



THE
DIFFERENCE
WE MAKE



Enabling poor rural people
to overcome poverty



“Before, we did not have any source of income and depended entirely on our husbands’ incomes.... Our dream is to open a shop on the main road, which gets a lot of traffic, to sell our handmade products.”

Bri Weldemariam
Gash Barka, Eritrea

Bri is a member of the National Eritrean Women’s Association and has received training from the IFAD-funded Gash Barka Livestock and Agricultural Development Project. She and other women weave mats and fans to sell.

ENABLING POOR RURAL PEOPLE TO OVERCOME POVERTY

Our goal is to empower
poor rural women and men
in developing countries to
achieve higher incomes and
improved food security

“For more than three decades,
IFAD has led some of the UN's most
successful development efforts aimed
at the rural poor across the world.”

United Nations Secretary-General
Ban Ki-moon, IFAD headquarters,
2 June 2008

There are **1.4 billion** extremely poor people in the world, living on less than US\$1.25 a day. About **1 billion** of these men, women and children live in the rural areas of developing countries.

Nearly **2 billion** rural people live on less than US\$2 a day. Most are smallholder farmers and their families, who depend on agriculture for their livelihoods.

Today, they must cope with rapid and unprecedented changes. Climate change, a growing world population, and volatile food and energy prices are pushing more people into extreme poverty and hunger.

For the first time in human history, the number of hungry people has passed **1 billion**. On top of this, tens of millions more people are expected to go hungry by 2020 as a result of climate change.

Strengthening the ability of smallholder farmers to respond to these challenges benefits all of us. Smallholder farmers have the potential to grow more food to help feed the world, store carbon on their land to slow the impact of climate change, and supply more renewable energy.

Rural poverty can be overcome, but this requires long-term solutions. These include:

- the right policies at national and international levels
- greater investment in smallholder agriculture
- building the capacity of poor rural women and men and their organizations

Governments, smallholder farmers and their organizations, and other development partners must work together to transform rural economies and create opportunities that result in lasting improvements for rural communities.

To help them do so is IFAD's challenge.

“...the role of IFAD has never been so important to developing countries against the backdrop of the current situation.”

China, IFAD Governing Council, 2009

Investment in smallholder agriculture generates economic growth that reduces poverty

The International Fund for Agricultural Development (IFAD) focuses on agriculture and reducing poverty in rural areas of developing countries, by helping poor rural people to increase their food production and incomes.

IFAD is one of the largest sources of development financing for agriculture and rural development in many developing countries. We are one of the few major development agencies that have increased investment in agriculture. Since starting operations, we have provided over US\$11.5 billion in loans and grants. In recent years our investment programme has been growing at an average of about 10 per cent per year.

Agriculture is a proven engine for poverty reduction. GDP growth generated by agriculture is at least twice as effective in reducing poverty as growth generated by other sectors.

Despite this, support to the agricultural sector in developing countries has declined dramatically since the 1970s.

Government spending on agriculture in many of the poorest countries averages only 4 per cent of public expenditure, and development aid to agriculture fell from US\$8 billion in 1984 to US\$5 billion in 2007. However, there are signs that this trend is shifting. In 2003, governments in Africa pledged to raise investment in agriculture to at least 10 per cent of national budgets. While all countries have yet to meet this target, a significant number have, despite the fiscal crisis. Donors, too, have shown that they understand the need to significantly increase funding to agriculture, and have backed this with pledges.

Without substantial additional investment and better policies that support smallholder agriculture, many of the poorest countries will not reach the targets of the first Millennium Development Goal – to halve the proportion of people living in extreme poverty and hunger by 2015.



“...there is now a big difference in the winter preparation – we work in a group and we have a new tractor. ... We even have some hay left over this year and we can sell the surplus.”

Batsaihan
Arkhangai Aimag, Mongolia

Batsaihan and his family head a herders' group that participates in the IFAD-supported Rural Poverty-Reduction Programme in Mongolia. The programme works with herders and farmers to help them boost production and increase their incomes. It also aims to improve their access to basic financial services, health care and education.

WHO WE ARE

IFAD is an international financial institution and a specialized United Nations agency dedicated to eradicating poverty and hunger in rural areas of developing countries.

IFAD was created in response to the droughts and food crisis that affected millions of people in Africa and Asia in the early 1970s. World leaders at the 1974 World Food Conference agreed that “an international fund ... should be established immediately to finance agricultural development projects” in developing countries. The Fund started operations in 1978.

IFAD is a unique partnership of members from the Organization of the Petroleum Exporting Countries (OPEC), other developing countries and the Organisation for Economic Co-operation and Development (OECD).

