

Annual Report 2009



Enabling poor rural people
to overcome poverty

IFAD at a glance, 1978-2009^{a, b}

TABLE 1

		2005	2006	2007	2008	2009	1978-2009
Operational activities^{c, d}							
Loan and DSF grant approvals							
Number of programmes and projects		31	27	35	30	33	829
Amount	US\$ million	499.3	515.0	563.1	561.4	670.5	11 207.5
Grant approvals							
Number		66	109	77	71	99	2 227
Amount	US\$ million	36.6	41.8	35.7	40.9	47.0	698.3
Total IFAD loan and grant operations	US\$ million	535.9	556.8	598.8	602.3	717.5	11 905.8
Cofinancing	US\$ million	124.2	96.1	427.3	318.3	313.4	8 111.3
Multilateral		74.8	67.3	401.2	202.3	285.2	6 431.4
Bilateral		39.1	27.0	17.4	13.3	25.0	1 259.9
NGO		1.6	0.6	1.0	3.5	0.7	31.0
Other ^e		8.6	1.3	7.8	99.3	2.5	389.0
Domestic contributions	US\$ million	419.1	290.5	281.5	286.6	368.3	9 921.9
Total programme and project cost^f	US\$ million	1 027.9	906.5	1 275.8	1 170.6	1 358.8	29 310.0
Programmes and projects							
Number of effective programmes and projects under implementation		183	187	196	205	221	
Number of programmes and projects completed		32	26	25	24	21	571
Number of programmes and projects in the pipeline		61	56	58	69	65	
Number of approved programmes and projects initiated by IFAD		29	25	29	27	26	673
Number of recipient countries/territories (current portfolio)		88	85	85	88	91	
Loan disbursements	US\$ million	343.5	387.5	399.1	433.8	428.5	7 209.6
Loan repayments^g	US\$ million	157.5	148.5	175.1	186.4	201.0	2 248.2
General reserve							
At end of period	US\$ million	95.0	95.0	95.0	95.0	95.0	
Membership and administration							
Member States – at end of period		164	165	164	165	165	
Professional staff – at end of period ^h		149.5	203	227	233	235	

Sources: Project and Portfolio Management System, IFAD financial statements for 1978-2009, 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 presented to 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 (PDFF).

^d 2005 figures include a loan on highly concessional terms approved for Indonesia made up of unused proceeds of a loan approved in 1997 on intermediary terms.

^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 for investment programmes and projects. For the Indonesia National Programme for Community Empowerment in Rural Areas Project approved in 2008, figures include only IFAD financing.

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

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

Table of contents

President's foreword	3
IFAD Strategic Framework 2007-2010	6
The issues that shape IFAD's work	8
Programme of work for 2009	20
Measuring and improving results	44
Resource mobilization in 2009	58
Partnerships	64
Financing data	78
 Annual Report 2009 CD-ROM	

President's foreword

Feeding the world's poor and hungry is the challenge of our time. When the number of hungry people in the world surpassed 1 billion in 2009, it became clear that we need to change the way we approach food security and poverty reduction.

So how should our focus change? Considering that, on average, 83 per cent of farms globally are smaller than two hectares, and that there are some 450 million such farms worldwide, we need to focus more closely on poor rural people, who have an important role to play in ensuring food security for all.

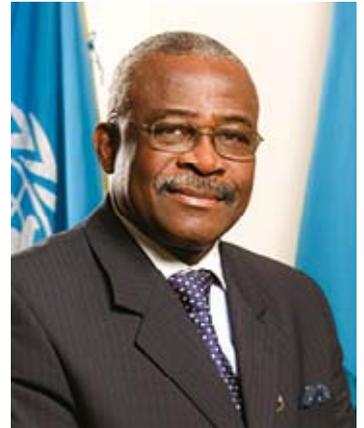
Sometimes it takes a crisis to provoke much-needed action. Following the 2008 food price crisis and the subsequent economic downturn, the recognition that one person in six does not have enough to eat meant that food security finally took centre stage last year. In July 2009, world leaders at the G8 Summit in L'Aquila promised to make agriculture in developing countries more productive and more sustainable.

Their pledge came at a critical time. The most vulnerable members of our society have been crying out for better food security for years.

But too often, the voices of those who most need to be heard are the least audible. This is why, when I first took office as President of IFAD in April 2009, I promised to work to ensure that the voices of poor rural men and women could be heard more clearly. I pledged to be their tireless advocate and to do everything in my power to make agriculture and food security the central concerns of governments around the world.

To honour that pledge, in 2009 IFAD represented the interests of smallholder farmers, fishers, pastoralists, herders and other poor rural people at top-level international platforms around the world. I spoke out for these people at the G8 L'Aquila Summit, at the Food and Agriculture Organization's World Summit on Food Security in Rome, where we supported the participation of civil society organizations, at the World Economic Forum meetings in Jordan and South Africa, and at the United Nations Climate Change Conference in Copenhagen. Indeed, in Copenhagen, IFAD sponsored the Agriculture and Rural Development Day to help focus attention on the vital role that poor rural men and women must play in climate change adaptation and mitigation.

In the pages of this annual report, you will see evidence of the solid progress IFAD made in 2009 towards our goal of empowering poor rural women and men to achieve higher incomes and food security. Our efforts focused on three critical areas: **results, reach and reform.**



On the first of these, the projects IFAD supports are showing tangible **results**, with 52 projects completed during 2009 indicating that our performance has improved. To enhance our results on the ground, we have been expanding our presence in the countries where we work. This is allowing us to fine-tune our programme and project design, and to work more closely with local people in project supervision. By the end of 2009, the Executive Board had approved 27 country offices, covering 31 countries. Twenty-five were operational and further expansion is under way.

Our results on the ground are also benefiting from an increase in the number of programmes and projects we supervise directly. By the end of 2009, we had an ongoing portfolio of 185 directly supervised projects. And most new projects in 2009 were approved with a direct supervision arrangement.

On the question of **reach**, IFAD's programme of work grew by a significant 19 per cent in 2009. During the year, the Executive Board approved loans and grants totalling US\$717.5 million, allowing us to successfully complete our commitments under the Seventh Replenishment of IFAD's Resources.

Since 1978, IFAD has invested nearly US\$12 billion in grants and low-interest loans to developing countries, empowering some 350 million people to break out of poverty.

We will continue to expand our programme of work over the coming years. In December, the Executive Board approved a 12 per cent increase to US\$800 million for 2010. During the three years of IFAD's Eighth Replenishment period, 2010 to 2012, we expect to deliver a programme of work of some US\$3 billion, representing a 50 per cent increase over the Seventh Replenishment period. This will allow us to reach some 60 million poor rural men and women, enabling them to grow and sell more food, increase their incomes and determine the direction of their own lives.

Since I took over as President of IFAD in 2009, we have also continued to make steady progress in delivering IFAD's **reform** agenda. Our goal remains an increasingly efficient, effective and agile institution, with the capacity to deliver our growing programme of work. So, the first thing we did was reorganize the decision-making organs of management to a transparent and inclusive two-tier structure. This includes a broad-based operational management committee for efficiency and an effective decision-making process. And to further strengthen our on-ground delivery of innovative assistance, we are continuing to reform our human resources management system. We have initiated a strategic workforce planning process to allow us to understand better what changes are needed in order to realize our vision for IFAD's workforce in 2015.

Looking ahead, 2010 will be crucial in laying solid foundations for our expanded programme of work. During the year, IFAD's new strategic framework will provide the basis for developing our relationship with middle income countries, and for defining our response to fragile states in emergency situations, such as Haiti. The 2010 launch of our flagship publication, the Rural Poverty Report, will bring to international attention the state of rural poverty today and how to reduce it. And our growing presence at World Economic Forum meetings will also allow us to further amplify the voices of poor rural people on the world stage.

I am convinced that viewing agriculture as a business – whatever its size or scale – is fundamental to our ability to improve the lives and livelihoods of billions of poor rural people. IFAD has a crucial role in ensuring that farmers, pastoralists, fishers, nomadic herders, forest dwellers and indigenous peoples living on or below the poverty line have the means to make a profit. To do this, we will continue to encourage public and private investment in the entire rural economy to make it an attractive business environment.

By making farming a profitable business, we can make the rural sector a viable choice for young men and women. Without local jobs, these young people will be driven away from the rural areas in order to search for work in the cities. And then who will feed the 7.5 billion people of 2030? But with local jobs, young farmers, in particular women, will be able to make a decent and profitable living for themselves and their families.

This is IFAD's vision. Hand in hand with our loyal partners and with the poor rural people we serve, I am confident that we can achieve it. And our results for 2009 demonstrate that we are heading in the right direction.

A handwritten signature in black ink, appearing to read 'Kanayo F. Nwanze', with a large, sweeping flourish extending from the bottom right.

KANAYO F. NWANZE
President of IFAD

IFAD Strategic Framework 2007-2010

The IFAD Strategic Framework 2007-2010 defines how the organization contributes to achieving the Millennium Development Goals, particularly Goal 1 to eradicate extreme poverty and hunger. The Strategic Framework charts IFAD's direction and ways of working in response to the needs of poor rural people in a rapidly changing world, to the evolving international architecture for development, and to the need to increase both the size and effectiveness of investment in agriculture in order to boost productivity, production and incomes and thus increase food security and reduce rural poverty and hunger.

Key elements of the framework

IFAD's goal is to empower poor rural women and men in developing countries to achieve higher incomes and improved food security.

IFAD achieves this by ensuring that poor rural people have better access to, and the skills and organization they need to take advantage of:

- natural resources, especially land and water, and improved natural resource management and conservation practices
- improved agricultural technologies and effective production services
- a broad range of financial services
- transparent and competitive markets for agricultural inputs and produce
- opportunities for rural off-farm employment and enterprise development
- local and national policy and programming processes

Results

The following results contribute to achieving the strategic objectives:

- participants in IFAD-supported agriculture and rural development programmes and projects have increased productivity and incomes, and better food security
- countries have stronger capabilities to reduce rural poverty through:
 - enabling policy frameworks, including poverty reduction strategies and sector policies that respond to the needs of poor rural people
 - efficient government institutions that focus on poverty reduction
 - strong organizations of poor rural people
 - increased private-sector investment in rural economies
 - enhanced capability of governments, NGOs, the private sector and organizations of poor rural people to develop and implement rural poverty reduction programmes

Principles of engagement

The following principles underpin IFAD's Strategic Framework:

Focused and selective

We focus on our strengths in agriculture and rural development, while working with partners to meet other needs of poor rural communities.

Targeted

We target the poorest and most vulnerable rural people with the capacity to benefit from IFAD-supported programmes and projects. We give special consideration to gender differences, and focus on women in particular. We recognize the special needs of indigenous peoples and ethnic minorities, especially in Asia and Latin America.

Empowering

We empower poor rural women and men to take advantage of economic opportunities and achieve higher incomes and better food security for themselves by building their individual capacities and helping them develop and strengthen their own organizations and communities.

Innovative

We encourage innovation, test new approaches and work with governments and other partners to replicate and scale up successes.

In partnership

We work systematically through partnerships to make development efforts more effective. We work with developing country governments, poor rural people and their organizations, NGOs and the private sector. We also work with other partners in the international development community, combining the best available skills and knowledge to develop new and innovative solutions to rural poverty.

Sustainable

We design and manage programmes and projects for quality, impact and sustainability, following the lead of partner governments to ensure coherence with national policies and strategies. We ensure ownership and leadership by governments and rural poor people themselves.

The issues that shape IFAD's work



Women sell rice to pay for everything from clothing and medicine to education for their children, The Gambia

©IFAD/N.K. Acquah



Food security and climate change dominated national and international discourse for most of 2009. Food production in developing countries will need to double by 2050 to meet population increase and dietary changes. The impact of climate change, which is expected to be particularly harsh in developing countries, could make producing this food more difficult.

For IFAD, these issues have a special significance because agriculture is where climate change, food security and poverty reduction intersect. Agriculture is one of the most vulnerable sectors to climate change. It is also the main source of income for the 1.4 billion extremely poor people in developing countries.

This changing world presents challenges, but IFAD is well placed to help poor rural people tackle these evolving challenges head-on. As the world wakes up to the importance of agriculture, our job of ensuring small farmers have a voice in climate change adaptation, mitigation and food production becomes even more crucial.

Food security

In 2009, for the first time in history, the number of hungry people in the world surpassed 1 billion. This was largely as a result of the earlier food and financial crises. There were also signs of a reversal in the long-term neglect of agriculture, which bodes well for better food security in the future. In particular, the L'Aquila Food Security

Initiative, with a pledge to mobilize US\$20 billion, gives cause for hope. We are determined to play a key role in implementing the Initiative to strengthen global food production and security.

All the programmes and projects IFAD funds address food security in some way. In the coming years, we expect to play a significant part in helping developing countries increase their investments in agriculture and smallholder development, and to help them tackle the many challenges they face in assuring food security for their people, as envisaged in the L'Aquila Initiative.

The President of IFAD, Kanayo F. Nwanze, and our Senior Management have been active members of the High-Level Task Force on the Global Food Security Crisis, which was established in 2008 by the United Nations Secretary-General. Since March 2009, IFAD has housed the Rome hub of the High-Level Task Force.

Under the coordination of the High-Level Task Force, we presented financing proposals to the European Commission's Food Facility, created to provide a rapid European Union response to soaring food prices in developing countries. As a result, in March 2009 the Commission approved grant financing for IFAD-supported programmes in Burundi, Madagascar, Mozambique and the Philippines.

During 2009, the Committee on World Food Security was reformed and revitalized to enable it to resume its central role in facilitating international cooperation and in supporting country-led processes to improve food security and reduce hunger. IFAD's presence in the reform discussions helped secure a place for civil society organizations in the new Committee. We also played a significant part in the November World Summit on Food Security hosted by the Food and Agriculture

The L'Aquila Food Security Initiative, with a pledge to mobilize US\$20 billion, gives cause for hope.

Organization of the United Nations (FAO), and gave substantial support to the Civil Society Forum that took place in parallel to the Summit. We are expected to be an active participant in the new Committee on World Food Security, along with our sister agencies in Rome, FAO and the World Food Programme (WFP).

The United Nations General Assembly discussed global food security on several occasions in 2009. These deliberations helped United Nations Member States deepen their understanding of food security and agricultural development, and led to a number of General Assembly resolutions. IFAD, along with FAO and WFP, contributed to these deliberations by organizing a high-level dialogue on the Global Food Crisis and the Right to Food. We were the lead organizer of a special event at the United Nations General Assembly Second Committee on New Cooperation for Global Food Security. During this event, United Nations delegations engaged in policy discussions about the links between the food, fuel, financial and climate crises, ahead of the negotiations on a General Assembly resolution on agricultural development and food security. We also helped to inform the General Assembly resolutions on food security by contributing to the report of the Secretary-General on agricultural development and food security.

Climate change

During the year, IFAD completed a portfolio review to better understand how our various activities enable poor rural people to adapt to climate change. The study confirmed that we are significantly engaged in adaptation activities, particularly in economic diversification and in agricultural technology such as soil and water conservation. To make our engagement more systematic, IFAD is drafting a climate change strategy to be presented to our Executive Board in April 2010. We are also developing tools to ensure that climate change adaptation and mitigation are addressed, where appropriate, during project design.

IFAD continues to be an active member of the Nairobi Work Programme on Impacts, Vulnerability and Adaptation to Climate Change, which helps the United Nations Framework Convention on Climate Change partners understand, assess and adapt to the impacts of climate change. As an executing agency of the Global Environment Facility (GEF), we also helped countries mobilize US\$22 million in grant funding for climate change projects (see page 72).

To give poor rural people the same type of protection against weather risk as more affluent farmers, IFAD has been exploring the possibility of expanding the use of weather index-based insurance. During 2009, we worked closely with WFP under the auspices of the Weather Risk Management Facility, to explore the potential of this type of insurance to reduce the vulnerability of smallholders in the developing world and to protect their livelihoods.

Under the leadership of the International Research Institute for Climate and Society at Columbia University, IFAD contributed to the publication of *Index insurance and climate risk: Prospects for development and disaster management*, which was launched at the Global Humanitarian Forum in Geneva. We also contributed to a

In Copenhagen, IFAD made the case to include smallholder agriculture and food security in the climate change response.

thorough assessment of worldwide experience with weather index-based insurance to identify the constraints and factors leading to the successful uptake of this product.

IFAD is an active member of the Environmental Management Group (EMG), a United Nations coordination body that furthers inter-agency cooperation in implementing the international environmental and human settlement agenda. We are represented in the EMG's Issue Management Group on Land, which is developing a United Nations system-wide rapid response report on drylands.

