



Investing in rural people



Sustainable rural transformation in the Asia and the Pacific region



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Introduction

The Asia and the Pacific region (APR) has made tremendous gains over the past decade, with substantial reductions in poverty. The region's share of global gross domestic product was 33 per cent in 2016 and is expected to rise to 50 per cent by 2050. China and India are now among the world's largest economies.

However, considering the ambitious targets of the Sustainable Development Goals (SDGs), and bearing in mind that 326 million people in the region remain in extreme poverty, significant challenges remain unaddressed. Poverty remains concentrated in rural areas, where the major source of income is usually agriculture. Inequality is increasing, and certain groups remain particularly disadvantaged, including women, youth and indigenous people. Overall gains on poverty are now being challenged like never before by climate change and natural disasters.

In addition, almost 520 million people in Asia and the Pacific are still undernourished. Malnutrition remains a problem across the region, with between 30 and 40 per cent of children under 5 being stunted in South-East Asia and South Asia. Micronutrient deficiencies are also widespread, with major problems of anaemia, iodine deficiency and vitamin A deficiency.

In this regard, the region remains very prominent in the World Bank harmonized list of fragile situations (2018), with eight of its countries included: Afghanistan, Kiribati, Marshall Islands, Federated States of Micronesia, Myanmar, Papua New Guinea, Solomon Islands and Tuvalu. Most of these countries are Small Island Developing States, vulnerable to both extreme weather events and rising sea levels. The region is also under



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pressure from unsustainable management of natural resources, resulting in land degradation, deforestation and water scarcity. Marginalized rural populations, often forced to eke out a living on degraded land, bear the brunt of declining environmental quality. While these challenges across Asia and the Pacific are huge, the practical, local solutions to achieve the SDGs and make sure no one is left behind by 2030 are well known. To make this happen, IFAD is spearheading a renewed effort across the region in partnership with governments, development partners, the private sector and civil society.

IFAD in the region

IFAD has financed over 300 projects in the four decades of its engagement in the Asia and the Pacific region. As the socio-economic dynamics of the region have evolved over the last 20 years, the focus of IFAD's interventions has shifted. There has been a move from targeted poverty reduction models

to holistic, integrated rural development and focused investment in pro-poor value chains and enterprise development. Many of IFAD's pioneering models have now been mainstreamed into national strategies. IFAD strives to innovate and to develop new approaches to respond to changing rural development needs and challenges. It will continue to do so as it maximizes its contribution to the SDGs during the three-year cycle (2019-2021) of the Eleventh Replenishment of its resources (IFAD11).

IFAD is recognized for its expertise in targeting marginalized groups, including women and indigenous people, living in the most remote and marginal areas. A core element of project designs is the focus on building social capital through grass-roots institutional development, and placing the poor in the driver's seat of change processes. For example, since 2007, the Tejaswini Rural Women's Empowerment Programme in India has empowered 200,000 women by mobilizing them into self-help groups (SHGs), providing them with essential training, assisting them in managing savings, and then helping them access rural finance.

These empowered women are now leading and financing their own SHG federations, and managing marketing and input supply services. They are in

Countries in APR with projects during IFAD11

36 COUNTRIES

Numbers indicate ongoing programmes and projects

- Afghanistan - 2
- Bangladesh - 7
- Bhutan - 1
- Cambodia - 3
- China - 6
- Cook Islands
- Democratic People's Republic of Korea
- Fiji - 1
- India - 8
- Indonesia - 5
- Iran (Islamic Republic of)
- Kiribati - 1
- Lao People's Democratic Republic - 3
- Malaysia
- Maldives - 1
- Marshall Islands
- Micronesia (Federated States of)
- Mongolia - 1
- Myanmar - 3
- Nauru
- Nepal - 5
- Niue
- Pakistan - 5
- Palau
- Papua New Guinea - 2
- Philippines - 4
- Republic of Korea
- Samoa
- Solomon Islands - 1
- Sri Lanka - 2
- Thailand
- Timor-Leste
- Tonga - 1
- Tuvalu
- Vanuatu
- Viet Nam - 4

● Countries with projects in IFAD11

a better position to strengthen family livelihoods, improve local food and nutrition security, and enhance overall family resilience in the face of climate change and socio-economic instability.