We support over
210 ongoing programmes
and projects with a
total IFAD investment
of US\$3.7 billion

Strategic objectives

We invest in six main areas of importance to poor rural people, to ensure they have better access to, and the skills and organization they need to take advantage of:

- 1 Natural resources, especially land and water
- 2 Improved agricultural technologies and production services
- 3 A broad range of rural financial services
- 4 Transparent and competitive markets for agricultural inputs and products
- 5 Opportunities for rural off-farm employment and enterprise development
- 6 Local and national policy and programming processes



Empowerment and capacity-building are cornerstones of IFAD's work

IFAD provides loans and grants to developing countries to finance innovative agriculture and rural development programmes and projects. These are managed and implemented by national governments and their partners, and by IFAD. Our twin drives to directly supervise most of the projects that we fund, and to step up our presence in the countries where we work, allow us to provide close support to the implementation of IFAD-financed projects, and to strengthen our partnerships with local institutions that have direct and indirect responsibility for project success.

We also work with partners in the international development community, especially other United Nations agencies and multilateral financial institutions, to increase the effectiveness of development efforts globally.

IFAD's experience shows that the most effective way to reduce poverty and increase food security is to enable smallholder farmers and other poor rural people to build the skills, knowledge and confidence they need to overcome poverty themselves.

Together with our partners, we help poor rural people to develop and strengthen their own organizations. This enables them to advance their own interests in agricultural markets and with rural service providers. It also strengthens their voice in development planning and policymaking processes at local, national and international levels.

Some results from IFAD-supported ongoing projects in 2008:

31,000 natural resource management groups formed or strengthened

65,000 village or community groups formed or strengthened

700,000 people trained in community management

24,000 village or community action plans prepared

“...it would have been difficult for Tanzania to achieve some of today’s milestones set out in the Millennium Development Goals ... without the close partnership with IFAD. IFAD to Tanzania is like a parent to a child...”

Tanzania, IFAD Governing Council, 2009



WHERE WE WORK AND WHO WE REACH

IFAD invests in agriculture and rural development programmes and projects that reach poor, marginalized and vulnerable people in rural areas. We focus on smallholder farmers and their families, especially very poor people, who have the potential to take advantage of the new economic opportunities offered by the projects IFAD supports.

We work in some of the world's most remote communities, in marginal areas such as mountains, drylands and deserts, with poor quality natural resources, poor communications, limited transportation networks and weak institutions.

We give special attention to women, who are often the most disadvantaged members of rural societies. In many countries, particularly in Asia and Latin America, indigenous peoples require special support to protect their heritage, cultural identities and livelihoods. These vulnerable people can and do contribute to economic growth. The key to ensuring that they participate in a country's development is to understand the reasons why they are poor and create the conditions they need to improve their lives.

