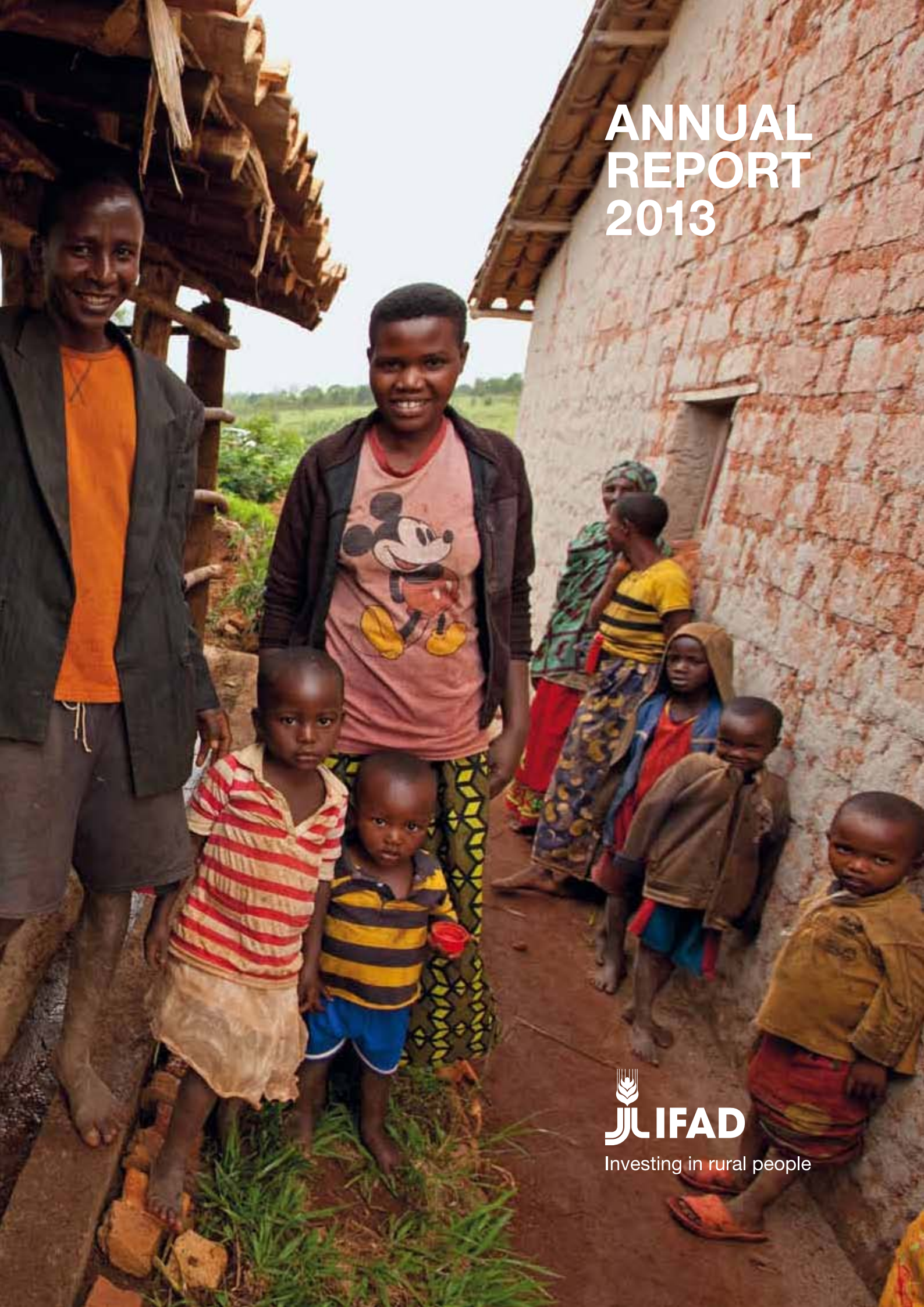


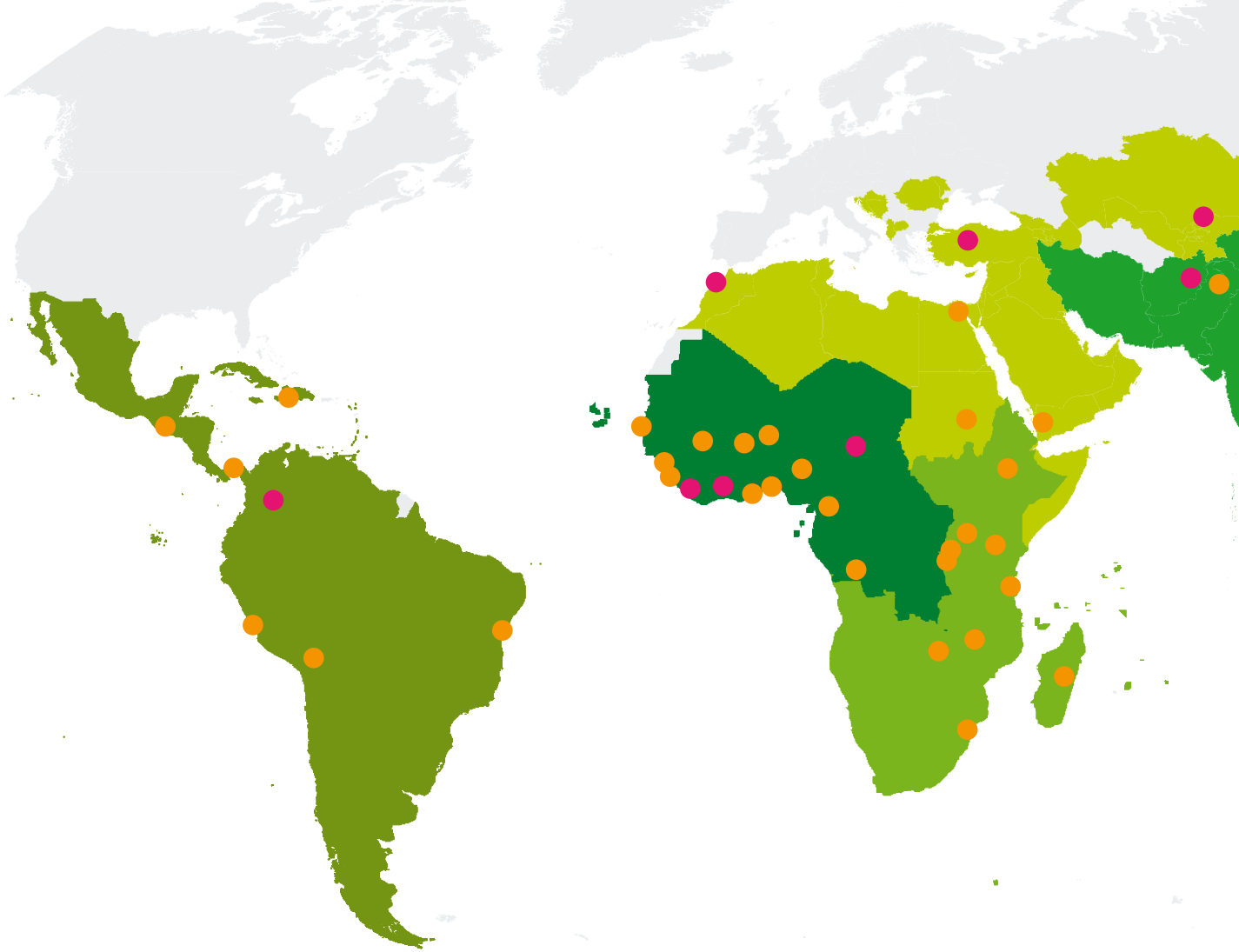
ANNUAL REPORT 2013



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 about US\$15.8 billion in grants and low-interest loans to projects that have reached some 430 million people. IFAD is an international financial institution and a specialized United Nations agency based in Rome, the UN's food and agriculture hub.*

IFAD-supported programmes and projects and IFAD country offices



Latin America and the Caribbean 41 projects

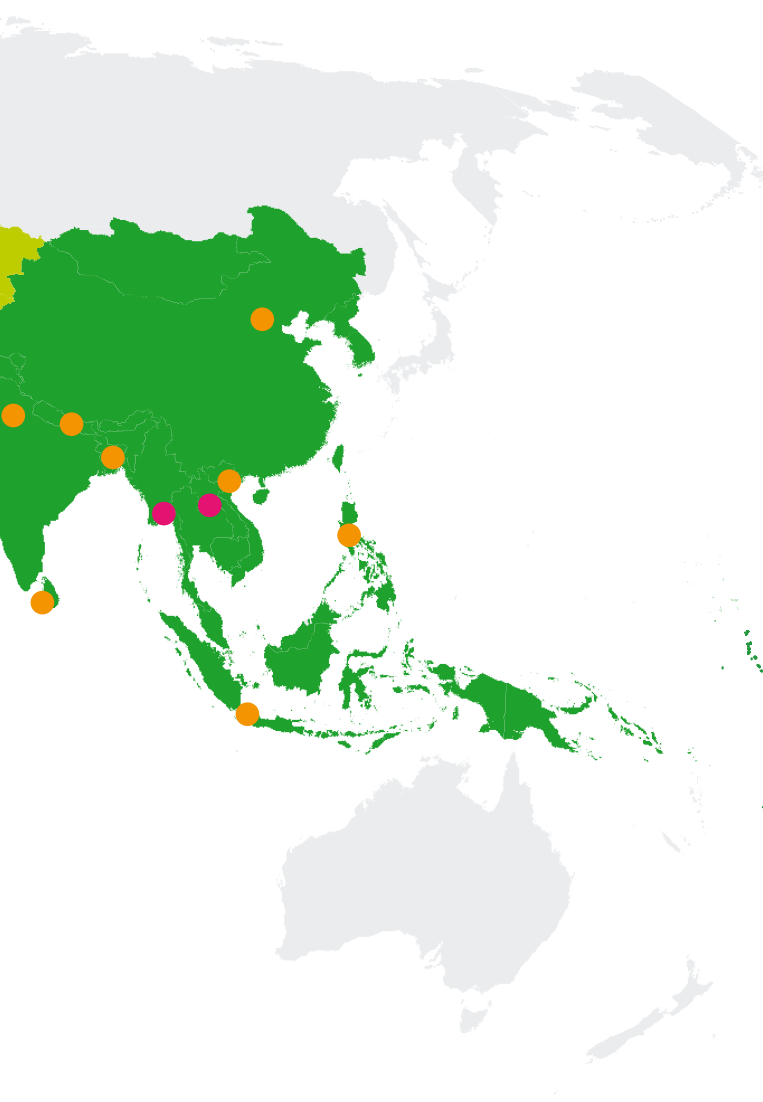
Argentina	3
Belize	1
Bolivia	
(Plurinational State of)	3
Brazil	4
Colombia	1
Dominican Republic	2
Ecuador	3
El Salvador	3
Grenada	1
Guatemala	2
Guyana	1
Haiti	3
Honduras	3
Mexico	2
Nicaragua	2
Panama	1
Paraguay	1
Peru	3
Venezuela	
(Bolivarian Republic of)	2

West and Central Africa 52 projects

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

Near East, North Africa and Europe 44 projects

Albania	1
Armenia	1
Azerbaijan	2
Bosnia and Herzegovina	1
Djibouti	1
Egypt	4
Gaza and the West Bank	1
Georgia	1
Jordan	1
Kyrgyzstan	2
Lebanon	1
Morocco	4
Republic of Moldova	2
Sudan	6
Syrian Arab Republic	3
Tajikistan	2
Tunisia	2
Turkey	3
Uzbekistan	1
Yemen	5



IFAD's ongoing portfolio, 2009-2013

Amounts in US\$ billion



East and Southern Africa

44 projects

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

Asia and the Pacific

60 projects

- Afghanistan 2
- Bangladesh 7
- Bhutan 1
- Cambodia 3
- China 6
- India 9
- Indonesia 4
- Lao People's Democratic Republic 4
- Maldives 2
- Mongolia 1
- Nepal 5
- Pakistan 2
- Papua New Guinea 1
- Philippines 3
- Sri Lanka 3
- Timor-Leste 1
- Tonga 1
- Viet Nam 5

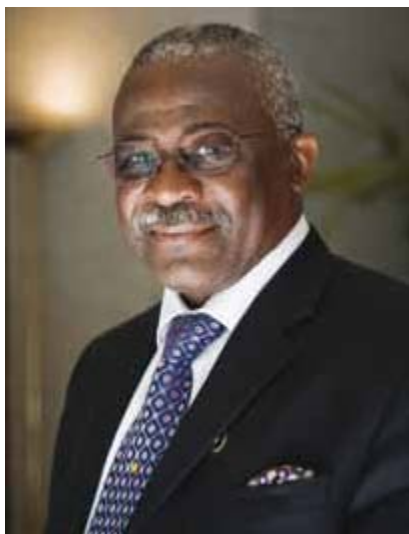
IFAD country offices

- 2013
- planned 2014-2015

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New initiatives and new programmes	29
Measuring and improving results	37
Financing data and resource mobilization	44
Awards	56
Annual Report 2013 CD-ROM	

President's foreword



As we celebrate the International Year of Family Farming 2014, the world is slowly waking up to what IFAD, our Member States and our many partners have known for many years: smallholder family farmers play a central role in our food systems. In Asia and sub-Saharan Africa, smallholder family farms feed up to 80 per cent of the population. Worldwide, there are about 500 million smallholder farms and 2 to 2.5 billion people depend on those farms for their livelihoods.

Despite their enormous contribution, it is a cruel and unacceptable irony that many of the people most responsible for feeding the world are themselves malnourished and extremely poor. It has been estimated that about half of the hungry people in the world today are small farmers and this is one of the reasons why investing in rural people and in rural transformation is a highly effective way of reducing hunger and poverty.

In this year's report, among highlights of our work and results, you can read about how IFAD strives to ensure that the needs of smallholders figure in major international policy discussions about poverty. Below, I also note ongoing efforts to reform the inner workings of our organization, and evidence of our continued commitment to empower young people in rural areas.

Food and nutrition security

Food and nutrition security has always been an integral component of IFAD's approach. In a project highlighted on page 18, for example, we enabled women farmers in India to resurrect minor millets – including finger millets, little millets and Italian or foxtail millets. These are once-common crops that deliver up to 30 times more calcium than rice, as well as higher levels of iron, fibre and micronutrients. In addition to access to seeds, the project offered training that led to a 30 per cent increase in yields.

While we have already achieved good results in individual projects, we know we can make all of our investments both more nutrition-specific and more nutrition-sensitive and we are working with our partners and Members to sharpen and accelerate our efforts in this vital area. Indeed, you will see that many of the programmes and projects approved in 2013 include a focus on improving nutrition.

We are proud to be on the Steering Committee of the African Union's Year of Agriculture and Food Security 2014. The Year aims to sustain the momentum of agricultural development in Africa and transform the agricultural sector to drive poverty reduction, inclusive growth and sustainable development. Improved agricultural performance has a direct impact on food security and better nutrition, job creation and resilience.

2014 and beyond

IFAD is an active member of the International Steering Committee for the United Nations International Year of Family Farming 2014. During 2013, IFAD focused on country-level activities for IYFF-2014, aiming to kick-start policy changes for the benefit of smallholder family farmers. We approved a US\$500,000 grant to the World Rural Forum (WRF) to engage civil society in 11 countries and 5 regions, and a grant of US\$150,000 to help WRF manage and monitor activities during the Year.

Looking further ahead, the Millennium Development Goals (MDGs), which have framed the world's collective efforts to drive development, have a target date of 2015. As a member of several high-level processes to determine a successor to the MDGs, and working in close partnership with FAO and WFP, IFAD has been reminding policy makers that rural women and men must play a central role in any agenda to eradicate poverty and promote inclusive growth. In May, I established a post-2015 task force to coordinate IFAD's involvement in these various processes, and promote our vision for productive, resilient and sustainable rural areas.

Reform and replenishment

Our post-2015 task force is part of an ongoing drive to respond quickly to emerging issues and enhance results. In recent years, we have created several departments and offices to build upon our role as a knowledge organization and advocate for rural people, to strengthen our internal capacity and to mobilize additional resources. In this way, we can continue to meet, and hopefully exceed, the expectations of our Members and partners.

In this report, you can learn how our Ethics Office works to maintain the highest ethical standards and read about actions taken to enhance transparency and disclosure. Information is also given on our zero-tolerance principle regarding corruption, fraud and collusion, and the confidential, anonymous mechanism for complaints and allegations.

In 2013, IFAD had US\$5.4 billion invested in an ongoing portfolio of 241 programmes and projects, an increase in value of nearly 40 per cent over the US\$4.0 billion invested in 217 projects in 2009. 2013 was also the first year of the Ninth Replenishment period (IFAD9), and we stayed on track to meet commitments to Member States. Total pledges to IFAD9, including complementary

contributions, surpassed US\$1.41 billion, or 94 per cent of our target.

In 2014, we are holding the Consultation on the Tenth Replenishment of IFAD's Resources (IFAD10), which will set our agenda for 2016-2018. Despite the substantial growth in our portfolio, the demand for IFAD's services far outstrips supply. Hence a key element of the IFAD10 Consultation will be identifying innovative approaches and mechanisms to maximize our reach, mobilize additional resources and enhance our impact.

Indeed, we are already diversifying our funding base through new partnerships. In 2013, we formed a strategic alliance with Intel Corporation to support smallholders through mobile and high-tech farm extension services in Asia. At the beginning of 2014, we signed a public-private partnership agreement with Unilever aimed at strengthening the livelihoods of smallholder farmers around the world by boosting productivity, linking them to markets and building resilience.

A global organization

Working better with existing partners and forging new, mutually beneficial relationships are viable strategies to boost our impact. Yet IFAD's increasingly global reach also stems from our own expanded presence in the field. By the end of 2013, IFAD had 40 country offices, up from 15 in 2007. With the continued support of Members, we will add another 10 offices by 2015. These changes have made us a truly global organization.

The benefits of an increased country presence are enormous. According to evaluations, country offices enhance performance in areas such as policy dialogue, scaling up and efficiency. They also increase the flow of disbursements and enable us to respond more quickly to requests from Member States.

At the same time, we need to ensure that our far-flung network of offices and staff does not become disconnected. To nip this potential issue in the bud, we held our first Global Staff Meeting shortly before this foreword was written. The meeting brought more than 600 staff members from around the world to Rome for two days of intense interaction, concrete knowledge sharing, education and team-building. During the meeting we also celebrated outstanding achievements by staff members with the 2013 staff awards (see page 56).

Securing a future for young people

I've often heard it said that we need to make farming more attractive to young people, both for their sake and for a world that depends on the contributions of smallholders to food security. I think the only solution is to ensure that farmers of all ages can earn a decent living. In this way, young women and men are more likely to remain in rural areas than to pull up their roots in search of a better future in urban centres.

In this report, you can read about the young rural women and men participating in IFAD-supported projects who learned new skills to help them start businesses, find work and make a profit from farming. In Côte d'Ivoire, for example, we are helping ex-combatants to integrate into agropastoral cooperatives and associations, and to pursue self-employment in agricultural production, market gardening or farming.

A final thought

As we look back on the first year of IFAD9, we remain grateful for the confidence of our Member States and partners in our shared enterprise: investing in rural people to drive rural transformation.

