US\$1 227.6 million



Source: Grants and Investment Projects System.

^a Amounts as per the President's report for each programme or project approved by the Executive Board. Includes Regular Programme loans, Special Programme for Sub-Saharan African Countries Affected by Drought and Desertification loans, and DSF grants.

An independent asset allocation review with a focus on liquidity management was carried out for the IFAD portfolio to support the yearly investment strategy review. This review broadly confirmed the validity of current asset allocation and identified diversification into equity as offering potential for increased return. Recommendations were incorporated into the yearly review of IFAD's Investment Policy Statement, which was approved by the Executive Board at its December session.

As co-chair of the Finance and Budget Network Working Group on Common Treasury Services since 2008, IFAD plays a leading role in United Nations efforts to maximize the operational efficiency of treasuries. We also host the dedicated

website, which continues to be the principal forum for interaction among United Nations treasuries. The 2015 yearly face-to-face meeting of the group was held at IFAD's headquarters in Rome and brought together representatives of 30 United Nations entities.

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

Debt relief and debt management make an important contribution to reducing poverty. During 2015, IFAD continued to give full support to work at the international level addressing the existing debt of poor countries through the Heavily Indebted Poor Countries (HIPC) Debt Initiative.

TABLE 8
Summary of IFAD loans by lending terms, and of DSF grants, by region, 1978-2015^a
Amounts in US\$ million

	West and Central Africa	East and Southern Africa	Asia and the Pacific	Latin America and the Caribbean	Near East, North Africa and Europe	Total
DSF grants						
Amount	554.5	442.7	296.7	51.2	194.1	1 539.2
Number of grants	41	31	25	9	20	126
Highly concessional loans						
Amount	2 323.9	2 745.2	3 914.3	411.4	979.0	10 373.7
Number of loans	207	177	212	41	86	723
Hardened loans						
Amount	-	-	-	-	59.1	59.1
Number of loans	-	-	-	-	5	5
Intermediate loans						
Amount	105.2	108.9	607.5	488.0	665.0	1 974.7
Number of loans	11	11	35	51	40	148
Blend loans						
Amount	7.7	11.1	150.3	32.2	48.2	249.5
Number of loans	1	1	5	3	3	13
Ordinary loans						
Amount	21.3	23.3	450.2	1 146.1	531.9	2 172.8
Number of loans	3	5	11	80	36	135
Total amount	3 012.6	3 331.3	5 418.9	2 128.9	2 477.3	16 369.0
Percentage of total IFAD loans and DSF grants	18	20	33	13	15	100
Total number of loans and DSF grants^{b, c}	263	225	288	184	190	1 150

Source: Grants and Investment Projects System.

^a Amounts as per the President's report for each programme or project approved by the Executive Board. Includes Regular Programme loans, Special Programme for Sub-Saharan African Countries Affected by Drought and Desertification loans and DSF grants. Includes a loan on highly concessional terms approved in 2005 for Indonesia made up of unused proceeds of a loan approved in 1997 on intermediary terms. Any discrepancy in totals is due to rounding.

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

^c Fully cancelled or rescinded loans are not included.

We also continued to use our debt sustainability framework to ensure that vulnerable countries did not accumulate future debt.

Since the HIPC Debt Initiative was set up, many countries have made substantial progress in gaining access to debt relief. More than 92 per cent of eligible countries (35 out of 38) have passed their decision points, qualifying for HIPC Debt Initiative assistance from IFAD, and reached completion point – at which they receive full and irrevocable debt reduction. Our total commitments so far amount to approximately US\$639.4 million of debt service relief in nominal terms. As at 31 December

2015, IFAD had provided US\$439.9 million in debt relief to the 35 completion-point countries in nominal terms.

During 2015, 18.3 per cent of the total value of approved financing for investment programmes and projects was in the form of DSF grants (Chart 13). Twelve grants were approved, for a total value of US\$224.9 million (Table 7).

TABLE 9
Annual loan disbursement by region under the Regular Programme, 1979-2015^a
Amounts in US\$ million

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	1979-2015
West and Central Africa	62.3	57.8	61.8	64.4	66.8	66.0	74.4	94.2	74.82	82.3	81.0	1 470.2
East and Southern Africa	75.9	88.6	89.4	85.4	106.4	99.4	104.3	140.4	136.19	99.1	99.2	1 886.2
Asia and the Pacific	93.1	127.2	122.0	99.1	129.2	158.0	230.7	172.2	148.02	180.6	201.5	3 450.4
Latin America and the Caribbean	42.3	57.4	63.4	79.1	61.6	64.0	72.9	65.7	54.21	63.5	51.2	1 488.2
Near East, North Africa and Europe	68.0	55.9	62.1	96.1	73.5	70.1	67.3	61.9	69.35	59.3	53.7	1 594.1
Total^b	341.6	386.9	398.7	424.1	437.5	457.5	549.6	534.5	482.6	484.7	486.6	9 889.1

Source: Loans and Grants System.