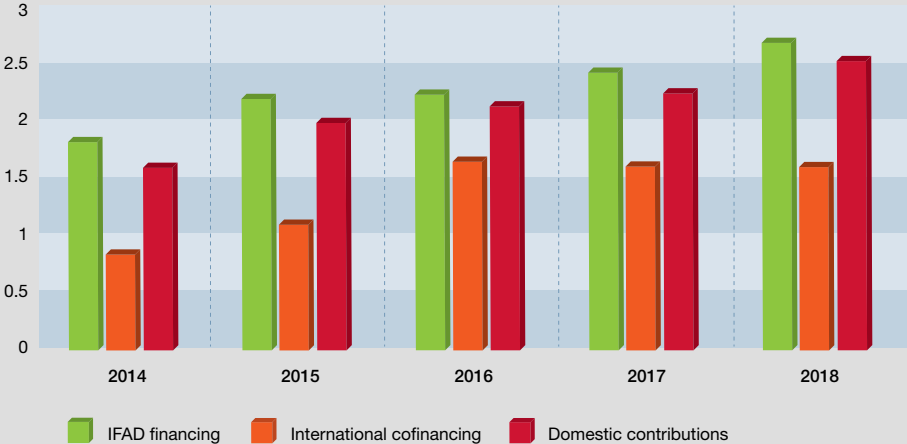
Over the last couple of decades, IFAD has been increasingly addressing the needs of rural youth. Estimates indicate that in 2015, 16.2 per cent of the population in the Asia and the Pacific region was between 15 and 24 years old, with about 55 per cent of all the youth globally living in rural areas. Although these youngsters are the most educated of their cohort ever, it is essential that adequate interventions are designed and delivered to capitalize on this demographic dividend and ensure that these young people are able to contribute to rural economies through meaningful work.

IFAD sees rural youth as a unique asset, and an opportunity to drive forward sustainable rural transformation. If properly recognized and valued, for example as early adopters of new technologies, innovators and risk-takers, they can act as agents of change and be engines for social and economic growth.

Asian economies continue to drive global growth. In 2016, global GDP grew by 2.4 per cent while the Asia and the Pacific region as a whole increased