Although we need hard data to validate our work, we cannot ignore the anecdotal evidence of human stories. The pride of a mother who sends her children to school well-fed and well-nourished can never be captured on a spreadsheet. This kind of result, however, is at the heart of what we do.

Therefore, alongside the charts and tables in this report are stories of success and hope. Sandile Mkhabela, a young farmer in Swaziland, is a case in point. One of thousands of young farmers who benefited from a smallholder irrigation project cofinanced by IFAD, Mkhabela has become proficient at producing oyster mushrooms. He began training six other young people and looking for ways to franchise his business.

His philosophy easily captures a sentiment that must continue to drive all of our work at IFAD: "If you don't stop, you can always find a way."



KANAYO F. NWANZE
President of IFAD



Programme of work in 2013

This chapter spotlights key areas of our work around the world. We look at each of the five IFAD regions in turn, summarizing the situation and the challenges that rural people face. Poverty rates in rural areas are consistently higher than those in urban centres in all regions. The programmes and projects we fund focus on rural communities, with particular concern for vulnerable groups such as women, the young, indigenous peoples and marginalized sections of the population.

We then look at the issues at the top of regional agendas in 2013 and highlight the results and impact of the projects we support. Stories from the field show some of the women and men who have been able to change their lives as a result of IFAD's investments.

Climate-smart interventions are being mainstreamed across all regions. During 2013, we approved US\$103.2 million in grant financing for climate change adaptation efforts in 10 vulnerable countries under the Adaptation for Smallholder Agriculture Programme (ASAP), which channels climate finance to smallholder farmers so that they can improve their resilience to climate change. The programme was launched in 2012 and won a 2013 Momentum for Change Lighthouse Activity award from the United Nations Climate Change Secretariat, recognizing IFAD's innovative work.

ASAP is made possible by the generous contributions of eight donor countries: Belgium, Canada, Finland, the Netherlands, Norway, Sweden, Switzerland and the United Kingdom.

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, The Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Mali, Mauritania, Niger, Nigeria, Sao Tome and Principe, Senegal, Sierra Leone, Togo

Overview

Economic and social indicators predict that West and Central Africa will remain the fastest growing African region over the coming decade. Indeed, Côte d'Ivoire, Liberia, Niger and Sierra Leone ranked among the world's top 10 fastest growing economies in 2012. The Democratic Republic of the Congo, Ghana, Mauritania and Nigeria also posted impressive economic growth.

Much of this success has been driven by high prices for primary commodities such as oil and minerals, expansion of the service sector, and

Portfolio management highlights

- 52 ongoing programmes and projects in partnership with 22 recipient governments in the region at the end of 2013
- US\$1,042.3 million invested by IFAD in the region's ongoing portfolio
- 5 new programmes and projects in Guinea, Mali, Nigeria, Senegal and Sierra Leone for a total IFAD investment of US\$198.7 million – this total includes 1 ASAP grant of US\$15.0 million for the project in Nigeria
- additional financing worth US\$46.1 million provided to ongoing programmes and projects in Burkina Faso, Cabo Verde, Liberia and Mali
- 2 grants approved in 2013 for a total of US\$3.4 million
- 22 ongoing grants with a total value of US\$20.0 million

demand from within the region itself. Growth in agricultural production has also been a contributing factor. This is important, because growth in this sector has a stronger effect on poverty reduction than growth in other sectors.

The tripling of foreign investment and increased trade with major emerging economies over the past decade have also helped fuel expansion of the banking and telecommunications sectors. About half the population in West Africa and a third in Central Africa now have access to and use mobile telephones.

In most countries, however, extreme poverty remains unacceptably high, particularly in rural areas. Due in part to discouraging indicators for undernourishment, child malnutrition and underweight children, most countries will not meet the Millennium Development Goals (MDGs) by 2015. In response, many governments are adopting pro-poor economic policies that aim to bring more prosperity to disadvantaged rural areas.

Nearly half of the region's countries are classified as fragile states by the World Bank. Economic, political and social instability, along with the multifaceted effects of climate change, are major risk factors. Negative impacts are mutually

reinforcing: in arid Sahel countries, for example, conflict can undermine the fragile resilience of communities in the face of droughts, and conflict can arise over scarce resources.

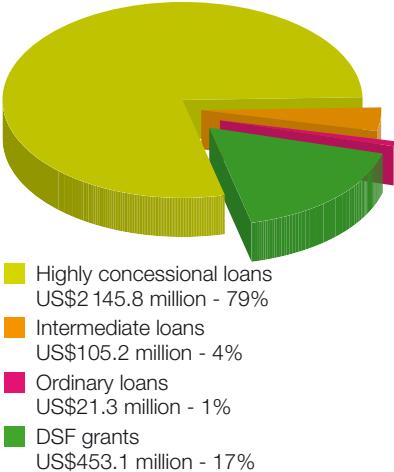
The total population in the region is 500 million, with 55.3 per cent living in rural areas. Some 43.9 per cent live in extreme poverty, on less than US\$1.25 per day.¹ The region continues to undergo a profound demographic shift. Due to high fertility and declining mortality rates, the median age is less than 18 years. By 2020, more than half of the people in West and Central Africa are expected to be living in cities – the highest rate of urbanization on the continent. However, agriculture still accounts for 30 per cent of economic activity in the region, providing livelihoods for 60 per cent of the working population.

Our work and results in 2013

In 2013, major areas of focus for our programme of work in West and Central Africa included:

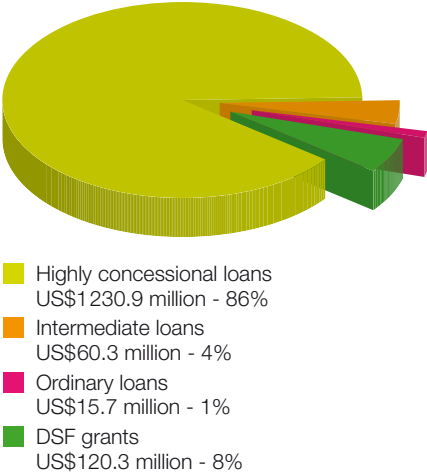
- value chains and markets
- rural finance
- natural resource management and climate change
- young people in post-conflict countries.

CHART 1a
IFAD loans by lending terms and DSF grants, 1978-2013^a
 Share of total of US\$2 725.4 million



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

CHART 1b
Loan disbursements by lending terms and DSF disbursements, 1979-2013^a
 Share of total of US\$1 427.2 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.

¹ Raw data sourced from the *Human Development Report 2013* of the United Nations Development Programme.

Value chains and markets

Private investment in agriculture, which has surpassed official development assistance (ODA), is the main engine of growth for rural economies. Under the right conditions, it can help raise incomes and strengthen food security, enabling farmers to reach markets and gain access to technology, services, innovation and knowledge. IFAD-supported projects play an important role in creating favourable conditions for public-private sector partnerships to flourish.

In Liberia, for example, IFAD funded the first project in the country to establish a partnership between the public and private sectors. In this case, a private exporter joined forces with the Ministry of Agriculture to revitalize smallholder coffee and cocoa plantations. The company has invested more than US\$1.0 million for training, vehicles and capital to help three cooperatives rehabilitate some 1,000 hectares. It pays farmers up to 50 per cent more than traditional intermediaries, as well as a 10 per cent commission to the cooperatives. By year's end, the company was set to expand its investment, which will rehabilitate up to 15,000 hectares of cocoa and coffee.

In Sao Tome and Principe, a partnership between the Government, IFAD, the French Development Agency and five European companies is strengthening the value chains for cocoa, coffee and spices – all important export crops. The programme is using organic and Fairtrade certifications and linking producers to European markets. Some 5,500 households, representing about 26,000 people, are benefiting in a wide variety of ways. Having improved the quality of their cocoa to meet European standards, smallholders are accessing new markets and earning higher prices for their product. Producer associations have invested the premiums paid by buyers in communal health facilities, benefiting the whole community.

Overall, the programme has helped revitalize the local economy and stemmed the migration of people to the cities in search of work: more than 8,000 individuals are linked directly or indirectly to the programme, and one of the four supported cooperatives has become self-sustaining.

Rural finance

Rural households need access to credit to manage cash flows, sustain their agricultural activities and plant the seeds for new businesses. IFAD has

developed rural finance programmes throughout the region, adapted to the needs of smallholders, particularly women. Between 2011 and 2012, the total number of borrowers in our projects increased from about 145,000 to nearly 195,000, including more than 82,000 women. The number of voluntary savers also increased from more than 157,000 to more than 292,000 – over 190 per cent of the annual target.

IFAD-funded rural finance work in Sierra Leone is one example of success. We have helped to build the largest network of rural microfinance institutions in the country, which now comprises 51 financial service associations and 13 community banks. We advised on good business practices and principles, accounting procedures, internal controls and delivery of loans and other services. A tailor-made management information system ensures transparent and accountable reporting. After three years, 40 per cent of the network has reported positive retained earnings at levels that suggest the institutions could eventually become self-sufficient.

The IFAD-supported Northern Rural Growth Programme in Ghana has developed a cashless credit scheme that has successfully linked farmers to all stages of the value chain – from dealers, service providers and extension agents to processors and marketers. Based on tripartite agreements between financial institutions, input and service providers, and off-takers, farmers receive inputs and services on credit. Once the off-takers – who are mainly traders or agribusinesses – make their payments to the farmers through formal bank transfers, the financial institution can easily deduct the principal and interest earned to recover the loan.

This scheme has so far leveraged US\$2.3 million from 24 rural and community banks in northern Ghana. The programme has also set up local value chain committees in more than 40 rural districts to help smallholder farmers access markets, technology and finance. The Ministry of Food and Agriculture plans to scale up this approach across the country to promote market-driven and inclusive value chain development.

Natural resource management and climate change

The countries in the region, particularly those in the Sahel, are extremely vulnerable to climate change. Production systems, which are already under pressure

to produce more to feed growing populations, are being hit hard by disrupted weather patterns and extreme conditions. Degradation of natural resources is also a major concern, with competition for land and water intense in some areas.

IFAD promotes local technologies and approaches to achieve greening, including various water and soil conservation technologies and tree regeneration techniques. Good results have been seen in Burkina Faso, where two IFAD-supported programmes have focused on managing soil fertility using indigenous soil and water conservation techniques. Lands known locally as *zipélé* – or barren soils – have been reclaimed and brought back under cultivation. *Neer-tamba*, a new project approved in 2013, will continue work in areas suffering from erratic rainfall, increasing drought and land degradation.

IFAD is also supporting greening in other countries in the Sahel – Mali, Niger and Senegal – through two large grants implemented by the World Agroforestry Centre (ICRAF) and the Centre for International Cooperation, VU University Amsterdam.

IFAD's Adaptation for Smallholder Agriculture Programme (ASAP), launched in 2012, has become the largest global financing source dedicated to supporting the adaptation of poor smallholder farmers to climate change. Two new ASAP-funded initiatives were approved in the region during the year: an adaptation and agribusiness support programme in the savannah belt of Nigeria, and a project fostering agricultural productivity in Mali.

ASAP operations provide capacity-building for smallholder farmers and strengthen their access to climate information and improved tools for making decisions. They also invest in rural infrastructure and protection against weather-induced damage and provide technologies for efficient water use and clean energy.

Eleven ongoing projects in the region receive grants from the Global Environment Facility (GEF), for a total of about US\$45.0 million. The grants fund climate change adaptation, sustainable land management and biodiversity conservation.

Young people in post-conflict countries

After a conflict ends, physical and emotional scars, along with a disrupted education, can leave young people ill-equipped and marginalized. But, at the same time, young women and men have

enormous capacity to adapt, and can be more open to emerging technologies and opportunities than older adults. IFAD-supported programmes for youth in post-conflict countries aim to give young women and men the skills to earn a living and help their communities recover and prosper.

In Côte d'Ivoire, a project supporting agricultural development and marketing is building a critical mass of rural producers who can take on leadership roles and create business opportunities. In 2013, the project concentrated on helping ex-combatants in the Savanes, Vallée du Bandama and Zanzan regions to integrate into agropastoral cooperatives and associations, or to pursue self-employment in agricultural production, market gardening or farming. All participants, including young people, are trained in value chain, marketing and negotiation skills, as well as in small-scale processing, storage, packaging and distribution.

In Sierra Leone, it is estimated that 20,000 ex-combatants with a farming background – half of whom are young people – could be reabsorbed into the agriculture sector, which could have a beneficial impact on food security. The IFAD-supported project is targeting young ex-combatants living with disabilities in the Kailahun, Kenema, Kono and Koinadugu areas. Following a needs assessment, the project is providing young people with funds to lease or purchase agricultural land, farm inputs, grain stores, rice mills, drying floors, and food processing and storage equipment.

Story from the field

A nationwide project scales up IFAD's impact in The Gambia

A new project in The Gambia is scaling up proven land and water management practices across the country. Known in the Mandinka language as *Nema* – meaning prosperity – the IFAD-supported initiative builds on achievements made over 30 years in partnership with smallholder farmers.

The new project is the result of a government request for IFAD to take the lead in implementing the Gambia National Agricultural Investment Plan 2011-2015, which aims to transform the agriculture sector from subsistence to an increasingly efficient market system. The initiative is crucial to The Gambia's economic growth, given that agriculture employs over 70 per cent of the population; more than half of these agricultural workers are women.

“Women are the core rice and vegetable producers in The Gambia, and *Nema* has been designed by them and with them,” said Moses Abukari, IFAD's country programme manager. “It will also create job opportunities for young people in agribusiness.”

During its first year of operation, *Nema* laid the groundwork. It produced 25 watershed development plans (five times the 2013 target) and formed 28 farmer organizations, whose membership was generally split evenly between men and women. The project also signed contracts

with Gambian service providers (both public and private) for training in areas such as business management, seed certification, farmers' field schools and literacy for women farmers.

Through *Nema*, IFAD is supporting the Government in setting up a functional monitoring and evaluation framework for the agriculture sector. In order to create a baseline map for the project, local professionals are being trained to apply earth observation technologies to monitor rice crops. This is part of an ongoing pilot partnership between IFAD, the European Space Agency and Sarmap, a private Swiss company.

Nema is already having an impact on policy development at the country level. Through the project, IFAD is working with the Government to draw up a national rice development strategy in collaboration with key partners such as the Coalition for African Rice Development. The project has also helped strengthen the country programme approach, building synergies among the four ongoing IFAD-supported projects in The Gambia.

Mariama Jarju, landowner and mother of 10, harvests rice with her farm workers in Aljamdou village
The Gambia: Participatory Integrated Watershed Management Project
©IFAD/Nana Kofi Acquah



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

Across East and Southern Africa, positive indicators such as GDP growth belie the rising rates of income inequality and high levels of hunger. GDP growth rates for 2012 of 4.9 per cent in East Africa and 4.3 per cent in Southern Africa mask stark disparities and inequalities in income both among and within countries. There are also significant variations in poverty levels within countries. The overwhelming majority of poor people continue to live in rural areas, where IFAD works.

World Bank analysis reveals scant correlation between changes in GDP and changes in poverty rates. However, evidence shows that rising GDP driven by agricultural growth is more effective at reducing poverty than growth driven, for example, by booming extractive industries. It is believed that growth deriving from staple crop production may have a higher impact on poverty than growth driven by export crops, such as coffee, tea and tobacco.

High levels of hunger persist in the vast majority of countries. According to the International Food Policy Research Institute's 2012 Global Hunger Index ranking, a total of 18 countries in the region are considered to have serious, alarming or extremely alarming levels of hunger, with Burundi and Eritrea in the last of these categories.

Most of the MDGs remain stubbornly unattainable by the target of 2015. Only Swaziland and Uganda have come close to cutting extreme poverty by half. Even for MDGs where the region appears on track, such as universal primary education, high dropout rates put progress at risk. Agriculture, an occupation with high exposure to the negative impacts of climate change, engages 60 per cent of the region's population.

The total population of the region is about 341.8 million, with 73.7 per cent living in rural areas. On average, about 50.6 per cent of the population lives in extreme poverty, on less than

US\$1.25 a day.² Poverty rates by country range from 0.3 per cent in the Seychelles to 81.3 per cent in Burundi and Madagascar.

Our work and results in 2013

The areas of key focus for IFAD's work in East and Southern Africa include:

- information and communication technologies (ICTs)
- natural resource management and climate change
- off-farm employment
- rural finance
- gender equality and women's land rights.

Information and communication technologies

ICTs can make a huge difference to poor rural people's lives, giving them access to essential information and services. Using mobile phones, for example, farmers can access banking services remotely or obtain real-time information on the weather or markets. Penetration in the region has increased exponentially, with mobile subscriptions rising by more than 600 per cent between 2005 and 2013, and 63 per cent of the population having mobile subscriptions in 2013.

Portfolio management highlights

- 44 ongoing programmes and projects in partnership with 18 recipient governments in the region at the end of 2013
- US\$1,183.8 million invested by IFAD in the region's ongoing portfolio
- 5 new programmes and projects in Ethiopia, Rwanda, the Seychelles, Uganda and Zambia for a total IFAD investment of US\$159.3 million – this total includes 1 ASAP grant of US\$7.0 million for the project in Rwanda
- additional financing worth US\$15.4 million provided to an ongoing project in Rwanda
- 3 new results-based country strategic opportunities programmes (RB-COSOPs) for Kenya, Rwanda and Uganda
- 5 grants approved in 2013 for a total of US\$4.1 million
- 15 ongoing grants with a total value of US\$16.3 million

² Raw data sourced from the *Human Development Report 2013* of the United Nations Development Programme.

IFAD-funded initiatives in the region are increasingly focusing on cost-effective technologies that meet local needs. In Mozambique, extension agents have been equipped with low-cost pocket projectors so they can display farmer-to-farmer extension videos. In Swaziland, a rural finance programme is partnering with MTN, a local mobile phone operator, to pilot “mobile money” and self-service, mobile-operated automated teller machines (ATMs). MTN’s monthly report for September 2013 showed that more than 170,000 transactions were processed, for a total value of about US\$2.7 million.

In Botswana, the European Space Agency is working with the IFAD-supported Agricultural Services Support Project on six sites to monitor land use and crop health through satellite imagery. Data generated by satellites, or remote sensing, will help the Ministry of Agriculture obtain an objective assessment of vegetation coverage in rural areas. This information can be used to determine the impact of agricultural practices that are being promoted, and suggest appropriate adjustments. The data may also be used to set up an early-warning system with a focus on desertification.

Natural resource management and climate change

Despite being the lowest emitters of CO₂, African countries overall are likely to pay the highest price for climate change. High dependence on rainfed

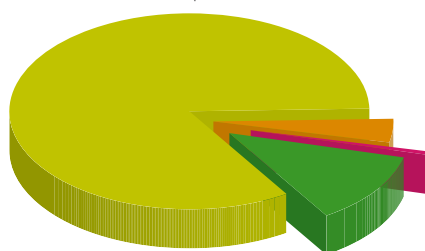
agriculture for livelihoods and food leaves poor rural people acutely vulnerable. Together with other donors, and communities themselves, IFAD is working to build resilience.

The Mount Kenya East Pilot Project for Natural Resource Management, completed in late 2012, increased incomes, improved biodiversity, reduced conflict between wildlife and humans, and enhanced access to domestic and irrigation water. More than 500,000 people benefited from improved farm productivity and food security. The new Upper Tana Catchment Natural Resources Management Project will scale up activities from 5 to 24 river basins, empowering rural communities to manage soil and water resources sustainably.