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

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

TABLE 10
Annual DSF disbursement by region, 2007-2015
 Amounts in US\$ million

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2007-2015
West and Central Africa	-	0.9	1.9	9.1	23.8	36.7	49.2	46.9	42.1	210.7
East and Southern Africa	1.0	3.6	5.7	17.1	28.3	40.1	45.0	60.0	36.0	236.8
Asia and the Pacific	1.0	1.7	3.9	6.8	11.6	21.0	22.9	31.8	23.9	124.6
Latin America and the Caribbean	-	-	0.6	0.9	3.4	6.6	6.2	6.3	5.2	29.2
Near East, North Africa and Europe	-	0.1	1.6	5.5	9.2	14.2	19.2	12.3	18.4	80.6
Global	-	0.1	-	-	-	-	-	-	-	0.1
Total^a	2.0	6.5	13.7	39.4	76.3	118.6	142.6	157.4	125.6	682.1

Source: Loans and Grants System.

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

TABLE 11
Loan disbursement by region and lending terms under the Regular Programme, 1979-2015^a
 Amounts in US\$ million

	Highly concessional	Intermediate	Ordinary	Hardened	Total
West and Central Africa					
Amount	1 392.4	60.3	17.4	-	1 470.2
Percentage of total loan effective commitment	73	89	97	-	74
East and Southern Africa					
Amount	1 781.4	100.7	4.1	-	1 886.2
Percentage of total loan effective commitment	72	88	18	-	73
Asia and the Pacific					
Amount	2 896.3	454.5	99.6	-	3 450.4
Percentage of total loan effective commitment	81	66	20	-	72
Latin America and the Caribbean					
Amount	381.8	412.2	694.2	-	1 488.2
Percentage of total loan effective commitment	94	88	68	-	79
Near East, North Africa and Europe					
Amount	862.2	439.8	267.1	25.0	1 594.1
Percentage of total loan effective commitment	92	72	53	52	76
Total amount	7 314.1	1 467.5	1 082.4	25.0	9 889.1
Total percentage of total loan effective commitment	78	75	52	52	74

Source: Loans and Grants System.

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

A young producers' group uses honey and pollen to make soaps and cosmetic creams →
 El Salvador: Rural Development and Modernization Project for the Eastern Region

©FAD/Carla Francescutti



Awards

Global Staff Meeting 2016 and Staff Awards

With the organization's ongoing drive to decentralize and a growing number of staff working in IFAD country offices around the world, every two years we come together at headquarters for a Global Staff Meeting (GSM). The purpose is to enable people to meet, share ideas and experiences, and to improve the effectiveness of IFAD as an organization and as a team. The tagline of the GSM2016 was "Innovate, Focus, Act, Dare" to make IFAD bigger, better and smarter. Nearly 600 staff members attended the meeting, including over 100 colleagues from country offices.

Over the course of an action-packed two days, there were plenary sessions, 45 smaller thematic sessions and 15 booths, giving participants the chance to learn about country offices and other areas of work and try their hand at new skills. There were games to play and competitions to win. The Staff Awards for 2015 were also presented at the meeting, in recognition of exceptional work and commitment to IFAD's mandate. The 2015 awards recognized leadership, innovative projects and extraordinary initiatives, facilitators of change, and colleagues who are outstanding representatives of IFAD's core values.



Staff award winners at the Global Staff Meeting with the President of IFAD, Kanayo F. Nwanze, and Associate Vice-President, Lakshmi Menon

Leadership

Shankar Achuthan-Kutty
Gernot Laganda

**Innovative project/
Extraordinary initiative**

Yolando Arban
Glaysen Ferrari Dos Santos
Jacopo Monzini Taccone di Sitizano
Antonio Rota
Brian Thomson

Facilitator of change**ICO video conference connection team**

Willy Ong, Team Leader
Fabio Bencivenga
Roman Bezuszeko
Roberto De Tora
Francesca Garau
Matteo Giacobbe
Marco Nicotera
Luca Rotondo

IFAD core values

Negussie Ayele
Marco Camagni
Sefika Kemura-Kulenovic
Birgit Plöckinger

Presidential recognition

Thomas Bousios

Honourable mention

Fadi Daood

Awards to IFAD

During 2015, IFAD was recognized for its work to empower and invest in rural people and for its commitment to sustainable development around the world and at home.