In the run-up to the United Nations Climate Change Conference in Copenhagen, IFAD supported the Secretary-General's efforts to create political momentum for an agreement on climate change. Along with nearly 100 world leaders, IFAD's President participated in the Summit on Climate Change at United Nations headquarters in September. A major event of the Summit was the United Nations Leadership Forum on Climate Change, which drew some 200 representatives from the private sector, foundations, international NGOs, United Nations organizations, and heads of state and governments. At the Forum, the President of IFAD chaired a round-table discussion on food security that helped to highlight the private sector's potential leadership role in addressing the combined challenges of climate change and global food security.

In Copenhagen, we co-organized the Agriculture and Rural Development Day. IFAD's President made the case for the urgent need to include smallholder agriculture and food security in the climate change response. We prepared and published a number of publications, including *IFAD's response to climate change through support to adaptation and related actions*, *Fisheries and climate change*, and *Livestock and climate change*. The latter two were included in the *Climate change and rural development notes*, which IFAD distributed at the Conference.

Water and natural resource management

Good management of land, water and natural resources is crucially important. In most developing countries, agriculture consumes more than 80 per cent of mobilized fresh water resources. With an increasing number of countries facing severe water shortages, agriculture must use water more efficiently. IFAD has already contributed to the improvement of more than 4 million hectares of land and 240,000 hectares of irrigation in the past three decades, and water remains an important part of our programme of work.

In 2009, we improved our analytical framework to ensure that the water sector is incorporated into results-based country strategic opportunities programmes (COSOPs). This is helping to better address water allocation and management issues related to production, processing and domestic use.

In March 2009, IFAD participated in the World Water Forum, Istanbul, where we were able to ensure that the multiple crises facing smallholder farmers in developing countries were discussed. At the Forum, the *World water development report*, a triennial United Nations World Water Assessment Programme publication

IFAD has contributed to the improvement of more than 4 million hectares of land and 240,000 hectares of irrigation in the past three decades.

in which we participate, and the InnoWat toolbox – innovations around water, learning and rural livelihoods – were launched and were well received by global decision makers and practitioners.

IFAD is an active member of the Poverty Environment Partnership. This is an informal network of development agencies, environmental NGOs and others working on poverty reduction and the environment within the framework of internationally agreed principles and processes for sustainable development. In this context, and at the request of our Executive Board, in 2009 we prepared our environmental and social assessment procedures. The procedures help IFAD staff and partners deal with environmental issues in project design and policy advice.

We are also working to develop markets for environmental goods and services, through programmes implemented by the World Soil Information: Green Water Credits; and the World Agroforestry Centre: Pro-poor Rewards for Environmental Services in Africa. Another initiative is an adaptive approach to participatory mapping, where local communities are involved in deciding how to manage natural resources and conflict resolution. Through our GEF portfolio, approximately US\$80 million in grant funding was mobilized to support sustainable land management, biodiversity, conservation and water management (see page 72).

Land tenure

Competition for land has never been greater, as a result of a rising world population, climate change, declining soil fertility and the need for global food and fuel security. Land is also a fundamental source of food, shelter, income and social identity for poor rural people. Without secure access to land, they are more vulnerable to hunger and poverty. In recognition of the fact that land tenure systems have a significant impact on the outcome of development projects, one of IFAD's strategic objectives is to improve poor rural people's access to land and productive resources.

In 2009, IFAD's new policy on access to land and tenure security took effect. During the year, we worked with FAO to launch the international consultative process for the Voluntary Guidelines on Responsible Governance of Tenure of Land and Other Natural Resources. These guidelines represent a significant opportunity to strengthen land tenure security of poor and vulnerable rural people, particularly in the context of large-scale acquisitions of farmland by foreign investors and foreign governments in Africa, Asia and Latin America.

At the global level, IFAD implemented an 18-month outreach and advocacy strategy aimed at raising awareness about new threats to land access and tenure for poor rural men and women, as well as potential opportunities for pro-poor agricultural investment. The main focus of these efforts was the sixteenth and seventeenth sessions of the United Nations Commission on Sustainable Development, where land tenure issues featured prominently. United Nations Member States agreed in the outcome document that land plays a critical role in achieving poverty eradication, food security and sustainable development. On the

Without secure access to land, poor rural people are more vulnerable to hunger and poverty.

occasion of the opening of the United Nations General Assembly, the Government of Japan, working with IFAD, the World Bank, FAO and the United Nations Conference on Trade and Development (UNCTAD), convened a multistakeholder discussion on responsible international investments in agriculture, and the need for international guidelines. The President of IFAD presented our perspective during the discussion. Subsequently, FAO, IFAD, UNCTAD and the World Bank initiated a broader consultative process to elaborate the principles and framework.

With FAO, IFAD commissioned a study by the International Institute for Environment and Development on large land acquisitions in Africa. The study highlights a number of misconceptions about what have been termed 'land grabs'. It found that land-based investment has been rising over the past five years, but while foreign investment dominates, domestic investors are also playing a big role in land acquisitions. Large-scale land claims remain a small proportion of arable land in any one country, but contrary to widespread perceptions, there is very little 'empty' land as most remaining suitable land is already under use or claim, often by local people. The report called for carefully assessing local contexts, including existing land uses and claims; securing land rights for rural communities; involving local people in negotiations; and proceeding with land acquisition only after their free, prior and informed consent.

In July, we met with key constituencies in the Washington, D.C. development policy community to discuss the main findings of the report, as well as the dynamics surrounding the land acquisitions and IFAD's approach to the issue. These meetings helped to increase awareness among United States policymakers on this important issue and to highlight the need for globally agreed guidelines for sustainable investments in agricultural lands.

Gender issues in agriculture and natural resource management

Women grow more than half of the food cultivated around the world today. In sub-Saharan Africa and the Caribbean, they produce as much as 80 per cent of basic foodstuffs consumed locally. Women smallholder farmers face the same constraints as other poor smallholder farmers, such as inadequate access to capital, markets and services. In addition, they gather firewood – a job that can take hours out of every day – collect water, wash clothing, and feed and tend to children. Poor women farmers generally have higher levels of ill health, less secure access to land and lower participation in decision-making in their communities.

We recognize that there will be no substantial progress in poverty reduction and sustainable development unless there is greater investment in women farmers, and unless gender differences are taken into account when planning and implementing programmes.

More than 100 gender experts were brought together in March 2009 at the International Expert Consultation on Gender and Agriculture to discuss the joint World Bank, FAO and IFAD publication *Gender in agriculture sourcebook*. The experts

IFAD's President received the MDG3 Torch and committed to do something extra to promote gender equality and women's empowerment.

considered emerging development challenges, such as climate change, food security and pressures on land and water use, and how the impact is different for rural men and women. As documented in the sourcebook, when women farmers have access to resources such as land, credit, technologies and markets, they can be more productive than their male counterparts.

Also in March 2009, IFAD co-organized a side event on the Global Food Crisis: Gender, Food Security and Agriculture during the fifty-third session of the United Nations Commission on the Status of Women. This event was instrumental in introducing the findings of the sourcebook. The sourcebook subsequently served as a main reference for the Secretary-General's report to the General Assembly on the *Improvement of the situation of women in rural areas*.

Building on the *Gender in agriculture sourcebook*, IFAD published *Gender and rural microfinance: Reaching and empowering women* – an overview of gender issues for rural finance practitioners. We also co-published with Practical Action Publishing Ltd the book *Lightening the load: Labour-saving technologies and practices for rural women*.

IFAD has continued to support the Network of Women Ministers and Leaders in Agriculture. We do this through support to Women Organizing for Change in Agriculture and Natural Resource Management (WOCAN) and Heifer International.

In 2009, we strengthened our commitment to gender equality and to the increased prosperity and well-being of rural women through the MDG3 Torch Campaign. In October, IFAD's President received the MDG3 Torch and committed to *do something extra* to promote gender equality and women's empowerment. He made four commitments towards this goal. These include: better integrating gender equality and women's empowerment into our work; strengthening women's leadership and influence on decision-making in agriculture and natural resource management; advocating in favour of increased investment in rural women for sustainable agricultural development and food security; and increasing our own investment in technology development for gender equality and women's empowerment. We will be reporting progress towards our commitments annually.

Indigenous peoples

Indigenous peoples in rural areas face economic, social, political and cultural marginalization, which result in extreme poverty and vulnerability for a great many of them. Although indigenous peoples account for an estimated 5 per cent of the world's population, they make up 15 per cent of people living in poverty. In order to reach this important target group, IFAD uses tailored approaches that respect their values and build upon their strengths. Since operations began in 1978, we have devoted more than 22 per cent of our programmes and projects to working with indigenous peoples, mainly in Asia and in Latin America (see page 39). We also support the Indigenous Peoples Assistance Facility (see page 72).

During the year, IFAD approved eight new projects supporting indigenous and tribal peoples, ethnic minorities and pastoralists, and four supplementary loans for activities with these groups. The funding for indigenous peoples, which is provided through ten loans and six grants, amounts to a total of

We have devoted more than 22 per cent of our programmes and projects to working with indigenous peoples.

about US\$114 million. Three projects were approved in Latin America – the Plurinational State of Bolivia, Ecuador and Mexico; three in Asia – Afghanistan, Cambodia and Nepal; and two in Africa – Chad and Ethiopia. Supplementary financing to projects in Ecuador, India, Paraguay and Peru will provide approximately US\$31.2 million. All these projects are either formulated specifically for indigenous peoples or include them as part of a larger beneficiary group of rural people living in poverty.

Work through the projects focuses on:

- promoting agricultural development, through improving the agricultural policy environment, building and supporting value chains, and strengthening local organizations
- boosting livestock development, through establishing water infrastructure and basic health, education and veterinary services, improving sustainable livelihoods, and promoting prevention and management of water-related conflicts between sedentary and transhumant communities
- building the skills and knowledge of local communities in a way that respects and reaffirms cultural identity and recovers ancestral knowledge
- enabling poor rural people to contribute to climate change mitigation
- supporting activities under forestry projects
- improving natural resource management and biodiversity conservation

We provided a grant of US\$200,000 to the Mainyito Pastoralists Integrated Development Organization to help indigenous peoples in Africa, Asia and Latin America form organizations and assess the impacts of climate change in their communities. They are also learning about national, regional and international decision-making processes on climate change issues so they can better contribute to the debate and decisions on climate change within the United Nations Framework Convention on Climate Change (UNFCCC).

In September, we reached an important milestone when our Executive Board approved the Policy on Engagement with Indigenous Peoples. This new policy aims to enhance IFAD's development effectiveness in its engagement with indigenous peoples' communities in rural areas, and especially to empower indigenous peoples to overcome poverty by building upon their identity and culture.

The policy sets out nine principles of engagement – including free, prior and informed consent – that IFAD adheres to in its work with indigenous peoples. These principles are consistent with international standards, in particular with the United Nations Development Group Guidelines on Indigenous Peoples' Issues. The policy is firmly rooted in our 30 years of experience in working with indigenous peoples in rural areas of developing countries. It also draws on consultations with indigenous peoples' leaders, and on inputs from members of the Inter-Agency Support Group on Indigenous Issues, the United Nations Permanent Forum on Indigenous Issues and other experts.

Rural finance

IFAD's goal is to empower poor rural women and men in developing countries to improve their incomes and food security. To do this, we are working to expand access to a range of financial services in rural areas. Our new Rural Finance Policy was approved in April 2009, replacing the policy agreed nine years earlier. The policy aims to ensure that each rural financial intervention funded by IFAD supports access to a variety of financial services to meet the diverse needs of poor rural people.

IFAD was one of eleven funding organizations that participated in the SmartAid for Microfinance Index 2009 facilitated by the Consultative Group to Assist the Poor (CGAP). IFAD received high scores for strategic clarity, because of the new Rural Finance Policy. The SmartAid index measures and rates the systems, policies, procedures and incentives of micro and rural finance funders. It provides an incentive for us to take action and to account for our own performance.

IFAD's partnership with CGAP has resulted in some concrete new project design elements, such as mobile banking and financial literacy training for poor rural people, especially women. We are also working closely with FAO, the World Bank, the United Nations Capital Development Fund and the German Federal Ministry for Economic Cooperation and Development/German Agency for Technical Cooperation (GTZ) through the Improving Capacity Building in Rural Finance project in order to address agricultural finance and risk management in light of the global challenge to food security.

IFAD supports access to a variety of financial services to meet the diverse needs of poor rural people.

Remittances

The money migrant workers send home to their families provides vital financial support for millions of people in developing countries. Most of this money – 80 to 90 per cent – is spent on basic necessities such as food, clothing, shelter, health care and education. At well over US\$300 billion a year, remittances to developing countries surpass foreign direct investment and development assistance combined. If remittance savings are deposited in a bank or microfinance institution, the money can become an engine for wider local development, as well as directly reducing poverty for the families that receive it.

Working to maximize the development impact of remittances has been a natural extension of IFAD's work in rural poverty reduction. In the past, we worked with formal financial institutions and other traditional service providers to create more efficient and less expensive ways for migrants to send money home to rural areas. Today, we are exploring more innovative ways of working with remittances to help migrant workers and their families become financially independent. This includes targeting mobile banking, working with post offices, and developing programmes where migrants can invest in development projects in their hometowns.

We are exploring more innovative ways of working with remittances to help migrant workers and their families become financially independent.

IFAD's multi-donor Financing Facility for Remittances is a US\$15 million facility established in 2006. Its aim is to reduce costs and increase options for poor rural households by creating partnerships between rural finance institutions and remittance operators. During 2009, the Facility launched its third call for proposals. It received more than 300 submissions, 20 of which were approved, bringing the total of financed proposals to 40. For the first time, members of the private sector were eligible to be direct beneficiaries of the Facility. Their inclusion aims to promote modernization and innovation, and to help drive down the cost of remittances while expanding the geographic reach of remittance services.

At the third annual Global Forum on Remittances, held in Tunis, the Facility released its study *Sending money home to Africa*, describing the African remittances market. This included the regulatory framework for foreign currency transfers and competition in the marketplace. The Facility's operations helped form the backbone of IFAD's main recommendations on remittances in Africa that were presented to a G8 Working Group on Remittances in November.

Knowledge management

Knowledge management enables IFAD to learn systematically from the experiences of the programmes and projects that we support, and from poor rural people and our other partners. Our knowledge management strategy enables us to find and share innovative ways to reduce poverty. By sharing knowledge and information, we promote good practice, support the scaling up of innovations and influence policies. During 2009, we made measurable progress in implementing the strategy. Attitudes are changing and staff now better understand the benefits of embedding knowledge management in core processes. Learning and sharing events have increased on average from two to four per week. The number of training courses organized for staff and managers on the use of knowledge-sharing tools such as peer assist, after-action review, social reporting and Web 2.0 tools has also increased.

During the year, we participated in several multi-agency initiatives and international events related to knowledge management. In January, IFAD, FAO, WFP and Bioversity International co-organized a Knowledge Share Fair to showcase knowledge management-related activities. The event, which featured 40 activities from projects and regional programmes that we support, strengthened our knowledge management partnership with the other Rome-based agencies and helped raise awareness internally. Working with other partners, we also helped establish the Community of Practice for Pro-Poor Livestock Development. It currently involves 260 members from 109 countries, linking 120 organizations and their networks.

By sharing knowledge and information, we promote good practice, support the scaling up of innovations and influence policies.

We have also stepped up our knowledge management-related work at country and regional levels. Many of our ongoing projects now have dedicated knowledge management officers, often supported by regional programmes and staff in the regional divisions.

To assess the progress in implementing the knowledge management strategy, we used a self-assessment framework. This evaluates our current knowledge management maturity level for a set of eight to ten competencies. These competencies include leadership behaviour, networks and communities, and capturing and reapplying knowledge. Participants in the assessment concluded that for the majority of the competencies, IFAD has moved from level 2 'reaction' to level 3 'action'. We are committed to becoming a level 5 organization by 'consistently applying knowledge management and knowledge-sharing practices'.

Programme of work for 2009



Making payment on a small business loan at a microcredit service centre, Morocco
©IFAD/S. Beccio



In 2009, IFAD's programme of work grew by a significant 19 per cent over the previous year as we increased the resources we invest in poor rural people. We boosted the financing we provide to activities that enable poor rural people to break out of poverty. And we expanded the reach of those activities so that more men and women in poor rural areas are able to take part in them. The Executive Board approved new loans and grants for a total of US\$717.5 million. Disbursements also reached a record high of US\$437.5 million.

During the year, the Board approved 33 new programmes and projects, supported by loans and debt sustainability framework (DSF) grants. Twelve supplementary loans and grants were also approved as additional funding for investment programmes and projects. About 70 per cent of the total amount approved was in the form of DSF grants and highly concessional loans. The largest share of new financing for programmes and projects went to sub-Saharan Africa. The region received nearly 40 per cent of 2009 investment.

At the end of the year, IFAD was financing a total of 221 ongoing programmes and projects reaching approximately 97 million people in 87 countries and one territory. Our investments in these activities were worth US\$3.9 billion. Cofinancing and funds from domestic sources amounted to US\$4.1 billion, bringing the total value of these programmes and projects to US\$8.0 billion.