In Kenya and Rwanda, an innovative IFAD initiative is promoting renewable energy and reducing household consumption of fuelwood. The Making Biogas Portable: Renewable Technologies for a Greener Future Project enables families to use clean-burning gas produced from animal waste as a fuel source, easing women’s workloads and preventing chronic respiratory diseases and eye infections from smoke. Using less wood and charcoal is also saving poor households about US\$20 per month. In addition, the bioslurry produced by the biogas digester is replacing expensive chemical fertilizers, resulting in significantly higher production of vegetables, maize and beans.

CHART 2a
IFAD loans by lending terms and DSF grants, 1978-2013^a

Share of total of US\$2 893.4 million

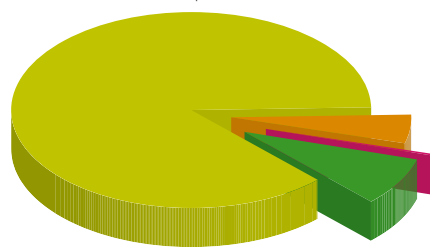


- Highly concessional loans
US\$2 430.5 million - 84%
- Intermediate loans
US\$109.0 million - 4%
- Ordinary loans
US\$13.7 million - 0.5%
- DSF grants
US\$340.2 million - 12%

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

CHART 2b
Loan disbursements by lending terms and DSF disbursements, 1979-2013^a

Share of total of US\$1 828.5 million



- Highly concessional loans
US\$1 587.0 million - 87%
- Intermediate loans
US\$97.5 million - 5%
- Ordinary loans
US\$3.4 million - 0.2%
- DSF grants
US\$140.5 million - 8%

^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.

Through the Lower Usuthu Smallholder Irrigation Project in Swaziland, IFAD is helping reduce land degradation, preserve biodiversity and mitigate the impact of climate change through sustainable land management practices. Women in the community of Vikizijula, for example, have learned to build water-harvesting tanks, improving food security and family hygiene while generating income by building tanks for others in the community.

Off-farm employment

Landholdings become smaller as they are divided and handed down to the next generation. At the same time, increased use of animal power and farm mechanization reduces the need for labour. Creating jobs off the farm for rural people is thus an important part of IFAD's strategy for the region. Results reported in 2013 show some 30 projects training nearly 56,000 people in income generation, business entrepreneurship and vocational activities.

In Rwanda, a nine-year investment project supporting rural small businesses and microenterprises completed its work in 2013. An apprenticeship programme was a vital part of this initiative. In all, about 12,000 young people – half of them women – were trained in trades such as tailoring, carpentry, weaving, welding, mechanics and electrical work. More than 4,200 people attended adult literacy courses, and about 12,500 were trained in community management.

In line with the Government of Rwanda's vision of developing an efficient private sector to transform agriculture, the newly approved IFAD-funded Post-Harvest and Agribusiness Support Project will create jobs along the value chains for maize, cassava, beans, potatoes and dairy products. The project also aims to promote climate-resilient processing techniques and storage facilities.

Rural finance

The vast majority of poor people living in rural areas have no secure way to save money, get credit or transfer funds. Greater use of external inputs such as improved seeds and fertilizer, increased mechanization on the farm and along the value chain, and the development of income-earning activities such as microbusinesses all require access to finance for capital and operating expenses. IFAD's support for rural financial services increases rural people's access to diversified financial

services, including loans, savings and remittances, and microinsurance.

In its first phase, the IFAD-supported Rural Financial Intermediation Programme in Ethiopia enabled 3 million people to access financial services. Building on these results, the second phase is targeting people in pastoral and agropastoral lowlands by encouraging microfinance institutions to open about 1,000 new savings and loans cooperatives. The programme aims to deliver financial services to nearly 7 million households by 2019.

Gender equality and women's land rights

Empowering women by promoting gender equality is not only a question of human rights, it is also vital to improving food and nutrition security and enabling poor rural women and men to overcome poverty. Secure access to land and other resources is a key element in achieving gender equality in rural areas.

In Kenya, IFAD worked to increase household incomes for Maasai women pastoralists in the Amboseli area with support from Finnish supplementary funding. Most of the more than 1,200 people benefiting from project activities were women or young people. Participants learned improved techniques for fattening livestock, and processing and marketing skills – all of which enabled them to fetch higher prices for their animals. New grass species were also planted, increasing crop tolerance to drought, restoring the pasturelands and improving animal nutrition. Participants were also given basic training in animal health practices, and about 19,000 cattle, sheep and goats were vaccinated.

While women are legally entitled to own land in Ethiopia, customary and social norms favour men. IFAD is supporting a natural resource management project in the Lake Tana watershed that uses land certificates to secure equal rights to land for all. The project has also introduced sustainable management of community-owned resources and taught new skills that help rural people develop innovative ways of earning money. With land certification, women heads of households can now fully assert their rights to use and transfer landholdings through heredity, donation or rent. In the target area of the Amhara region, more than half the women heads of households have received land certificates.

Story from the field

Making money out of mushrooms

At age 29, Sandile Mkhabela saw his first mushroom. “I was curious to know what it was and how it tasted, but I knew right away that there was something special about it,” he says. Flash forward, and three years later Mkhabela is most likely the only oyster mushroom producer in the lower Usuthu region of Swaziland. After receiving technical and business training, he created his “mushroom workshop” using plastic bottles, an old refrigerator and an unused shed.

And with that Mkhabela had his business. Mkhabela is one of thousands of young farmers who have benefited from a smallholder irrigation project cofinanced by IFAD, GEF, the Government of Swaziland and the communities involved. Agriculture provides employment to 75 per cent of the country’s population, but farming families face a number of obstacles that prevent them from breaking out of poverty. In some areas, such as where Mkhabela lives, there is limited availability of water. The project was implemented in 2011 to provide income-generating opportunities for families with limited access to water by working with the resources they already had.

The project will reach more than 4,000 families in the region by 2015, with many of them expected

to increase their household income by 30 per cent or more.

Producing mushrooms requires simple technology, basic equipment, and not a lot of water. Mushrooms are easy to cultivate and take a relatively short period of time to mature, which means quick cash for unexpected family needs, such as when the roof needed to be replaced after a big storm destroyed Mkhabela’s family home. Mkhabela’s brother provides marketing and investment advice, while his mother develops new recipes. “Doing this as a family means that I have support,” Mkhabela says. “But I pay for it – my mother likes to use the mushrooms for her own cooking, reducing my profits,” he says, laughing.

The idea of growing mushrooms is spreading. Mkhabela is currently training six other young people in his community. “I am starting to look at how to franchise my business. I am not going to stop – if you don’t stop, you can always find a way.”

Young entrepreneur Sandile Mkhabela in his workshop with a crop of oyster mushrooms
Swaziland: Rural Finance and Enterprise Development Programme
©IFAD/Guy Stubbs



Asia and the Pacific

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

Overview

Among the world's developing regions, Asia and the Pacific has arguably witnessed the most dramatic overall transformation since 2000. Between 1990 and 2010, the absolute number of poor people declined from about 1.5 billion to 758 million. In addition to achieving the MDG of halving poverty, the region has also made significant progress in areas such as health, education and access to safe drinking water.

Despite these advances, however, Asia and the Pacific is still home to almost two thirds of the world's poor people, and two thirds of the world's 842 million undernourished and hungry people. Ecosystem degradation, limited infrastructure, restricted access to markets, and weak social services all combine to keep rural areas mired in poverty.

Agriculture continues to employ between one and two thirds of the working population. However, slower growth in the sector has affected livelihoods, widening the income gap between urban and rural areas. High food prices have reduced the real incomes of poor households, and the benefits of transformation in the agrifood industry have not reached smallholder farmers.

Women and indigenous peoples are particularly marginalized. Almost half of adult women in South Asia are unable to read, while throughout Asia and the Pacific women earn less income, have less say over how they earn that income, and have less access to credit and other services. Of the 300 million indigenous people in the world, 70 per cent live in Asia and the Pacific; one third of these people are poor, and they are often isolated from markets, vital services and infrastructure.

For many countries in the region, the multidimensional challenges of food security, climate change, social inclusion and economic opportunity need to be tackled together with efforts to reduce poverty.

The total population in the region is 3,820.8 million, with 57.7 per cent living in rural areas. Some 19.2 per cent live in extreme poverty, defined as less than US\$1.25 per day.³

Our work and results in 2013

In 2013, the projects we supported focused on:

- connecting rural producers to markets and creating jobs
- invigorating and transforming rural communities
- strengthening the capabilities of women and young people
- expanding the use of climate-smart technologies and sustainable resource management practices
- partnering with the private sector to drive rural growth.

Portfolio management highlights

- 60 ongoing programmes and projects in partnership with 18 recipient governments in the region at the end of 2013
- US\$1,765.2 million invested by IFAD in the region's ongoing portfolio
- 6 new programmes and projects in Bangladesh, China, the Lao People's Democratic Republic, Pakistan and Viet Nam (2 projects) for a total IFAD investment of US\$186.1 million – this total includes 1 ASAP grant of US\$12.0 million for 1 project in Viet Nam
- additional financing worth US\$41.1 million provided to ongoing programmes and projects in Afghanistan, Bangladesh, India and Nepal
- 3 new results-based country strategic opportunities programmes (RB-COSOPs) for Cambodia, Nepal and Sri Lanka
- 9 grants approved in 2013 for a total of US\$12.0 million, including 1 grant of US\$4.0 million for rapid recovery from Typhoon Haiyan in the Philippines
- 21 ongoing grants with a total value of US\$18.0 million

³ Raw data sourced from the *Human Development Report 2013* of the United Nations Development Programme.

Connecting rural producers to markets and creating jobs

Weak infrastructure and services often cut rural producers off from input suppliers and agricultural markets, and from the knowledge and information that could help them improve productivity and diversify their income-earning activities.

In Bangladesh, a project to develop market infrastructure linked small producers along the value chain in the charland regions, which are among the country's poorest areas. The project helped develop about 430 kilometres of roads and more than 60 rural markets, as well as providing financial and business services to more than 18,500 people. A market impact study reported that the number of buyers and sellers increased by 33 per cent, while the volume of trade and new investments in markets and neighbouring villages increased by 44 per cent.

The IFAD-supported Agriculture, Marketing and Enterprise Promotion Project in Bhutan showed how technical support, training and credit could benefit people in remote, mountainous areas. Better farming techniques increased production, particularly of cash-crop potatoes and oranges, while new farm roads and marketing tools helped improve access to markets. The project reached about 132,000 people, more than half of them women.

Invigorating and transforming rural communities

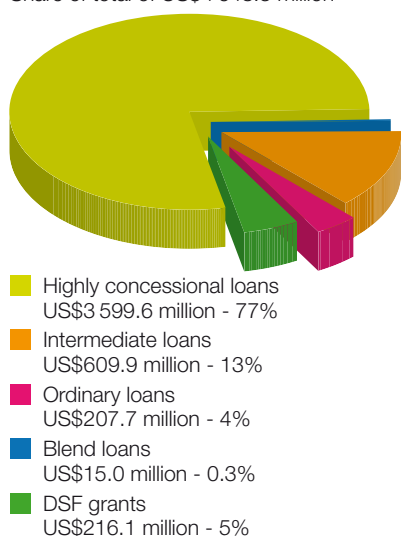
Lack of opportunity in rural areas drives young people to migrate to cities and abroad, and keeps those left behind locked in poverty. IFAD invests in agricultural and rural development to help build vibrant communities where a new generation of farmers, fishers and other small entrepreneurs can make a living and flourish.

Savings and credit groups supported by IFAD in rural Viet Nam have enabled their members in villages to adopt new crop varieties, buy seedlings and take up backyard poultry activities. With credit discipline high, 98-100 per cent of loans are paid off on time. The Ha Tinh Rural Development Project, for example, established more than 2,500 village-level savings and credit groups that serve about 26,000 members. In response to a recent evaluation, IFAD plans to reinforce the entrepreneurial skills of farmer groups, connecting them to value chain opportunities supported by other projects, and transforming networks of savings groups into sustainable microfinance schemes.

Strengthening the capabilities of women and young people

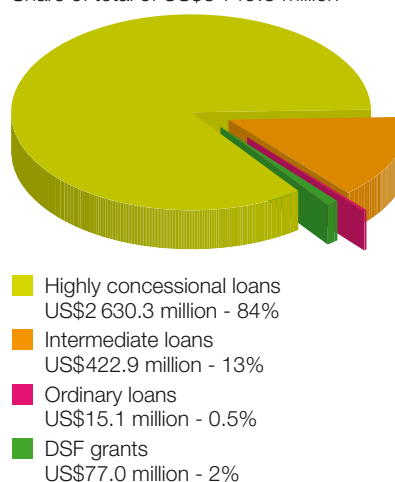
Empowering women and young people is vital to transforming life in rural communities. IFAD focuses on facilitating economic empowerment,

CHART 3a
IFAD loans by lending terms and DSF grants, 1978-2013^a
Share of total of US\$4 648.3 million



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

CHART 3b
Loan disbursements by lending terms and DSF disbursements, 1979-2013^a
Share of total of US\$3 145.3 million



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

strengthening participation and leadership skills, and reducing drudgery, particularly for women and girls. As in other regions, youth unemployment is a major challenge addressed by IFAD-supported activities.

For example, programmes in Afghanistan, India and Viet Nam provide young people with practical training and work experience, and connect them to potential employers. In Cambodia, the Rural Livelihoods Improvement Project established 16 young farmer clubs during 2013, which enabled more than 320 students or jobless young people – over half of them women – to receive basic agricultural training so they can contribute to family incomes and become skilled and self-sustaining adults.

Our work also strives to enable women to take full advantage of their legal rights. In Bangladesh, the Char Development and Settlement Project is ensuring that land titles are issued in the name of both women and their husbands. This joint ownership strengthens the women's influence in family decisions involving land and other household matters. In 2013, land titles were approved for more than 1,200 poor families on newly accreted coastal lands known as chars.

Expanding the use of climate-smart technologies and sustainable resource management practices

In Asia and the Pacific, climate change has multifaceted impacts, ranging from rising sea levels that flood agricultural land with salt water, to early or delayed rains that disrupt production cycles. Supporting smallholder farmers in their efforts to adapt to climate change is one area of work that IFAD is strengthening in the region. This will include additional financing through IFAD's recently launched Adaptation for Smallholder Agriculture Programme (ASAP).

Cicia Island in Fiji has opted for organic agriculture in an effort to protect livelihoods and the environment. With support from the Pacific Organic and Ethical Trade Community and an IFAD grant to the Secretariat of the Pacific Community, the island has declared that only organic agriculture will be practised. The IFAD-funded initiative offers a low-cost way to achieve organic certification that will provide remote rural

communities such as Cicia with access to niche markets in Suva, and eventually further afield. The project focuses particularly on virgin coconut oil, which is currently being produced by Cicia women.

A programme to conserve the environment and reduce poverty in the provinces of Ningxia and Shanxi in China has improved crop and fodder production by an estimated 35 per cent. Some 89 per cent of participants adopted recommended practices that have improved irrigation by reducing canal leakage and water loss. In addition, the programme has developed 4,500 hectares of forest, planted more than 5,200 trees along roadsides and farmland, and restored nearly 14,000 hectares of natural pastureland through reseeded, rodent control and fencing.

Partnering with the private sector to drive rural growth

As in many developing regions, a decrease in government-led intervention in agriculture in Asia and the Pacific has created opportunities for innovative partnerships between government, the private sector and donors. IFAD-funded projects in the region are increasingly engaging with private-sector partners as prospective investors, service providers and integral partners in agricultural development.

In the Solomon Islands, a rural development programme supports small, low-cost investments in infrastructure, agricultural services and capacity-building in rural areas, which generate high social benefits. Private investors matched equity grants from the programme at a ratio of more than 6:1, generating more than US\$6.6 million. This approach, which reduced risk and encouraged rural business development, is now being replicated in Tonga.

In the Maldives, IFAD has leveraged private-sector co-investment in key value chains that target poor rural people. These include value chains for finfish, sea cucumber, seaweed and Maldivian clownfish. The project has strengthened community-based groups, enabling them to provide quality goods and services to hotel resorts.

Story from the field

Resurrecting a more nutritious staple crop in India

In a community in southern India, it's "back to the future" as farmers resurrect a hardy, nutritious grain that had lost favour in recent decades.

Fifty years ago, millet was a staple crop in this area. It has up to 30 times more calcium than rice, and much higher levels of iron, fibre and micronutrients, which are important benefits in a country with 30 per cent of the world's malnourished children. Millets are robust crops that need little water and are able to survive in harsh conditions, making them far more resilient to climate change than rice or wheat.

"It's good for your health, it's good for your agriculture, it's good for income and it's good for India's national food security," said Professor M.S. Swaminathan, founder of the MS Swaminathan Research Foundation.

But over the past 50 years, almost half the millet cultivation in India has been replaced with more lucrative cash crops and government-subsidized rice. An IFAD-supported project is working to bring millet back from obscurity. Work began in the early 1990s, when research determined that lack of seeds was one reason why people had turned to other crops. So in the villages of Kolli Hills in Tamil Nadu State,

the women formed a group to collect and share their seeds. The project supported training in different farming methods, such as planting in rows. The result was a 30 per cent increase in yields. The project also provided grinding mills, reducing the time needed to pound a kilogram of millet from one hour to five minutes.

To turn millet into a marketable brand, the farmers wrote up recipes and opened a shop, and their products are now being distributed across the state.

"Now we have started adding value to millet production," explained farmer Latha Chandra Kumar. "Now we are earning money, which we use for our children's education and our family expenses."

Millet has also entered the national spotlight. India's new food security bill lists minor millets as one of the crops the state buys directly from farmers for national distribution. With that inducement, the past is becoming the future, as a largely forgotten staple crop retakes its place in the fields of India.

Women prepare millet recipes for distribution to shops in Tamil Nadu State

India: Grant to Bioversity International: On-farm Conservation of Local Agrobiodiversity

©IFAD/Joanne Levitan



Latin America and the Caribbean

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

Overview

The total population of Latin America and the Caribbean is about 597.7 million, with 20.7 per cent living in rural areas.⁴ With the exception of Haiti, the nations of the region have attained middle-income status, with average per capita income of more than US\$5,000. According to the International Monetary Fund's *World Economic Outlook*, the region's GDP is expected to grow by about 3.6 per cent annually over the next five years.

Between 1990 and 2013, in countries for which data is available, poverty rates fell from 48 per cent to 28 per cent. Extreme poverty rates fell from 23 per cent to 12 per cent.⁵ Nevertheless, the gap between rural and urban populations is still wide: in 2010, the rural poverty rate was twice as high as that of urban areas, and four times as high in terms of extreme poverty, particularly among marginalized groups.

According to the World Bank's *Global Monitoring Report 2013*, the region has cut poverty in half, achieving the first MDG. While Latin America and the Caribbean as a region leads the world in income inequality, recent evidence shows that some countries have made progress in this area. Two factors account for this achievement: a fall in the earnings gap between skilled and low-skilled workers; and an increase in pro-poor policies and social protection programmes.

As countries urbanize and offer more jobs off the farm, improving poor rural people's access to markets and strengthening the value chains that link producers to markets are becoming important tools to reduce rural poverty. Indeed, the region is fast developing intermediate cities, which operate

as development poles and drivers of economic growth. Hence, one quarter of IFAD's portfolio in Latin America and the Caribbean is dedicated to developing markets, rural microenterprises and small businesses.