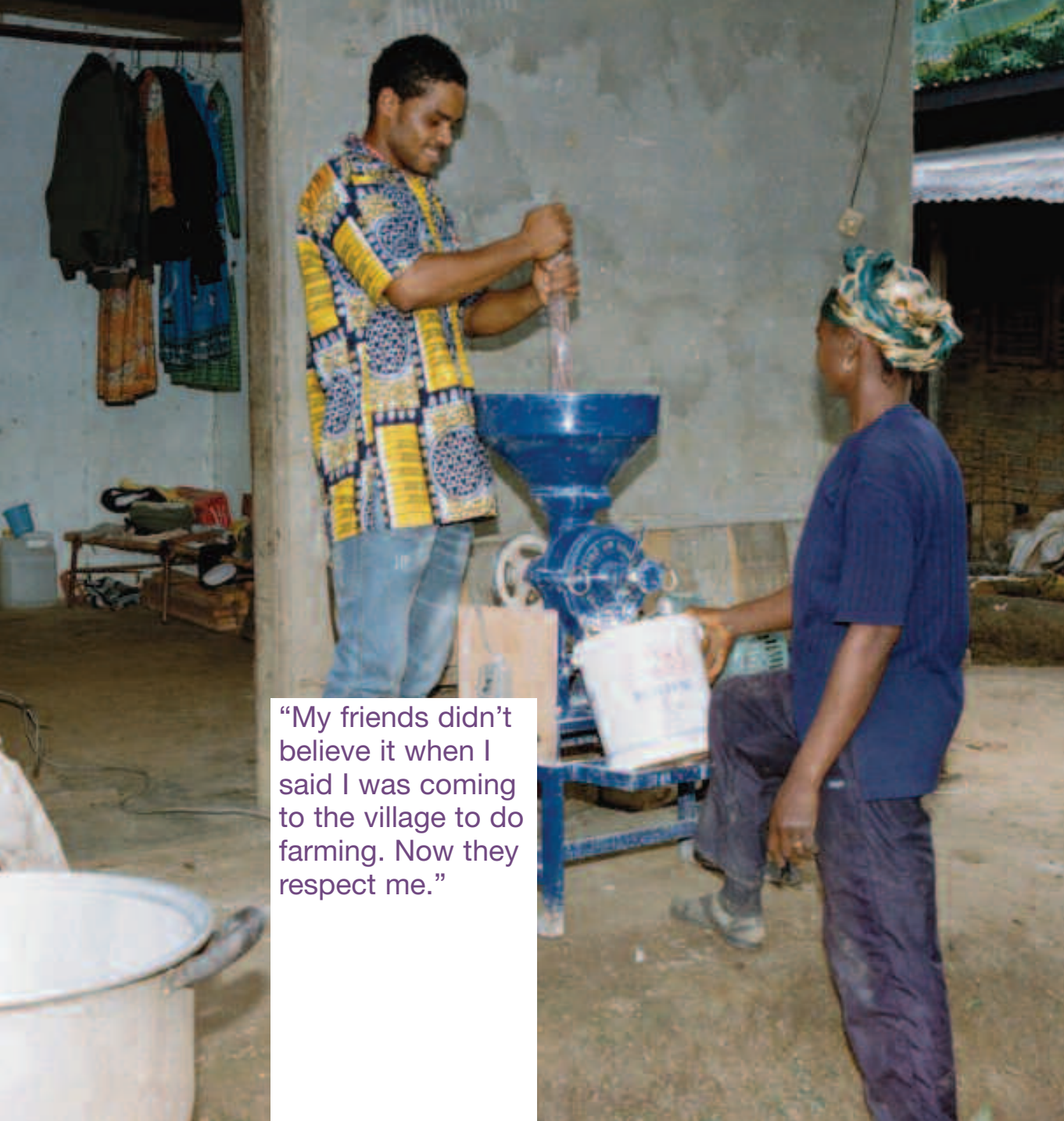
Many IFAD-financed projects support the development of rural financial institutions that provide services to poor rural people. Some results from ongoing projects in 2008:

29 million active borrowers from IFAD-assisted microfinance institutions