In December 2009, the Executive Board approved IFAD's proposed results-based programme of work for 2010 for a total of US\$800 million, representing a 12 per cent increase over the proposed programme of work for 2009. This is the first instalment of the US\$3 billion programme of work for the 2010-2012 Eighth Replenishment period as a whole. Almost half of the financing programme will be devoted directly to increased agricultural production and improved management of natural resources – the first two objectives of our Strategic Framework (see page 6). The remainder will support the other four objectives.

Number of ongoing programmes and projects by region and country at end 2009

221 programmes and projects
87 countries and one territory

Western and Central Africa

47 projects
21 countries

Eastern and Southern Africa

48 projects
16 countries

Asia and the Pacific

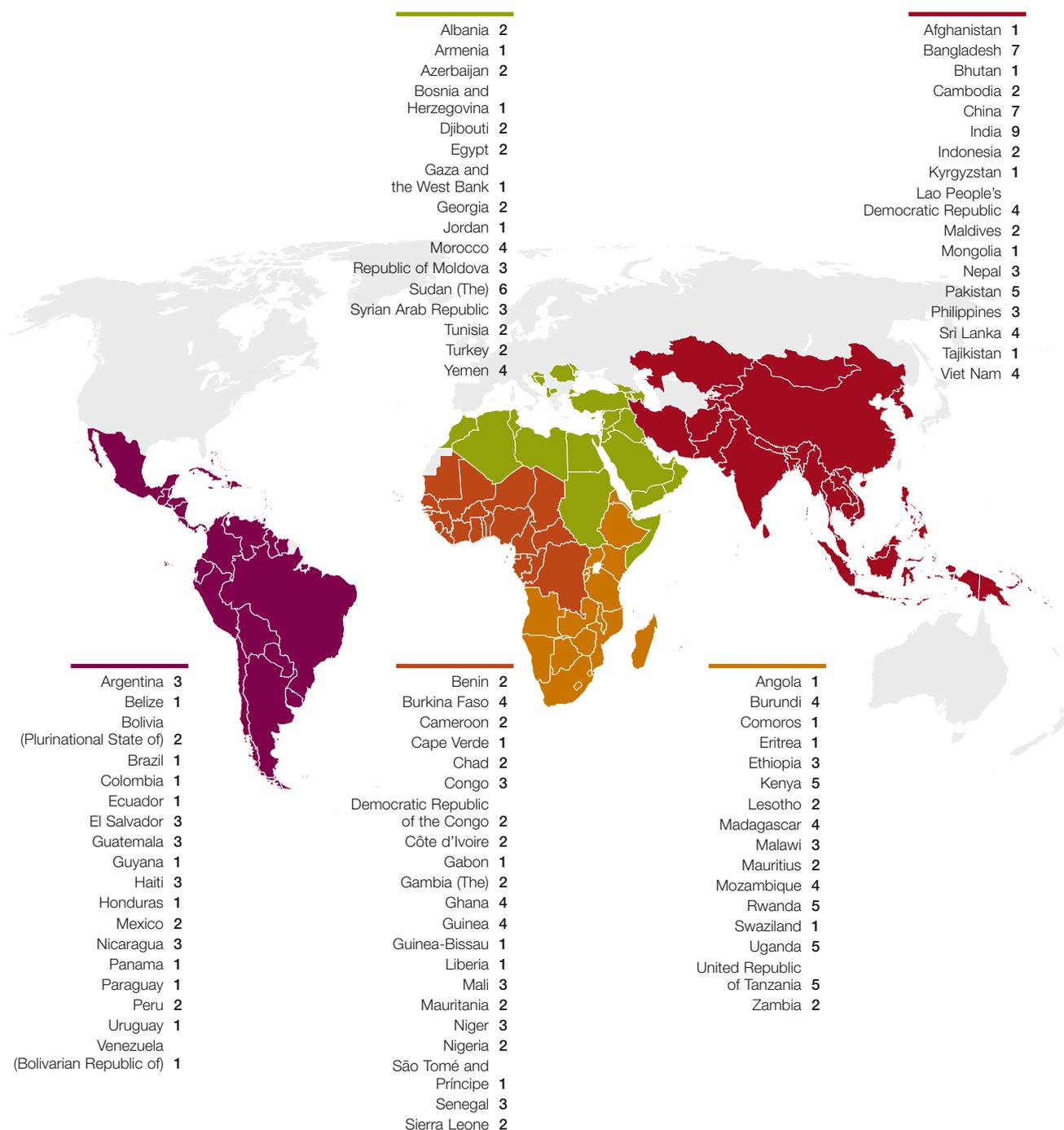
57 projects
17 countries

Latin America and the Caribbean

31 projects
18 countries

Near East and North Africa, Central and Eastern Europe and the Newly Independent States

38 projects
15 countries and one territory



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

Western and Central Africa

Overview

Western and Central Africa is one of the poorest and most vulnerable regions in the world. The total population of the region is about 386 million. For countries for which data is available, some 56 per cent of the population live in rural areas and about 55 per cent live on less than US\$1.25 a day.¹

The region was hard hit by the global economic downturn. At the time of going to press, according to the *African economic outlook* for 2009, real GDP growth in Western African countries was projected to slow to 4.2 per cent in 2009, from 5.4 per cent in 2008. Forecasts for Central Africa indicated that GDP growth would contract sharply to 2.8 per cent in 2009, but increase to 3.6 per cent in 2010.

In addition to the knock-on effects of the economic crisis, the region continues to face major challenges relating to:

- rising and volatile food prices and volatile energy prices
- the devastating effects of climate change, for example, floods in 2009 that affected over half a million people in many West African countries
- weak institutions and governance issues

Despite this, there are signs of steady improvement in agricultural development and food security, which are now firmly on the political agenda at regional level. Many countries (for example, Burkina Faso and Ghana) showed strong resilience to the food price crisis. Higher prices for imported food, stronger support from government and favourable weather conditions provided good incentives for small-scale farmers to invest more and produce more during 2009.

Private sector operators are also playing a greater role in input supply, marketing and contract farming. This has boosted food production and sales, including for 'neglected' crops such as cassava, yam, millet and sorghum. Improvements in food security in Benin, Burkina Faso, Cameroon, Ghana, Guinea, Mauritania and Nigeria can be directly related to IFAD's work. Real GDP has also been growing steadily in several countries, as a result of dramatic increases in the prices of oil, minerals and some commodities. But despite the progress made, most countries are not on track to reach the first Millennium Development Goal poverty reduction target and poverty remains endemic and concentrated in rural areas. However, recent growth rates in per capita income in a number of countries provide a degree of optimism for the future.

Our work and results in 2009

Our work in the region focuses on:

- empowering poor rural men and women and their communities
- developing financial services in rural areas and enabling poor people to set up microenterprises
- boosting agricultural production and strengthening value chains that link the farmer to the consumer

¹ Raw data was sourced from the Human Development Index of the United Nations Development Programme. The total population includes all countries in the region. Poverty data was not available for Equatorial Guinea and São Tomé and Príncipe, which were therefore not included in the calculation of percentages for poverty or rural population.

Empowering poor rural men and women

The projects we support enable poor rural people to take advantage of economic opportunities and achieve higher incomes and better food security for themselves and their families. The projects build people's skills and knowledge and develop and strengthen their organizations and communities. Our experience repeatedly shows that effective local institutions contribute significantly to poverty reduction.

In Burkina Faso, over 10,000 people were trained in crop production practices and technologies and in natural resource management. In Benin, farmers from more than 20 villages took training in the use of new technologies to improve production – including water management and farming techniques. Projects in Senegal worked with producers' and entrepreneurs' organizations to enable them to play a central role in the development of their communities.

Although our achievements in the area of community-driven development are significant, scope for improvement remains, particularly in ensuring that village-level plans are dovetailed and consistent with planning at higher levels. IFAD is taking this issue into account in training programmes for local authorities.

Rural finance and microenterprise development

Job creation is one of the most tangible conventional indicators of poverty reduction. Programmes and projects in Burkina Faso worked with more than 2,500 rural microenterprises and created more than 5,000 jobs. In Ghana, the IFAD-supported Rural Enterprises Project-II enabled the establishment or upgrading of more than 25,000 enterprises while creating more than 200,000 jobs for poor rural men and women. The project worked efficiently with local institutions and the Ministry of Trade and Industry is currently considering scaling up the project's activities to the whole country. Also in Ghana, the Rural Financial Services Project provided comprehensive support to the micro and agricultural finance industry, including the rural banking network. As a result, the total number of savers and borrowers using the rural banks increased from 1.3 million in 2001 to more than 3.3 million in 2009. Savings mobilized grew eightfold and loans elevenfold.

In Chad and Guinea, despite extremely difficult macroeconomic and socio-political contexts, projects have made a significant difference to poor rural women's lives by enabling them to set up small businesses. The projects fund and promote associations that provide financial services such as credit, so that the women can get start-up funds.

Portfolio management highlights

- 47 ongoing programmes and projects in 21 countries in the region at the end of 2009
 - US\$581.0 million invested by IFAD in the region's ongoing portfolio
 - 8 new programmes and projects in Benin, Burkina Faso, Chad, Côte d'Ivoire, The Gambia, Liberia, Mali and Mauritania, for a total IFAD investment of US\$113.6 million
 - redesign and reallocation of loan proceeds to an existing project in Guinea
 - 2 new results-based country strategic opportunities programmes (COSOPs) for Chad and the Congo
-

Boosting agricultural production and strengthening value chains

In Côte d'Ivoire, villages and communities have capitalized on activities organized by two projects focusing on horticultural production and marketing. The introduction of new cassava and yam varieties has significantly increased production in farmers' fields across the northern and central areas covered by the projects. Cassava yields have increased from 15 tonnes per hectare to 26 tonnes and yam yields have more than doubled, rising from 8 to 10 tonnes per hectare to 17 to 25 tonnes. Many of the village organizations and the project activities survived the civil war and continue to function without external support. Smallholders have also invested additional income generated from sales of greater cane rats – a form of mini livestock – in developing their land, particularly by planting mango trees.

In The Gambia and Mali, smallholder farmers taking part in projects we support have reported improved food security. They have been able to store and market surpluses of rice and vegetables, thus improving family nutrition and boosting incomes. In Mali, commercialization of surplus generated an average additional income of US\$225 per person per year, thanks to increased rice production in the regions of Ségou and Koulikoro. In total, over 80 per cent of the people we are working with are satisfied with the improved food security situation.

In Burkina Faso, investment in community-managed, valley-bottom irrigation schemes (*bas-fonds*) boosted rice production and improved food security and farmers' incomes in the Region Nord and Region Centre-Nord. It also promoted a more equitable distribution of land and better access to fertilizer and seed – for example, varieties of New Rice for Africa (Nerica). Women in particular benefited, because they are chiefly involved in rice production, processing and marketing. The activities were carried out under the IFAD-supported Sustainable Rural Development Programme and were part of government efforts to respond to the food crisis by increasing food production.

In Nigeria, the Community-Based Agricultural and Rural Development Programme that started work in 2003 is now used as a model of best practice in local development. The programme focuses on vulnerable groups, in particular women, landless people, indigenous pastoralists and smallholders, and empowers them to take part in development activities. About 300,000 families have benefited. The programme was launched in eight northern states and is now being replicated by other local governments across the country, and by the African Development Bank and the World Bank. Participants have reported multiple benefits: improved food security, increased family incomes, and better access to health, education and transport services.

In the Niger, IFAD funds the provision of grain and the improvement of grain storage facilities as a means of preventing food insecurity at village level. One thousand women in selected villages receive supplies of grain during the lean season, together with access to storage facilities. More than 150 grain banks have been built,

In Mali, commercialization of surplus generated an average additional income of US\$225 per person per year, thanks to increased rice production in the regions of Ségou and Koulikoro.

and in April 2009 they were storing more than 3,000 tonnes of cereals. This mechanism has given 50,000 households an additional month of food security during the hungry season. In Chad, about 130 food security granaries and 30 warehouses have been established.

Improving skills and sharing knowledge

Financial resources alone are not enough to reduce poverty in a sustainable manner. A major focus of IFAD's approach is to equip poor rural people with the right skills and knowledge to make development initiatives work.

The online knowledge network FIDAFRIQUE-IFADAFRICA enables people working on the programmes and projects we support to share best practices and innovations. In 2009, the network was broadened to include the whole of sub-Saharan Africa.

We also support learning events and 'knowledge fairs' enabling a wide range of people in the region to come together face-to-face and share experiences. In March 2009, a knowledge-sharing and learning event was organized in Mauritania. A knowledge fair on community-driven development was held at IFAD headquarters in July.

Policy dialogue and partnership in action

Strengthening countries' abilities to reduce poverty and increase food security requires policy dialogue and cooperation among a large network of partners. These include governments, donors, the private sector, civil society, international financial institutions and regional bodies. These actors work together to create a favourable environment for investment. They also enable countries to integrate into the global economy, improve the efficiency of agriculture in particular, and foster innovation.

IFAD has proven expertise in these areas. We are actively engaged with regional, international and civil society organizations to address issues of food security and nutrition, particularly for vulnerable populations. Our major partners include: the Permanent Inter-State Committee for Drought Control in the Sahel (CILSS), Economic Community of West African States (ECOWAS) (see page 74), the West African Economic and Monetary Union (UEMOA), Food and Agriculture Organization of the United Nations (FAO), the United Nations Development Programme (UNDP) and the Network of Farmers' and Agricultural Producers' Organisations of West Africa (ROPPA).

We are also working to strengthen ongoing strategic partnerships with the African Development Bank (see page 74), the Islamic Development Bank, the OPEC Fund for International Development (OFID) and the World Bank. Sixty-two per cent of the ongoing programmes and projects we support in the region are cofinanced – 29 out of 47 projects.

21 countries:
Angola
Botswana
Burundi
Comoros
Eritrea
Ethiopia
Kenya
Lesotho
Madagascar
Malawi
Mauritius
Mozambique
Namibia
Rwanda
Seychelles
South Africa
Swaziland
Uganda
United Republic
of Tanzania
Zambia
Zimbabwe

Eastern and Southern Africa

Overview

The countries in Eastern and Southern Africa are extremely heterogeneous in terms of income levels, natural resource endowment, access to regional and intercontinental markets, and population density. The region contains an economic powerhouse (South Africa), a handful of other middle-income countries (Botswana, Mauritius, Namibia, Seychelles), but also some of the poorest countries in the world (Burundi, Eritrea, Malawi). Some countries are well endowed with natural resources, while others are much less fortunate. Almost half the countries in the region are landlocked, adding very significant costs to imports and exports. The region contains the most densely populated countries on the continent (Burundi and Rwanda), as well as nations where there is still great opportunity to expand agricultural holdings, such as the United Republic of Tanzania. The total population of the region is about 366 million. For countries for which data is available, some 70 per cent of the population live in rural areas and about 51 per cent live on less than US\$1.25 a day.²

One issue common to all countries in the region is the declining state of soil fertility. Unless wide-scale, concerted remedial action is taken in the immediate future, large tracts of land will permanently lose their productive capacity. The number one challenge for Eastern and Southern Africa is to improve agricultural productivity. This can be achieved through effective natural resource management, more responsive agricultural extension services, and greater use of external agricultural inputs such as improved seeds and organic and inorganic fertilizers. A concerted effort must also be made to improve farmers' access to markets.

The food, fuel and financial crises have hindered progress towards all eight Millennium Development Goals (MDGs), in particular MDG1: Eradicate extreme poverty and hunger. Governments in the region and their development partners must now ramp up efforts to mobilize the resources needed to meet the MDG targets by 2015.

Our work and results in 2009

Our work in the region focuses on the six objectives of the IFAD Strategic Framework 2007-2010 (see page 6).

Access to natural resources and their management

Two of the defining characteristics of rural poverty are: limited and uncertain access to land for farming, grazing and forestry, and a dearth of accessible water sources for agricultural and domestic use. Improving long-term, secure access to natural resources for smallholder farmers, herders and fishers is a central focus of our approach to poverty reduction in this region and others. The construction of deep bore wells and irrigation systems, and soil conservation and reforestation programmes, figure prominently in the agricultural development projects we support. IFAD also puts great emphasis on establishing and reinforcing land tenure rights among smallholders. These are essential to encourage farmers to make the necessary investment in land improvements.

² Raw data was sourced from the Human Development Index of the United Nations Development Programme. The total population includes all countries in the region. Poverty data was not available for Eritrea, Mauritius, Seychelles and Zimbabwe, which were therefore not included in the calculation of percentages for poverty or rural population.