Our work and results in 2013

The work of the Latin America and the Caribbean Division during 2013 focused on the following areas:

- strengthening producer organizations to drive development
- increasing access to financial services
- promoting public-private partnerships.

Strengthening producer organizations to drive development

Organizations of small producers are a springboard for farmers, enabling them to compete in markets and to access financing, technical assistance and other public goods and programmes. Strengthening these organizations is essential to reducing rural poverty, and hence IFAD's portfolio encompasses support for both technical programmes and policy in this area. Our work includes initiatives at the project, national and regional levels.

Portfolio management highlights

- 41 ongoing programmes and projects in partnership with 19 recipient governments in the region at the end of 2013
- US\$617.9 million invested by IFAD in the region's ongoing portfolio
- 5 new programmes and projects in Brazil (2 projects), Cuba, Honduras and Nicaragua for a total IFAD investment of US\$97.1 million – this total includes 1 ASAP grant of US\$8.0 million for the project in Nicaragua
- 1 ASAP grant of US\$10.0 million approved as additional financing for an ongoing programme in the Plurinational State of Bolivia
- 1 new results-based country strategic opportunities programme (RB-COSOP) for Haiti
- 6 grants approved in 2013 for a total of US\$4.4 million
- 21 ongoing grants with a total value of US\$24.4 million

⁴ Raw data sourced from the *Human Development Report 2013* of the United Nations Development Programme.

⁵ Economic Commission for Latin America and the Caribbean (ECLAC). 2013. *Social Panorama of Latin America 2013*. Santiago de Chile.

At the project level, in Peru, IFAD is working with poor Quechua and Aymara families in the southern highlands. The goal is to help these families improve the quality and marketability of their products, preserve traditional knowledge, manage natural resources better, and diversify their sources of income. One of the most innovative features of the project is the direct transfer of funds to communities, enabling small-scale farmers and microentrepreneurs to obtain technical assistance that will make their products competitive in national, regional and international markets. As of June 2013, the project had reached about 16,000 families, working with their respective producer organizations to develop more than 500 business plans.

At the country level, IFAD also supports rural policy dialogue groups through a regional grant to the Latin American Center for Rural Development (RIMISP – *Centro Latinoamericano para el Desarrollo Rural*). The grant operates in Colombia, Ecuador, El Salvador and Mexico. The groups mobilize local leaders, business people and academics, as well as representatives from community organizations and NGOs. They discuss pressing issues related to rural development and

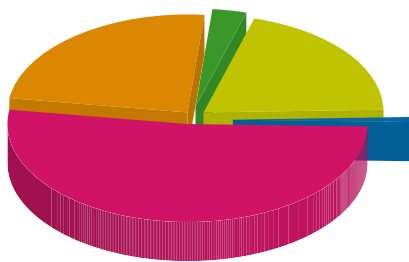
work to advance national agendas for family farming and rural poverty reduction. They also enable local governments to obtain feedback on legislation, policies and specific programmes geared towards poor rural people.

At the regional level, in a grant-funded project engaging 12 national organizations from 7 countries, IFAD is helping members of the Southern Common Market (MERCOSUR) Confederation of Family Farmer Producer Organizations (*Coordinadora de Organizaciones de Productores Familiares del MERCOSUR*) to influence the development of public policies for family agriculture. In some countries of the region, up to 60 per cent of food is produced by family farmers. Public policies and institutions have been created and fiscal spending has been geared towards this sector in an attempt to trigger pro-poor rural economic growth and development. IFAD also supports a complementary initiative in the Southern Cone of Latin America, working with government officials and producer organizations to help create a policy framework that is favourable to family and smallholder farmers.

In an effort to step up the results of our engagement in policy dialogue, a regional workshop was held in April 2013 in Montevideo, Uruguay,

CHART 4a
IFAD loans by lending terms and DSF grants, 1978-2013^a

Share of total of US\$2 023.3 million

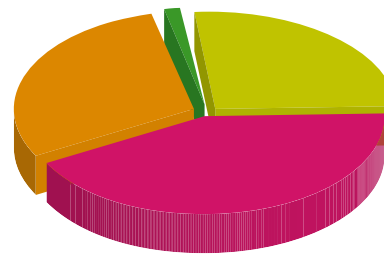


- Highly concessional loans
US\$411.4 million - 20%
- Intermediate loans
US\$488.0 million - 24%
- Ordinary loans
US\$1 058.3 million - 52%
- Blend loans
US\$14.3 million - 1%
- DSF grants
US\$51.2 million - 3%

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

CHART 4b
Loan disbursements by lending terms and DSF disbursements, 1979-2013^a

Share of total of US\$1 390.8 million



- Highly concessional loans
US\$365.8 million - 26%
- Intermediate loans
US\$406.3 million - 29%
- Ordinary loans
US\$601.4 million - 43%
- DSF grants
US\$17.2 million - 1%

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

to assess different policy dialogue models being used by IFAD in Latin America. Government representatives from the Southern Cone, IFAD grantees and IFAD staff attended, and a follow-up workshop was held at IFAD in Rome in October. Issues discussed included a common definition of policy engagement, experiences in countries across different continents, and the challenges of measuring the results of policy engagement.

Increasing access to financial services

Enabling poor rural women and men to increase their productivity is vital to reducing rural poverty in Latin America. However, this demands strengthening rural people's access to a broad range of public goods and services such as education and training, infrastructure, and financing sources and services. Small producers require financial products designed particularly to meet their needs. Most countries in the region are in a position to achieve this through national development banks and microfinance institutions.

In Honduras, an initiative based on rural savings and credit associations (CRAC – *cajas rurales de ahorro y crédito*) is providing rural businesses and marginalized community groups with access to financing. The initiative has proven particularly successful for women, young people and ethnic groups, who lack collateral to obtain credit. A project in the Yoro department, for example, has set up 18 rural savings and credit schemes to benefit small-scale farmers and indigenous Tolupan tribes, who contribute either in cash or in kind. In the central part of the country, a programme has expanded the CRAC model beyond producer organizations to suppliers of formal and informal financial services.

In the north-east of Brazil, the *Dom Helder Câmara* Project successfully facilitated small family farmers' access to credit. Although the federal government provides credit to family farmers through public development banks, many poor and small family farmers lack the resources, capacity and information to take advantage of this programme. IFAD therefore helped small family farmers prepare proposals for the banks,

and then implement their projects once approved. Through this model, beneficiaries had access to US\$25.0 million in credit lines, equalling the total amount of IFAD's loan in support of the project. The Brazilian experience showed how IFAD-funded projects can enable target populations to obtain access to existing public programmes, and to leverage complementary resources.

Promoting public-private partnerships

The private sector is key to ensuring the sustainability of any public intervention, particularly where projects develop value chains to strengthen small producers' access to markets. In Latin America and the Caribbean, IFAD has helped develop strategic alliances between smallholder organizations and larger private-sector players. The main objective is to maximize the inclusion of small producers in larger and higher-value markets, while ensuring that marginalized groups also benefit. We also show how it is possible to engage with small-scale rural producers in a socially and environmentally responsible manner, creating models that can be taken up by others.

In El Salvador, two projects are enabling producer organizations to sell vegetables to international and domestic supermarkets such as Walmart and Select. Between November 2012 and April 2013, Volcano Summit – a cooperative of 20 young farmers, 9 of whom are women – generated profits of about US\$22,000. During the same period, producer organizations such as ACOPENELA and APICBAÑAS generated revenues of more than US\$205,000.

In Ecuador, the Development of the Central Corridor Project supports nearly 200 small rural enterprises managed by organizations or family associations. The 180 members of Bramafértil Association in Bramadora parish, Manabi province, for example, successfully commercialized bananas. Through the project, these producers have established a storage centre, bought equipment and acquired transportation to strengthen their businesses. They can now negotiate better prices with the multinational company Chiquita.

Story from the field

Empowering farmers to take charge of irrigation

Severe deforestation in Haiti means that rains easily sweep away soils and crops, and silt up dams and valleys downstream. In the valley of Nan Carré, in the country's North-West department, past rehabilitation attempts focused on the irrigated valleys, producing limited and short-lived results.

But now IFAD is working with the German NGO *Welthungerhilfe (Agro Action Allemande)* and the World Food Programme on a more holistic and sustainable approach.

Part of the early problems with sustainability stemmed from lack of organization and capacity: the farmers lacked the skills to maintain irrigation canals. The second phase of the Small-scale Irrigation Development Project is empowering communities by helping farmers create watershed associations and subcommittees to care for irrigation systems and terraces.

On the upper slopes and gullies, farmers have planted bananas, beans, potatoes, sugar cane and taro, alongside mango, papaya and avocado trees. The irrigated areas are reserved for cash crops such as aubergines, carrots, leeks, onions and tomatoes.

At first, extra income was used to cover basic household needs such as food and school fees.

But now some farmers are looking to obtain credit so they can buy seeds for the next harvest. Some are also investing in more lucrative crops and planning to build storage facilities and produce seeds.

To date, the project has rehabilitated more than 900 hectares of land in the north-west, and created 16 irrigated systems. All told, 650 households can now achieve better food security and incomes.

"Before, we would plant and if there wasn't enough rain – which was often – we lost everything," says farmer Oltin Saint Filet.

"Now water is plentiful year-round. The project has taught us new production techniques and how to prepare soils, and has encouraged us to try cash crops," he says.

Farmer Oltin Saint Filet tends his irrigated plot in Nan Carré
Haiti: Small-scale Irrigation Development Project
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Near East, North Africa and Europe

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

Overview

This is a diverse region where some countries are rapidly urbanizing and others are still largely dependent on agriculture. As a result, rates of progress are mixed. Oil-exporting countries have enjoyed historically high growth rates, while oil importers continue to face an economic slowdown, especially Arab countries in political transition. Even within the subregion of Europe and Central Asia, where the outlook is generally more favourable, recovery from the recession has been uneven.

The total population of the region is 544.2 million, with about 42.9 per cent living in rural areas.⁶ Overall, the region has made good progress in achieving the MDGs. For example, the share of people living in extreme poverty has halved in most countries; an average of 4.8 per cent of the total population now lives on less than US\$1.25 a day.

However, rural poverty rates are much higher: an estimated one third of the rural population still lives below national poverty lines. Low productivity, along with poor access to markets and finance, remains a key challenge. Unemployment for young people has worsened since 2001, and now stands at 28 per cent – the highest rate of any region. Many countries have invested in education, but do not generate enough highly skilled jobs for new graduates. In fact, many states have labour shortages in the agriculture sector because young women and men have left for the cities in search of better opportunities.

High levels of food insecurity – often related to conflict and volatile food prices – affect several countries in the region, including Egypt, the Sudan, the Syrian Arab Republic and Yemen. However, studies suggest that the region is making use of between only 35 and 50 per cent of its agricultural potential. Better water and nutrient management, along with greater adaptation to climate change, could significantly increase productivity.

Our work and results in 2013

Our programme of work in the Near East, North Africa and Europe focuses on the following areas:

- natural resource management and climate change
- market access and value chain development
- agricultural productivity and food security
- rural finance and support for entrepreneurs
- vulnerable groups.

Portfolio management highlights

- 44 ongoing programmes and projects in partnership with 19 recipient governments and Gaza and the West Bank in the region at the end of 2013
- US\$785.2 million invested by IFAD in the region's ongoing portfolio
- 4 new programmes and projects in Djibouti, Kyrgyzstan, the Republic of Moldova and Yemen for a total IFAD investment of US\$83.9 million – this total includes 3 ASAP grants of US\$6.0 million for the programme in Djibouti, US\$10.0 million for the programme in Kyrgyzstan and US\$10.2 million for the programme in Yemen
- 2 new results-based country strategic opportunities programmes (RB-COSOPs) for Bosnia and Herzegovina, and the Sudan
- 5 grants approved in 2013 for a total of US\$4.8 million
- 55 ongoing grants with a total value of US\$52.5 million

⁶ Raw data sourced from the *Human Development Report 2013* of the United Nations Development Programme.

Natural resource management and climate change

Smallholder farmers rely on the environment and natural resources for their livelihoods. IFAD works with rural communities in the region to help them overcome interconnected challenges that include degraded ecosystems, water scarcity, competition for suitable land, and a changing climate.

Through ASAP, IFAD undertook climate risk modelling for Djibouti, Kyrgyzstan and Yemen to improve climate resilience, mitigate risks and maximize potential benefits. In Yemen, climate-hazard maps for flash floods, soil erosion, water harvesting and cropping potential were produced. These maps were used as models to test the sensitivity of the four indicators to plausible changes in annual rainfall and temperature by the 2050s. When combined with distributions of settlements, the models identified “hotspots” of social vulnerability in each village, which will be included in adaptation plans.

Farmers in Gaza and the West Bank are reclaiming unused terrain and turning it into productive land. Since the IFAD-supported programme began work in 2010, 12 villages have reclaimed more than 2,100 *dunums* (about 210 hectares), and planted about 52,000 olive and fruit trees, and thyme seedlings. In addition, the programme has built

17 kilometres of roads, more than 81,000 square metres of retaining walls and nearly 13,000 cubic metres of water cisterns. These improvements have benefited about 5,000 people by increasing the cultivated area, reducing soil erosion and improving the production of high-quality olive oil for sale at premium prices. As a result of the project’s work, women are playing a bigger role in community life and there is an increased demand for seasonal labour.

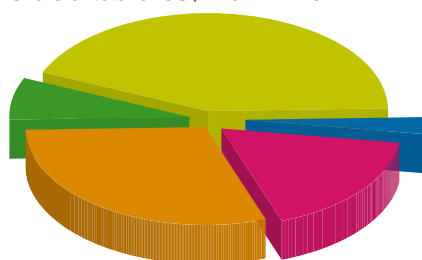
Market access and value chain development

Many poor rural producers lack strong links to markets. IFAD works to strengthen small producers’ connections to value chains and help them increase their incomes.

An IFAD-supported project in West Noubaria, Egypt, has turned an inhospitable desert into arable land and linked farmers to local and export markets. The project was designed to create jobs for new graduates and to reclaim 100,000 hectares of unused land to produce food and crops for sale. It offered loans for agricultural inputs and trained farmers in improved agricultural techniques. A drip irrigation system has more than doubled water savings, allowing farmers to diversify and plant new cash crops.

CHART 5a
IFAD loans by lending terms and DSF grants, 1978-2013^a

Share of total of US\$2 231.1 million

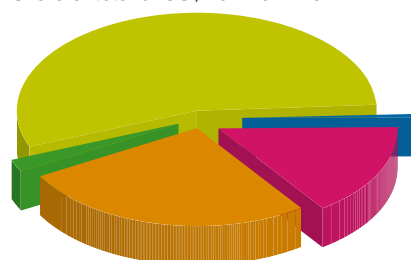


Highly concessional loans	US\$970.3 million - 43%
Intermediate loans	US\$665.0 million - 30%
Ordinary loans	US\$378.9 million - 17%
Hardened loans	US\$59.1 million - 3%
DSF grants	US\$157.7 million - 7%

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

CHART 5b
Loan disbursements by lending terms and DSF disbursements, 1979-2013^a

Share of total of US\$1 521.6 million



Highly concessional loans	US\$833.6 million - 55%
Intermediate loans	US\$400.1 million - 26%
Ordinary loans	US\$237.7 million - 16%
Hardened loans	US\$9.7 million - 0.6%
DSF grants	US\$40.5 million - 3%

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

The project provided vital assistance to producers in forming and strengthening farmers' marketing associations. Six associations were established, with a total membership of more than 47,000 smallholders. More than 60 contracts have been signed between associations and export and processing companies to sell a range of commodities including apricots, artichokes, beans, grapes, peaches, peanuts, peppers, potatoes and tomatoes.

A programme to strengthen rural financial services and markets in the Republic of Moldova reached more than 1,000 micro, small and medium-sized enterprises – well over the target. In addition to financing entrepreneurs, the programme also gave training to more than 1,000 participants, upgrading their technical and management skills. In keeping with its focus on linking credit for poor farmers to improved market access, the programme built or upgraded 29 market structures to complement on- and off-farm investments. More than 105,000 rural people have benefited.

Agricultural productivity and food security

Increasing poor rural people's productivity, boosting their incomes and strengthening their food security are key parts of IFAD's work.

An agropastoral programme supported by IFAD in south-east Tunisia has improved livestock routes, farm and feeder roads and hydraulic infrastructure for nomadic livestock on more than 125,000 hectares. This approach has generated many benefits. Feed costs for small ruminants have fallen, transport costs for herders and livestock keepers have been reduced by half, and travel times have been cut by up to 70 per cent. At the same time, improved soil and water conservation techniques have captured more run-off. These achievements have improved the recharge of aquifers and increased the yield of olive trees by 32 per cent. Given the programme's success in environmental sustainability and enhancement of agricultural productivity and food security, the Government of Tunisia has requested a second phase.

As part of its goal to regenerate livelihoods for smallholder farmers, an IFAD-supported project in the Gash Delta in the Sudan trained more than 15,000 people, over half of them women. The project expanded the average area cultivated by farmers by about 27 per cent. In addition to increasing sorghum productivity by 23 per cent, the project increased herd sizes and boosted milk productivity. It also helped to expand microfinance services into rural areas. Household spending increased by an average of 160 per cent, and families' food security improved.

Rural finance and support for entrepreneurs

Increasing access to financial services in rural areas brings many challenges, including weak infrastructure, limited capacity of service providers and low levels of client education. In response, IFAD is developing strong partnerships with domestic microfinance institutions and equity investment companies in the region.

In north-west Azerbaijan, IFAD improved access to credit for individual farmers and the members of water user associations and women's groups. With their small and seasonal loans, recipients invested in livestock or production of field crops, fruit and vegetables, such as potatoes. Credit activities had a repayment rate of more than 99 per cent and reached 85 villages, many of them in remote mountainous areas.

In Bosnia and Herzegovina, a project to strengthen rural businesses provided credit to about 1,300 farmers and 50 small and medium-sized enterprises, some of them receiving more than one loan. Most of the loans supported dairy farming and milk processing, which created a significant number of new jobs. Ultimately, the project helped poor farmers move from subsistence agriculture to partly or fully commercial operations, and enabled entrepreneurs to create or expand businesses on- and off-farm.

Vulnerable groups

IFAD targets rural communities that lack adequate access to basic infrastructure and services. Within these communities, we give special attention to the most vulnerable: young people, women and socially excluded groups.

A community resource management project in Al-Dhala, Yemen, overcame prevailing social constraints to empower women. Training women as midwives, credit managers and village extension workers gave them greater visibility and recognition both at home and in the community. Investments in village wells, biogas facilities and grain-milling machines dramatically reduced the time spent fetching water and collecting fuelwood, enabling women to take part in literacy training and income-generating activities. Nearly 16,000 women graduated from more than 800 literacy classes, while some 2,000 women learned sewing, handicrafts and other skills.

An IFAD-supported project in the mountain zones of Al-Haouz province in Morocco worked with rural women to improve their access to credit and their involvement in community decision-making. The project helped establish 20 women's associations, and nearly 5,000 women benefited from literacy classes. In the village of Ouaouisseft, a 3-kilometre feeder road built by the project enabled women to save time on water transportation, and this in turn helped them to pursue new ways of

generating income. They started growing and selling herbs and medicinal plants, and made money from embroidery-related activities. These enterprising women also set up a childcare facility in their village so that they could earn an income without their children being neglected. The original purpose of the road was to reduce transportation costs, but it has given the community much more. These advances have increased the women's self-confidence and begun the long process of transforming gender attitudes: women now participate actively in community life, and their contributions are appreciated.