US\$200 average loan size

14 million voluntary savers

US\$127 average savings



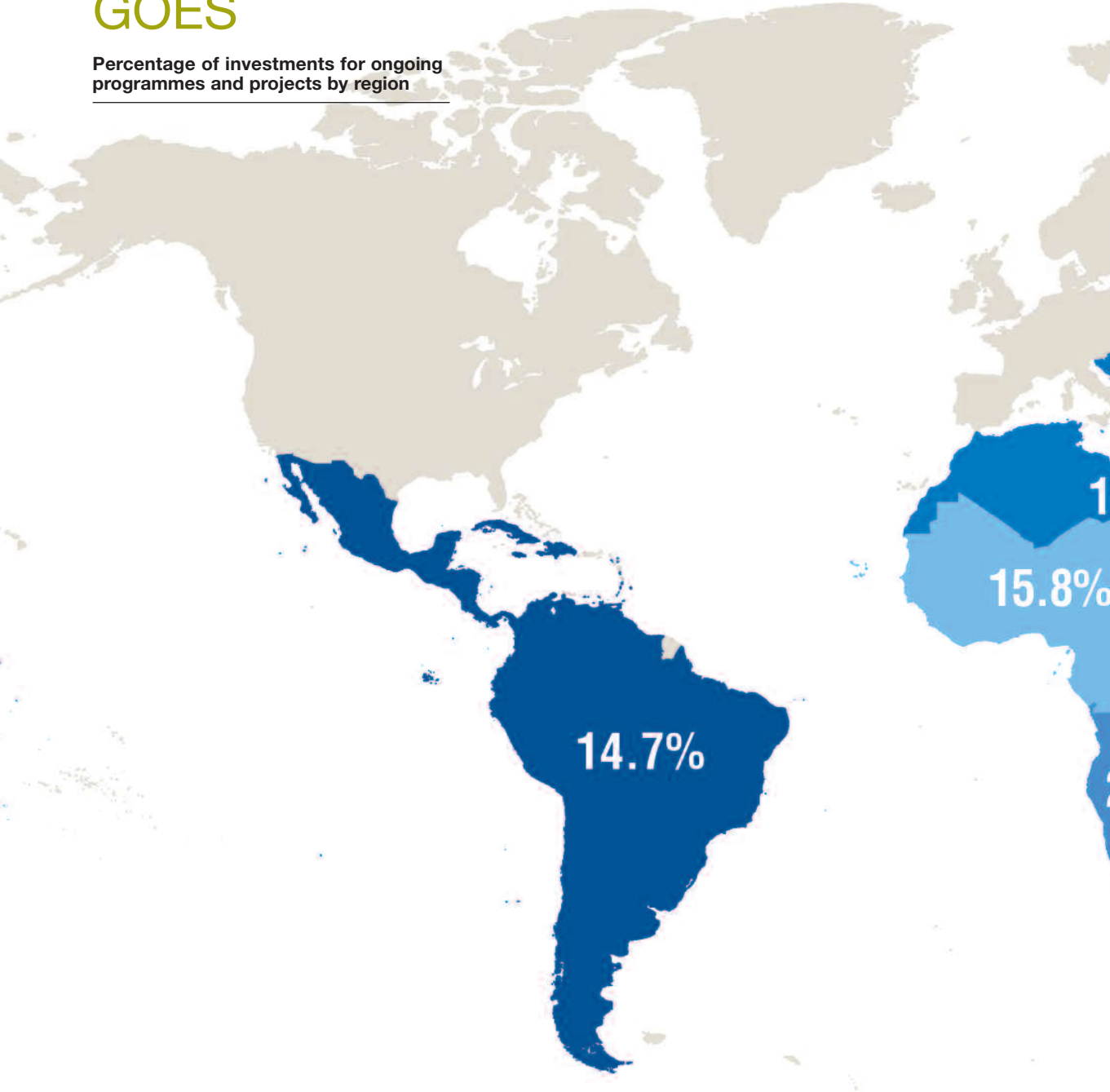
“My friends didn’t believe it when I said I was coming to the village to do farming. Now they respect me.”