The Gash Barka Livestock and Agricultural Development Project in Eritrea closed in 2009 after six years of work. The project enclosed 80,000 hectares of marginally productive rangelands and provided improved forage seed to pastoralists in the area. At the end of the project, forage production was estimated to have increased by a factor of five. Reproduction rates for cattle and sheep had doubled and tripled respectively and soil loss through erosion had decreased dramatically.

Improved agricultural technologies and effective production services

Agriculture is the economic backbone for all 21 countries in the region. Improving agricultural productivity to ensure food security and generate marketable surpluses is the key driver to enable poor rural people to overcome poverty. We support agricultural development projects that focus on expanding smallholder farmers' access to external inputs such as improved seed and fertilizer, promoting appropriate and effective agricultural technologies, and reinforcing the capacity of extension services to serve their client farmers.

In Madagascar, a project in the south of the island significantly increased yields and incomes over seven years of work. The project addressed a series of complex, interrelated constraints to improving livelihoods. It supported local economic and social initiatives by providing technical assistance to establish or reinforce producers' associations. It also introduced new production technologies, expanded rural road networks and strengthened local people's knowledge and skills. Yields of maize and rice doubled in the project area. Rural incomes increased by 78 per cent on average, with very small producers and landless workers registering increases of 160 and 178 per cent respectively. Some 24,000 households benefited from the project.

A broader range of financial services

Poor rural people need better access to a broader range of financial services. Appropriate loan products to finance acquisition of agricultural inputs, and marketing credits that permit farmers to sell their produce when prices are high, are indispensable for increasing marketable surpluses and farmers' incomes. Savings products help farmers accumulate capital and reinforce the strength of lending institutions. More than half of the programmes and projects supported by IFAD in the region reinforce financial services.

Portfolio management highlights

- 48 ongoing programmes and projects in 16 countries in the region at the end of 2009
 - US\$898.6 million invested by IFAD in the region's ongoing portfolio
 - 4 new programmes and projects in Burundi, Ethiopia (2) and Zambia, for a total IFAD investment of US\$85.8 million
 - supplementary financing worth US\$54.3 million provided to ongoing programmes and projects in Eritrea, Rwanda (2) and Uganda (2)
 - 1 new results-based country strategic opportunities programme (COSOP) for Malawi
-

The Rural Financial Services Programme in the United Republic of Tanzania is working with more than 270 microfinance institutions to provide a broad range of financial services to communities in the programme area. During 2009, membership of the institutions increased by 30 per cent to 102,000 men and women. Capital in the institutions grew by 184 per cent and loans disbursed doubled to US\$24.6 million. Women now represent 40 per cent of the institutions' members. They also hold more than 50 per cent of the management positions and account for 41 per cent of borrowers. The economic impact of stronger rural financial services is beginning to be seen, as families improve their food security, increase children's attendance at school and build up their assets.

Transparent and competitive agricultural input and produce markets

Efficient marketing systems are essential to enabling poor rural people to break out of poverty. Markets need to do two things: offer agricultural inputs like seeds and fertilizer in proximity to farming communities at the right season and at competitive prices; and absorb marketable product surpluses at prices that reflect current demand. Improving market infrastructure and feeder road networks, and empowering farmers to make the most of commercial opportunities, are key elements of our work in the region.

In Uganda, a recently closed programme in the south-west of the country focused on improving crop production practices. It also concentrated on developing farm-to-market linkages and upgrading rural infrastructure, principally feeder roads, markets and storage facilities. In some districts, farmers increased their rice yields by between 50 and 300 per cent. Yields for Irish potato more than tripled to 21 tonnes per hectare. With these increases in productivity, about 400,000 people taking part in the programme had surplus produce to take to market.

The rehabilitation of 2,000 kilometres of community and feeder roads cut travel time and reduced vehicle maintenance costs. Better road conditions prompted greater interest by transporters, thus increasing competition and lowering passenger and freight transport rates. The percentage of the population marketing produce rose from 28 per cent in 2002 to 41 per cent in 2008. Poverty levels fell by 12.5 per cent, surpassing the 10 per cent reduction target set by the programme, and there was also an average increase of 15 per cent in per capita income among the men and women taking part in the programme.

Off-farm employment and enterprise development

Many poor rural people depend on off-farm employment to supplement their income from agricultural production. Often, by setting up small businesses or microenterprises, they can avoid the need to migrate in search of employment. But they need support to get their enterprises off the ground and to develop the skills to run them profitably.

The Rural Knowledge Network Pilot Project for East Africa, funded by IFAD, is promoting the emergence of small, commercially viable business support companies

In Madagascar, in a project in the south of the island, yields of maize and rice doubled, and rural incomes increased by 78 per cent on average.

in Kenya, Uganda and the United Republic of Tanzania. These businesses provide locally-relevant market information and facilitate trading by brokering deals in agriculture, horticulture and livestock markets. During 2009, the number of these small businesses grew to 120 across the three countries. Small entrepreneurs are being trained in business development skills and exchange experiences through a people-centred knowledge management approach.

More than 230 small entrepreneurs participate in online discussions about how to improve their business practices. This includes how they can provide critical services, such as cash payments for raw material purchases, cashless mobile phone payments and weather insurance. The small businesses use modern information and communication technologies, especially mobile phones, solid state laptops and the Internet, to gather and share market information and arrange trading deals.

Participation in local and national policy and budgetary processes

Empowering smallholder farmers so they can play a central role in local and national policy formation and budgetary processes is fundamental to ensuring long-term economic and social development for our clients. IFAD places great emphasis on farmer capacity-building to improve basic business, and organizational and advocacy skills, and puts participatory processes at the centre of project design and implementation.

In Mozambique, the Sofala Bank Artisanal Fisheries Project successfully introduced a community-based participatory approach where empowerment, community ownership and demand-driven development have pride of place. The project has:

- established an exclusive three-mile zone for artisanal fishers
- introduced co-management committees at community level for the management of marine resources
- differentiated the fishing seasons for the artisanal and industrial/semi-industrial sectors

The government of Mozambique's strategic plan for the artisanal fisheries subsector (2006-2015) has adopted the Sofala approach, putting the fishing communities and their needs at the centre of interventions. On the policy side, the project is assisting the National Institute for the Development of Small-scale Fisheries of the Mozambican Fisheries Ministry in building its capacity to become the champion of the artisanal subsector in national policy dialogue. Finally, because of the high quality of expertise in the project coordination unit, project personnel are being used to build up the capacity of the ministry at national and decentralized levels.

Asia and the Pacific

34 countries:

Afghanistan
Bangladesh
Bhutan
Cambodia
China
Cook Islands
Democratic People's
Republic of Korea
Fiji
India
Indonesia
Iran (Islamic Republic of)
Kazakhstan
Kiribati
Kyrgyzstan
Lao People's Democratic
Republic
Malaysia
Maldives
Marshall Islands
Mongolia
Myanmar
Nepal
Niue
Pakistan
Papua New Guinea
Philippines
Republic of Korea
Samoa
Solomon Islands
Sri Lanka
Tajikistan
Thailand
Timor-Leste
Tonga
Viet Nam

Overview

On the whole, the Asia and the Pacific region fared better than expected in the wake of the food price, fuel and financial crises of 2008. It suffered less severe setbacks and showed stronger signs of recovery from the global economic slowdown than other regions. During 2009, regional GDP growth exceeded 6 per cent, and inflation rates were low, in the 1-2 per cent range. Countries in East Asia and South Asia contributed significantly to this by outperforming forecast growth rates. However, smaller countries with more open economies, and those reliant on commodity exports, tended to fare worse than expected. The total population of the region is about 3,646 million. For countries for which data is available, some 61 per cent of the population live in rural areas and about 27 per cent live on less than US\$1.25 a day.^{3,4}

Food prices declined from the peaks of 2008, but remained volatile and higher than in recent years. IFAD observed that traders rather than producers tend to benefit from the sales of higher-priced food. Moreover, a large proportion of food producers in areas where we support projects are actually net consumers of food. Struggling with incomes already below the poverty line, if they have a choice, it is whether to spend more money to buy the same amount of food, or to cut back on consumption. The second alternative commonly exacerbates malnutrition and vulnerability to disease.

In the run-up to the United Nations Climate Change Conference in Copenhagen in December 2009, civil society, governments and the development assistance community in Asia and the Pacific increasingly reported the impact of climate change on poor rural people and agricultural production. They appealed to IFAD for help in the search for new approaches to mitigation and adaptation to changing environments.

Our work and results in 2009

Our work in the region during 2009 was in line with the objectives of the IFAD Strategic Framework 2007-2010 (see page 6).

Natural resources, and improved natural resource management and conservation practices

Strengthening poor rural people's access to land in Asia and the Pacific was a key way in which IFAD-financed programmes and projects contributed to improved natural resource management in 2009. About 20,000 households gained better access to land and some 88,000 men and women received training in natural resource management, including sustainable management of soil and water, the use of biogas and forestry activities. In Pakistan, about 10,000 people were trained in soil conservation and anti-erosion techniques, tree plantation and rangeland improvement. We also invested in infrastructure to improve management of resources, funding the construction of 12,000 rainwater harvesting systems in China and India.

³ Raw data was sourced from the Human Development Index of the United Nations Development Programme. The total population includes all countries in the region. Poverty data was not available for the following countries: Afghanistan, the Democratic People's Republic of Korea, Fiji, Indonesia, Kiribati, Maldives, the Marshall Islands, Myanmar, Samoa, Solomon Islands and Tonga, which were therefore not included in the calculation of percentages for poverty or rural population.

⁴ If China is excluded from figures for Asia and the Pacific, the total population is 1,991 million. For countries for which data is available, some 65 per cent of the population live in rural areas and about 34 per cent live on less than US\$1.25 a day. If both China and India are excluded from figures for Asia and the Pacific, the total population is 827 million. For countries for which data is available, some 57 per cent of the population live in rural areas and about 24 per cent live on less than US\$1.25 a day.

An IFAD-funded programme in rainfed areas of Indonesia, which finished work in 2009, enabled poor rural people to set up self-help groups to manage natural resources. Farmers and agricultural labourers created their own user groups in the most vulnerable areas, such as near traditional springs and in fields on high slopes. The groups used local materials for soil conservation, diversion drains and reforestation. They drew up natural resource plans covering nearly 1,000 villages. Many of the plans were far more than simple mechanisms for building consensus and guiding members. They became vehicles for communication with district governments, which reviewed and endorsed the plans and provided financial support for their implementation.

Improved agricultural technologies and effective production services

In 2009, more than half a million people received training or advisory services in technical aspects of crop or livestock production through the projects we support. In Tuyen Quang Province in Viet Nam, nearly 2,000 farmers increased their herd size as a result. In Ha Giang and Quang Binh Provinces, some 5,500 farmers significantly increased their livestock, and their field and tree crop production. In both projects, the majority of participants were members of ethnic minority groups.

We also financed research into new technologies for improving production. Better ways to process fibres were introduced in the Islamic Republic of Iran, Kyrgyzstan and Tajikistan through a programme promoting the processing and export of cashmere, wool and mohair. This was undertaken in partnership with the International Center for Agricultural Research in the Dry Areas (ICARDA). Using the new technologies, women working with the programme doubled their incomes, from US\$70 to US\$140 per month.

A broad range of financial services

During 2009, IFAD allocated more resources to financial services than to any other strategic objective in the region. In Afghanistan, funding was approved for a programme to develop financial services for households at the community level. This was the first-ever programme devoted entirely to Afghanistan that we have supported. It builds on successful IFAD approaches in other parts of Asia, like Bangladesh and Pakistan. In these countries, we further strengthened our partnerships with two specialized microfinance apex institutions, the Poverty Alleviation Fund and the Palli Karma-Sahayak Foundation in Bangladesh, with whom we have long-standing

Portfolio management highlights

- 57 ongoing programmes and projects in 17 countries in the region at the end of 2009
 - US\$1,300.5 million invested by IFAD in the region's ongoing portfolio
 - 9 new programmes and projects in Afghanistan, Bangladesh, Cambodia, China, India, Kyrgyzstan, Nepal, Pakistan and Sri Lanka for a total IFAD investment of US\$197.4 million
 - supplementary financing worth US\$20.0 million provided to an ongoing project in India
 - 2 new results-based country strategic opportunities programmes (COSOPs) for Pakistan and the Philippines
-

relationships. In line with the recent recommendations of the Consultative Group to Assist the Poor (CGAP) in its recent SmartAid for Microfinance Index 2009, IFAD now gives preference to projects designed solely to support microfinance, as opposed to projects with microfinance as one of many components (see page 17).

Investment in microfinance continues to stand out as a highly effective way to reach poor rural women. In India, more than 100,000 women were able to start saving through microfinance services set up through the Tejaswini Rural Women's Empowerment Programme. In Bangladesh, about 96 per cent of the 208,000 borrowers from the Microfinance and Technical Support Project in 2009 were women. Similarly in China, the South Gansu Poverty-Reduction Programme reported that 98 per cent of its 96,000 borrowers in 2009 were women.

Transparent and competitive markets for agricultural inputs and produce

In 2009, as in previous years, our work to increase poor rural people's access to markets went beyond the construction of market infrastructure and access roads. About half of the funds that we allocated to this objective were used to improve information on prices and demand, and to strengthen smallholders' abilities to process their products so that they can command better prices at the market. We also allocated resources to help farmers form groups and so gain greater bargaining power when purchasing seed, fertilizer and other inputs, and when bringing their produce to market.

Investments that improved physical access to markets were also important, helping poor producers save time and money. These made an enormous difference to farmers living in remote and mountainous areas in countries like Bhutan, where an ongoing programme completed nearly 100 kilometres of farm access roads. Construction or rehabilitation of about 1,200 kilometres of roads and some 85 bridges strengthened market access for poor rural people in Cambodia, China, Lao People's Democratic Republic and Nepal.

Construction or rehabilitation of about 1,200 kilometres of roads and some 85 bridges strengthened market access for poor rural people in Cambodia, China, Lao People's Democratic Republic and Nepal.

Opportunities for rural off-farm employment and enterprise development

IFAD's investments in the region aim to promote off-farm work opportunities and the growth of small businesses expanded in 2009. Business advisory services, technical training and microfinance services all contributed to boosting rural economies and income-generating opportunities.

In the Philippines, nearly 20,000 microenterprises took out loans to expand their trading, vending or agricultural processing activities through the Rural Microenterprise Promotion Programme. In rural Mongolia, poor men and women without livestock or land undertook training through the Rural Poverty Reduction Programme to enable them to start up new economic activities. The programme

provided vocational training, and tools and equipment to start activities like sewing, baking, hair-cutting and car repair. It also helped restore old buildings owned by the government as premises for the new businesses.

Local and national policy and programming processes

Food security and climate change were at the top of our policy dialogue agenda in the region during the year. IFAD and the Asian Development Bank held meetings in the Greater Mekong Subregion and in Rome to exchange experiences and work together to formulate recommendations for Member States in their respective programmes and cofinanced projects.

We also worked with the International Rice Research Institute (IRRI) on the impact of climate change, and issued a paper entitled *Drought, coping mechanisms and poverty: Insights from rainfed rice farming in Asia*. The paper considers how best to help farmers cope with the effects of climate change. It details a range of approaches, many of which are now built into the designs of the programmes and projects we finance. They include:

- focusing agricultural research on drought-resistant technologies
- improving water management at the farm level
- helping farmers diversify their sources of income
- providing crop insurance

In the Hindu-Kush Himalayas, a regional grant programme that we are funding with the International Centre for Integrated Mountain Development (ICIMOD) documented and shared the strategies that poor households themselves are already using as they strive to adapt to changing climatic conditions. For example, many farmers are reverting to traditional crop varieties because they are hardier in the face of extreme weather conditions. ICIMOD worked with IFAD and the Knowledge Networking for Rural Development in Asia-Pacific Region (ENRAP) to bring communities and local governments together to learn from each other in this critical area.

We also partnered with the Television Trust for the Environment (TVE) to produce a documentary on the impact of climate change for BBC World News, which aired in 140 countries and territories worldwide. *The President's dilemma* tells the story of the President of Kiribati and his people, who must decide what to do amid concerns that rising sea levels could submerge their homeland altogether.

Latin America and the Caribbean

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

Overview

During 2009, the impact of the international financial crisis on Latin America and the Caribbean was acute and wide-ranging. This was despite the fact that the region was better prepared to confront the downturn than in the past. The annual rate of growth for Latin America and the Caribbean as a whole was -1.7 per cent in 2009, in comparison to 4.1 per cent in 2008. The total population of the region is about 564 million. For countries for which data is available, some 21 per cent of the population live in rural areas and about 7 per cent live on less than US\$1.25 a day.⁵

The financial crisis affected rural households and agriculture in several ways. People saw their incomes fall as a result of fewer work opportunities and they received less money in the form of remittances sent home by migrating family members. Public spending contracted, especially in the social sectors. The volume of credit available for agriculture and rural activities declined and economic instability and uncertainty increased.