Story from the field

Fruitful investments stimulate growth in rural Armenia

Close to Yerevan, the capital of Armenia, the company SIS Natural has been producing a variety of fruit juices since 2000. In 2012, it received an equity investment and a subordinated loan from an IFAD-funded programme to buy technology for hygienic bottling and to invest in specialized training for staff.

Through the Fund for Rural Economic Development in Armenia (FREDA), IFAD provides equity investments and subordinated loans to help stimulate economic growth and improve the performance of agricultural value chains. In addition to SIS Natural, FREDA has invested in a winery, fish farming, sheep and poultry production, and a milk-processing plant, among other initiatives. As a result, the number of people employed by the FREDA investee companies has increased by 35 per cent, the value of purchases from rural suppliers has risen by 560 per cent, and households selling to the companies have seen a 53 per cent increase in income from sales.

A leader in the local market, SIS Natural buys more than 20 types of fruit and vegetables from producers – including blackcurrants, apples, apricots, tomatoes, cherries and pomegranates. In 2012, after the investment enhanced its production and marketing capacity, the company

bought 1,100 tons of fresh fruit – nearly triple the amount purchased directly from smallholders in the previous year.

SIS Natural's investment in new equipment for the production of juice concentrate has created additional demand for targeted fruit and vegetables, enabling farmers to invest in other productive activities such as improving cultivation and expanding the area of cultivated land. This has increased household incomes still further.

The company is improving livelihoods and quality of life, both in the factory and among farmers.

"I am very satisfied with my job," says Atoyan Zorik, who has been working in the sterilization area for the past year. "I have elderly parents, and a son in the army, and I can take care of all of them."

Despite its new technology, SIS Natural also relies on traditional knowledge for quality control. "First we use the laboratory," says Sargis Torgomi Tigranyan, who works as chief technologist and production manager. "Second, I try the juice on my 12-year-old son to see if he likes it."

Sargis Torgomi Tigranyan, SIS Natural's chief technologist and production manager
Armenia: Farmer Market Access Programme
©IFAD/Marco Salustro





New initiatives and new programmes

IFAD and the global context

Major changes are taking place in the international development architecture and the global economic system. These are shaping rural transformations worldwide and are critical to the design of interventions in support of agricultural and rural development. In order to better understand and respond to these trends, IFAD has been an active contributor to several concurrent processes, with present and future implications for our work.

During 2013, we began a process of “horizon scanning” that will inform other strategic planning processes. The aim is to foster review and exchange to identify and assess critical external developments and their implications for IFAD. Three initial priority thematic areas have been identified for review and discussion: engaging in fragile and conflict-affected states and situations; challenges in middle-income countries; and global public goods issues. Results will feed into key activities such as policy dialogue, discussion of priority thematic areas, resource mobilization and partnership development, and country programming.

Horizon scanning was one of several initiatives undertaken by IFAD to maintain the organization’s relevance and effectiveness as an advocate for, and investor in, agricultural and rural development and rural people.

The post-2015 agenda

The future design of a global agenda for post-2015 development dominated international discourse during 2013. IFAD engaged with the main processes in order to make sure that the concerns of rural people were heard. We delivered the message that no poverty eradication and inclusive growth agenda can succeed without serious attention to rural areas, rural sectors and smallholder and family agriculture. Rural women

and men – farmers, small entrepreneurs, workers – today face a very dynamic environment with new opportunities, vulnerabilities and risks. Through the right investments, tools and partnerships, rural people can make a key contribution to sustainable development. A more productive, sustainable and resilient smallholder and family agriculture can and will play many roles in creating a better future – feeding more populated urban areas, providing decent jobs and incomes, delivering environmental services and fostering social cohesion.

In 2013, the two main forums for initial elaborations of a future post-2015 agenda were United Nations-led consultations and reflections on a successor framework for the Millennium Development Goals (MDGs), and discussions on Sustainable Development Goals (SDGs) led by the Member States. These processes included mechanisms set up by Member States or at the request of the United Nations Secretary-General, for example the General Assembly Open Working Group on SDGs; the High-level Panel of Eminent Persons on the Post-2015 Development Agenda; the Intergovernmental Committee of Experts on Sustainable Development Financing; and national, regional and global consultations led by the United Nations Development Group. IFAD is part of the United Nations System Task Team on the Post-2015 Development Agenda that supports these mechanisms. In May, IFAD’s President established a post-2015 task force to coordinate institutional engagements across these processes and promote IFAD’s vision of a vibrant, sustainable rural future.

The International Year of Family Farming

The International Year of Family Farming in 2014 (IYFF-2014) affords a special opportunity to draw attention to the role that smallholder

farmers and rural people play in food and nutrition security. IFAD was the first international agency to formally support the call of civil society and farmer organizations for a United Nations international year devoted to family farming. In all its diversity, family farming is the predominant form of agriculture worldwide. It plays a major role in supplying the food requirements of rapidly expanding rural populations, and generates food and income for hundreds of millions of rural people, including the poor and marginalized. It creates jobs for women, men and young people, both within their family farms and in related enterprises along food and agricultural value chains. The World Rural Forum (WRF) is the recognized International Coordinator of Civil Society for the IYFF-2014, including about 360 civil society organizations from 60 countries that support the campaign.

In our engagement in the IYFF, we are focusing on country-level activities as a way to trigger national and regional policy change in favour of smallholder and family farming. IFAD has been supporting the civil society campaign for the IYFF since its outset, and in 2013 we approved a US\$500,000 grant to WRF to support civil society involvement in 11 countries and 5 regions. A further grant of US\$150,000 was approved to support the facilitation and monitoring of the Year. This will be coordinated by the Food and Agriculture Organization of the United Nations (FAO). It will focus on supporting smallholder and family farmer organizations in developing countries so that they can participate in and influence IYFF processes at the regional and global levels. The grant will also support the monitoring of national-level policy debates and changes triggered by the IYFF and the establishment of a knowledge-sharing platform managed by FAO.

IFAD is also an active member of the International Steering Committee for the IYFF-2014, alongside other Rome-based agencies, civil society and farmer organizations and selected FAO member countries.

The Committee on World Food Security

IFAD has continued to provide support to the United Nations system's Committee on World Food Security (CFS). The reformed CFS has emerged as a key international multistakeholder forum that

provides inputs and guidance for addressing global challenges in relation to rural development and food and nutrition security. It brings together governments, international organizations, private-sector actors, civil society groups and farmer organizations. IFAD is engaged in and supports the CFS. We also provide inputs to key CFS debates and processes. In 2013 these included support to the CFS Open-Ended Working Group on Monitoring, the Policy Roundtable on Investing in Smallholder Agriculture for Food Security and Nutrition, a special event during the CFS session on natural resource management for food security in the context of the post-2015 development agenda, and the development of an agenda for action to address food insecurity in protracted crises.

The Rome-based agencies facilitated the annual CFS session and promoted consensus among the various stakeholders on policy development to improve global food and nutrition security. In addition to active staff involvement, IFAD's contribution included approval of a grant of US\$200,000 towards the core costs of the CFS Secretariat. Arrangements for the Rome-based agencies to share costs for the CFS are currently being reviewed with a view to formalizing an agreement.

IFAD's ongoing collaboration with the other Rome-based food agencies in the above and other areas continued in 2013.

IFAD's work with indigenous peoples

The first global meeting of the Indigenous Peoples' Forum was hosted by IFAD in February 2013. The culmination of 35 years of engagement with indigenous peoples, the forum was held in response to requests by indigenous peoples for a more systematic dialogue with United Nations agencies. Representatives of indigenous peoples pledged to work with IFAD and governments to create sustainable development models for their peoples. They also called on IFAD for more capacity-building, increased efforts to encourage participation by indigenous peoples, and more effective and systematic implementation of IFAD's Policy on Engagement with Indigenous Peoples. Their recommendations were reported in the synthesis of deliberations of the meeting (<http://www.ifad.org/english/indigenous/forum/>)

synthesis.htm), which was delivered at the thirty-sixth session of IFAD's Governing Council. IFAD is responding to the recommendations of the forum and the regional action plans agreed upon with regional divisions.

In another first for IFAD and indigenous peoples, a learning route on natural resource management and indigenous knowledge was organized in a tripartite partnership between the Asia Indigenous Peoples Pact, the NGO Corporation for Regional Rural Development Training (PROCASUR) and IFAD. The learning route was a result of strong partnerships built up over years of collaboration, and a joint report was published to share lessons learned (<http://www.ifad.org/english/indigenous/pub/forests.pdf>).

The upcoming World Conference on Indigenous Peoples scheduled for September 2014 will be an important opportunity for indigenous peoples and governments to work towards better implementation of the United Nations Declaration on the Rights of Indigenous Peoples at the country level. We have taken a leading role among international financial institutions and United Nations organizations in our engagement with indigenous peoples, and in 2013 we approved a grant to the International Work Group for Indigenous Affairs to support indigenous peoples' participation in the processes leading to the 2014 World Conference and beyond.

Strengthening farmer organizations in Africa

The Support to Farmers' Organizations in Africa Programme (SFOAP) is an innovative initiative working to strengthen African farmer organizations and enable them to evolve into more stable, performing and accountable organizations that effectively represent their members and advise them on farming enterprises. The main phase of SFOAP kicked off in 2013. This followed a pilot phase (2009-2012) that fostered the institutional development of regional and national farmer organizations, their leadership capacity and their ability to lobby and advocate. The results were confirmed by an external independent evaluation financed by the European Commission (EC). Also as a result of the pilot phase, the Panafrican Farmers' Organization (PAFO) was launched, the first continental organization of African farmers.

The main phase of SFOAP will run for five years (2013-2017) with a total cost of €19.9 million. It will be cofinanced by IFAD, the European Union, the Swiss Agency for Development and Cooperation (SDC) and the French Development Agency (AFD – *Agence Française de Développement*). SFOAP is implemented at the regional level by four regional networks of farmer organizations in sub-Saharan Africa – the Eastern Africa Farmers Federation (EAFB), the *Plateforme Régionale des Organisations Paysannes d'Afrique Centrale* (PROPAC), the *Réseau des Organisations Paysannes et de Producteurs de l'Afrique de l'Ouest* (ROPPA) and the Southern African Confederation of Agricultural Unions (SACAU) – and by the *Union Maghrébine des Agriculteurs* (UMAGRI). The programme is currently supporting 68 national farmer organizations in 49 countries, their regional networks and PAFO.

The programme aims to strengthen and consolidate the institutional capacities of farmer organizations and give them a greater say in agricultural policies and programmes. In addition, the main phase supports the development of farmer organizations' economic services to facilitate the integration of smallholder farmers into value chains. This is done by first supporting a limited number of cases and then promoting exchanges of successful experiences with a view to their replication and scaling up. SFOAP also aims to build the capacity of PAFO to participate in decision-making and influence policy processes on agricultural and rural development at the regional and international levels (http://www.ifad.org/farmer/2013/sfoap_main.pdf).

The multi-donor Financing Facility for Remittances

Remittances, the money migrant workers send home, provide a lifeline for migrants' families, many of whom live in poor and remote rural areas. In 2013, more than US\$450.0 billion in remittances reached developing countries, with 40 per cent going to rural areas. Considering that remittances to developing countries total around four times official development assistance and often exceed foreign direct investment, the potential returns for developing countries are enormous if remittances are channelled into effective rural and agricultural development.

Since 2006, IFAD's multi-donor Financing Facility for Remittances (FFR) has been pioneering innovative instruments to provide migrants, their families and their countries with better options for economic and social development. Through nearly 50 projects in more than 40 countries, FFR has brought to light many challenges surrounding migration and development, to help governments and development institutions move forward.

The Facility launched two initiatives in 2013. The Diaspora Investment in Agriculture initiative began in Somalia and Djibouti to foster job growth. The African Postal Financial Services Initiative, in partnership with the European Union, the World Bank, the United Nations Capital Development Fund, the Universal Postal Union and the World Savings Bank Institute, was implemented to facilitate the role of postal operators in leveraging remittances for development.

In May 2013, IFAD and the World Bank convened the fourth Global Forum on Remittances, in Bangkok, Thailand, bringing together 350 policymakers, private-sector players and civil society leaders to chart a course for leveraging the development impact of remittances sent home each year in Asia and globally. At the Forum, a regional report highlighting the immensity of remittances in Asia was presented.

More than 60 million migrant workers from Asia are responsible for more than half of all remittance flows to developing countries. All told, it is estimated that one out of every ten Asian families depend on money sent from abroad for their food, clothing and shelter.

The International Land Coalition

The year 2013 was also an important one for the International Land Coalition (ILC), a global alliance of civil society and intergovernmental organizations housed at IFAD. For more than 10 years, the ILC has worked as a reference organization to foster people-centred land governance. In 2013, it facilitated multistakeholder platforms for promoting national land reforms in 20 countries, with a special emphasis on the land and territorial rights of women and indigenous peoples. The ILC also increased its knowledge outreach through the Land Portal, which counts 1,150 users and more than

30,000 resources. In addition, the Land Matrix launched its Global Observatory with an updated dataset that allows tracking of large-scale land acquisitions from negotiation to implementation. In April 2013, the Global Land Forum of the ILC brought 273 people from 47 countries to Guatemala to discuss territorial governance and food security in the context of shifting patterns of land use throughout the developing world. The conference culminated in the ILC Assembly of Members, which approved 36 new members – bringing the total to 156 organizations – and adopted the Antigua Declaration, which recognizes the multiple dimensions of land and supports models of development based on local food and natural resource management systems.

The Platform for Agricultural Risk Management

In December, the Platform for Agricultural Risk Management (PARM) was launched. PARM is an outcome of the G8 and G20 discussions on food security and agricultural growth. The Platform aims to identify, assess and quantify agricultural risks in partner countries and to develop strategies to tackle these risks. It will foster the exchange of experience and knowledge among all the practitioners involved. PARM will also endeavour to improve collaboration between the public and private sectors and academia, to create strong public-private partnerships.

The four-year initiative is supported by AFD, the EC, the Government of Italy, the New Partnership for Africa's Development (NEPAD) and IFAD. The PARM Secretariat will be hosted at IFAD and will initially focus on eight countries in Africa: Cabo Verde, Cameroon, Ethiopia, Liberia, Mozambique, Niger, Senegal and Uganda. In addition, PARM will engage with countries such as The Gambia that have already mobilized resources for national agricultural risk management activities from other donor-supported programmes.

Policy engagement and knowledge management

IFAD continues to strengthen the links between our strategic engagements in policy processes and the work we support on the ground, recognizing

the substantial challenges that still lie ahead for rural development. Fundamental structural misalignments between demand and supply in the agricultural and food sectors persist. This creates space for speculation and market volatility, and generates risk aversion among investors, while remnants of policy biases that work against agricultural producers dampen the supply response. And yet it is projected that the world will need to produce 60 per cent more food by 2050. It is not clear who will produce this food, where and how. IFAD continues to study these dynamics and to advocate for relevant, efficient and effective policy choices, development strategies and investment programmes, in order to achieve a transformation in the agriculture sector and global food systems that will provide a favourable environment for smallholder farmers. IFAD is also engaged in the G20 initiative established to enhance food market transparency and encourage coordination of policy action in response to price volatility and market uncertainty: the Agricultural Market Information System.

Policies affect every dimension of the institutional and legal context in which poor rural people pursue their livelihoods, and so shape the economic opportunities that are open to them. Our engagement in policy processes at the country level is ever-more important, both because it can help to create new opportunities for poor rural people and because it is increasingly requested of us by our Member States. In early 2013, an action plan for policy engagement was established, and during the year work started to strengthen IFAD's influence on policy at the country level, and to give strategic coherence to existing initiatives. Country strategic opportunities programme (COSOP) and project design documents were reviewed to explore the extent to which projects sought to influence the broader country-level agenda, and suggestions were made for strengthening this area. A policy adviser joined design missions for Cambodia, Ghana, Indonesia, Nigeria and Tunisia, specifically to develop proposals that will enable IFAD-supported projects to contribute more effectively to national policy processes.

Efforts were also made to build in-house capacity for country-level policy engagement. We conducted

training for country programme managers and held a workshop to increase understanding, share experiences and lessons learned, and exchange ideas about monitoring and measuring policy engagement and impact. We also started a stock-taking exercise to get a clear picture of the range and main thematic areas of country programme managers' current engagement in policy.

Knowledge – gathering, disseminating and applying it – is increasingly important to IFAD's work and to project effectiveness. Knowledge is also essential for successful innovation and scaling up. In 2013, IFAD developed a knowledge management framework to foster the exchange of knowledge and experience internally and with partners and clients. The framework aims to strengthen IFAD's strategic positioning and visibility and to position the reduction of rural poverty as a priority at the national and global levels. It also draws on the link between knowledge and better results and impacts, and hence seeks to facilitate the flow of country-level knowledge and the uptake of effective approaches for agricultural and rural development.

New programmes and projects West and Central Africa

Scaling up work linking farmers to value chains in Senegal

A new IFAD-supported project in Senegal will focus on helping smallholder farmers connect to value chains, scaling up good results from ongoing interventions in the country. The Agricultural Value Chains Support Project will continue to strengthen organizations of crop farmers and animal producers and help them to forge durable links to value chains, including through storage to reduce post-harvest losses, processing to add value, and effective marketing. The project will also help young people set up microenterprises and small rural businesses to raise their incomes.

The project will work to increase yields of rainfed crops such as millet, cowpeas and sesame, and irrigated horticultural crops. This will enable farmers to diversify production and increase revenues. Improved technologies for harvesting and storage will reduce wastage. At the same time, stronger farmer organizations will benefit from contracts with traders and market agents that

guarantee higher prices and increase agricultural production. Through these activities, the project will also create jobs in rural areas along selected value chains.

All told, the project will reach 25,000 farming households directly and touch about 250,000 individuals indirectly. Building the capacity of farmer organizations to become self-financing or to obtain loans, for example, will help ensure that the poorest and most vulnerable farmers have access to seed, fertilizer and other technologies.

In response to strong demand from young people, large-scale irrigated horticultural schemes will be supported in several ways. Communities and beneficiaries will cofinance construction and equipment. A firm commitment to maintenance will be required in order to guarantee sustainability. Proven and locally manageable technologies will be used.

East and Southern Africa

New skills and technologies for young farmers in Madagascar

A new ten-year programme to ramp up agricultural productivity and modernize the sector has started work across Madagascar and is providing training, particularly for young rural women and men. The Vocational Training and Agricultural Productivity Improvement Programme, also known as FORMAPROD, aims to reach about 7 million people – about 20 per cent of the country's population.

Although agricultural productivity in Madagascar has increased substantially in recent years, technical innovation and mechanization are needed to build on the momentum. This is why vocational training for small rural producers and modernization of their farms are central to the country's agricultural development and to inclusive growth. The programme will focus particularly on providing training and support to vulnerable groups, including young people who have not completed their schooling and young women who are heads of households.

Working directly with other ongoing IFAD-supported projects, FORMAPROD will identify and train young farmers, agricultural technicians and extension agents, and support continuous vocational training in all 13 regions. Through

investments to improve agricultural infrastructure and productivity, the programme will support the National Strategy for Agricultural and Rural Training and regional training efforts. With its relatively long timescale, the initiative contributes to Madagascar's efforts to train future generations of farmers and make small-scale farming a professional, modern business.