Noah Adolphe
Nlong, Cameroon

Noah is a student who is financing his higher education by farming. He gets financial and technical assistance from the IFAD-supported Roots and Tubers Market-Driven Development Programme and grows improved varieties of cassava. He has also formed a group with other cassava farmers in his area and opened a bank account for the group to enable them to manage their finances better.

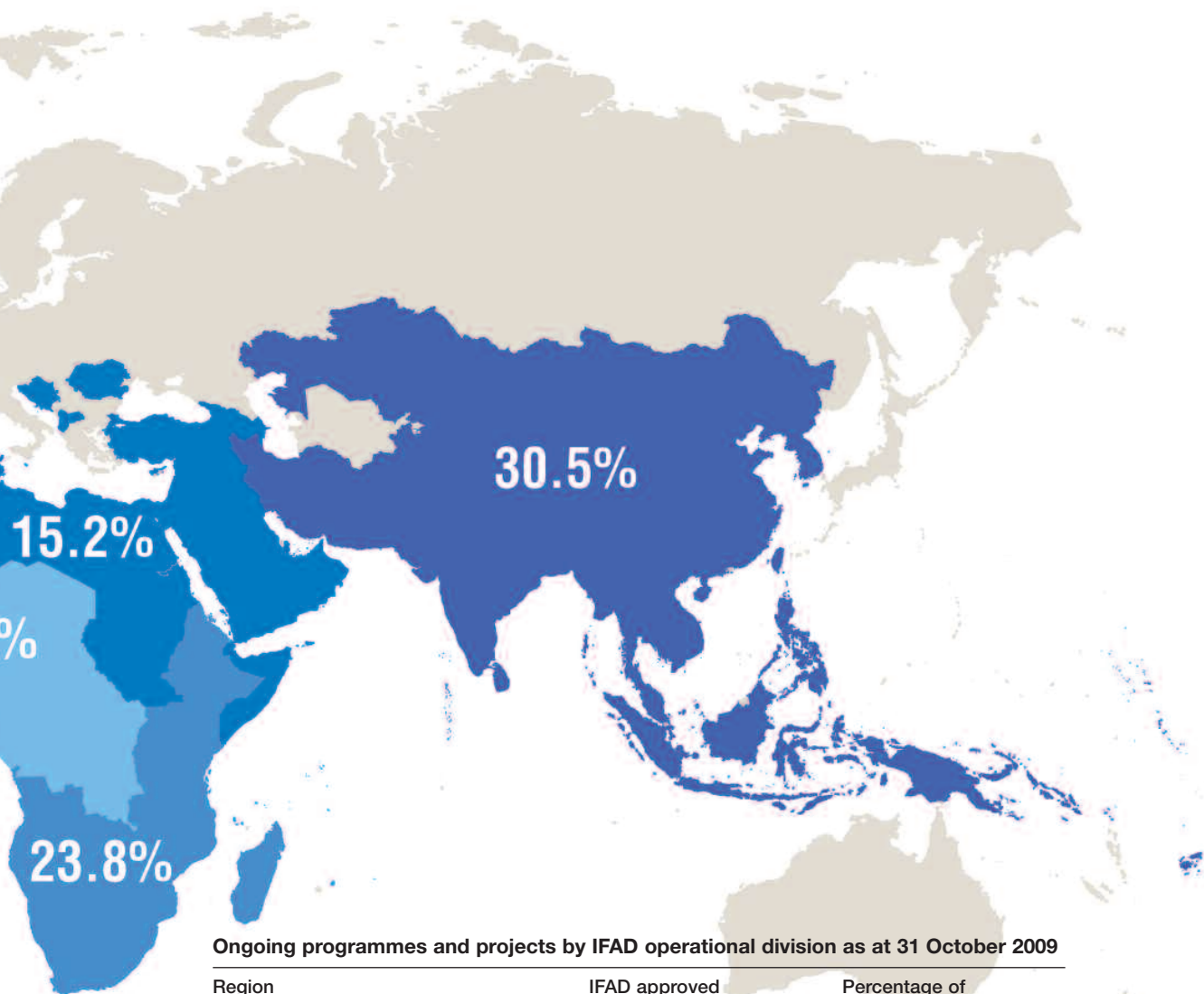
WHERE OUR FINANCING GOES

Percentage of investments for ongoing programmes and projects by region



Member States

- Afghanistan
- Albania
- Algeria**
- Angola
- Antigua and Barbuda
- Argentina
- Armenia
- Austria**
- Azerbaijan
- Bahamas (The)
- Bangladesh
- Barbados
- Belgium**
- Belize
- Benin
- Bhutan
- Bolivia (Plurinational State of)
- Bosnia and Herzegovina
- Botswana
- Brazil
- Burkina Faso
- Burundi
- Cambodia
- Cameroon
- Canada**
- Cape Verde
- Central African Republic
- Chad
- Chile
- China
- Colombia
- Comoros



Ongoing programmes and projects by IFAD operational division as at 31 October 2009

Region	IFAD approved amount (US\$ million)	Percentage of total approved
Western and Central Africa	589.0	15.8
Eastern and Southern Africa	889.4	23.8
Asia and the Pacific	1 140.0	30.5
Latin America and the Caribbean	550.0	14.7
Near East and North Africa, Central and Eastern Europe and the Newly Independent States	566.1	15.2
Total	3 734.5	100

Any discrepancy in totals is the result of rounding.

- Comoros
- Congo
- Cook Islands
- Costa Rica
- Côte d'Ivoire
- Croatia
- Cuba
- Cyprus
- Democratic People's Republic of Korea
- Democratic Republic of the Congo
- Denmark
- Djibouti
- Dominica
- Dominican Republic
- Ecuador
- Egypt
- El Salvador
- Equatorial Guinea
- Eritrea
- Ethiopia
- Fiji
- Finland
- France
- Gabon
- Gambia (The)
- Georgia
- Germany
- Ghana
- Greece
- Grenada
- Guatemala
- Guinea
- Guinea-Bissau
- Guyana
- Haiti
- Honduras
- Iceland
- India
- Indonesia
- Iran (Islamic Republic of)
- Iraq
- Ireland
- Israel
- Italy
- Jamaica
- Japan

Our resources

IFAD mobilizes resources from its Member States to finance programmes and projects in middle and lower-income member countries.

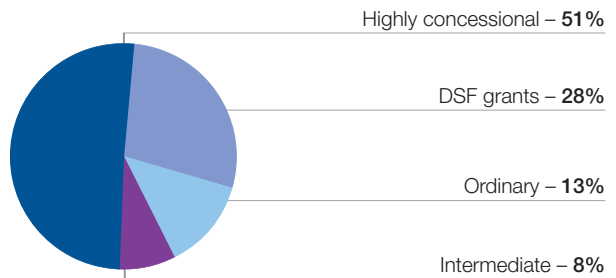
We use these resources to attract cofinancing from our partners. Since 1978, IFAD has provided over US\$11.5 billion in loans and grants. Another US\$9.8 billion has been invested by governments and other sources in-country, while external partners, including multilateral and bilateral donors, have contributed a further US\$8.0 billion in cofinancing.

The bulk of our financing is in the form of highly concessional loans. These carry no interest, have a small service fee and are paid back over 40 years, including an initial 10-year grace period. We also provide loans on intermediate and ordinary terms.

Under our debt sustainability framework, we use grants instead of loans to finance programmes and projects in poor countries that are unable to sustain debt. Countries with medium debt sustainability receive funds on a 50 per cent loan and 50 per cent grant basis. In 2009, as at 31 October, US\$114.7 million of IFAD financing was in the form of debt sustainability framework grants.

IFAD also uses grants to promote agricultural research tailored to developing countries' needs. And we give grants to support partner institutions such as community-based organizations and non-governmental organizations working with poor rural people.