This situation made the work that IFAD does all the more important. During the year, we refocused our strategy to take the evolving situation into account. Our programme of work – which we developed in close consultation with governments and partners – highlighted the need to increase food production, particularly in smallholder agriculture. Smallholder farmers produce nearly 40 per cent of agricultural output in Brazil and Mexico, and more than 60 per cent in Central America.

We expanded and strengthened our partnerships in the region in response to the impact of the crisis on small farmers. We worked closely with the agricultural ministries and institutions that promote agricultural development to ensure that their support reached family farmers. We also worked with ministries of finance to make certain that public spending for the agriculture sector reached the poorest people.

Our work and results in 2009

Our work in the region gives priority to the following areas:

- empowering poor rural people
- sustainable management of natural resources
- improving food security
- supporting rural populations of African descent
- supporting indigenous peoples
- promoting South-South cooperation

Empowering poor rural people

IFAD works with poor rural people to develop the skills and knowledge that they need to strengthen their livelihoods. We focus particularly on empowering women. In Brazil, an ongoing project in the semi-arid north-east is providing technical assistance to more than 12,000 families in nearly 300 communities and land reform settlements.

Participating families are diversifying their agricultural production, introducing new crops and keeping small livestock. They have also increased their productivity as a result of technical assistance, additional investments and the adoption of new

⁵ Raw data was sourced from the Human Development Index of the United Nations Development Programme. The total population includes all countries in the region. Poverty data was not available for the following countries: Antigua and Barbuda, The Bahamas, Barbados, Belize, Cuba, Dominica, Grenada, and Saint Kitts and Nevis, which were therefore not included in the calculation of percentages for poverty or rural population.

technologies. And they have gained better access to markets, through 24 local fairs organized by the project, and increased their food and water security.

Also, through support from the project, more than 14,000 women have obtained identification documents. For the first time in their lives, they are able to exercise their rights as citizens, to access financial and public services and to travel.

In Guatemala, local producers' organizations with a majority of indigenous members took part in an innovative project funded by IFAD and carried out by AGEXPORT, the Guatemalan Exporters' Association. The organizations improved their management skills, expanded their commercial links and gained access to dynamic markets. This project was part of a strategic regional drive by IFAD to design and pilot new business models that link small rural producers with large buyers. As part of our work in Guatemala, around 20,000 people participated in training programmes – nearly half of them women.

In Honduras, the National Fund for Sustainable Rural Development Project strengthened the administrative and financial management skills of staff from about 670 *cajas rurales* (rural credit schemes for smallholders). The project also boosted the participation of women, young people and ethnic groups in decision-making positions of local governments. And it strengthened more than 700 groups known as 'families of innovative producers'. This is a scheme created by the project to promote and disseminate technological innovations for poor rural people. In the Bolivarian Republic of Venezuela, projects we support established more than 200 *cajas rurales*. And in Peru, 6,100 women opened savings accounts and 6,700 took out life insurance policies.

Sustainable management of natural resources

IFAD works with poor rural people to strengthen their access to the natural resources that they depend on and to improve their ability to manage those resources sustainably. In the Plurinational State of Bolivia, a project in the Chaco and High Valley regions has transferred over US\$2 million directly to 900 peasant communities to enable them to manage their own natural resources more efficiently. About 15,500 families are taking part in the project and more than 3,000 water reservoirs for human consumption and irrigation have been built or repaired. The government is now considering scaling the project up and integrating its approach in the national programme for poverty reduction.

In Peru, by taking part in an IFAD-supported project, some 400 peasant communities and irrigation organizations developed plans for the management of natural resources. More than 10,000 families participated, covering around 700 hectares of pastureland. They built more than 1,000 water reservoirs, and about

Portfolio management highlights

- 31 ongoing programmes and projects in 18 countries in the region at the end of 2009
 - US\$513.2 million invested by IFAD in the region's ongoing portfolio
 - 6 new projects in the Plurinational State of Bolivia, Brazil (2), Dominican Republic, Ecuador and Mexico for a total IFAD investment of US\$80.4 million
 - supplementary financing worth US\$21.6 million provided to projects in Ecuador, Haiti, Paraguay and Peru
 - 2 new results-based country strategic opportunities programmes (COSOPs) for Haiti and Peru
-

100 hectares of cropland are now irrigated by sprinkler system. The project also promoted sharing and learning activities, cofinancing 240 guided visits and enabling about 6,000 men and women to take part in knowledge exchange tours.

Improving food security

Throughout the year, IFAD worked with countries to mitigate the severe impact of the food price crisis on poor rural families. In Haiti, we focused on boosting agricultural production to increase supply and bring prices down. We provided US\$10 million to support about 240,000 farmers over three planting seasons. By February 2009, about 30,000 smallholder farmers had received seeds and other inputs for bean, maize and vegetable production. As a result, the area planted to beans more than doubled and the price started to fall as farmers began to market their surplus production.

In Argentina, indigenous communities in the Northeast have seen marked improvements in food security, with a 73 per cent increase in food crop production as a result of project investments.

The project has also helped strengthen the management and decision-making skills of smallholder organizations and increased their ability to contract technical assistance services.

In Honduras, the rural development project strengthened food security by enabling smallholder farmers to plant 4,600 hectares of beans and more than 1,200 hectares of maize. The project also funded the construction of nearly 3,000 silos, thus substantially increasing storage capacity for basic grains. In Nicaragua, at least 80 per cent of the men and women taking part in an IFAD-supported project increased their harvest. This was a result of improved methods of production, together with support from the government, which now gives greater priority to food security and agricultural production.

Supporting rural populations of African descent

There are between 90 and 150 million people of African descent living in Latin America and the Caribbean. Afro-descendants and indigenous peoples together represent a significant proportion of the poorest of the poor. Historic discrimination and marginalization are at the root of their continued social and economic exclusion. The Regional Programme in Support of Rural Populations of African Descent in Latin America is working to expand development opportunities for this large and vulnerable population group. The programme organized a second regional competition in 2009, to reward the best local development initiatives with a cultural identity. Particular attention was given to women and young peoples' groups.

Over 100 marginalized groups from the Plurinational State of Bolivia, Brazil, Colombia, Ecuador, Panama, Peru and the Bolivarian Republic of Venezuela entered the competition. Ten entries were shortlisted for the final awards. The winning groups will receive cash prizes of up to US\$20,000 to help implement their development plans, increasing their income opportunities and strengthening their organizations.

In the Plurinational State of Bolivia, a project has transferred over US\$2 million directly to 900 peasant communities to enable them to manage their own natural resources more efficiently.

The programme also held two innovative workshops in Colombia and Ecuador, targeting Afro-Latino people. In Colombia, the Meeting of Women and the Mangrove Ecosystem brought together women's groups from across the country to address issues such as sustainable management of natural resources, gender and leadership. In Ecuador, a regional workshop entitled Knowledge of Medicinal Plants from Indigenous to Black Culture was funded by IFAD and run by the indigenous organization Jambi Kiwa.

Supporting indigenous peoples

Indigenous men and women are directly involved in more than one third of IFAD's ongoing programmes and projects in the region. In several countries they represent a substantial proportion of the overall population. Across the region they are invariably the poorest of the poor. In addition to our support to indigenous peoples through the loan portfolio, the indigenous groups in the region also benefit from specific programmes such as the Indigenous Peoples Assistance Facility (IPAF) (see page 72).

In 2009, 15 new projects funded by IPAF started work in 12 countries in the region. The projects are all designed and implemented by indigenous peoples' communities and organizations. They focus on:

- social and territorial mapping, using a geographic information system
- building awareness about indigenous peoples' rights, particularly through local radio
- empowering women, through initiatives such as developing microenterprises, and improving their access to markets

Promoting South-South cooperation

During 2009, we continued to support sharing and learning activities among developing countries within the region, and across regions. The Learning Routes Training Programme, administered by the Regional Programme for Rural Development Training, organized successful exchange visits with countries in Africa and Asia. Development workers and farmers' organizations in Brazil were also linked with the South African Development Community as part of a programme organized by the Commission on Family Farming of the Common Market of the South (MERCOSUR). We are giving increased priority to South-South cooperation in response to requests by middle-income countries and rural communities. They want to know more about innovative approaches to poverty reduction and food security that have been successfully used by other countries facing similar challenges.

31 countries
and territories:

Albania
Algeria
Armenia
Azerbaijan
Bosnia and Herzegovina
Croatia
Cyprus
Djibouti
Egypt
Gaza and the West Bank
Georgia
Iraq
Jordan
Kuwait
Lebanon
Libyan Arab Jamahiriya
Malta
Morocco
Oman
Qatar
Republic of Moldova
Romania
Saudi Arabia
Somalia
Sudan (The)
Syrian Arab Republic
The former Yugoslav
Republic of Macedonia
Tunisia
Turkey
United Arab Emirates
Yemen

Near East and North Africa, Central and Eastern Europe and the Newly Independent States⁶

Overview

Despite the global financial and economic crises, growth rates remained mostly positive across the Near East and North Africa region during 2009. Overall regional GDP growth was above 5 per cent in 2008 and was projected at over 2 per cent for 2009. Unfortunately, the region continues to be mired in political instability, as is evident in territories and countries such as Gaza and the West Bank, Iraq, Somalia and The Sudan. The total population of the Near East and North Africa region is about 342 million. For countries for which data is available, some 49 per cent of the population live in rural areas and about 5 per cent live on less than US\$1.25 a day.⁷

By contrast, the region of Central and Eastern Europe and the Newly Independent States was harder hit by the global crisis. Average economic growth rates in most countries fell sharply. From 2008 to 2009, average annual GDP growth is estimated to have declined from a high of 10.8 per cent in Azerbaijan to a low of -6.0 per cent in the Republic of Moldova. This sharp contraction will slow the pace of poverty reduction that the region had achieved over the past two decades. The total population of the region of Central and Eastern Europe and the Newly Independent States is about 128 million. For countries for which data is available, some 37 per cent of the population live in rural areas and about 3 per cent live on less than US\$1.25 a day.⁸

Our work and results in the Near East and North Africa in 2009

The priorities guiding our work in the region are:

- expanding poor rural people's access to financial services, such as credit, savings and insurance
- tackling unemployment among young people in rural areas
- linking small-scale growers of non-traditional crops with domestic and international markets
- improving management of land and water resources and reducing vulnerability to climate change
- improving agricultural productivity and food security

IFAD's approach to rural finance in the Near East and North Africa region includes alternative models and instruments to bring financial services to poor rural people. In the Syrian Arab Republic, we worked with the United Nations Development Programme (UNDP) to set up 30 *sanadiq* (autonomous microfinance institutions) in Jebel al-Hoss. Some 4,000 men and women became members, and a total of 1,400 loans were granted, with an average size of about US\$566. Repayment rates were close to 100 per cent.

Following this success, we worked to replicate the approach in the northwest of the country through the Idleb Rural Development Project. For the first time, 20 *sanadiq* were established in the area. Nearly 600 loans were disbursed for an

⁶ A single division in IFAD covers two distinct regions: the Near East and North Africa, and Central and Eastern Europe and the Newly Independent States.

⁷ Raw data was sourced from the Human Development Index of the United Nations Development Programme. The total population includes all countries in the region. Poverty data was not available for the following countries: Cyprus, Gaza and the West Bank, Iraq, Kuwait, Lebanon, Libyan Arab Jamahiriya, Malta, Oman, Qatar, Saudi Arabia, Somalia, The Sudan, Syrian Arab Republic and United Arab Emirates, which were therefore not included in the calculation of percentages for poverty or rural population.

⁸ Raw data was sourced from the Human Development Index of the United Nations Development Programme. The total population for the region includes all countries in the region.

average amount of US\$885. The average loan maturity is 11 months and the repayment rate to date is 100 per cent.

Loans enable farmers to bypass trader-moneylenders and sell their produce at higher prices. Owners of small businesses use quick-turnover repeat loans to fund new investments and rapidly build their businesses. Women are also increasingly taking part in the *sanadiq* as owners, managers and users.

In Egypt, a project working in reclaimed desert land between the Suez Canal and the Nile Delta enabled about 24,000 families to settle in the area. The project provided access to piped drinking water, good quality irrigation water and sewage disposal. Farmers were also supported by an improved extension system, and given opportunities for education and training. They were able to hire tractors and mechanical devices when they needed them, and get help with artificial insemination for their livestock. Production and income levels rose steadily over the nine years that the project was active. When work finished in March 2008, the total cultivated area in the project extended over 49,000 hectares.

In 2009, the country programme in Yemen took on a new approach to sustainably improve the economic status of poor women and men in rural areas. The new economic approach to poverty reduction will focus on building public-private partnerships and strengthening value chains and rural businesses. Previously designed projects have focused on creating, strengthening and registering community organizations. With IFAD support, the Dhamar Governorate has completed some 92 community infrastructure projects for domestic water supply, schools, health posts and rural roads, providing benefits to 58,000 rural people. And many other projects are still at work. The Dhamar Participatory Rural Development Project has also set up innovative extension teams made up of researchers, extensionists, trainers and village agents, all working together to demonstrate and transfer technologies to farmers.

As in other regions of the world, poor rural people in the Near East and North Africa depend heavily on natural resources such as land and water for their livelihoods. If poverty is to be reduced over the long term, these resources must be managed sustainably and not depleted or impoverished. In northern Jordan we have been working specifically to combat land degradation and restore soil fertility. When the Yarmouk Agricultural Resources Development Project finished work early in 2009, more than 2,500 resource-poor rural households had benefited from soil and water conservation measures and increased their incomes and quality of life.

In Egypt, a project working in reclaimed desert land enabled about 24,000 families to settle in the area. When work finished, the total cultivated area in the project extended over 49,000 hectares.

Portfolio management highlights

- 38 ongoing programmes and projects in 16 countries and territories in the two regions at the end of 2009
 - US\$557.1 million invested by IFAD in the regions' ongoing portfolios
 - 6 new projects in Egypt, Georgia, Lebanon, The Sudan (2) and Turkey for a total IFAD investment of US\$96.5 million
 - supplementary financing worth US\$7.5 million provided to an ongoing project in Yemen
 - 2 results-based country strategic opportunities programmes (COSOPs) for The Sudan and the Syrian Arab Republic
-

Our work and results in Central and Eastern Europe and the Newly Independent States in 2009

IFAD has three closely interlinked priorities in this region:

- establishing links to markets for smallholders to enable them to sell their produce at good prices
- developing the non-farm rural economy by supporting small and medium-sized enterprises
- promoting rural financial services

In the Republic of Moldova, two ongoing programmes and one project provide medium to long-term credit to small and medium-sized enterprises in rural areas. They make available significant amounts of credit tailored to on-farm and off-farm

rural investment needs. The businesses operate along agricultural value chains, spanning farm production, agro-processing and agro-services. Since we began work in the country in 2000, about a quarter of the small and medium-sized agribusinesses have benefited. In 2008, the banks made US\$17 million available in loans to rural businesses in this way, up from US\$9 million in 2007.

In Bosnia and Herzegovina, a project set up and strengthened producers' associations and a cooperative, with a total of 3,400 members – 39 per cent of whom were women.

In Bosnia and Herzegovina, a livestock and rural finance project set up and strengthened more than 20 producers' associations and one producers' cooperative, with a total of 3,400 members – 39 per cent

of whom were women. They collected over 11 million litres of milk and delivered it to the dairies. The project also provided livestock extension training to more than 4,000 farmers.

In Albania, two innovative institutions established with our support promote poverty reduction in mountain areas – the Mountain Areas Finance Fund (MAFF) and the Mountain Areas Development Agency (MADA). In March 2009, as an initial step towards financial self-sustainability, the MAFF was converted into a shareholding company (the First Albanian Financial Development Company), which is currently totally owned by the Ministry of Finance. The on-lending activities provided to beneficiaries in disadvantaged mountain areas have attracted the interest of the Council of Europe Development Bank, which covered a financing gap through a €5 million loan to MAFF.

Policy, partnerships, knowledge management and communications

During the year in both regions, we gave priority to forging long-term partnerships that improve our ability to:

- define joint strategies for smallholder agricultural development, rural poverty alleviation, food security and sustainable use of natural resources
- mobilize cofinancing and supplementary funds

- help country recipients implement IFAD-supported operations
- pilot innovative activities through stand-alone grants
- promote knowledge management in all its forms

The OPEC Fund for International Development (OFID) remains our main partner in the Near East and North Africa region. The Fund has contributed over US\$100 million to our work, accounting for 38 per cent of cofinancing. The newly approved project in Lebanon will receive more than 50 per cent of its financing from OFID to increase agricultural productivity and the incomes of targeted households in the project area.

A delegation from the International Center for Biosaline Agriculture visited IFAD in February to discuss ways to strengthen cooperation to address water scarcity and reduce poor rural people's vulnerability to climate change. As a result of the meeting, we are cofinancing a new research grant on climate change and water management in marginal land areas.