In January, IFAD President Kanayo F. Nwanze received a Doctor of Science, *honoris causa*, from the University of Warwick, United Kingdom, for his significant contribution to poverty reduction through sustainable agriculture and international development. (Read Nwanze's lecture at Warwick University at http://www.ifad.org/events/op/2015/warwick_lecture.htm.)

We won the Best Practice for Sustainable Development in Food Security award for our work on promoting the System of Rice Intensification (SRI) in Madagascar. SRI enables smallholder farmers to maximize rice yields while reducing the amounts of seeds, water and land used. Together with Cornell University (New York, United States of America) and Madagascar's Ministry of Agriculture, IFAD began promoting the method in 1997. Success in Madagascar led to the adoption of SRI by 5 million smallholder farmers in at least 50 countries around the world. The award ceremony took place in July at the 2015 Expo Milano World Fair. The competition was run by the International Centre for Advanced Mediterranean Agronomic Studies in Bari and the Polytechnic of Milan, both in Italy.

In August, IFAD was awarded Platinum certification in the Existing Buildings: Operations and Maintenance category of the Leadership in Energy and Environmental Design (LEED) certification programme. LEED is operated by the United States Green Building Council and is one of the world's top rating systems for green buildings. Platinum is the highest level of certification and IFAD is the first United Nations entity to achieve Platinum certification in the Existing Buildings: Operations and Maintenance category. In line with

the United Nations Greening the Blue initiative, we began working to make our headquarters more environmentally friendly in 2009. Since then we have drastically reduced our energy consumption and cut carbon emissions from 5,579 to 3,930 tons.

In November, IFAD Vice-President Michel Mordasini received the *Chevalier de l'Ordre National* award from the Government of Madagascar for IFAD's continued commitment to agriculture in the country, particularly during the period when many other donors withdrew.

In India, also in November, the Directorate of Women's Empowerment of the Government of Madhya Pradesh was presented with a Skoch award for the IFAD-supported Tejaswini Maharashtra Rural Women's Empowerment Programme. The programme is active in six rural districts of Madhya Pradesh and supports state governments in improving the social, economic and political conditions of women. The Skoch Group is a think tank based in India that focuses on socio-economic issues through inclusive growth.

IFAD's Gender Awards recognize innovative programmes and projects that address gender inequality and empower women in the five regions where IFAD works. This year's awards celebrate operations in Belize, Ethiopia, India, the Republic of Moldova and Senegal (read more in the regional sections).

The 2015 winners are:

- Rural Finance Programme, Belize
- Community-based Integrated Natural Resources Management Project, Ethiopia
- Tejaswini Maharashtra Rural Women's Empowerment Programme, India
- Rural Financial Services and Agribusiness Development Project, Republic of Moldova
- Agricultural Value Chains Support Project, Senegal.



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:

Farmer Inez Alvarez with her family's herd of llamas and alpacas. The animals play an important role in the economy of remote areas of Bolivia, where people make a living breeding them and selling their wool, leather and meat.

The first IFAD-funded project to support these communities worked with ranchers to improve animal health and with artisanal cooperatives to enhance the quality of shoes, shawls and sweaters that they made for local markets. The project, which ran from 2009 to 2015, also supported rural tourism initiatives to enable families who have traditionally relied on agriculture to diversify their income streams. A new IFAD-funded project, due to start up in 2016, will build on the first project's achievements in La Paz, Oruro and Potosi departments, home to 67 per cent of the country's camelids. The project will address challenges such as low productivity, lack of access to services and limited availability of feed and water.

Bolivia: Enhancement of the Peasant Camelid Economy Support Project

©IFAD/Cristóbal Corral

© 2016 by the International Fund for Agricultural Development (IFAD)

Printed by Quintily, Rome, Italy

2016

Printed on ecological paper

CD-ROM contents

President's foreword

Programme of work in 2015

Major initiatives and new programmes

Impact and measuring and improving results

Financing data and resource mobilization

Awards

Summary of 2015 programmes, projects and grants

Organization, membership and representation

Publications in 2015

Consolidated financial statements

The CD-ROM contains the complete contents of the Annual Report in Arabic, English, French and Spanish.



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

www.ifad.org


www.ruralpovertyportal.org

 ifad-un.blogspot.com

 www.facebook.com/ifad

 [instagram.com/ifadnews](https://www.instagram.com/ifadnews)

 www.twitter.com/ifadnews

 www.youtube.com/user/ifadTV

ISBN-978-92-9072-647-0



9 789290 726470