IFAD loans by lending terms and debt sustainability framework grants, approved in 2009, as at 31 October



- Jordan
- Kazakhstan
- Kenya
- Kiribati
- Kuwait**
- Kyrgyzstan
- Lao People's Democratic Republic
- Lebanon
- Lesotho
- Liberia
- Libyan Arab Jamahiriya**
- Luxembourg**
- Madagascar
- Malawi
- Malaysia
- Maldives
- Mali
- Malta
- Marshall Islands
- Mauritania
- Mauritius
- Mexico
- Mongolia
- Morocco
- Mozambique
- Myanmar
- Namibia
- Nepal
- Netherlands**
- New Zealand**
- Nicaragua
- Niger
- Nigeria**
- Niue
- Norway**
- Oman
- Pakistan
- Panama
- Papua New Guinea
- Paraguay
- Peru
- Philippines
- Portugal**
- Qatar**
- Republic of Korea
- Republic of Moldova
- Romania
- Rwanda

Our governance

IFAD is led by its 165 Member States. Member States meet every year to take part in IFAD's Governing Council, our highest decision-making body. The Governing Council approves new membership, elects the President of IFAD and approves the administrative budget.

The Executive Board is our second main governing body. It has 18 elected members and 18 elected alternate members. The Board meets three times a year and approves our annual programme of work, and the loans and grants for the programmes and projects we support.

A unique partnership of Member States from

-  the Organization of the Petroleum Exporting Countries (OPEC)
-  the Organisation for Economic Co-operation and Development (OECD)
-  other developing countries

Romania
Rwanda
Saint Kitts and Nevis
Saint Lucia
Saint Vincent and the Grenadines
Samoa
São Tomé and Príncipe
Saudi Arabia
Senegal
Seychelles
Sierra Leone
Solomon Islands
Somalia
South Africa
Spain
Sri Lanka
Sudan (The)
Suriname
Swaziland
Sweden
Switzerland
Syrian Arab Republic
Tajikistan
Thailand
The former Yugoslav Republic of Macedonia
Timor-Leste
Togo
Tonga
Trinidad and Tobago
Tunisia
Turkey
Uganda
United Arab Emirates
United Kingdom
United Republic of Tanzania
United States
Uruguay
Venezuela (Bolivarian Republic of)
Viet Nam
Yemen
Zambia
Zimbabwe

We invest in poor rural people and their organizations

IFAD is the only international financial institution that works directly and consistently with the most marginalized rural people, their community institutions and farmers' organizations. Listening to them gives us a solid foundation from which to contribute to and help lead broader partnerships for rural poverty reduction.

The projects we finance are tailored to support national policies and meet the specific needs and priorities of diverse rural communities. We recognize that there is no one-size-fits-all approach to delivering assistance to poor rural people.

Helping farmers increase agricultural production and get better access to markets are priorities of many IFAD-supported projects. Improving opportunities to earn an income off-farm is also important. Some results from ongoing projects in 2008:

3 million people trained to use improved agricultural practices and technologies

15,000 km of roads constructed or repaired

4 million hectares of common-property-resource land under improved management



“I would like to speak. Before, we women were almost all the same. We did not know how to do things. We could not speak. Look at me now. Here I stand and speak in front of you all.”

Gladys Casafranca
Andahuaylas, Peru

As part of IFAD's work to promote gender equality, the organization is committed to strengthening rural women's leadership and decision-making influence. In Peru, the IFAD-funded Management of Natural Resources in the Southern Highlands Project improved rural women's status when it helped small groups set up their own savings and loan schemes, which operated as informal banks linked to commercial banking.

WORKING AS PARTNERS

IFAD works with developing country governments, poor rural people's organizations, non-governmental organizations and the private sector to design innovative programmes and projects that fit within national priorities for agriculture and rural development. As their partner, we help to ensure that the projects we support respond to the needs, priorities, opportunities and constraints identified by poor rural people themselves.

IFAD also works closely with other United Nations agencies and multilateral financial institutions, such as the World Bank and the African Development Bank. We support efforts to strengthen the impact of the United Nations system's work, at country level and globally. We are participating in pilot initiatives to better coordinate the efforts of United Nations agencies at country level to deliver as one. We work closely with the Rome-based United Nations agencies – the Food and Agriculture Organization of the United Nations and the World Food Programme.

As a signatory to the Paris Declaration on Aid Effectiveness, we work with other donors and partners in the international development community to fulfil our partnership commitments, which include country ownership, donor-partner alignment, inter-agency harmonization, managing for results and mutual accountability.