In January, representatives from IFAD visited Aleppo in the Syrian Arab Republic to discuss strategic collaboration with the International Center for Agricultural Research in the Dry Areas (ICARDA). ICARDA is a major partner with us in the Near East and North Africa region. We agreed on the following thematic priorities:

- agricultural productivity and food security
- climate change and natural resource management
- value chains and markets
- diagnostics for poverty and targeting research, and development investments (gender and equity)

At the invitation of the League of Arab States, IFAD attended the Arab Economic Summit and Pre-Summit Forum in Kuwait in January 2009. We also had bilateral meetings with OFID, the Kuwait Fund for Arab Economic Development, the Arab Fund for Economic and Social Development, and the Arab Authority for Agricultural Investment and Development. The Summit concluded with a declaration calling for increased efforts to help League of Arab States countries reach greater food security and self-sufficiency.

In July 2009, we joined the One United Nations Programme in Albania. The programme promotes closer cooperation between United Nations specialized agencies, like IFAD, and other United Nations funds and programmes. It also aims to ensure faster and more effective development operations.

Following a series of meetings during September and October 2009, IFAD and the Islamic Development Bank (IsDB) began a renewed collaboration. We reached a cofinancing framework agreement for US\$1.5 billion to jointly finance priority projects under the 2010-2012 IFAD-IsDB lending programme. The collaboration was formalized in Rome in November by Ahmad Mohamed Ali, President of IsDB, and Kanayo F. Nwanze, President of IFAD. As part of this new agreement, Azerbaijan, the Syrian Arab Republic and Yemen were identified as countries with potential for renewed cofinancing in 2010.

Measuring and improving results



Making tortillas for an extended family is a daily ritual for most Mexican women, Mexico

©IFAD/P.C. Vega



Report on IFAD's Development Effectiveness

The Report on IFAD's Development Effectiveness (RIDE) is management's primary vehicle for accountability and reporting to our governing bodies. The 2009 edition of the report is the last for the Seventh Replenishment period (2007-2009).

The performance of the projects that we fund – measured in terms of relevance, effectiveness and efficiency – has improved significantly and is reported at 82 per cent by both the RIDE and ARRI.

During the Seventh Replenishment of IFAD's Resources, we focused on raising the quality of our work and improving and expanding our development impact, as requested by our Member States. We also worked to consolidate our role as a key and trusted development mechanism for our members and the development community as a whole.

This year's RIDE builds mostly on a comprehensive review of 104 project completion reports from the last four years. The most recent results are based on 25 reports from 2009. Both the 2009 RIDE and the Annual Report on Results and Impact of IFAD Operations (ARRI) (see page 50), produced by IFAD's independent Office of Evaluation, show that there has been a significant improvement in our development effectiveness and in the impact of the operations we support. Principal highlights include:

- The performance of the projects that we fund – measured in terms of relevance, effectiveness and efficiency – has improved significantly and is reported at 82 per cent by both the RIDE and ARRI.
- Sustainability – the continuation of benefits after projects close – has improved steadily over the past few years and is reported at 75 per cent by the RIDE and 73 per cent by the ARRI.
- Promotion of pro-poor innovations is moderately satisfactory or better in 100 per cent of the projects according to the ARRI, and in 71 per cent according to the RIDE.
- Our impact on rural poverty has also markedly improved: 91 per cent of the projects evaluated were found to be moderately satisfactory or better by the ARRI, and 83 per cent by the RIDE.

Both reports suggest that 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, are beginning to play a major role in boosting our results. Direct supervision and country presence have allowed us to provide closer support to the implementation of IFAD-financed projects. They have also helped to strengthen our partnerships with local institutions that have direct and indirect responsibility for project success. In addition, improved performance in the areas of institutional and human development has contributed to the achievement of stronger and more enduring results.

However, some areas of our work still require further attention and remedial action. These include market access and development, environmental impact, and project efficiency. We will be continuing to address these issues urgently in 2010.

Performance against corporate management results in 2009 was generally positive. IFAD has successfully contributed to a better global framework for country-

level rural development and smallholder agriculture. Moreover, efforts in resource mobilization have had very positive results, both in terms of direct contributions and in cofinancing for IFAD-initiated projects.

IFAD's administrative services have supported the continued growth of the programme of work and the intensification of the development activities that we support, without real growth in budgets over the entire Seventh Replenishment period. The number of administrative staff has declined, while the number of staff directly engaged in development operations has increased.

Quality enhancement and assurance

Quality enhancement is the internal technical review process that helps ensure that best practices from IFAD and other agencies are incorporated into the design of new programmes and projects. Although the approach was only introduced in 2007, all the indications show that the standards in design have significantly improved. In 2009, 38 programmes and projects, including four Global Environment Facility projects, were reviewed.

The main steps in quality enhancement are a self-assessment process by designers, a due diligence technical review, and a panel-based assessment that combines in-house and external expertise. The project design is then finalized according to the panel's recommendations and submitted for an independent quality assurance review.

TABLE 2
2009 quality-at-entry ratings

RMF indicators	Description	Average rating	Moderately satisfactory or better ratings ^a (percentage)
1	Effectiveness of thematic areas	4.7	94
2	Projected impact on poverty measures	4.7	88
3	Innovation, learning and scaling up	4.4	81
4	Sustainability of benefits	4.5	84
Overall rating		4.6	84

^a The quality-at-entry ratings are based on a scale of 1 to 6, with 1 being highly unsatisfactory and 6 being highly satisfactory. The percentage indicates the number of projects receiving a rating of 4 or better out of the total number of projects.

TABLE 3
2009 quality assurance review results

Final project categories	Number of projects
Projects judged ready to proceed with minor changes	10
Projects judged ready to proceed subject to additional assurances during loan negotiations and/or further modifications/reviews during implementation	21
Projects requiring substantive changes entailing delay in presentation to the Executive Board	-
Projects dropped from the lending programme because of inappropriate design	1

Our quality assurance review process for programmes and projects is undertaken at 'arm's length' from the department responsible for project development. It is the final step before loan negotiations begin and projects are submitted to the Executive Board.

In 2009, 32 programmes and projects were submitted for quality assurance review. Six of these were cofinanced with another international financial institution as the lead financier.

Overall, this year's reviews have seen several encouraging signs pointing to substantive improvement in quality-at-entry over last year's submissions. Experience has shown us that quality-at-entry is a prime determinant of successful development outcomes. Of the projects reviewed, the average quality-at-entry rating for the four Results Measurement Framework (RMF) indicators was 4.6, which is moderately satisfactory. At the individual project level, 84 per cent of all projects were overall rated moderately satisfactory or better, as compared to 80 per cent in 2008. This year, for the first time, two projects also contained state-of-the-art approaches to value chain development and collaboration with the private sector, while another project adopted an approach that was new and innovative for IFAD. The reviews have also noted an increase in the number of projects considered to be part of a process of 'scaling up', where successful innovative approaches are taken up and expanded.

Although the quality assurance and quality enhancement reviews are having the desired effect on project quality, almost two thirds of the projects still have design weaknesses that require modification or additional assurances during loan negotiations or implementation. While no project was delayed in Executive Board submission, one project was dropped from the 2009 lending programme for design reasons. This cofinanced project may be resumed in 2010 pending progress made by the cofinancier.

Country presence

Increasing our presence in the countries where we work is a key part of our drive to improving results on the ground. Greater country presence has enabled IFAD to fine-tune programme and project designs, with quality improvements made over time. It

has also helped to facilitate the move from project supervision by cooperating institutions to direct supervision by IFAD.

More importantly, country presence has enabled us to involve local people more extensively in the supervision of projects. This reduces the costs of supervision and, in the medium and long term, it will build skills and knowledge at national level. Country presence has also enabled us to engage more effectively in country-level dialogues, and to align our programmes with national policies, thereby strengthening national ownership and leadership of programmes. And it has helped us build partnerships and harmonize our work with that of other donors.

The 27 country offices approved by the Executive Board for 2009 cover a total of 31 countries – with some offices working with more than one country. We finance a total of 120 projects in these countries – 106 ongoing and 14 that have

Country presence has enabled us to involve local people more extensively in the supervision of projects. This reduces the costs of supervision and, in the medium and long term, it will build skills and knowledge at national level.

yet to start work. These projects account for 48 per cent of IFAD's current portfolio in number terms, and 55 per cent in value terms. At the end of the year, 25 country offices were operational.

In August 2009, IFAD and the United Nations Development Programme (UNDP) signed an amendment to their framework agreement. Under the amended agreement, in addition to providing administrative and logistical services for our country offices, UNDP can administer IFAD contracts and issue UNDP contracts with service limited to IFAD for locally recruited national staff. UNDP Copenhagen also provides global payroll services for all national staff in country offices. These arrangements are expected to enable IFAD to minimize costs in country offices.

In December, the Executive Board approved a further expansion of the country presence programme, formalizing our presence in three more countries in 2010: Cameroon, the Philippines and Zambia.

Anticorruption

Corruption is a significant obstacle to poverty reduction, particularly where it affects programmes designed to channel funds to poor men and women to enable them to break out of poverty. IFAD's anticorruption policy, which was adopted in 2005, includes a zero-tolerance approach to fraudulent, corrupt, collusive or coercive actions affecting the activities we support.

In 2009, 17 allegations were received of fraud and corruption in IFAD-funded programmes and projects, 6 of which were still under investigation at year-end. Allegations generally referred to bidding irregularities, fraud, extortion and misappropriation of funds. Credible allegations substantiated through investigation are referred to IFAD's Sanctions Committee for consideration in accordance with IFAD's sanctions process. Possible measures include suspension or cancellation of loans, debarment from participating in any IFAD-financed activity and referral to national authorities.

Although the number of allegations received to date remains relatively low, programmes and projects supported by IFAD are considered to be as susceptible to corrupt activity as those of other international financial institutions. The frequency of allegations is expected to increase over time as a growing number of projects move to direct supervision, and as awareness-building activities increase.

To offset the concern for corruption as a significant risk in the majority of countries where IFAD operates, we have introduced good governance measures for our programmes and projects. The measures, which will strengthen transparency at all levels, may include third-party monitoring and community participation as elements to be examined during quality assurance reviews of project design (see page 47).

We continued to promote the anticorruption agenda in the field throughout the year. IFAD staff members, key stakeholders and partner institutions in the regions involved in more than 60 IFAD-funded programmes and projects were trained to identify and deal with potentially fraudulent and corrupt practices. In addition, Transparency International made a presentation to IFAD staff on instruments to increase transparency and accountability in our portfolio. This complemented our own internal anticorruption briefings and training initiatives.

Independent evaluation

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

Every year, IFAD's independent Office of Evaluation prepares the Annual Report on Results and Impact of IFAD Operations (ARRI). This is the seventh such report and it synthesizes results and impact from 11 IFAD-funded projects evaluated by the Office in 2008. It also draws on the conclusions of one corporate-level and two country programme evaluations.

The 2009 ARRI presents the following key results:

- Overall project achievement has improved substantially. In 2002-2004, an average of 66 per cent of projects were rated moderately satisfactory or better, while in 2006-2008 this rose to 85 per cent. Of the 11 projects evaluated in 2008, 9 (or 82 per cent) gained this rating.
- The overall impact of IFAD's work on rural poverty has also shown a steady improvement over time, from an average of 48 per cent in 2002-2004 to 87 per cent rated moderately satisfactory or better in 2006-2008.
- There were marked improvements in sustainability in the 2008 sample. Sustainability – the continuation of benefits after projects close – was moderately satisfactory or better in 73 per cent of the projects evaluated in 2008, as compared to just 40 per cent in 2002.
- Promoting innovation was another area where our performance improved. This is the extent to which the development interventions that we support introduce creative approaches and new technologies in rural poverty reduction that have been (or are likely to be) taken up and expanded by others. All the projects evaluated in 2008 were rated moderately satisfactory or better on promoting innovation.
- Relevance of programmes and projects to the needs of poor rural people and to the policies and strategies of governments and IFAD remains a strong point.
- Particularly significant achievements were evident in the critical areas of promoting agricultural productivity and improving poor rural people's physical assets – including access to land, water, livestock, tools, technology and infrastructure.

This year, the ARRI introduced three new features. First, it included an analysis of data using three-year moving averages, rather than referring to the entire independent evaluation data set generated since 2002, as in previous years. Second, it contained an incorporation of lessons learned in the country strategic opportunities programmes (COSOPs) and in project design, which assesses the extent to which IFAD management is learning from previous operations and addressing the key challenges identified in past ARRIs when designing new activities. Third, it built on evaluations undertaken in line with the new evaluation manual adopted in December 2008. One

change in the ARRI – in accordance with the new manual – is the reduction in the number of domains covered by the rural poverty impact criteria from nine to five, to streamline reporting.

As in past years, the 2009 ARRI also identified weaknesses to be addressed by IFAD. The efficiency of our operations and of our own performance is an area where some improvements are necessary. The environmental impact of our activities and sustainable management of natural resources are also highlighted as areas of concern.

This year's ARRI also devoted attention to the importance of learning from IFAD's own experience and that of other development organizations. The report focused on two learning themes: access to markets, and natural resource management and the environment.

Evaluation activities in 2009

IFAD's independent Office of Evaluation carried out its sixth work programme in 2009. It completed the corporate-level evaluation of our capacity to promote pro-poor replicable innovations for rural poverty reduction, as well as country programme evaluations in India, Mozambique and The Sudan. It also finalized the joint evaluation undertaken with the African Development Bank (AfDB) to assess the results of the two organizations' policies and operations in agriculture and rural development in Africa.

In India, the country programme evaluation found that IFAD has focused on tribal development, microfinance and the empowerment of women with good results. Women have seen significant improvements in their overall economic and social welfare. IFAD-funded operations have also contributed to developing new and successful models for the provision of microfinance services to poor rural people, and linked these models with commercial banks. Several microfinance innovations have been successfully tested on the ground and replicated and scaled up by the government and other donors.

On a less positive note, the evaluation reported that smallholder agriculture and the vast numbers of smallholder farmers were not always at the centre of the country programme. For example, investments in agricultural research to develop low-cost, pro-poor technologies and extension services were inadequate. Also, little attention was devoted to promoting market linkages, which enable poor farmers to bring their produce to market at good prices. And in terms of vulnerable social groups, IFAD had not supported poor rural young men and women, migrant workers, scheduled castes or landless farmers in any significant way.

The country programme evaluation in The Sudan concluded that, overall, IFAD-assisted operations had achieved moderately satisfactory results, despite challenges encountered during implementation. Projects supported by IFAD had brought hope to largely marginalized populations following a period of conflict in some areas. They also provided much needed support to state governments and localities

In Mozambique, the country programme evaluation reported that IFAD's emphasis on cash and high value crops as an effective avenue out of poverty was highly relevant.

where few other donor agencies operate. The programmes and projects focused on enhancing extension services at the lower administrative levels, and even at village level for some extension staff and service providers like para-veterinarians and midwives. Work to improve community and rural infrastructure strengthened poor rural people's access to markets. At the same time, the evaluation highlighted that more far-reaching results could have been achieved through a better balance between the agricultural sector and other sectors of intervention. It underlined the need for IFAD to pursue a renewed focus on agriculture as a key sector of intervention and redouble efforts to promote pro-poor agricultural innovations.

In Mozambique, the country programme evaluation reported that IFAD had made an important contribution to agriculture and rural development through successful development interventions in remote and marginalized areas of the country. In these areas, infrastructure and services are limited, farmers' access to inputs and markets is uncertain, and institutional capacities are weak. The report also noted that IFAD's emphasis on cash and high-value crops as an effective avenue out of poverty was highly relevant. It further highlighted the importance of livestock and non-farm economic activities.

The joint evaluation carried out with AfDB concluded that the two organizations have distinct but complementary roles. IFAD works at the grass-roots level, for example, promoting institutional building and gender equality, while AfDB's emphasis is more on infrastructure. Both organizations are highly relevant to Africa's current and future needs in agriculture and rural development, both individually and in partnership. In terms of the performance of operations funded by IFAD and AfDB in Africa, the evaluation concluded that past performance has been moderately satisfactory at the project level, but sustainability has been weak – meaning that benefits do not continue after projects have closed. In addition, the past performance of AfDB and IFAD as lenders, and of governments as borrowers, was generally unsatisfactory.

The evaluation concluded that the two organizations have made, and continue to make, major contributions to supporting agriculture and rural development in Africa. This could be further strengthened by focusing attention on supporting governments in developing and implementing pro-poor policies in agriculture and rural development – improving the performance of both lenders and governments, and strengthening the partnership between AfDB and IFAD, and between these institutions and other players in the sector.