Asia and the Pacific

Building climate resilience in Bangladesh

Bangladesh is one of the most disaster-prone countries in the world because of its geographical location and low deltaic floodplain. Climate change is expected to increase the severity and frequency of cyclones and floods, causing widespread destruction of land, roads, houses and other assets, and threatening progress made in reducing poverty.

The new Coastal Climate-Resilient Infrastructure Project will strengthen the resilience of smallholder farmers, small traders, microentrepreneurs, landless people and destitute women and will improve their food security and incomes.

The project is a partnership between IFAD, the Asian Development Bank, Germany's Reconstruction Credit Institute (*Kreditanstalt für Wiederaufbau*) and the Government of Bangladesh, with a total investment of US\$150.0 million. It is expected to reach 3.5 million people in coastal areas.

Areas for intervention have been selected on the basis of poverty, vulnerability, remoteness and infrastructure. The project will focus on improving roads and market services, while increasing the capacity of communities to adapt to climate change. This work will include ensuring that roads are climate-resilient, building 25 cyclone shelters, and supporting community radio programmes to keep people living in remote areas informed with up-to-date weather and market information.

For construction work, the project will scale up a successful approach from other IFAD-supported projects: labour contracting societies. These are composed of poor rural women who are trained as contractors to build roads and markets, giving them a valuable opportunity for wage labour. Experience has shown that roads built in this way are better constructed and more resistant than those built by outside contractors.

Latin America and the Caribbean

Strengthening cooperatives in Cuba

Cuba is undergoing a number of transformations in its productive sector. Agriculture and domestic food production are top priorities. To help modernize the capacities of agricultural cooperatives, a new IFAD-supported project will work to increase the productivity of maize and bean producers and the organizations they belong to. This, in turn, will improve living conditions for farming families in 18 municipalities within the Oriental region of the country.

Cooperatives already generate 80 per cent of Cuba's agricultural production. Building on this foundation, the project will strengthen the capacity of these organizations through training in environmentally sustainable grain production, post-harvesting technologies and business management, and the acquisition of productive assets.

In addition, the project will support agricultural service providers and enable them to meet the needs of maize and bean producers more effectively. This will also have a positive impact on other users of such services. Activities will include technical training, putting grain drying and processing plants into operation, and developing new production and post-harvesting handling technologies for these strategic crops.

The project will directly benefit some 13,000 farming families, or about 52,000 people. Another 104,000 people will benefit indirectly through improved services for grain production and processing. In this way, the project is expected to help meet the country's increasing demand for maize and beans.

Near East, North Africa and Europe

Sharing agricultural lessons across countries in the region

A recently approved grant-funded programme will strengthen South-South cooperation at both programme and policy levels, with the aim of increasing agricultural development, enhancing food and water security, and reducing poverty.

The programme will target 1,000 young people and women working in agriculture in Algeria, Egypt, Morocco, Turkey and Uzbekistan. Knowledge exchanges and other forms of cooperation will enable

participating farmers to share innovative solutions to saving water, cultivating water-efficient crops, breeding cattle and building resilience through agricultural cooperatives. Hungary will provide specific support in agricultural biotechnology.

At the policy level, the programme will build capacity for knowledge sharing among ministries of agriculture in the five participating countries. An inter-ministerial network supported by an online platform will enable countries to share lessons, including legislative analysis. National-level consultation boards will help scale up results in each country.

The United Nations Office for South-South Cooperation will work with local partners to document practical solutions and transferable technologies. An online resource will help scale up and replicate best practices. In this way, the programme will benefit other relevant IFAD-supported programmes in the region and beyond.



VMLU-25B

Measuring and improving results

Report on IFAD's Development Effectiveness

The first Report on IFAD's Development Effectiveness (RIDE) in the Ninth Replenishment (IFAD9) period shows progress towards our ambitious targets. The RIDE measures IFAD's performance against indicators in the Results Measurement Framework 2013-2015 and commitments made for IFAD9.

With the new Results Measurement Framework, we became the first multilateral organization to set a target for the number of people taken out of poverty – 80 million by the end of 2015. In order to measure this accurately, we will undertake 30 impact evaluations.

This year's RIDE shows good progress in terms of delivery. Disbursements of funds to client governments have increased. The average time from project approval to first disbursement has decreased, as has the time required for processing withdrawal applications. These are strong indicators that we are increasing our efficiency, a key focus for IFAD9.

Outreach also improved in 2013, with 33 per cent more poor people in rural areas receiving services from IFAD-supported projects than in 2012. In particular, the number of people trained in running small businesses and obtaining access to markets rose significantly. This reflects increased attention to linking smallholders to markets through value chain projects.

The share of women participating in projects continues to be high, at about 50 per cent. This is a key indicator of the inclusiveness of IFAD-supported projects and their gender balance.

The efficiency of projects themselves and government performance are the areas where progress is proving most difficult. This is because reaching poor people in remote locations is challenging and costly. These are often the areas where public service delivery is weakest.

Achieving sustainable impact in fragile states is a corporate priority. We are reviewing our performance in fragile states to strengthen our business model in these countries. Together with the Food and Agriculture Organization of the United Nations (FAO), we have launched a programme focusing on projects in fragile institutional and social contexts, where performance problems are most severe.

Climate change is a severe threat to the livelihoods of poor rural people. IFAD's Adaptation for Smallholder Agriculture Programme (ASAP) is the largest climate change initiative for smallholders in the world. At the 2013 United Nations Climate Change Conference in Warsaw, ASAP won an award for innovation in climate finance.

Quality support for programme design

Top-quality project design is a basic building block for impact in the countries where IFAD works. We use a two-step system to review and improve the design of programmes and projects: quality enhancement and quality assurance.

In 2013, 26 programmes and projects – including six Global Environment Facility (GEF) projects – went through the new quality enhancement process introduced during the last quarter of 2012, and 27 quality assurance reviews were held. The reformed process aims to ensure that projects reach the stage of quality enhancement while there are still ample resources and time available to make changes if necessary. The new system uses in-house technical capacity in a way that provides more effective and efficient support to the country programme manager-based delivery model, by improving teamwork and strengthening support to country offices throughout the life cycle of projects.

In April 2013, the reformed quality enhancement process was assessed through an online survey and face-to-face interviews. The results were broadly positive. There was full

← Organic cocoa seedlings being developed in a nursery near Monte Forte, where growers belong to a cooperative that collects all of the cocoa beans and sells in bulk to France

Sao Tome and Principe: Participatory Smallholder Agriculture and Artisanal Fisheries Development Programme

©IFAD/Susan Beccio

agreement that change was needed and that the new process was more useful. The feedback received led to further improvements, including clarification of and guidance on the roles and responsibilities of the country programme management team during the quality enhancement process.

During 2013, the participation of technical staff and consultants in implementation support missions increased over the previous year, rising from 36 to 40 missions. Participation in these missions is focused on technical, institutional and policy issues, including monitoring and evaluation systems. Participation in field missions is key to the new operational model for quality enhancement, whose main objective is to provide more direct support to design teamwork rather than pursuing a compliance approach.

During the year, 63 per cent of the projects reviewed by the quality assurance function were judged to need few or minor changes, while 37 per cent required substantive design modifications. Reviewers frequently highlighted issues related to the need to:

- strengthen aspects of design related to monitoring and evaluation
- incorporate consistently lessons learned from previous projects
- improve economic and financial analysis in IFAD-supported projects
- strengthen logical frameworks and performance indicators.

In 2013, IFAD began using a new set of quality-at-entry indicators, in line with the IFAD9 Results Measurement Framework. Quality assurance reviewers judged 93 per cent of the projects

reviewed during the year to be satisfactory in terms of overall quality of project design (Table 1). They also judged 89 per cent of projects likely to achieve their development objectives, compared with 83 per cent in 2012, 88 per cent in 2011, and 86 per cent in 2010.

Ethics, internal oversight and anticorruption

IFAD established the Ethics Office in 2011 to protect the image and reputation of the organization and to help ensure that the highest ethical standards are maintained at every level. The Ethics Office provides confidential guidance to staff and managers to enhance workplace values, integrity and respect. By the end of 2013, the Office had conducted more than 370 confidential consultations on matters relating to the Code of Conduct and issues involving possible misconduct under IFAD's anti-harassment policy. Between 2012 and 2013, the Office experienced an increase of more than 45 per cent in requests for such advice. The Ethics Office cooperates with the Office of Audit and Oversight as necessary.

Working to enhance transparency and resolve conflicts of interest, the Ethics Office also manages the Annual Certification of Compliance with IFAD's Code of Conduct and Disclosure of any Assets or Income Sources outside of IFAD programme and the expanded financial disclosure programme for selected staff members. While management has full confidence in the integrity of staff, IFAD attaches the utmost importance to ensuring and being able to demonstrate that internal control measures designed to prevent conflicts of interest are in place.

TABLE 1
Quality-at-entry ratings, 2013

RMF indicators	Description	Moderately satisfactory or better ratings ^a (percentage)
4.3.1	Overall average	93
4.3.2	Overall average for projects in fragile states only ^b	80
4.3.3	Gender ^c	78
4.3.4	Monitoring and evaluation	85
4.3.5	Projects receiving positive ratings on scaling up ^d	76

^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 proportion of projects receiving a rating of 4 or more out of the total number of projects.

^b In 2013, 10 of the projects reviewed (37 per cent) were located in fragile states. The ratings presented reflect only projects in fragile states.

^c Gender quality assurance ratings differ from those presented in the 2012 Annual Report because the gender rating criteria changed between 2012 and 2013.

^d Scaling-up ratings are based on 18 projects that explicitly identify themselves as "scaling-up" activities.

The ethics function has been successfully integrated into IFAD. This is because the Ethics Office:

- is independent, reporting directly to the Office of the President and the Vice-President, so that matters of concern can be raised and addressed without fear of reprisal or a conflict of interest on the part of the Ethics Officer
- has a level of authority that ensures that decisions and recommendations are taken seriously at all levels
- cooperates with the Office of Audit and Oversight, the Office of the General Counsel and the Human Resources Division, as and when appropriate
- is connected to IFAD's core business, contributing to risk mitigation across the organization in order to build an ethical culture that advances our overall objectives.

IFAD is committed to fighting irregular practices such as corruption, fraud and collusion that prevent funding from reaching poor rural people. Throughout 2013, we continued to devote staff and other resources to performing audits and promptly conducting investigations, while ensuring operational continuity. This is in line with IFAD's zero-tolerance principle.

At the same time, IFAD's Office of Audit and Oversight strengthened its coordination with counterpart offices in United Nations agencies and international financial institutions. Common training sessions were held, investigative and audit tools shared, and joint investigations conducted into allegations of irregularities that concerned IFAD and other institutions.

The Office of Audit and Oversight continued to support IFAD management's assertion of the effectiveness of controls over financial reporting by testing and providing an independent opinion on the effective functioning of key internal controls.

The Office also made presentations on anticorruption awareness and prevention in orientation sessions for new staff and during the fiduciary forums held for finance officers from IFAD-funded projects.

IFAD has a confidential and anonymous mechanism through which complaints and allegations can be made (<http://www.ifad.org/governance/anticorruption/how.htm>). In 2013, 39 allegations were received as of 31 December,

compared with 33 received in 2012. These included external corruption and internal misconduct allegations. The 2012 Annual Report on Investigation and Anticorruption Activities was published in April 2013 (<http://www.ifad.org/governance/anticorruption/report/2013/e.pdf>).

Independent evaluation

This year marks the tenth anniversary of IFAD's independent evaluation function with direct reporting lines to the Executive Board. To commemorate this occasion, the Independent Office of Evaluation of IFAD published a booklet presenting an overview of the Office's activities through the years, an account of lessons learned and observations from partners.

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

The 2013 Annual Report on Results and Impact of IFAD Operations (ARRI) consolidates and summarizes the results and impact of IFAD-funded operations on the basis of evaluations conducted by the Independent Office of Evaluation in 2012 and previous years. This ARRI introduces a new data series based only on project completion report validations and project performance assessment data, and presenting data by year of project completion, rather than year of evaluation.

This year's ARRI shows that the relevance of IFAD-supported projects remains generally high, confirming the importance of the Fund as a global organization promoting sustainable small-scale agricultural development. The rural poverty impact of IFAD-supported operations has shown improvements since 2005-2007. An upward trend is also visible in project performance and overall achievement in projects completed since 2009-2011. IFAD's performance as a partner during 2011-2013 is the best since the ARRI was first issued in 2003. IFAD-supported operations also get high scores for promoting innovative approaches and scaling up, both areas that are fundamental to achieving a wider impact on rural poverty. The ARRI also reveals that IFAD-supported operations do well at promoting gender equality and women's empowerment, an area in which the Fund is developing a comparative advantage, a track record and specialization.

Although the general picture is positive, a large number of projects continue to achieve moderately satisfactory performance, while hardly any are rated highly satisfactory for the evaluation criteria assessed. This means that there are opportunities for further improvement overall. Moreover, two areas flagged in the past remain problematic: efficiency of operations, and sustainability of benefits. These are the two evaluation criteria for which the results are weakest.

Governments' performance as partners of IFAD has also not shown much improvement over time. And monitoring and evaluation continues to be a challenge. All these areas require a change in approach in order to achieve better results.

Understanding exceptional projects is the learning theme for this year's ARRI. The review revealed a strong association between factors such as design, management and context in all types of countries. Project management emerged as a very important but underemphasized determinant of project performance in all country contexts.

Fragility, conflict and poverty increasingly coincide. Therefore, IFAD's relatively poor performance in fragile and/or conflict-affected states represents an important challenge. The forthcoming corporate-level evaluation of IFAD's work in fragile situations aims to provide a critical opportunity for significant rethinking and change.

External benchmarking shows that the performance of IFAD-funded operations since about the year 2000 has been broadly similar to that of World Bank operations globally. At the regional level, the performance of IFAD-supported operations is on a par with that of the African Development Bank in Africa and better than that of the Asian Development Bank in Asia and the Pacific. This is reassuring, given that the rural contexts in which IFAD works are often more challenging and the nature of our operations is generally more demanding.

Every year, IFAD management provides a written response to the ARRI, which is presented to the Executive Board and available online. Management broadly agreed with the conclusions of the ARRI 2013 and welcomed the methodological improvements in this year's report, which responded to comments made last year, in particular the

suggestion for using completion cohorts to improve the robustness of the sample projects used in the ARRI. IFAD's self-evaluation system showed similar performance trends to those identified in the ARRI, particularly the improvements in a number of performance areas.

Management also agreed that economic efficiency and sustainability of benefits are the two weakest areas of performance, although it reports higher and gradually improving performance. Regarding performance in fragile and/or conflict-affected states, management agrees that this is an important issue. Indeed, this year's Annual Review of Portfolio Performance has assessed the difference in performance between fragile and non-fragile situations in detail. Management welcomed the forthcoming corporate-level evaluation of interventions in fragile and conflict-affected situations and flagged the need to apply a robust system of categorization, given that nearly half the fragile and/or conflict-affected states are also middle-income countries.

Other evaluation activities in 2013

Two corporate-level evaluations were published: on IFAD's Institutional Efficiency and Efficiency of IFAD-funded Operations, and on IFAD's Supervision and Implementation Support Policy. The overarching recommendation of the evaluation on efficiency was for the organization to "raise the bar for IFAD's own performance as a partner to promote scaled-up impact of IFAD-supported operations". This is the first step towards excellence in all aspects of operations, and towards developing IFAD-supported projects and country programmes that can scale up impact.

The second evaluation highlighted that IFAD's move towards direct supervision is having a positive impact on project performance. Overall, direct reporting increased from 14 per cent of the project portfolio in 2007 to 93 per cent in 2011. Directly supervised projects fare better than those supervised by cooperating institutions, particularly in the performance indicators that matter most to IFAD, such as targeting, food security, gender and institution-building.

The evaluation also identified eight main areas for improvement of supervision and implementation

support activities at the operational and strategic levels: flexibility, efficiency, client orientation, reporting on results, and evidence-based policy dialogue, at the operational level; and ownership, managing expectations, and scaling up, at the strategic level.

Country programme evaluations were completed for Ecuador, Indonesia and Madagascar. In Ecuador, findings indicate that the programme contributed positively to rural development, and IFAD is regarded as a trusted partner. Strong alignment between IFAD's mission and government priorities offers promising prospects for collaboration. However, results have been limited, as political instability has affected programme effectiveness.

The evaluation for Indonesia found marked progress in social infrastructure enhancement but limited results related to on-farm and off-farm development and agricultural productivity. The evaluation underlined the importance and potential of the Government-IFAD partnership for rural poverty reduction. Both sides express interest in this partnership and commitment to strengthening it.

In Madagascar, the evaluation found that the project portfolio had continued to perform well despite a challenging political crisis in 2009. IFAD and the Government gave sufficient attention to non-lending activities (policy dialogue, knowledge management, partnership-building and grants) – including in the sensitive area of land tenure policy dialogue – and set up a good monitoring system at the country strategic opportunities programme (COSOP) level. The Government and IFAD will need to agree on how to provide extended support to project areas after project closure.

As part of IFAD-wide commitments under the Ninth Replenishment, the Independent Office of Evaluation conducted its first impact evaluation of an IFAD-funded project: the Sri Lanka Dry Zone Livelihood Support and Partnership Programme. This evaluation used mixed methods, including qualitative and quantitative techniques. For the first time at IFAD, a quantitative survey was conducted, involving 2,560 households, both those receiving and those not receiving project support. The evaluation found that the project played an important role in exposing smallholder farmers to

new crops and improved agricultural techniques. However, the effects on household assets and expenditures were mixed, according to the project's monitoring and evaluation data.

The Office completed three evaluation syntheses: IFAD's Engagement with Cooperatives, Results-based Country Strategic Opportunities Programmes, and Water Conservation and Management. The first synthesis found that while cooperatives are relatively easy to set up, it is difficult to ensure that they function effectively because their committee members and staff may lack the required knowledge and experience. However, properly operated cooperatives and similar farmer organizations can reach out and help large numbers of rural people to improve their incomes and living conditions, and they therefore merit continued support.

The second synthesis concluded that RB-COSOPs have generally been aligned with the strategic objectives of IFAD and the partner country. Nevertheless, some areas are not sufficiently addressed, such as engagement with the private sector, and pathways towards scaling up. The water synthesis concluded that, overall, IFAD's engagement with the water sector has been improving. However, the Fund must continue to strengthen engagement with natural resources and ecosystem management, undertake climate-related risk analysis, and include adaptive measures in project design.

Reforming human resources to empower people and deliver results

Throughout 2013, IFAD continued to move ahead with the change and reform agenda to empower staff and deliver results. The corporate action plan addressed the following six main areas:

- Strengthening the transparency and effectiveness of recruitment processes. This included supporting the consideration of internal candidates, with a focus on increasing opportunities for career growth. Attention was also paid to gender and geographic balance in compliance with IFAD's human resources policy (www.ifad.org/gbdocs/eb/95/e/EB-2008-95-R-60.pdf). Recruitment times were shortened, with recruitments completed within 100 days on average.