IFAD ongoing portfolio in APR 2014-2018

Amount in US\$ billions







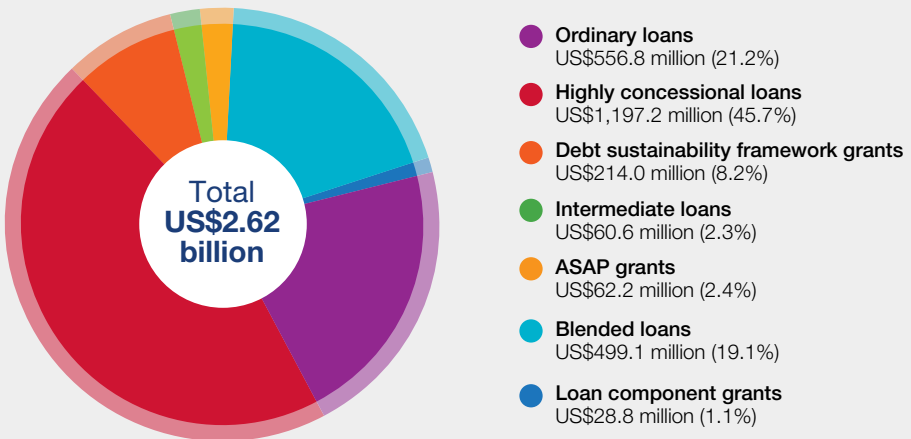
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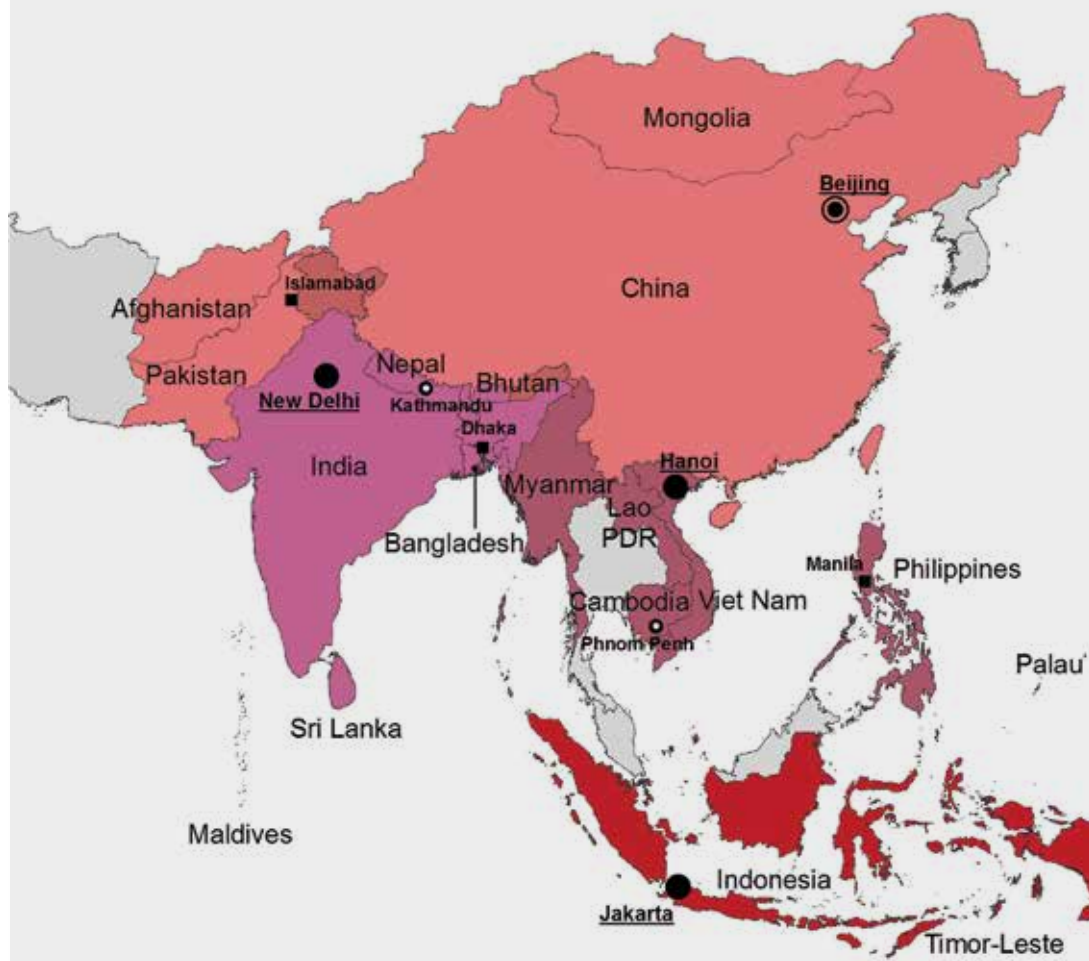
by 4.4 per cent. In spite of the rapid economic growth, income inequality has risen, with the region still housing two thirds of the world's poorest people. Reliable market access boosts productivity, increases incomes and strengthens food security. It contributes to poverty reduction for producers and their communities if appropriate measures are taken to reduce market risks and unequal market power. To increase market access for poor people in rural areas, 80 per cent of IFAD projects in the Asia and the Pacific region include value chain development interventions, for example to raise productivity at the household level or link farmer groups with multinational companies such as Mars. In India, the Convergence of Agricultural Innovations Programme is linking cotton farmers to the Better Cotton Initiative, which provides cotton to brands such as Ikea, Tesco, M&S, H&M and GAP. The project now covers 150,000 farmers across 175,000 ha, and is leading to big increases in farmer profits from cotton sales at the same time as cutting out dangerous agro-chemicals.

Investment by the private sector is critical to enable sustainable and fair long-term sourcing of products from smallholders. Yet, complementary public-sector investment in post-harvest infrastructure, local markets and rural road connectivity is just as important. Research shows that communities lacking basic infrastructure often obtain lower prices during the harvest season and higher seasonal gaps. Across the continent, IFAD invests in rural infrastructure, particularly roads and small-scale irrigation systems, ensuring that proper norms and institutions are in place to govern fair access and use. In a recent project in the Ben Tre province in Viet Nam, the expansion of roads into small farming areas is estimated to have improved agricultural prices by 5-10 per cent while reducing post-harvest losses by 10 per cent.