During the year, the Evaluation Committee discussed project evaluations undertaken in Argentina, China and the Democratic People's Republic of Korea. It reviewed country programme evaluations for Mozambique and Nigeria, and other key documents such as the ARRI (see above). It also discussed the approach paper on the external peer review of the Office of Evaluation in 2009, which includes a review of the IFAD Evaluation Policy and of IFAD's self-evaluation function, as well as the role of the Evaluation Committee.

Planning and performance management

IFAD's Corporate Planning and Performance Management System was established in 2006. The system is now central to the implementation of managing for development results. It is organized around eight corporate management results. Achievements against these results are monitored quarterly at every level of the organization.

The system has links to the budget through the results-based programme of work and budget, to IFAD's enterprise risk management system, and to the personal performance plans and assessments of all staff members. We report to the Executive Board on performance managed and measured under the Corporate Planning and Performance Management System through the Report on IFAD's Development Effectiveness (see page 46).

The system has provided a dynamic and responsive platform for the achievement of our Seventh Replenishment objectives. In 2009, the groundwork for further improvement was laid with a new Results Measurement Framework for the Eighth Replenishment period (2010-2012). The results management system was also restructured to clarify key objectives and processes and improve internal coordination and cooperation. In addition, the use of results-based budgeting will create a more transparent and direct relationship between priority objectives and the means used to achieve them.

Performance-based allocation system

The performance-based allocation system (PBAS) allocates IFAD's loan and country grant resources, including grants under the debt sustainability framework (see page 60), to country programmes. The system bases allocations on population, per capita gross national income and country performance. Country performance includes the broad policy framework, rural development policy and the performance of our portfolio. Under the PBAS, we make annual resource allocations in three-year cycles.

During the year, we reviewed the rural sector performance data across regions to ensure consistency, and as a result we improved the scoring approach. In Latin America and the Caribbean, we worked closely with the Regional Unit for Technical Assistance (RUTA) throughout the allocation period to assess and compare scores throughout the region. This increased consistency in approach and assessments, and also provided a strong basis for policy dialogue on specific country and subregional issues. Annual reviews of COSOPs were used as a basis for this dialogue.

All loans and country-specific grants presented to the Executive Board for approval in 2009 were within countries' PBAS three-year allocations.

Working with countries and strategic partners to scale up project achievements

IFAD is committed to enabling countries to take full ownership of the programmes and projects we support, and to ensuring that country programmes are firmly focused on accurately measuring and taking account of results. We also work to facilitate the replication and expansion of successful approaches and innovations.

In 2009, IFAD launched a scaling up review, in the context of the increased replenishment and the larger programme of work (see page 22). Our findings so far have highlighted the required building blocks for scaling up, including:

- early planning to expand and replicate successful innovations, ideally at the inception stage of a programme or pilot
- identifying drivers, including present and potential champions and catalysts
- ensuring that the conditions exist to allow innovations to grow, in terms of finance, policies, institutions, politics, culture, partnerships and learning

The first phase of this review, which will be completed in 2010, will cover:

- IFAD policies, strategies and business processes
- case studies on country-level experiences in Africa, Asia and Latin America
- forward-looking assessments of approaches to scaling up in selected thematic areas

The review will also draw on the findings and recommendations of the ongoing independent evaluation of IFAD's capacity to promote replicable innovation.

We are carrying out the institutional review on scaling up in partnership with the Wolfensohn Center for Development of the Brookings Institution. The review is the first of its kind in the agricultural and rural development sector. Its findings and recommendations will be relevant not only to IFAD's efforts to increase our development effectiveness, but will also be of interest to our development partners.

Reforming human resources to empower people and deliver results

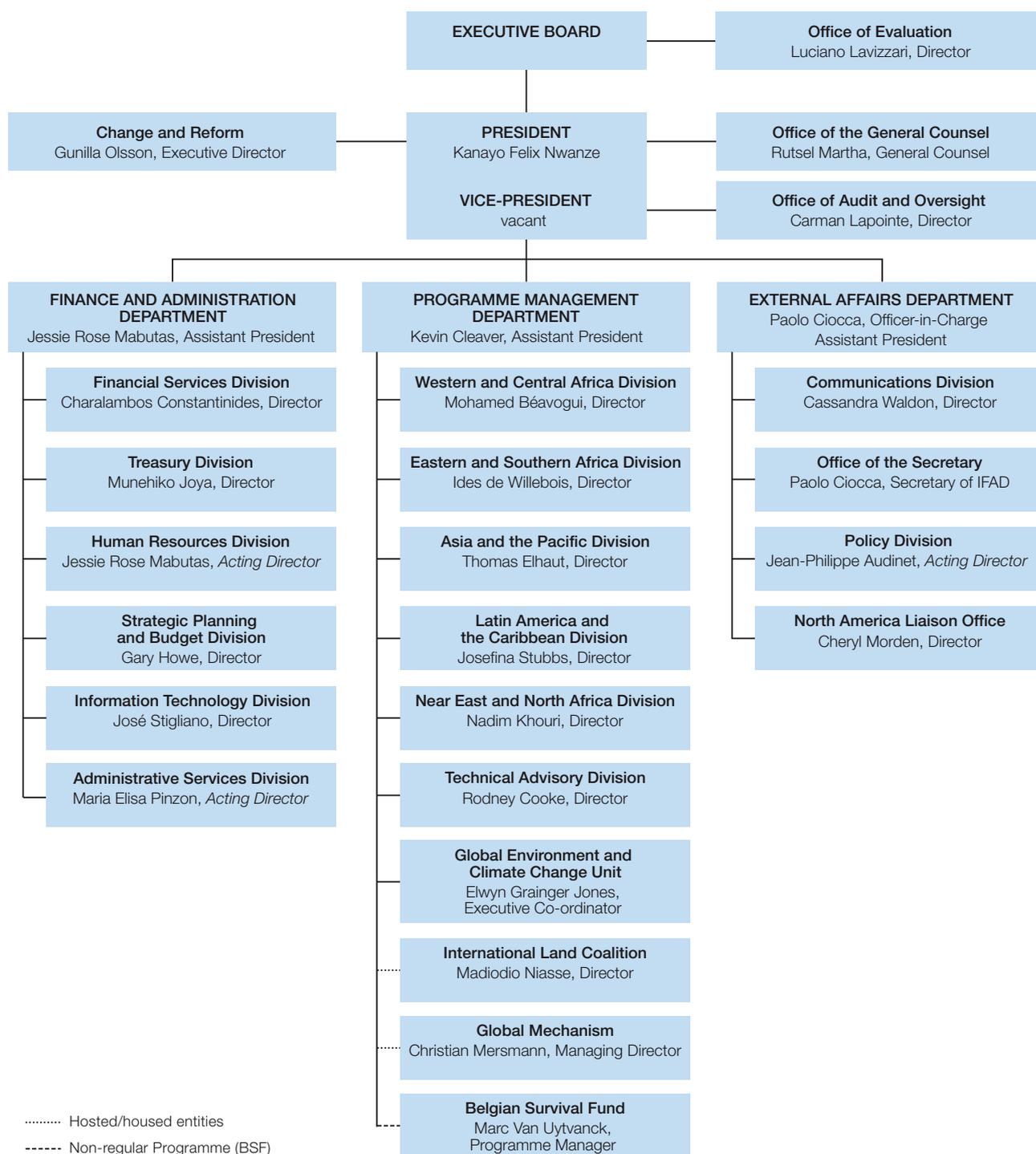
The core requirement of IFAD's ongoing reform in the area of human resources is to drive a programme of change that delivers tangible results in support of poor rural men and women.

We made progress in all components of the human resources reform during 2009. We initiated a strategic workforce planning process to understand the changes needed to realize the vision for IFAD's workforce in 2015 – building on the new operating model. We also started delivering the support framework for human resources needed for the country presence programme (see page 48).

At the end of the year, IFAD had 459 staff members, including the staff of the independent Office of Evaluation. There were 235 Professional and higher-category staff, excluding the President and Vice-President, and 224 General Service staff. In the Professional and higher categories, staff members were nationals of 59 Member States, reflecting IFAD's adherence to the principle of equitable geographical distribution. Women made up 45 per cent of staff in the Professional and higher categories. As in previous years, IFAD hired consultants for specific tasks and other temporary staff to meet operational needs during peak periods and conferences.

Organizational chart

as of 31 December 2009⁹



⁹ As of 1 January 2010, the organizational chart was modified by the President's Bulletin of 17 December 2009.

In addition, there were a total of 28 staff members in the Hosted Entities (Global Mechanism and International Land Coalition), of which 20 were Professional and higher-category staff and 8 were General Service staff.

Under the Associate Professional Officer/Special Programme Officer Programmes, IFAD had 20 professionals from 8 Member States. Under the Enhanced Associate Professional Officer Programme, we had 4 young professionals from India, Lebanon, Mauritius and Mongolia. Through the Internship Programme we had 40 interns from 21 Member States, and through the Volunteer Programme we had 7 volunteers from 6 Member States.

The Voluntary Separation Programme was designed and Phase I was implemented.

IFAD delivered off-the-job training in core people management skills to key staff, encouraged staff mobility and organized a field immersion trip. Staff also attended training courses on management and leadership skills, conflict management, negotiation, communication, writing, project supervision, implementation support, partnering, targeted selection interviewing, gender field security training and languages. A second batch of the Springboard pilot programme was launched for professional staff and a Breakthrough programme was organized and launched for general service staff.

During the year, IFAD started a thorough review and revision of the Human Resources Procedures Manual. When work on this is complete in 2010, it will be a new handbook and set of staff rules, containing operational directives and instructions, and clearly indicating levels of delegated authority.

IFAD launched the automated performance evaluation system (e-PES) during 2009, replacing the previous manual system. In the last quarter of the year, we also launched the e-RCS (electronic request for consultancy services) system, which automates the administration of consultancy contracts. This streamlines the management of consultants, who constitute a significant portion of IFAD's workforce at a cost of approximately US\$26 million per year. This system eliminated the paperwork for approvals and contract dispatch, improving the turnaround time. It also created a corporate database of consultancy contracts, which is a necessary basis for improving efficiency and building key management reporting on IFAD's effective utilization of consultancy services.

Towards climate-neutral facilities and sustainable procurement

At IFAD, we are committed to reducing our carbon footprint. We comply with international guidelines on environmentally friendly practices and with occupational health and safety regulations. We are also focusing on both adopting and communicating behaviours and measures that will reduce our carbon footprint and contribute to achieving climate-neutral facilities. Our ideal end target is a zero carbon imprint.

In order to meet this target, we are working to reduce greenhouse gas emissions, improve energy conservation and increase waste recycling. The IFAD headquarters in Rome is a 25,000 m² customized building, designed to respect the highest international standards for environmental sustainability and friendliness.

In 2009, IFAD had a joint tender with the Food and Agriculture Organization of the United Nations (FAO) and the World Food Programme (WFP) to purchase electricity for 2010 in advance at a marginal incremental cost. It has been certified as 'green' energy by the Renewable Energy Certificate System.

We worked with the Environment Management Group and the United Nations Environment Programme Sustainable United Nations Unit to introduce the concepts of sustainable procurement in our procurement practices. FAO, IFAD and WFP jointly organized an inter-agency workshop to raise awareness on sustainable procurement. And over the course of the year, we gradually introduced sustainable procurement considerations in the technical specifications and in the valuation criteria of tenders.

Information technology for efficiency and reform

In 2009, IFAD continued to use information technology (IT) to increase institutional efficiency, support administrative reform, link operations at headquarters to country programmes and facilitate knowledge management. We developed and deployed the first components of a series of online portfolio management tools to support country presence and direct supervision (see page 81). We also improved support for country operations with web-based communication and collaboration tools, and we created a dedicated IT support role at IFAD's headquarters to serve country offices and staff in the field.

Our capacity to exchange and share knowledge was strengthened with an upgraded web content management system that integrates IFAD's internal and external websites, and a new corporate document repository that is also accessible from the field. We also implemented an improved records management system, and introduced a new corporate reporting tool to support more timely and accurate data analysis and reporting across the organization. As part of our drive to improve institutional efficiency, we have replaced obsolete computer equipment and eliminated expensive rental arrangements. We have streamlined IT support processes and introduced self-service facilities for recurring IT support needs, which has helped reduce staff requirements in service areas.

Resource mobilization in 2009



Members of a fishing cooperative prepare their boat, lines and small nets for a day at sea on the east coast, Madagascar
©IFAD/R. Ramasomanana



IFAD's financing is drawn from several sources. This includes our initial capital, investment income, loan reflows, and contributions from Member States and multilateral institutions. These contributions come through regular replenishments, held every three years, and in the form of supplementary funds. Some Member States also support IFAD's commitment to the Heavily Indebted Poor Countries (HIPC) Debt Initiative (see below).

Seventh Replenishment (2007-2009)

The Seventh Replenishment of IFAD's Resources ended on 31 December 2009. By year-end, Member States had pledged a total amount of US\$646.1 million, representing 90 per cent of the Seventh Replenishment target of US\$720 million. By 31 December 2009, instruments of contribution deposited totalled US\$594.9 million (97 per cent of pledges) and actual payments amounted to US\$576.1 million (89 per cent of pledges). Over the period 2007-2009, IFAD's programme of work increased at an average of 10 per cent per year.

Eighth Replenishment (2010-2012)

In February, the thirty-second session of the Governing Council adopted the resolution on the Eighth Replenishment of IFAD's Resources (2010-2012). The target level was set at US\$1.2 billion, which represents an unprecedented 67 per cent increase over the previous replenishment and makes this the largest in our history. By 31 December 2009, Member States had pledged a total of US\$1,056.5 million for the Eighth Replenishment, 88 per cent of the replenishment target.

The Eighth Replenishment became effective on 1 December, when instruments of contribution had been received in an amount corresponding to over 50 per cent of pledges. By 31 December 2009, payments for the Eighth Replenishment amounted to US\$278.0 million (26 per cent of pledges).

IFAD's three-year US\$3.0 billion programme of work for the Eighth Replenishment period, combined with cofinancing, is expected to result in total investments in agricultural development, poverty reduction and improved food security worth US\$7.5 billion. To implement the expanded programme of work, we will support larger programmes and projects with greater outreach, creating economic opportunities for approximately 60 million poor rural men and women.

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

Debt relief contributes significantly to poverty reduction in many of the world's poorest countries. Money that would have gone to paying back crippling debts is freed up for health care, education and other key services that give poor people a chance to break out of poverty.

During 2009, we continued to give our full support to work at the international level addressing the existing debt of poor countries through the HIPC Debt Initiative.

At the same time, we used our debt sustainability framework (DSF) to ensure that vulnerable countries did not accumulate future debt.

Heavily indebted poor countries become eligible for debt relief under the HIPC Debt Initiative when they reach their decision point. This means that they meet the following requirements:

- they have a track record of macroeconomic stability
- they have developed a poverty reduction strategy paper through a participatory process
- they have cleared their arrears

Since the HIPC Initiative was set up, many countries have made substantial progress in gaining access to debt relief. Nearly 90 per cent of eligible countries (34 out of 38) have passed their decision points, qualifying for HIPC Debt Initiative assistance from IFAD. Twenty-six countries have now reached completion point – at which they get full and irrevocable debt reduction – and seven are in the interim period between the decision and completion points.

In April, the IFAD Executive Board approved a decision point document for debt relief for Togo. Burundi, Central African Republic and Haiti reached their completion points during the year. To date, IFAD has committed the required debt relief to all 34 HIPCs that have reached their decision point. Our total commitments so far amount to approximately US\$578.9 million of debt service relief in nominal terms.

Enabling countries to maintain debt sustainability beyond completion point remains a concern, particularly during the current financial crisis. Debt sustainability analyses confirm that countries that have passed their completion point are in a better debt situation than those other countries that are involved in the Initiative and than those who are not benefiting from it. Despite this, their debt sustainability outlook remains vulnerable to shocks and is highly sensitive to the terms of new financing.

According to the most recent debt sustainability analyses, only about 40 per cent of countries that have passed their completion point currently have a low risk of debt distress. However, the number with a high-risk rating is increasing. This highlights the need for these countries to implement sound borrowing policies and strengthen their capacity to manage public debt. We support countries' efforts to do this by reporting all debt information, and liaising with the World Bank and regional development banks. We also use our DSF to replace loans with grants for poor countries that are unable to sustain debt.

In 2009, 26 per cent of the total value of approved financing for investment programmes and projects was in the form of DSF grants. Twenty-one grants were approved, for a total value of US\$193.8 million (Table 9). During the year, we continued to work closely with other international financial institutions to identify appropriate responses at country level for the management of debt resulting from the recent financial crisis.

Supplementary funds

Supplementary funds are resources provided to IFAD in addition to regular replenishment contributions.¹⁰ They finance specific programmes or activities agreed between us and the donors. They also include resources that flow through us to cofinance programmes and projects that we support. Supplementary funds differ from direct cofinancing, which is provided by donors direct to governments to finance IFAD-supported programmes and projects (see page 84).