- Helping consultants get on board as efficiently as possible. A portal was launched to help IFAD consultants get started quickly on their assignments. This is a comprehensive source of information on issues such as contracts, security clearances and templates for reports.
- Building a management development programme to strengthen people management skills across the organization. The pilot programme, involving 20 managers, was launched in 2013 and completed in March 2014. Based on the results, a regular programme will be designed for a larger number of managers. The pilot programme will also be the basis for the design of a directors' management development programme to be launched in 2014.
- Ensuring better rotation opportunities to motivate staff and foster professional development. The first IFAD rotation exercise was launched in October 2013. This will be an annual voluntary exercise.
- Re-establishing a process of conversion from fixed-term to indefinite contracts in the context of an improved accountability and performance management framework.
- Ensuring full compliance by management and staff with IFAD's Code of Conduct and core values. During 2013, a new competency framework was developed, which is clearly linked to IFAD's core values. It will be used in key human resources processes, including recruitment, performance management and staff development.

In 2013, we also launched a new consolidated staff awards programme to recognize staff who exemplify IFAD's core values. And we introduced a new reward and recognition framework, which will take effect in 2014. Up to 15 per cent of staff will be eligible for monetary and non-monetary rewards.

IFAD's presence in the field continues to grow. As of 31 December 2013, we had 21 international Professional staff members, 6 Associated Professional Officers, 42 National Officers and 20 General Service staff members in IFAD country offices around the world (see map inside front cover).

Staff numbers and statistics as of 31 December 2013 were as follows:

- Total staff numbered 547, including staff of the Independent Office of Evaluation of IFAD and Associated Professional Officers.
- Of the total, 293 were in the Professional and higher categories, 42 in the National Officer category, and 212 in the General Service category.
- The National Officer, Professional and higher categories included nationals from 86 Member States.
- Women constituted 46 per cent of Professional and higher categories staff, 21 per cent of the National Officer category, and 81 per cent of the General Service category.
- Overall, 58 per cent of IFAD staff members are women.



Financing data and resource mobilization

The tables and charts in this chapter give detailed information about IFAD's loans and grants from 1978 to the end of 2013. You can see the size of the ongoing portfolio in each of our regions, and track new approvals. We also show types of investment and rates of disbursements. Table 2 brings together key figures for the last five years and gives cumulative totals since we began work in 1978.

Core resources and supplementary funds in 2013

IFAD's financing is drawn from several sources. These include our initial capital, investment income, loan reflows, and contributions from Member States and multilateral institutions. Member State contributions come through regular replenishments, held every three years, and in the form of supplementary funds.

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

2013 was the first year of IFAD's Ninth Replenishment period (IFAD9), for which Member States agreed to a target of US\$1.5 billion in new contributions to finance agricultural and rural development projects across the developing world. The target represented a 25 per cent increase over IFAD's Eighth Replenishment (2010-2012), and IFAD is currently financing a programme of loans and grants of US\$2.95 billion over the three-year period. This target includes a thematic window to make the projects we support more resilient to the effects of climate change through implementation of ASAP (see page 6).

For IFAD9, our programme of loans and grants – together with cofinancing funds, domestic contributions from entities operating in developing Member States, and other non-IFAD funds administered by IFAD – will be worth a total of US\$7.5 billion in investments.

Total pledges as of 31 December 2013, including complementary contributions, which are a subset of additional resources from Member States, amounted to more than US\$1.41 billion, representing 94 per cent of the IFAD9 target of US\$1.5 billion. Instruments of contributions (IOCs) received (including payments with no prior IOC deposit) amounted to more than US\$1.37 billion, representing 97 per cent of the total pledges of regular and complementary contributions.

During 2013, we continued to identify strategic options for diversifying our resource mobilization instruments and building new partnerships in order to adapt to the changing global context of development finance. These partnerships are geared to ensuring that investments in agricultural and rural development are made in a sustainable manner and go beyond traditional grant contributions. They are also designed to maximize IFAD's capacity to meet emerging development challenges and priorities.

The exploration of new partnerships includes Islamic and ethical investors, and the private sector. We formed a global strategic partnership with the Intel Corporation to support smallholders through mobile and IT farm extension services in Asia. We also held discussions with multinational agrifood companies to learn about their priorities when they engage with smallholders and to look at the potential for leveraging their buying power in support of small producers. And we increased the alignment of key programmes with the work of major foundations working on the same priorities (for example, in Nigeria with the Bill & Melinda Gates Foundation), for better coordination and greater development impact.

Supplementary funds

Supplementary funds are grant resources provided to IFAD in addition to replenishment

TABLE 2
IFAD at a glance, 1978-2013^{a, b}

		2009	2010	2011	2012	2013	1978-2013
Operational activities^{c, d}							
Loan and DSF grant approvals							
Number of programmes and projects		31	32	34	33	25	948
Amount	US\$ million	644.1	777.7	947.2	963.0	731.1	14 521.3
Grant approvals							
Number		99	88	83	90	63	2 551
Amount	US\$ million	47.0	51.2	50.4	71.5	50.0	919.0
ASAP Trust Fund							
Number		-	-	-	1	10	11
Amount	US\$ million	-	-	-	4.9	103.0	108.0
Total IFAD loan and grant operations	US\$ million	691.1	828.9	997.6	1 039.4	884.0	15 549.2
Cofinancing	US\$ million	308.1	662.2	412.2	420.3	342.2	9 926.6
Multilateral		280.2	565.2	213.2	153.3	207.1	7 558.0
Bilateral		24.6	74.5	159.4	183.0	93.2	1 769.4
NGO		0.7	10.4	-	3.5	-	44.9
Other ^e		2.5	12.2	39.6	80.5	41.9	554.2
Domestic contributions	US\$ million	362.3	924.8	834.3	599.5	568.6	12 830.0
Total programme and project cost^f	US\$ million	1 321.1	2 370.2	2 198.3	2 003.0	1 748.5	37 487.6
Programmes and projects							
Number of effective programmes and projects under implementation		217	231	238	256	241	-
Number of programmes and projects completed		24	21	26	21	43	685
Number of programmes and projects in pipeline		65	74	64	79	84	-
Number of approved programmes and projects initiated by IFAD		25	27	32	32	24	785
Number of recipient countries/territories (current portfolio)		91	96	97	99	98	-
Loan disbursements	US\$ million	428.5	457.6	549.7	534.5	482.6	9 234.0
DSF grant disbursements	US\$ million	13.8	39.4	76.3	118.4	142.5	398.9
Loan repayments^g	US\$ million	256.8	274.1	287.0	271.1	261.1	4 739.7
Membership and administration							
Member States – at end of period		165	165	167	169	172	-
Professional staff – at end of period ^{h, i}		235	260	298	312	321	-

Sources: Project and Portfolio Management System; IFAD financial statements for 1978-2013; 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 and interest repayments and include repayments on behalf of Heavily Indebted Poor Countries (HIPC) Debt Initiative countries and the Spanish Food Security Cofinancing Facility Trust Fund.

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

ⁱ Includes National Officers in country offices.

contributions.⁷ They are earmarked for cofinancing specific initiatives and projects, as indicated in the relevant agreements between IFAD and the donors concerned.

The major agreements reached during 2013 were with partners including the European Commission and the Governments of Canada, France, Germany, Italy, the Netherlands and Switzerland. These agreements support nutrition-sensitive agriculture, food production, and value chain development. They also provide funds for

the establishment of the multi-donor Platform for Agricultural Risk Management (PARM) (see page 32), and natural resource management with a special focus on land and responsible investment in agriculture, in partnership with the Global Land Tool Network. In 2013, IFAD also adhered to the United Nations Development Programme (UNDP) multi-donor trust fund established by the three Rome-based agencies and the United Nations Entity for Gender Equality and the Empowerment of Women (UN Women) for

TABLE 3
Summary table of supplementary funds for thematic and technical assistance and cofinancing received in 2013^a
 Amounts in US\$ million

Donor	Thematic and technical assistance	Cofinancing (excluding parallel cofinancing)	Total
<i>CGIAR</i>	20.8	-	
<i>Farmer organizations</i>	4.8	-	
<i>Eritrea</i>	-	1.2	
<i>Mozambique</i>	-	7.6	
<i>Burundi</i>	-	6.3	
<i>Kenya</i>	-	5.8	
<i>PARM</i>	1.1	-	
European Commission total	26.6	20.8	47.4
Netherlands	5.1	4.8	9.9
Canada	5.0	-	5.0
Switzerland	1.7	-	1.7
France	1.4	-	1.4
Italy voluntary contribution	1.3	-	1.3
Denmark	-	0.9	0.9
OFID Somalia	-	0.7	0.7
OFID Sao Tome and Principe, Ghana	-	0.6	0.6
Republic of Korea	0.5	-	0.5
Estonia	0.1	-	0.1
Total	41.6	27.8	69.4

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

OFID = OPEC Fund for International Development; PARM = Platform for Agricultural Risk Management.

TABLE 4
Ongoing programme and project portfolio by region^a
 As at end December 2013

	Number of programmes and projects	IFAD financing ^b (US\$ million)
West and Central Africa	52	1 042.3
East and Southern Africa	44	1 183.8
Asia and the Pacific	60	1 765.2
Latin America and the Caribbean	41	617.9
Near East, North Africa and Europe	44	785.2
Total^c	241	5 394.3

Source: Project and Portfolio Management System.

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

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

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

⁷ The main resources of IFAD are those as defined in Article 4 of the Agreement Establishing IFAD. Supplementary funds are other contributions accepted to supplement these resources to enhance IFAD's operations and to build strategic linkages and partnerships with members. The supplementary funds referred to in this section finance specific programmes or activities and include resources that flow through IFAD to cofinance IFAD loan-supported programmes and projects. They do not include Associate Professional Officer resources or funds that IFAD administers on behalf of partner organizations hosted on its premises (the Global Mechanism and the International Land Coalition) or the Global Environment Facility.

the Joint Programme on Accelerating Progress towards the Economic Empowerment of Rural Women, and to the quadripartite agreement between Switzerland and the three Rome-based agencies on food-waste reduction.

Overall in 2013, IFAD received US\$69.4 million in supplementary funds under agreements signed in 2013 and previous years. Table 3 shows supplementary funds received during the year.

Ongoing portfolio

IFAD's portfolio of ongoing programmes and projects continued to grow in value in 2013 (Table 4). At the end of the year, there were 241 programmes and projects at work around the world, funded by IFAD investments worth US\$5.4 billion in partnership with 96 recipient governments and Gaza and the West Bank (see map inside front cover). External cofinancing and funds

from domestic sources for the ongoing portfolio amounted to US\$6.8 billion, bringing the total value of these programmes and projects to US\$12.2 billion.

Cofinancing of IFAD-supported programmes and projects

Cofinancing from our partners multiplies the value of the development interventions that we support. It includes resources from bilateral and multilateral donors, and domestic contributions from recipient governments and project participants themselves.

Levels of cofinancing are affected by many external factors and may vary greatly from year to year. In 2013, multilateral cofinancing rose to US\$207.1 million from US\$153.3 million in 2012 and provided the bulk of external cofinancing for newly approved programmes and projects (Table 2 and Chart 6).

TABLE 5
Financing of IFAD-supported programmes and projects, 1978-2013

Amounts in US\$ million

	1978-1999	2000-2005	2006-2011	2012	2013	1978-2013
IFAD ^{a, b}	6 518.3	2 400.9	3 990.8	983.3	837.7	14 731.0
Cofinanced ^c	5 864.0	1 092.0	2 208.0	420.3	342.2	9 926.6
Domestic	7 006.1	1 687.4	2 968.5	599.5	568.6	12 830.0
Total^{d, e}	19 388.3	5 180.3	9 167.3	2 003.0	1 748.5	37 487.6
Number of programmes and projects ^f	551	152	187	33	25	948

Source: Project and Portfolio Management System.

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

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

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

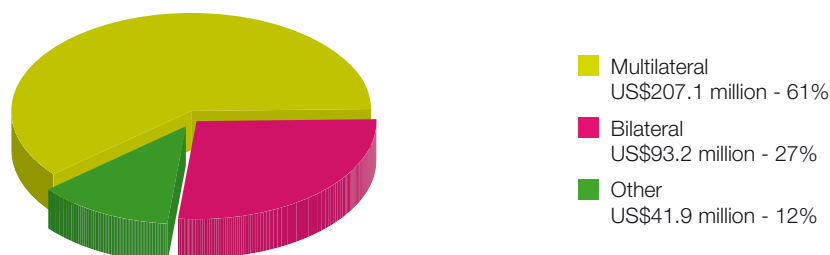
^d Total amounts may include additional financing for previously approved programmes and projects.

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

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

CHART 6
Cofinancing of IFAD-supported programmes and projects, 2013

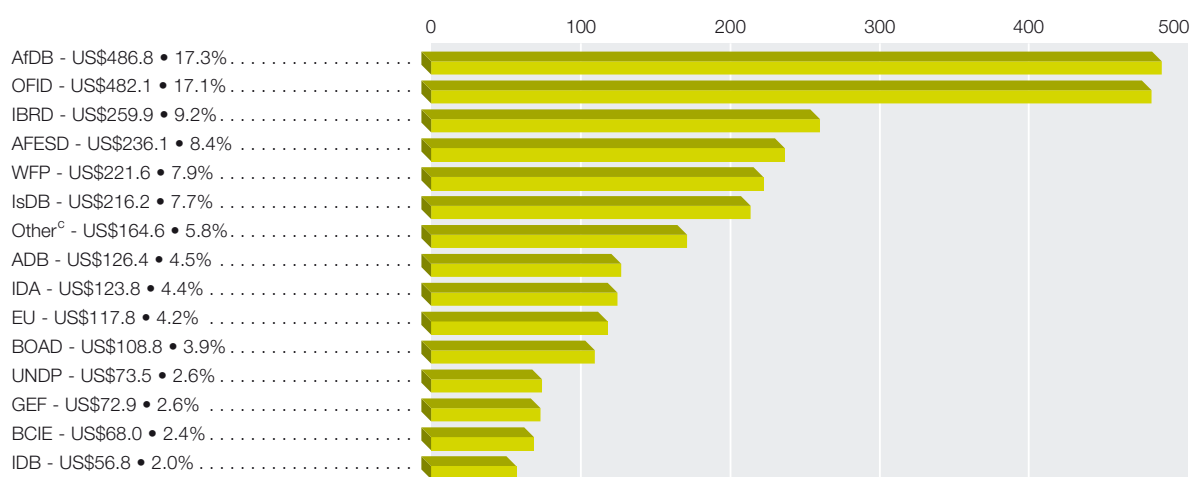
Share of total of US\$342.2 million^a



Source: Project and Portfolio Management System.

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

CHART 7
Cofinancing of IFAD-initiated programmes and projects by multilateral donors, 1978-2013^{a, b}
 Amounts in US\$ million



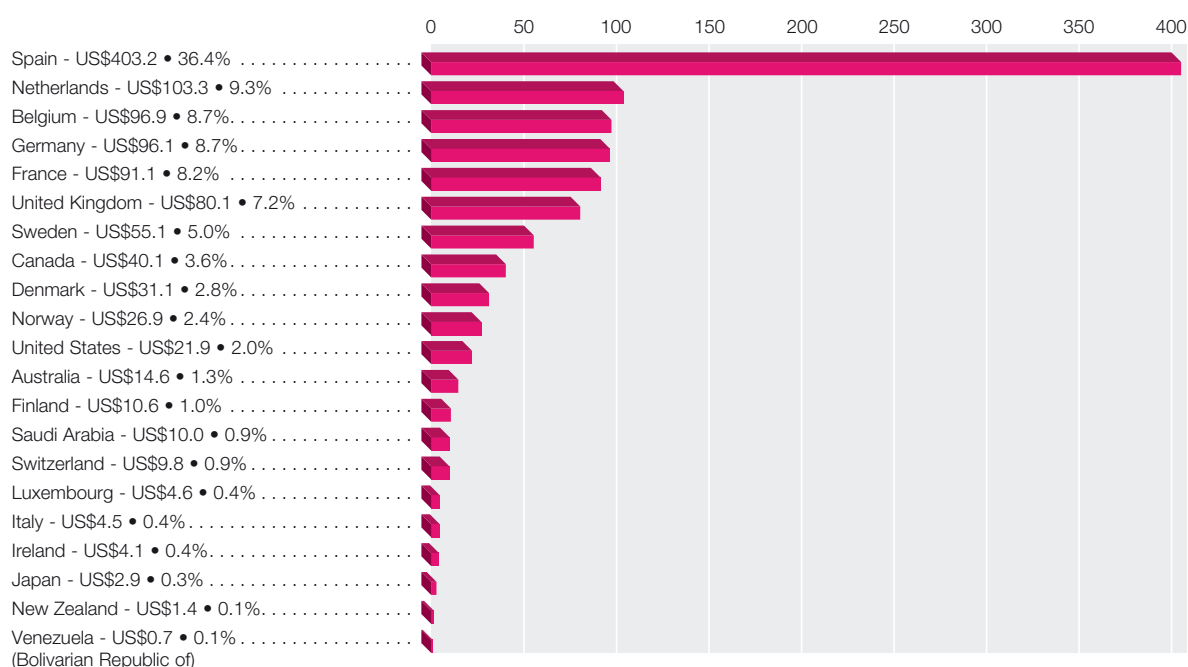
Source: Project and Portfolio Management System.

^a Amounts as per the President's report for each programme or project presented to the Executive Board. Any discrepancy in totals is the result of rounding. The amounts and percentages shown here represent the share of each multilateral in total multilateral cofinancing of US\$2,815.0 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 of Economic Integration (*Banco Centroamericano de Integración Económica*); BOAD = West African Development Bank (*Banque Ouest Africaine de Développement*); EU = European Union; 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: Arab Authority for Agricultural Investment and Development (AAID), Africa Fund, Arab Bank for Economic Development in Africa (BADEA), Andean Development Corporation (CAF – *Corporación Andina de Fomento*), Caribbean Development Bank (CDB), Economic Community of West African States (ECOWAS) Bank for Investment and Development (EBID), Food and Agriculture Organization of the United Nations (FAO), Global Agriculture and Food Security Program (GAFSP), International Finance Corporation (IFC), International Labour Organization (ILO), Inter-American Institute for Cooperation on Agriculture (IICA), Strategic Climate Fund (SCF), United Nations Capital Development Fund (UNCDF), United Nations International Drug Control Programme (UNDCP), United Nations Fund for Drug Abuse Control (UNFDAC), United Nations Population Fund (UNFPA), United Nations Children's Fund (UNICEF) and United Nations Development Fund for Women (UNIFEM) (now United Nations Entity for Gender Equality and the Empowerment of Women [UN Women]).

CHART 8
Cofinancing of IFAD-initiated programmes and projects by donor Member States (bilateral), 1978-2013^a
 Amounts in US\$ million



Source: Project and Portfolio Management System.

^a Amounts as per the President's report for each programme and project presented to the Executive Board. Any discrepancy in totals is the result of rounding. The amounts and percentages shown here represent the share of each bilateral in total bilateral cofinancing of US\$1,109.2 million. Bilateral participation in basket or similar funding arrangements is not included.