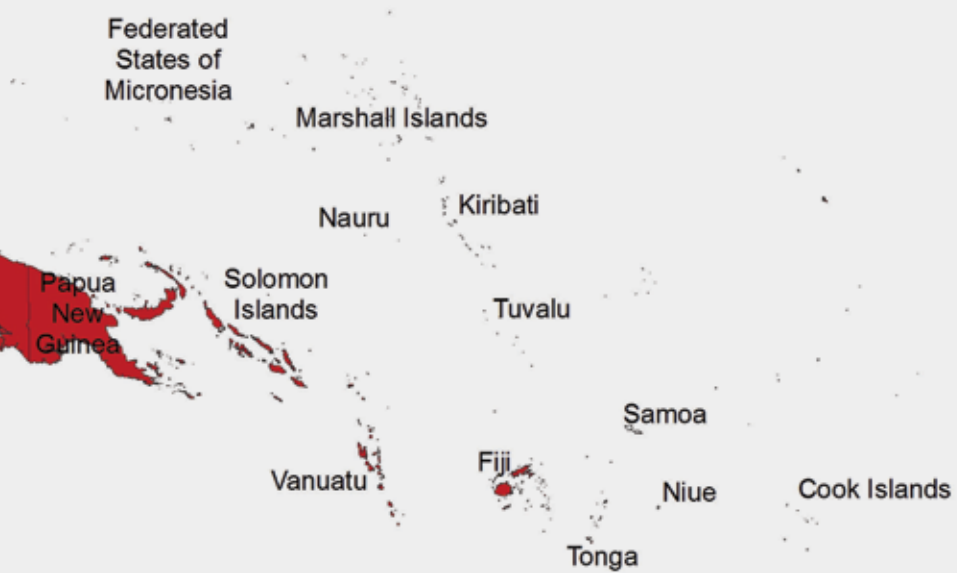
While economic growth has brought Asian economies many benefits through higher incomes and employment, in many cases it has also contributed to unprecedented environmental damage. Smallholder farmers are often on the front line of natural resource degradation and frequently inhabit some of the most marginal landscapes that are also most vulnerable to the changing climate. Many IFAD projects in the region focus on building resilience through enhancing natural resource management. The Leasehold Forestry Programme in Nepal has provided forest land to groups of landless

IFAD current portfolio in APR
(as at 30 September 2018)





- Hub
- ⊙ Regional SSTC and Knowledge Centre
- Country Director-led IFAD country office (ICO)
- Country Programme Officer-led ICO
- East Asia Regional SSTC and Knowledge Centre
- South Asia Hub (New Delhi)
- Mekong Hub (Hanoi)
- South-East Asia and Pacific Hub (Jakarta)
- Member State without ongoing country programme

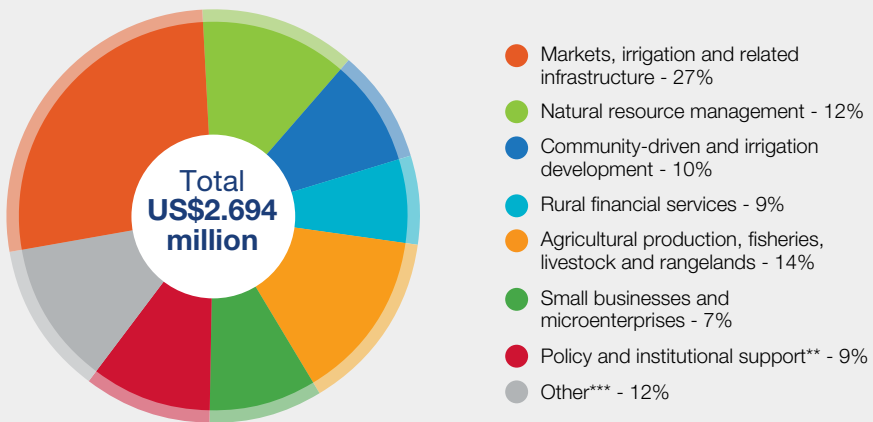




women on long-term leases. This has resulted in forest cover increase from 20 per cent to 70 per cent, and big increases in goat milk production through cut and carry systems. The success of the project led to it becoming a national programme. Building on learning from these projects, and with the aim of channelling significantly more climate and environment financing to smallholders, IFAD established the flagship Adaptation for Smallholder Agriculture Programme (ASAP). ASAP has received US\$300 million in contributions and helped 8 million vulnerable smallholders in 43 countries cope with the impact of climate change and build more resilient livelihoods.