We also work in partnership with poor farmers themselves, as well as through their organizations. An example is the Farmers' Forum, which was established in 2004. It is a bottom-up process of consultation and dialogue between small farmers' organizations, IFAD and governments, focused on agriculture, rural development and poverty reduction. Every two years a global consultation of the Farmers' Forum is held in conjunction with IFAD's Governing Council.



“The project has changed my life. Without it, I could have remained unemployed or living on poor subsistence farming in the old lands of upper Egypt.”

Ahmad Al-Far
West Noubaria, Egypt

Ahmad is one of thousands of unemployed graduates who benefited from two successive projects supported by IFAD on land reclaimed from the desert in north-western Egypt. He received a loan, a plot of land and a small shelter-house. Now he grows and markets summer oranges and vegetables and produces milk and cheese.

IFAD is a unique global partnership of developed and developing countries dedicated to eradicating rural poverty

By working with partners, we combine expertise and knowledge and maximize the impact of development efforts. In Sri Lanka, for example, IFAD is cooperating with the World Bank on the Dry Zone Livelihood Support and Partnership Programme. This complements a World Bank project in the dry zones, where both initiatives support the development of community infrastructure and microenterprises, income-generating activities and marketing. In the Philippines, the European Commission is supporting the IFAD-initiated Rapid Food Production Enhancement Programme with a €10 million grant. The programme supports the government's nationwide drive to regain self-sufficiency in rice production.

In Ghana, we are working with the African Development Bank on the Northern Rural Growth Programme. IFAD is supporting farmers to develop profitable commodities and food chains, while improving market linkages.

The African Development Bank has financed improved infrastructure for commodity chains and agricultural production.

The OPEC Fund for International Development (OFID) is another important partner for IFAD. Together, we finance programmes and projects that help poor people create better lives for themselves by improving infrastructure, boosting literacy and business skills, increasing access to financial services, and introducing modern farming methods and materials.

We support research to develop new and improved agricultural technologies for poor rural producers by providing grants to the centres of the Consultative Group on International Agricultural Research (CGIAR). We also exchange knowledge and experience and develop partnerships with key research and development organizations. For example, the International Food Policy Research Institute, one of the CGIAR centres, is an important partner on innovation.

“The collective work of IFAD management, staff and membership to transform IFAD into an effective and efficient, modern development institution is unique and a very good example for the future...”

The Nordic countries, IFAD Governing Council, 2009



MATCHING GROWTH AND REFORM WITH RESULTS

IFAD has more than 30 years of experience in meeting the challenges of rural poverty reduction. Over this time we have provided more than US\$11.5 billion in loans and grants to developing countries for agriculture and rural development programmes and projects, and to support agricultural research. With cofinancing from our partners, the total investment is over US\$29 billion. These initiatives have reached about 350 million poor rural people in 116 countries and in Gaza and the West Bank.

We are one of the few major development agencies that have increased investment in agriculture. Close to half of our funding goes to Africa, placing us among the top three multilateral institutions investing in agriculture there.

IFAD is combining growth with improved performance and results. In the face of growing challenges in a rapidly changing world, we have undertaken an ambitious reform programme to improve the quality, relevance and effectiveness of our work.

Our focus is on managing for development results and impact in the projects and country programmes we support, and within IFAD itself. New tools, organizational processes, policies and strategies are in place to improve the quality of our work at the country and project levels.

We learn continuously from the initiatives we support, and share that knowledge with our partners to strengthen the effectiveness of their agricultural and rural development policies and investments.

Results reviewed in 2009 from completed projects financed and supported in collaboration with our partners include:

Guinea: more than 50,000 people in 200 villages gained access to safe water, reducing women's workloads and community exposure to waterborne diseases.

India: community access to latrines, schools, roads, water tanks and electricity was improved, which in turn raised incomes.

Macedonia: a commercially viable and relevant financial service system was established for rural clients.

Uganda: farmers' incomes increased, enabling them to buy improved farm inputs and produce more food.

Argentina and Colombia: IFAD contributed to the definition of new national policies on participatory rural development and microfinance in rural areas.

RESULTS IN THE FIELD

The following are just a few examples of the many programmes and projects we support that empower poor rural women and men to increase their incomes and improve their food security.

Natural resources

More than half of IFAD's projects are water-related. In the south of Jordan, for example, project engineers have helped poor farmers build more than 2,000 water cisterns. The cisterns use gravity instead of fuel-powered pumps to drive water through farm irrigation systems. The water is collected during winter rainfall and used for irrigation during drier seasons. Strategically placed stone terraces help trap precious topsoil and water. As a result, the land is more fertile and productive, incomes have increased significantly for more than 40,000 people, and family nutrition has improved.