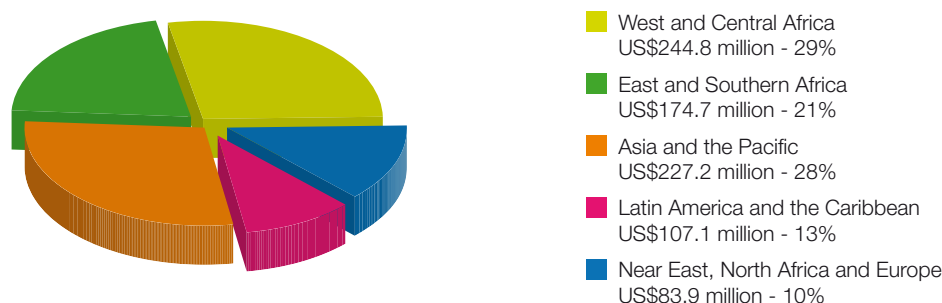
Chart 7 shows the top 15 multilateral cofinanciers of IFAD-initiated programmes and projects to date. The list is headed by the African Development Bank, the OPEC Fund for International Development, the International Bank for Reconstruction and Development (of the World Bank Group) and the Arab Fund for Economic and Social Development. Together, these four represent more than 50 per cent of total multilateral cofinancing of US\$2.8 billion.

Chart 8 ranks bilateral donors to programmes and projects initiated by IFAD, with Spain, the Netherlands and Belgium at the top of the chart. Together, these countries have provided more than 54 per cent of total bilateral cofinancing to IFAD-initiated projects, worth US\$1.1 billion since we started work in 1978.

IFAD's Executive Board approved the Spanish Food Security Cofinancing Facility Trust Fund in 2010. It consists of a loan from the Government of Spain of €285.5 million (US\$400.0 million) and a grant of €14.5 million (US\$20.3 million).

As at 31 December 2013, the Board had approved €299.7 million from the trust fund to scale up IFAD-supported projects: 11 in Latin America and the Caribbean (€154.0 million), 4 in West and Central Africa (€32.4 million), 4 in East and Southern Africa (€49.3 million), 3 in Asia and the Pacific (€35.6 million), and 3 in the Near East, North Africa and Europe (€28.4 million).

CHART 9
Regional distribution of IFAD financing for programmes and projects approved in 2013^a
Share of total of US\$837.7 million



Source: Project and Portfolio Management System.

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

TABLE 6
IFAD financing for programmes and projects by region, 1978-2013^{a, b}
Amounts in US\$ million

	1978-1999	2000-2005	2006-2011	2012	2013	1978-2013
West and Central Africa						
Total amount	1 127.2	449.2	678.4	268.9	244.8	2 768.5
Number of projects and programmes	120	35	41	7	5	208
East and Southern Africa						
Total amount	1 120.9	468.9	1 030.4	130.9	174.7	2 925.8
Number of projects and programmes	100	30	38	4	5	177
Asia and the Pacific						
Total amount	2 136.9	728.2	1 265.3	340.1	227.2	4 697.6
Number of projects and programmes	139	37	44	10	6	236
Latin America and the Caribbean						
Total amount	1 036.4	349.7	406.4	149.6	107.1	2 049.3
Number of projects and programmes	99	20	29	8	5	161
Near East, North Africa and Europe						
Total amount	1 096.9	404.9	610.3	93.9	83.9	2 289.9
Number of projects and programmes	93	30	35	4	4	166
Total IFAD financing^c	6 518.3	2 400.9	3 990.8	983.3	837.7	14 731.0
Total number of programmes and projects^d	551	152	187	33	25	948

Source: Project and Portfolio Management System.

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

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

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

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

Priority country and regional financing

We continue to prioritize assistance to least developed countries and countries with low food security. Of 2013 programme and project financing, 72.8 per cent was for low-income, food-deficit countries (as classified by FAO) and 52.6 per cent for the United Nations-classified least developed countries. From a regional perspective, IFAD's two sub-Saharan African regions received 50 per cent of new financing for programmes and projects in 2013 (Chart 9). Table 6 shows financing by region since 1978.

Financing by sector

The primary focus of IFAD's work is on fostering agriculture and inclusive rural development. More than 30 per cent of investments in our current portfolio support agriculture and natural resource management, the basic building blocks of rural economies (Chart 10). Rural financial services, and markets and related infrastructure each account for about 14 per cent of funds invested. These two sectors play a key role in driving inclusive economic growth in the rural areas where we work, enabling poor rural women and men to build their businesses and to process, transport and sell their produce.

CHART 10
IFAD current portfolio financing by sector (at end 2013)



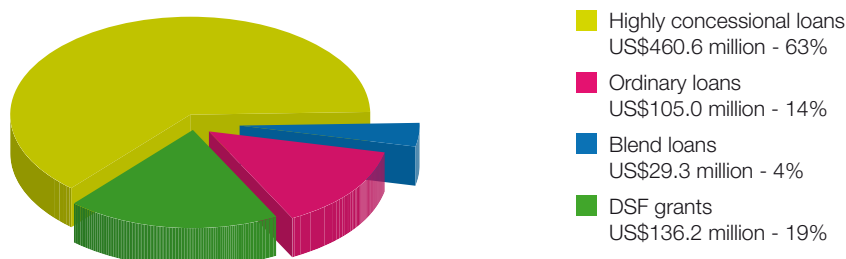
Source: Project and Portfolio Management System.

^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.

CHART 11
IFAD loans by lending terms, and DSF grants, 2013

Share of total of US\$731.1 million^a



Source: Project and Portfolio Management System.

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

TABLE 7
Summary of IFAD loans by lending terms, and of DSF grants, 1978-2013^{a,b}
 Amounts in US\$ million

	1978-1999	2000-2005	2006-2011	2012	2013	1978-2013
DSF grants						
Amount	-	-	767.1	315.0	136.2	1 218.4
Number of grants	-	-	76	17	11	104
Highly concessional loans						
Amount	4 415.1	2 011.3	2 356.3	314.1	460.6	9 557.5
Number of loans	391	128	124	18	21	682
Hardened loans						
Amount	-	-	54.1	5.0	-	59.1
Number of loans	-	-	4	1	-	5
Intermediate loans						
Amount	1 404.0	166.7	371.1	35.4	-	1 977.1
Number of loans	120	11	15	3	-	149
Blend loans						
Amount	-	-	-	-	29.3	29.3
Number of loans	-	-	-	-	2	2
Ordinary loans						
Amount	643.3	230.3	407.9	293.5	105.0	1 680.0
Number of loans	52	13	31	13	5	114
Total amount	6 462.4	2 408.3	3 956.5	963.0	731.1	14 521.3
Total number of loans and DSF grants^{c,d}	563	152	250	52	39	1 056

Source: Project and Portfolio Management System.

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

^b Any discrepancy in totals is due to rounding.

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

^d Fully cancelled or rescinded loans are not included.

TABLE 8
Summary of IFAD loans by lending terms, and of DSF grants, by region, 1978-2013^{a,b}
 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	453.1	340.2	216.1	51.2	157.7	1 218.4
Number of grants	33	25	20	9	17	104
Highly concessional loans						
Amount	2 145.8	2 430.5	3 599.6	411.4	970.3	9 557.5
Number of loans	195	165	196	41	85	682
Hardened loans						
Amount	-	-	-	-	59.1	59.1
Number of loans	-	-	-	-	5	5
Intermediate loans						
Amount	105.2	109.0	609.9	488.0	665.0	1 977.1
Number of loans	11	11	36	51	40	149
Blend loans						
Amount	-	-	15.0	14.3	-	29.3
Number of loans	-	-	1	1	-	2
Ordinary loans						
Amount	21.3	13.7	207.7	1 058.3	378.9	1 680.0
Number of loans	3	4	5	73	29	114
Total amount	2 725.4	2 893.4	4 648.3	2 023.3	2 231.1	14 521.3
Percentage of total IFAD loans and DSF grants	18.8	19.9	32.0	13.9	15.4	100.0
Total number of loans^{c,d} and DSF grants	242	205	258	175	176	1 056

Source: Project and Portfolio Management System.

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

^b Any discrepancy in totals is due to rounding.

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

^d Fully cancelled or rescinded loans are not included.

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).⁸ More than 60 per cent of new financing approved during the year was in the form of highly concessional loans – worth a total of US\$460.6 million. DSF grants made up nearly 19 per cent of the total, followed by ordinary loans with 14 per cent and blend loans with 4 per cent (Chart 11).

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

Disbursements

Disbursements of IFAD loans and DSF grants amounted to US\$625.1 million in 2013 (Tables 9 and 10). Over the period 1979-2013, cumulative disbursements of loans under the Regular Programme amounted to US\$8,917.8 million, representing 76 per cent of effective commitments at the end of 2013 (Table 11). This compared with US\$8,435.2 million disbursed by the end of 2012, which made up 75 per cent of effective commitments.

Managing IFAD's liquidity, cash flow and financial policies

IFAD manages investments and cash flow activities worth US\$2.3 billion for the regular programme of work and US\$0.7 billion for supplementary programmes and trust funds.

TABLE 9
Annual loan disbursement by region under the Regular Programme, 1979-2013^a
Amounts in US\$ million

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	1979-2013
West and Central Africa	61.4	62.3	57.8	61.8	64.4	66.8	66.0	74.4	94.2	74.8	1 306.9
East and Southern Africa	70.2	75.9	88.6	89.4	85.4	106.4	99.4	104.3	140.4	136.2	1 688.0
Asia and the Pacific	73.1	93.1	127.2	122.0	99.1	129.2	158.0	230.7	172.2	148.0	3 068.3
Latin America and the Caribbean	49.1	42.3	57.4	63.4	79.1	61.6	64.0	72.9	65.7	54.2	1 373.5
Near East, North Africa and Europe	57.6	68.0	55.9	62.1	96.1	73.5	70.1	67.3	61.9	69.4	1 481.1
Total^b	311.4	341.6	386.9	398.7	424.1	437.5	457.5	549.6	534.5	482.6	8 917.8

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, 2007-2013
Amounts in US\$ million

	2007	2008	2009	2010	2011	2012	2013	2007-2013
West and Central Africa	-	1.1	1.9	8.5	23.3	36.2	49.2	120.3
East and Southern Africa	1.0	3.6	5.2	16.8	27.3	41.7	44.9	140.5
Asia and the Pacific	0.9	1.7	4.6	8.8	13.9	24.3	22.9	77.0
Latin America and the Caribbean	-	-	0.6	0.9	2.9	6.6	6.2	17.2
Near East, North Africa and Europe	-	-	0.9	3.8	7.5	9.1	19.2	40.5
Global	0.1	0.1	0.6	0.7	1.4	0.5	-	3.4
Total^a	2.0	6.5	13.8	39.4	76.3	118.4	142.5	399.0

Source: Loans and Grants System.

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

⁸ IFAD provides loans on four different types of lending terms: highly concessional loans that carry no interest charge, have a service charge of 0.75 per cent and are repaid over 40 years; loans on hardened terms that carry no interest charge, have a service charge of 0.75 per cent and are repaid over 20 years; intermediate loans that carry a variable interest charge equivalent to 50 per cent of the reference interest rate and are repaid over 20 years; and ordinary loans that carry a variable interest charge equal to the reference interest rate and are repaid over 15 to 18 years.

In 2013 the volume of cash transactions reached record levels of US\$6.0 billion for the Regular Programme and US\$1.9 billion for supplementary programmes and trust funds, a significant increase of 5 per cent compared with 2012 and a 30 per cent increase compared with the average of the Eighth Replenishment period. The increase is mainly driven by the continued expansion of regular and supplementary programmes and trust fund activities.

An overall investment strategy review was carried out in order to ensure continued liquidity for disbursements and to maximize investment returns within established risk parameters. The aim was to align IFAD's investments with the growth in net outflows – due to the increase in the programme of loans and grants – and the weak return outlook. As a result, modifications were made to the policy asset allocation towards the end of the year.

As part of ongoing efforts to strengthen risk management, and in the context of the corporate review of business continuity, the business continuity plan and arrangements were validated

and enhanced. To improve efficiency further, workflows were reviewed for cross-divisional processes. New software was also introduced to facilitate compliance management for investments and cash operations.

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

In line with the corporate focus on IFAD's presence in the countries where we operate, and the growing number of country offices (see map inside front cover), business and legal negotiations with eligible banks were finalized and an IFAD country office decentralization working group was set up to find solutions to support IFAD country offices more effectively.

TABLE 11
Loan disbursement by region and lending terms under the Regular Programme, 1979-2013^a
Amounts in US\$ million

	Highly concessional	Intermediate	Ordinary	Hardened	Total
West and Central Africa					
Amount	1 230.9	60.3	15.7	-	1 306.9
Percentage of total loan effective commitment	73	100	87	-	74
East and Southern Africa					
Amount	1 587.0	97.5	3.4	-	1 688.0
Percentage of total loan effective commitment	74	95	26	-	75
Asia and the Pacific					
Amount	2 630.3	422.9	15.1	-	3 068.3
Percentage of total loan effective commitment	78	86	7	-	76
Latin America and the Caribbean					
Amount	365.8	406.3	601.4	-	1 373.6
Percentage of total loan effective commitment	88	94	63	-	76
Near East, North Africa and Europe					
Amount	833.6	400.1	237.7	9.7	1 481.1
Percentage of total loan effective commitment	90	71	69	22	74
Total amount	6 647.7	1 387.1	873.3	9.7	8 917.8
Total percentage of total loan effective commitment	78	84	57	22	76

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.

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

Debt relief and debt management make an important contribution to reducing poverty. During 2013, 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. We also continued to use our debt sustainability framework (DSF) 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 97 per cent of eligible countries (36 out of 38) have passed their decision points, qualifying for HIPC Debt Initiative assistance from IFAD. Thirty-four countries have now reached completion point – at which they receive full and irrevocable debt reduction – and two are in the interim period between the decision and completion points.

Our total commitments so far amount to approximately US\$572.3 million of debt service relief in nominal terms. As at 31 December 2013, IFAD had provided US\$419.7 million in debt relief to the 34 completion point countries.

During 2013, nearly 19 per cent of the total value of approved financing for investment programmes and projects was in the form of DSF grants. Eleven grants were approved, for a total value of US\$136.2 million (Table 7).

Programme participants at work in small vegetable plots in Bac Giang village, Ha Tinh province →

Viet Nam: Programme for Improving Market Participation of the Poor in Ha Tinh and Tra Vinh Provinces

©IFAD/Susan Beccio



Awards

Staff awards

Every year, we nominate outstanding colleagues to receive staff awards. The 2013 awards ceremony was held at the end of our first ever Global Staff Meeting, a two-day team-building event that brought together over 600 IFAD employees from all over the world.

Staff won awards for their exceptional contributions in one of four categories:

- leadership – at any level in the organization
- innovation or extraordinary initiative
- facilitation of change
- upholding IFAD's core values: focus on results, integrity, professionalism and respect.



Associate Vice-President Kevin Cleaver receives the Presidential Award at the Global Staff Meeting 2014

©IFAD/Flavio Ianniello



Over 600 staff members at the opening ceremony of IFAD's first Global Staff Meeting

©IFAD/Flavio Ianniello

Leadership

Abdelhamid Abdouli
Allegra Saitto

Innovative project/ Extraordinary initiative

Antonella Cordone

LGS team:

Sunil Abishaikh
Gabriella Donzelli
James Ewing
Daniela Frau
Tiziana Galloni
Simone Giorgi
David Hartcher
Saman Karunaratne
Alessandro Lembo
Andrea Marchetti
Allegra Saitto

FFR team:

Pedro De Vasconcelos
Rosanna Faillace
Mauro Martini

Facilitator of change

Lucy Gizzi
Irene Li

IFAD core values

Sennai Kebedom
Mayte Illan Rives
Atsuko Toda

Presidential Award

Kevin Cleaver

Honourable mention

Alessandra Casano of the FFR team
Carla De Donato, Kim Harvey and Fabrizio Forte
for the action taken following a car accident outside
IFAD headquarters in November 2013



Staff award winners 2013 with the President of IFAD (from left to right): Sunil Abishaikh, Tiziana Galloni, Lakshmi Menon, Simone Giorgi, Allegra Saitto, Alessandro Lembo, Daniela Frau, Antonella Cordone, Andrea Marchetti, Gabriella Donzelli, Abdelhamid Abdouli, Sennai Kebedom, Kanayo F. Nwanze, Mayte Illan Rives, Atsuko Toda, David Hartcher, Irene Li, Lucy Gizzi, Pedro De Vasconcelos, Rosanna Faillace, Mauro Martini

Awards to IFAD

During 2013, IFAD received a number of awards from Member State governments, indicating a growing awareness of agricultural development and IFAD's work. In April, IFAD and our sister Rome-based agencies – the Food and Agriculture Organization of the United Nations and the World Food Programme – were made **honorary citizens of the city of Rome** in recognition of our consistent commitment to the fight against hunger and poverty. The agencies' work in support of food security and sustainable development and to improve the living conditions of rural populations was also recognized.

In July, the United States Treasury awarded the **Development Impact Honors** award to IFAD and the African Development Bank for a joint project in rural Uganda that is improving infrastructure and market access, connecting smallholder farmers to markets and helping them become more competitive. In the same month, IFAD also received the **Témoignage Officiel de Satisfaction** (official testament of satisfaction) from the President of the Regional Office of the Association of Municipalities of Niger, based in Maradi.

During a trip to Latin America in August, IFAD's President Kanayo F. Nwanze received the **Diploma de la Ciudad** (City Diploma) from the Municipal District of Sibayo, Province of Caylloma in Arequipa, Peru. IFAD was also recognized by the President of the Republic and the State Secretary of Honduras for our valuable contribution to the Honduran agro-alimentary sector.

The IFAD-supported Post-Tsunami Coastal Rehabilitation and Resource Management Programme in Sri Lanka was named **2013 Project of the Year** by the United Nations Office for

Project Services in October. The programme, which is jointly financed by IFAD and the Government of Sri Lanka, was chosen for its comprehensive planning and efficiency, and commended for its delivery and performance.

The Adaptation for Smallholder Agriculture Programme (ASAP) was honoured with a **Momentum for Change Lighthouse Activity** award in November 2013 for its innovative work in using climate finance to support climate change adaptation activities that deliver social and economic benefits to smallholder farmers. The award is issued by the United Nations Climate Change Secretariat.

Internally, we launched the **Gender Award** in 2013 to advance our efforts in promoting gender equality by recognizing those projects that best address gender inequality and empower women in each region. The winning projects were the Sunamganj Community-Based Resource Management Project in Bangladesh (Asia and the Pacific), the District Livelihoods Support Programme in Uganda (East and Southern Africa), the Rural Development and Modernization Project for the Eastern Region of El Salvador (Latin America and the Caribbean), the Western Sudan Resources Management Programme in the Sudan (Near East, North Africa and Europe), and the Northern Rural Growth Programme in Ghana (West and Central Africa).



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.

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Cover:

Dairy farmers John and Sonia Nshimirimana with their two children on their family farm in Mugitega hill, Bugendana, Burundi. Three years ago, the Nshimirimana family received one cow from the project. Today they have two milking cows that provide 19 litres of milk per day, and one calf. They sell 10 litres back to the dairy cooperative that they belong to and the remainder is consumed by the family or sold to their neighbours, some of whom are pictured here.

In order to receive cows from the project, farmers must be able to grow enough grass to feed them. They are helped to build a “zero-grazing” stall like the one in the picture and to set up a rainwater tank so that they have enough water for their livestock. The cow’s first calf is given to another farming family. The young couple share their success with other local farmers, serving as a model of improved dairy farming for the project. Manure from the cattle is used to fertilize banana plants, which are also grown on the farm.

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International Fund for Agricultural Development


Via Paolo di Dono, 44 - 00142 Rome, Italy


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

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