

Why IFAD?



Investing in rural people

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A pivotal moment

This coming year could determine not only whether the world rises to the considerable challenges now facing it—climate change, persistent hunger, increasing inequality, stubborn poverty—but also affecting the fate of generations to come. With a growing population that will exceed 9 billion by 2050, the increasing effects of climate change, a widening gap between rich and poor, and growing competition for resources, the major issues facing humanity cannot wait. Deliberation must give way to deliberate action.

But the global political will to eradicate extreme poverty, hunger and malnutrition within a generation, and the conviction that this is achievable, are growing. An ambitious agenda is emerging in the process of identifying post-2015 development goals. It aims to end poverty everywhere in all its forms, and to end hunger and achieve food security. And it plans to do so sustainably. This would perhaps be one of the greatest steps ever taken to secure the future of humanity and the life of the planet.

It is an enormous step, however, and to truly lift all people out of poverty and hunger will mean reaching the unreached – those who have usually been left out of development planning, out of economic growth, and out of the public eye. Most of those people live in rural areas that few outsiders have ever even seen. They have been largely out of sight and out of mind.

But not for IFAD, which was created specifically to invest in, work with, empower, inspire and give voice to rural people. Since 1978 it has invested US\$15.8 billion in loans and grants, and mobilized more than \$22.8 billion in additional cofinancing and domestic contributions. IFAD is now in the right place at the right time to lead – as an investor, honest broker, and champion – in what will be one of the most demanding and potentially most powerful initiatives of the emerging development agenda.

A greater challenge, a further reach

Three-quarters of the poor and hungry people in the world live in the rural areas of developing countries. The majority depend on agriculture for their livelihoods. If the commitment to free all people everywhere from poverty and hunger is genuine, then it will be indispensable to target rural areas. Because that is where most poor and hungry people are.

As IFAD knows, working in these areas imposes particular challenges and costs. But it has reached people in some of the most remote and poorly resourced places in the world. It has not always been successful; but it has learned what works and what doesn't.

In the process it has evolved a cost-effective, people-centred and partnership-oriented approach that delivers results.

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Rural areas may begin on the fringes of cities, but IFAD does not stop there. It has successfully mounted projects in remote areas where few other development institutions will venture. But where the risk is high, so is the return, and IFAD has piloted innovative approaches that have not only worked, but been scaled up by governments and other partners. As the development community, governments and donors start to look at how to reach the poor and hungry populations that are concentrated in rural areas, they should also look at who is already working there – IFAD and its partners – and leverage that experience to intensify rural development.

You cannot reach rural people if you think of them as stranded in a wasteland. Respect for rural people, their traditional knowledge, their contribution to food security and natural resource management, is fundamental. In many cases rural people are already overcoming tremendous odds just to survive; with the right support, they can thrive and prosper. And rural areas are already supplying growing urban centres with food, water and environmental services.

Globally, 85 per cent of farms are below 2 hectares. Smallholder agriculture is key to food security. The world's 500 million small farms provide food and livelihoods for billions of people. They account for up to 80 per cent of food produced in sub-Saharan Africa and parts of Asia. Smallholder farmers themselves are the largest on-farm investors in agriculture in the developing world. So IFAD looks at rural people not just in terms of what they need, but what they give, and the enormous potential they represent.

Resources, renewal, results

Small farms are not just here to stay; their numbers are increasing. Demand for the kind of projects IFAD supports is also growing, and far outstrips supply. Despite the increasing attractiveness of agriculture, a massive increase in investment is necessary.

The majority of funding for smallholder development comes from multilateral development agencies, in particular IFAD, the World Bank and the regional development banks. IFAD already plays a key role here; according to one study, in 2009, of the US\$2.6 billion in funding focused on smallholder agriculture, almost a fifth came from IFAD. Funding, however, was not evenly distributed. The study found that nearly 40 per cent of all official development assistance aimed at smallholder agriculture went to just 10 countries.

It will take more than this to reach the goal of eradicating poverty and hunger—much more. In 2013, IFAD was supporting 241 programmes and projects in partnership with 96 recipient governments and Gaza and the West Bank. The total value was US\$12.2 billion; 72.8 per cent was for low-income, food-deficit countries and 52.6 per cent for UN-classified least developed countries. Around 40 per cent of IFAD Member States with ongoing operations are classified as fragile states.

IFAD's reach is not only far, but broad. Once the easy wins have been won, a serious effort to eradicate poverty and hunger will have to go where IFAD traditionally goes, and reach deep into rural areas. And, like IFAD, it will have to stay there for the long haul, so that revitalized rural areas don't wither again after donors withdraw, and to ensure that progress is sustainable.

Catalysing rural transformation

The Open Working Group of states proposing a new set of sustainable development goals has specifically targeted the smallholder sector:

By 2030 double the agricultural productivity and the incomes of small-scale food producers, particularly women, indigenous peoples, family farmers, pastoralists and fishers, including through secure and equal access to land, other productive resources and inputs, knowledge, financial services, markets, and opportunities for value addition and non-farm employment. (target 2.3)

IFAD knows better than any other institution how to deliver on this commitment and what it will require, not just in resources but in terms of commitment, time, persistence and coordination. The Fund has built a reputation as a trusted partner among governments and rural people and their organizations, and is therefore in a position to broker investments that are equitable and projects that are participatory and sustainable.

Poverty eradication is not just about relieving poverty but changing the dynamics that cause it. IFAD takes a holistic view that includes rural-urban linkages and also the social dimensions of poverty. A rural transformation – by definition a sustainable and comprehensive level of change that is social as well as economic – will have to be built on investments that target services, infrastructure and institutions that will facilitate the flow of goods, people, money and information between rural and urban areas. Securing rights, addressing inequality and exclusion, and taking positive steps to empower women and provide opportunities for youth all contribute to transforming the context of rural life and its possibilities.



At IFAD we believe that every community we work in, no matter how neglected or remote, has one tremendous resource: its people. The project we supported in West Noubaria, Egypt, showed that unemployed urban graduates can become successful farmers, and with the right support they can transform empty desert land into productive farmland. A project in northern Pakistan showed that as rural communities flourish, support for extremist movements dries up. It is possible to stop irrigating despair and desperation with neglect, and start building prosperity and stability with investment, know-how and respect.

IFAD now

IFAD is now a reformed, rejuvenated and fit-for-purpose institution that is not only unique, but is the only tool that was specifically designed to do the job before us: eradicate poverty by going to where most poor people are, in the rural areas of developing countries. This task has special difficulties and risks – ones that IFAD accepted long ago, and has developed a special expertise in overcoming.

The IFAD of today is not the IFAD of tomorrow, however. That will need to be a more influential institution, with the resources that this entails. The very high percentage of IFAD Member States contributing to the last replenishment of IFAD's resources reflects the strong sense of ownership of the Fund and confidence in its mission and performance. Also, developing countries themselves make up a far higher percentage of *contributors* to IFAD's replenishments than is the case for many other similar international financial institutions.

IFAD is a knowledge organization, but it is not a think tank; its principles and policy directions have always been backed by investment. IFAD has never seen investment in rural people as a gamble, but rather as a necessity. And as sustainability and inclusivity move toward the centre of development discourse, IFAD will also need to be there, as a point of reference, a partner of choice and a principal investor. Thanks to increasingly robust support from its members, IFAD is now poised to take up that challenge.



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