Improved agricultural technologies and effective production services

IFAD has supported research in Western and Central Africa for the dissemination of improved rice varieties based on New Rice for Africa (NERICA), through grants to the Africa Rice Center (AfricaRice), a member of the CGIAR. With productivity gains of more than 100 per cent under favourable conditions and low input use, these new varieties offer enormous promise for rice producers in the region. Initial breeding work was supported by the Rockefeller Foundation, and later by the Government of Japan and the United Nations Development Programme. IFAD support meant scientists could test the new varieties in farmers' fields to encourage adoption and wide dissemination in Africa.

NERICA combines the hardiness of local African rice species with the high productivity of Asian rice. There are currently more than 100,000 hectares of upland NERICA grown by over 100,000 farmers in more than half the countries across sub-Saharan Africa.



Financial services

IFAD is one of the world's largest lenders supporting rural finance for poverty reduction. For example, in collaboration with the Belgian Survival Fund, we have provided technical and financial support to the Kenya Women Finance Trust (KWFT), which provides rural financial services to low-income women in Kenya. KWFT has developed into a leading performer among microfinance institutions. In 2008, it had outstanding loans worth US\$94 million and serviced a clientele of about 240,000 rural women. The Belgian Survival Fund was created by the Belgian parliament in the early 1980s. It works in partnership with IFAD to provide grants for development projects in some of Africa's poorest countries.

Transparent and competitive markets

On the island of São Tomé, IFAD has linked cocoa farmers with KAOKA, a French organic chocolate-maker, securing a guaranteed market for their harvest. In 2005, an IFAD-supported programme brought in the French operator to analyse the country's cocoa sector. The study concluded that São Tomé's cocoa varieties could produce superior quality beans, and that traditional farming methods could be easily adapted to organic production. Farmers received technical advice and financial support from both IFAD and KAOKA to help them make the change. An international company certified that the local cocoa was organic, and the French chocolatier agreed to purchase as much organic cocoa as the farmers could supply. The farming families that took part in the programme saw their annual incomes rise to 8 per cent above the poverty line, on average, from 25 per cent below. In 2005, the farmers formed an export cooperative and signed a five-year contract directly with KAOKA, guaranteeing them a stable minimum price, along with a premium to be invested in social services benefiting local communities. In 2009, farmers in the eastern part of the island signed another contract with Cafédirect (United Kingdom) to provide fair trade cocoa to the United Kingdom hot drinks industry.



Off-farm employment and enterprise development

Small businesses can drive economic development in disadvantaged areas, but they often face overwhelming difficulties in the early years. The high interest rates and short repayment periods imposed by traditional banks can make it impossible to secure start-up capital. In India, the Rural Women's Development and Empowerment Project helped women get access to credit, training, technical support and markets so that they could develop new ways to make a living. Women involved in the project formed 17,700 self-help groups and embarked on a range of new activities, both on and off their farms. As a result, their average incomes increased by up to 60 per cent.

Local and national policy and programme processes

For people to overcome poverty, they need the power to negotiate and influence the policies that affect their lives. Since 2000, in the Southern Cone Common Market (MERCOSUR) area, IFAD has been working with the governments of Argentina, Bolivia, Brazil, Chile, Paraguay and Uruguay to ensure that small-scale farmers benefit from regional integration. IFAD has helped make family farming part of development policy in the region through two grants: one to create converging ministerial agendas on rural poverty and small-scale farming policies among member countries; and a second to support dialogue for policymaking and institution-building between governments and smallholder farmers.



Some results from ongoing projects in 2008, financed and supported in collaboration with our partners:

470,000 hectares of land with new or rehabilitated irrigation systems

8,800 drinking water systems built

1,000 health centres established

3,900 schools built or repaired

At a glance

IFAD:

- focuses on agriculture and rural development.
- is an international financial institution and a specialized United Nations agency dedicated to eradicating poverty and hunger in rural areas of developing countries.
- is a unique partnership of members from the Organization of the Petroleum Exporting Countries (OPEC), other developing countries and the Organisation for Economic Co-operation and Development (OECD).
- is one of the largest sources of development financing for agriculture and rural development in many developing countries.
- supports more than 210 ongoing programmes and projects with a total IFAD investment of US\$3.7 billion.
- works with partners to empower poor rural women and men to improve their food security and increase their incomes.
- is among the top three multilateral institutions working in agriculture in Africa; almost half of our financing goes to the continent.
- has invested more than US\$11.5 billion in loans and grants to fight rural poverty in developing countries. With cofinancing from partners, the total investment is over US\$29 billion.
- has reached about 350 million people through the initiatives it supports.

Note: Figures for IFAD investment and cofinancing are correct as at 31 October 2009. Cofinancing figures do not include multilateral and domestic financing for the Indonesia National Programme for Community Empowerment in Rural Areas Project. Any discrepancy in totals is due to rounding.



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