With the Asia and the Pacific region being a cradle for learning and innovation, IFAD places emphasis on the importance of sharing knowledge within and among countries. IFAD finances innovation marketplaces and fairs at the national level, and has also set up the Rural Solutions Portal to profile successful innovations for reference by policymakers, researchers, development professionals, farmers organizations, private companies and public bodies. South-South and Triangular Cooperation (SSTC) is also growing in importance as a tool for sharing knowledge within and among countries. To boost this process, the China-IFAD SSTC Facility, the first in IFAD dedicated to SSTC, was established in February 2018. Another two SSTC Facilities are currently being designed, for India and Indonesia. These Facilities will all help

IFAD current portfolio in APR by sector*



* Excluding domestic contributions and cofinancing
 ** Including research, extension and training
 *** Includes human development, management and M&E



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foster knowledge exchange and technology sharing and support the regional dialogues that are vital for achieving the SDGs.

With the SDGs in mind, and 2030 fast approaching, IFAD is increasingly interested in achieving institutional and policy impact in order to quickly scale up successful rural development solutions. Policy engagement is now a priority area of intervention in the implementation of country strategies. Projects are therefore often focused on generating policy-relevant solutions and play a key role in bringing solutions to the attention of decision makers. The Microfinance for Marginal and Small Farmers Project in Bangladesh successfully piloted a new lending approach for a missing segment of the microfinance market in Bangladesh.

After convincing decision makers by showing them the impact on the ground, the initial IFAD investment of US\$20 million is now a US\$2 billion nationally funded “seasonal lending” programme reaching 1 million farmers. IFAD

projects also play a key role in illustrating how to implement existing or new national policies. For example, the National Programme for Community Empowerment in Indonesia is piloting an approach to implement a new Village Law. IFAD is also boosting technical capacity in country offices and IFAD's technical teams are now well-equipped to support governments on-request with policy support or through Reimbursable Technical Assistance (RTA).

Working together in the Asia and the Pacific region

The decline in extreme poverty and hunger in the Asia and the Pacific region over the past 20 years has been enormous and can be considered an outstanding achievement by Asian countries. Rural transformation is happening all over the region, and some countries are on the verge of eliminating extreme poverty, having adopted ambitious short-term targets to achieve this.

Although the outlook for the region is positive, major challenges lie ahead. The region is still home to the world's largest number of poor and hungry people. Over- and undernutrition remain a pervasive and increasing problem. The region is also characterized by severe natural resource degradation

Outputs of IFAD-supported projects



and urgently requires solutions to ensure resilience to climate change. Finally, growth in the region has not been equitable or inclusive. Inequality has risen, and a major effort is still needed to reach the poorest and most marginalized groups and ensure no one is left behind.

IFAD is adapting its business model in order to meet these challenges. Resources are being focused on the poorer, more fragile countries with the biggest rural challenges. There is a renewed emphasis on four key thematic priorities for mainstreaming – gender, nutrition, youth and climate. A newly improved design process has been approved, which will ensure quicker approvals and quicker start-ups of new projects. IFAD is introducing a revamped country strategy approach in 2019, with stronger focus on results, policy engagement, SSTC and knowledge management, and partnerships. New instruments will be developed and piloted, including new approaches for working with the private sector. Decentralization has been fast-tracked.

IFAD has equipped nine country offices across the region, of which four are subregional offices. These offices have been boosted with large decentralized operational teams to enable closer partnership with Member States and other partners. Finance and technical divisions have also posted their staff in the country offices to ensure quick and high-quality technical support to Member States.

To meet the challenges in the region and to bring impact to scale, IFAD needs strong multi-stakeholder partnerships. By exploiting the multiple complementary comparative advantages of diverse national and international partners, IFAD's programmes are able to reach many more rural people much more quickly. IFAD is therefore deepening its partnerships with Member States and with development partners, the private sector, academia and civil society. Through these multiple strategic partnerships, IFAD will ensure that its own resources are leveraged with significant domestic and international financing, and that interventions are both catalytic and harmonized with national priorities and programmes.





Bangladesh: A new push for nutrition-sensitive agriculture – Small fish make a big difference

In Bangladesh, an estimated 20 million people suffer deficiencies in vitamins and micronutrients. This is partly because they depend on rice, which is low in micronutrients. Together with the Government of Bangladesh and in cooperation with WorldFish, IFAD financed a project to promote the eating of indigenous small fish called *mola*, which are extremely rich in micronutrients. The *mola*, which is no more than 8 centimetres long, contains plenty of calcium, vitamin A, iron and zinc. Eating *mola* can be a cost-effective way for vulnerable people to increase their intake of micronutrients, which are more easily absorbed from fish than from plant-based foods. *Mola* has a mild flavour that young children like, and it is fed to them in a powder developed by the project.

The small fish have made a big difference to the children's lives. Stunting in the project area has dropped by 15 percentage points, from 56 per cent of children to 41 per cent. Researchers have estimated that raising *mola* in the country's 4 million small, seasonal ponds could meet the annual recommended intake of vitamin A for more than 6 million children. A nutritious fish chutney was also developed for pregnant and breast-feeding women. And small fish are turning out to be profitable after all – families now sell the fish that they do not eat themselves. Fish production in the project area more than doubled, and annual income from fish production in ponds increased by an average of Tk16,000 (about US\$207) per household.

Pakistan: Microfinance with a gender focus

In Pakistan, there is a substantial unmet demand – particularly among poor women – for diversified microfinance services. The Programme for Increasing Sustainable Microfinance (PRISM), jointly funded by IFAD and the Government of Pakistan, was designed to link the microfinance sector to a more sustainable source of funding from the commercial sector, especially commercial banks and capital markets, in order to give the rural poor greater access to financial

services. The programme made a conscious effort to prioritize women's access to financial services, and successfully reached 140,000 female clients, compared with 45,500 male clients. This was a significant achievement in a country where the number of women who benefit from microfinance loans is traditionally very low and where microfinance interventions that have a gender focus are often questioned. It reflects the positive gender-inclusive focus of PRISM and the constant efforts of Pakistan's Poverty Alleviation Fund (PPAF), which implemented the project, to maintain high levels of female clients. In recognition of this achievement, PRISM won the 2014 IFAD Gender Award.

Pacific Island countries: Digital marketing, the new age of social farming for young people

Securing markets for farm products is crucial to commercial farming success. In Pacific Island countries where the traditional form of marketing is still dominant, marketing farm products can be tiresome work with farmers waiting at markets the whole day to make a sale. This form of marketing is dependent on customers making their way to the market. Often farmers pay high transportation costs to transfer their crops to the market, and back home if they are not sold.

Through the IFAD-funded Capacity-Building for Resilient Agriculture in the Pacific Project (CBRAPP), young farmers in the Cook Islands, Marshall Islands and Niue were introduced to social marketing. At least 90 per cent of Niueans regularly use Facebook. With other young farmers, 19-year-old Nephi Poumale received training in using social media such as Facebook to actively engage his market. Poumale told trainers that as a young farmer he found it “embarrassing” to stand at the town market selling his produce, particularly as sometimes he would be teased by his peers. However, using Facebook brought a level of “modernity” to his farming that he could be proud of. Since using Facebook to make his sales, Nephi has extended his customer base and increased his income by more than 100 per cent. He is unable to meet the demand from the much bigger market he now has on Facebook. Not only is Nephi benefiting from the social marketing programme, but CBRAPP is also building his knowledge and production skills in organic farming, which is contributing to the marketability of his produce.

Viet Nam: Mobilizing private-sector-led climate actions in agriculture

The Mekong River Delta is the main crop production area of Viet Nam. But the area is highly vulnerable to the impacts of climate change. Nearly all surface waters are salinized and households lack fresh water for family consumption, crop irrigation and animals. Communities in Ben Tre and Tra Vinh provinces are particularly at risk and are being supported by the IFAD–Government of Viet Nam Project for Adaptation to Climate Change in the Mekong Delta. The project’s emphasis is firmly on developing climate-smart value chains that are inclusive and adapted to climate change. Attracted by the project’s grant scheme, private companies and farmer organizations are embracing climate change-resilient commodities or practices.

The grants encourage environmentally friendly and safe, quality agricultural production models, such as: fodder plantation for intensive cattle-raising; introduction and promotion of water-saving irrigation facilities for various crops; intensive oyster-raising adapted to changing environments; introduction of biofertilizer for maize and peanut production; and application of organic methods in coconut farming. The Provincial People’s Committees of Ben Tre and Tra Vinh responsible for implementing the project issued a list of commodities and climate-resilient equipment eligible to receive project finance and launched a call for proposals. The response was overwhelming, with nearly 150 models submitted to the project and assessed for adaptation and financial viability. The 48 models that are currently being rolled out at the household level show promising results with financial returns such as increased income, but also social returns such as more diversified meals through increased purchasing power.







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