In 2009, a significant amount of supplementary funds were contributed to strengthen the food security components of IFAD-supported programmes and projects. This reflected joint efforts to respond to worsening global food insecurity. The European Commission and IFAD signed five new agreements totalling €42.0 million.

- €31.8 million was allocated to improving food security in IFAD-supported programmes in Burundi, Madagascar, Mozambique and the Philippines under three cofinancing agreements negotiated under the €1.0 billion Food Facility established in December 2008 by the Commission.

TABLE 4
Summary of supplementary funds for thematic and technical assistance and cofinancing received in 2009
 (Amounts in US\$ thousands)

Donor	Thematic and technical assistance	Cofinancing (excluding parallel cofinancing)	Total
European Commission	41 306	30 991	72 297
United Kingdom		2 373	2 373
Italy	696		696
Spain	2 846		2 846
Norway	625		625
African Development Bank	100		100
Finland	744		744
Belgium		2 635	2 635
Netherlands		4 487	4 487
Denmark		531	531
Opec Fund for International Development (OFID)	200		200
World Bank – International Bank for Reconstruction and Development (IBRD) – Consultative Group to Assist the Poor (CGAP)	330		330
Switzerland	450		450
United Nations Framework Convention on Climate Change (UNFCCC) – Special Climate Change Fund (SCCF)	125		125
UNFCCC – Least Developed Countries Fund (LDCF)	200		200
COOPERNIC	1 290		1 290
Total	48 912	41 017	89 929

Source: IFAD's Accounting System.

¹⁰ The main resources of IFAD are the resources as defined in Article 4 of the Agreement Establishing IFAD. Supplementary funds are other funds accepted to supplement these resources to enhance IFAD's operations and to build strategic linkages and partnerships with members. Supplementary funds include all resources received by IFAD from one or more donors for the specific purpose or purposes specified in the agreement between IFAD and the donor.

- €4.7 million cofinanced the food security component of the Post-crisis Rural Recovery and Development Programme in Eritrea.
- €5.4 million went to strengthen the capacity of small farmers' organizations in African countries and their regional and Pan-African networks, to influence policies and support programmes affecting agriculture, rural development and food security.

We also signed two cofinancing agreements worth a total of US\$19 million with the Netherlands to boost food security elements of two IFAD-supported programmes in The Sudan.

The Global Environment Facility (GEF) Trustee committed financing to IFAD for US\$25.4 million in 2009.

Overall, in 2009 we received US\$89.9 million in supplementary funds, including US\$27 million under the European Commission's Food Facility.

Partnerships



With a community well nearby, children stay in school instead of fetching water from far afield, Senegal
©IFAD/S. Beccio



Strong and flexible partnerships are the bedrock of IFAD's work to eradicate rural poverty. Poor rural people themselves and their organizations are our main partners. But we also work closely with developing country governments, development organizations, NGOs and the private sector.

During 2009, we continued to strengthen our partnerships with smallholder organizations through the Farmers' Forum. We also built on our cooperation with the Food and Agriculture Organization of the United Nations (FAO), the World Food Programme (WFP) and the Consultative Group on International Agricultural Research (CGIAR) and its member research centres. We consolidated our partnerships with the Alliance for a Green Revolution in Africa (AGRA) and the International Food Policy Research Institute (IFPRI). As an international financial institution, we have strong long-term partnerships with other financial institutions, including the African Development Bank, the World Bank and the OPEC Fund for International Development.

During the Eighth Replenishment period (2010-2012), we will make our overall approach to partnerships more systematic and strategic. We will also broaden our partnership base, supporting the increased engagement of the private sector in providing agricultural production, processing, marketing and financial services to the smallholder farming sector. The revised IFAD Policy for Grant Financing embraces the private sector as a partner.

Belgian Survival Fund

Since 1983, the Belgian Survival Fund (BSF) has partnered with IFAD to pioneer and refine its intersector development strategy for poverty reduction. The IFAD-BSF Joint Programme (JP) approach addresses a wide range of needs through supporting the socio-economic sectors, including health, education, water and sanitation, and capacity-building.

In 2008, the JP commissioned a study from the Katholieke Universiteit Leuven in Belgium to document the added value and synergies of the intersector strategy. The study compared data gathered from three JP programmes in Kenya, Mali and Mozambique with results from other programmes funded by IFAD in the same countries that support only productive sectors.

The Katholieke Universiteit's report issued in 2009 suggests that the JP's multidimensional approach has a number of positive benefits. It includes the following main findings:

- The JP's interventions consistently reach more of the poorest households and the most vulnerable people, introducing them to, and including them in, productive and economic sectors.
- Twenty-five per cent more households targeted by the JP register improved family health, compared to households targeted by IFAD.

- Women who become literate through the JP are more receptive to innovations, more likely to take up loans to fund income-generating activities, and practise better nutritional and preventative health measures in the home.
- Under the JP, more individuals feel fitter and so they are more able to invest in education, health care, cash crops and other productive activities.

The JP also commissioned a number of other studies evaluating the progress and impact of the programme in the following areas:

- gender in Kenya, Mozambique and the Niger
- environment in Mali and the United Republic of Tanzania
- strengthening rural institutions in Burundi, Kenya and the Niger
- water and sanitation mapping in Benin, Chad, Kenya, Mozambique and North-West Somalia
- the impact of post-election violence on the Kenya Women Finance Trust in Kenya

The full reports and brochures describing the results of the studies are available on the BSF website www.ifad.org/bsf.

In March 2009, the start-up workshop for the BSF component of the Transitional Programme of Post-conflict Reconstruction in Burundi took place and work began. In November, the Government of Belgium approved phase II of the North-western Integrated Community Development Programme in Somalia and recruited a new implementing agency.

The JP also developed a new project in Benin to complement two ongoing activities supporting economic growth and rural development funded by IFAD. This new project will use an intersector multidimensional approach. IFAD and the BSF will work closely with specialized NGOs and the government. The Belgian government's new law on the BSF emphasizes the need for creating partnerships with national and regional actors, as well as with other donors present in the countries. In addition, during 2009, the JP established partnerships with the International Land Coalition (ILC) on land issues, the Belgian NGO PROTOS on water and sanitation, the International Institute for Tropical Agriculture on nutrition and malaria, and the Government of Benin on literacy training and productive sectors.

There was a marked improvement in disbursement rates over 2008, when low disbursement rates had been noted as a major constraint to operations. About €4.2 million (approximately US\$5.3 million) were disbursed.

A week of events was organized at IFAD headquarters to celebrate the JP's 25th anniversary in 2009. Kanayo F. Nwanze, the President of IFAD, and the Ambassador of the Belgian Embassy in Rome, His Excellency Jan de Bock, attended the opening ceremony. Twenty-one representatives from BSF projects in Africa came

to the celebrations, together with IFAD staff involved in BSF operations. An exhibition of photographs showed daily scenes in the lives of poor rural men and women taking part in BSF projects.

After demonstrating over 25 years that combining support to the productive and social and economic sectors effectively reduces poverty and increases food security, the JP is now working to expand its activities and extend its reach. It is looking at the possibility of converting into a trust fund and targeting non-traditional IFAD donors, such as the private sector, foundations and sector facilities, and building new partnerships.

Global Mechanism

The Global Mechanism (GM) of the United Nations Convention to Combat Desertification (UNCCD) is mandated to support countries in scaling up financing for sustainable land management. The GM has been hosted at IFAD since 1997, in recognition of IFAD's role in rural development, agriculture and sustainable land management.

This year, an assessment of the impacts of cooperation between the GM and IFAD over the past decade was undertaken. It concluded that successful initiatives should be used as models for developing a systematic, mutually accountable, measurable cooperation strategy that will continue to produce visible impacts and benefits for both organizations. It recommended that future cooperation be geared towards innovative financing mechanisms. This will include climate change and carbon-based funding, private sector partnerships and, at the policy level, through joint participation in high-level discussion forums.

In response to the assessment, the GM and IFAD have worked together to integrate climate change into IFAD's country strategic opportunities programmes (COSOPs). The Chad and Viet Nam COSOPs were the first tangible examples of mainstreaming adaptation and mitigation measures to climate change through sustainable land management practices. As part of its knowledge management activities, the GM prepared factsheets on the impacts of climate change on agriculture, forests and water sectors, and on coastal zones for the Pacific Islands, Central Asia, South-East Asia and South Asia.

Capacity-building and knowledge management have continued to be the bedrock of the GM's country-level operations, with ten regional workshops on designing integrated financing strategies (DIFs) held in 2009. These workshops build participants' skills and knowledge on how to access financing for sustainable land management from both traditional and innovative funding sources. They also address cross-cutting development issues, including climate change, market access, trade and forest finance. In September, IFAD's Executive Board approved the second instalment (US\$1.25 million) of an IFAD grant for more such workshops in selected

countries in Asia and the Pacific, and in Latin America and the Caribbean. The DIFSs programme addresses the challenges and builds on opportunities posed by adaptation to climate change in least developed countries affected by desertification and drought.

For more on the GM: www.global-mechanism.org

International Land Coalition

The International Land Coalition (ILC) is a global alliance of civil society and intergovernmental organizations working to promote secure and equitable access to land for poor women and men in developing countries. It has 83 member organizations in more than 40 countries. These include rural peoples' and farmers' associations, research institutes, NGOs and United Nations agencies. IFAD has hosted the ILC secretariat since 1998.

In 2009, ILC continued progress towards the objectives in its 2007-2011 Strategic Framework, successfully advancing a pro-poor land policy agenda. It worked through regional nodes in Africa (Kenya), Latin America (Peru) and Asia (the Philippines).

Enhancing collective action and learning through the regional platforms was a key part of the year's work. In Africa, ILC members worked closely with the African Union, African Development Bank, and United Nations Economic Commission for Africa to strengthen civil society input into the Africa Land Policy Framework and Guidelines. In Latin America, the Coalition completed its first 'learning path' exchange programme. In Asia, the Land Watch Asia publication *Securing the right to land*, and national and regional round tables, shared the results of monitoring and advocacy led by civil society.

Targeting national policy advocacy and local programmes was strategically important. In the Philippines, ILC's Land Watch campaign focused on advocacy and land rights monitoring related to the Comprehensive Agrarian Reform Programme. On the Mali/Guinea border, the Coalition worked with LandNet West Africa to address land-related conflict. In the Democratic Republic of the Congo, ILC supported another member, Aide et Action pour la Paix, in promoting multistakeholder policy dialogue.

The ILC also worked to improve its focus as a global knowledge network. The Coalition produced a DVD on its grass-roots empowerment programme to share results from over ten years of supporting small projects on secure access to land. In collaboration with African research institutions, it also supported action-research projects and publications on Women's Access to Land and Commercial Pressures on Land. ILC's blog on commercial pressures on land has become a primary source of information on international land deals.

The Coalition expanded its membership and strengthened its governance and sustainability. In April, ILC's fourth Assembly of Members held in Nepal brought together nearly 200 participants from 37 countries under the theme 'Securing Rights to Land for Peace and Food Security.' A new ILC charter and membership contribution policy were launched at the event, and 19 new members were welcomed.

For more on the ILC: www.landcoalition.org

Cooperation with Rome-based agencies

FAO, WFP and IFAD collaborate in many ways to further the global community's goal of eliminating hunger and poverty. By working together, we give Member States the benefit of our combined strengths.

In 2009, we presented a paper to our governing bodies outlining a more strategic and systematic approach to our joint work. *Directions for collaboration among the Rome-based agencies* highlights five priority areas for increased cooperation:

- analytical and policy support for governments and national development plans, including rural development strategies
- the food crisis and implementation of the Comprehensive Framework for Action
- climate change and its links to natural resource management
- the Millennium Development Goal Africa Initiative – Millennium Development Goal Africa Thematic Group on Agriculture and Food Security
- the transition from relief to development

Together, we have made good progress on administrative collaboration, particularly on the procurement of goods and services. Two significant new initiatives will generate savings for all three agencies: the collaboration on headquarters procurement, which could cover a potential US\$100 million in annual purchases; and the pilot implementation of a common procurement unit, which begins in January 2010. In addition, FAO is hosting IFAD country offices in Colombia, the United Republic of Tanzania and Viet Nam. Agreements for others are being developed.

In November, senior managers from all three agencies met to determine how to maximize each organization's expertise and comparative advantage so that our combined efforts better serve the world's 1 billion hungry people. This was followed by a strategy, announced on the eve of the World Summit on Food Security, to step up cooperation on comprehensive, sustainable food security solutions. Pilot action plans will focus on:

- improving collaboration to support the transition from relief to recovery and development

- carrying out joint advocacy activities to support the Millennium Development Goals (MDGs)
- aligning early warning and information systems to strengthen reporting and oversight of food security

Consultative Group on International Agricultural Research and the Global Forum on Agricultural Research

During 2009, the Consultative Group on International Agricultural Research (CGIAR) concluded an extensive reform process that promises to change the way the entire global agricultural research system operates. IFAD co-chaired the Change Steering Team and was a member of the working group for the new funding mechanisms.

In 2007, we formed a strategic alliance with the European Commission to support the CGIAR, and in 2008 we entered into a multi-year agreement. As a result of this strategic alliance, more than US\$150 million has been channelled through IFAD so far to support research activities for sustainable reduction of rural poverty.

We also continue to support the Global Forum on Agricultural Research (GFAR), which promotes worldwide collaborative research partnerships. GFAR, in collaboration with the recently formed CGIAR Consortium, is organizing the first Global Conference on Agricultural Research for Development (GCARD), which will be held in Montpellier, France, in March 2010. The conference will replace the GFAR Triennial Conferences and the Annual General Meetings of the CGIAR. IFAD is a member of the task force for the GCARD.

In 2009, we approved grants worth a total of US\$6.8 million for 13 CGIAR-led programmes. A grant to the International Center for Agricultural Research in the Dry Areas (ICARDA) for work in Afghanistan and Pakistan has had a significant impact on the lives of poor rural people. The programme made a major breakthrough in implementing improved dairy goat technologies in villages in the two countries. It enabled farmers to improve dairy processing, obtain better feeds and veterinary inputs, and form goat-raising cooperatives at the village level. Numerous farmers' groups and other agricultural agencies are now interested in its success.

IFAD also works in close partnership with the International Food Policy Research Institute (IFPRI), one of the members of the Alliance of CGIAR Centers. In December 2008, IFAD and IFPRI formed the Strategic Partnership to Develop Innovative Policies on Climate Change Mitigation and Market Access. This partnership allows both organizations to capitalize on each other's strengths, combining research and development expertise with capacity-building, knowledge management and policy dialogue. The main objectives are to help programme participants gain access to high-value commodity and climate change markets, and to strengthen their skills and their knowledge management.

Ghana, Morocco, Mozambique and Viet Nam were selected as pilot countries in which to replicate and scale up innovative approaches. The programme also works

closely with our regional divisions in the areas of knowledge management and capacity-building in order to widen its impact.

National consultations were held in all four pilot countries during 2009. During the preliminary phase, IFAD and IFPRI built a better understanding of the challenges, opportunities and particular contexts offered by each country. The programme leaders met local stakeholders and identified possible areas for partnerships and collaboration. These will be further strengthened in the later stages of the programme.

In March, we held a seminar with IFPRI at our headquarters in Rome to introduce the partnership goals and activities to staff members, and to plan the way forward with the country programme managers of each of the four pilot countries.

Indigenous Peoples Assistance Facility

In addition to the projects IFAD supports that work with indigenous peoples (see page 15), we also administer the Indigenous Peoples Assistance Facility. This allows us to build direct partnerships with indigenous communities and their organizations. With the aid of small grants, they design and implement development projects at the grass-roots level based on their own needs and priorities. Grants range from US\$10,000 to US\$30,000. Applicants must meet specific requirements. Their proposals should respond to the needs of indigenous peoples in any of IFAD's Member States.

The first 30 projects approved in 2007 started work in 2008 with about 50 indigenous peoples' groups in 24 countries worldwide, directly reaching more than 20,000 people. The results and lessons learned from these projects have been compiled in a report that will be available in English and Spanish in early 2010.

In November 2008, a further 43 projects were approved in 33 countries around the world, for a total amount of about US\$900,000. These projects are financed through the facility by IFAD, Canada and Norway and are being implemented throughout 2009 and 2010.

In the Plurinational State of Bolivia, a grant is funding training for 700 Aymara and Uru Murato people in water management, biodiversity conservation and climate change response strategies. In the United Republic of Tanzania, a grant will establish a museum that documents Maasai tradition and customs. It will also create income-generating activities for indigenous women and empower all community members. In Indonesia and Malaysia, a grant will establish a community radio station that will reach more than 14,000 indigenous peoples. It will broadcast information promoting community development, encouraging cultural and linguistic sustainability, and increasing education and training opportunities for local people.

Global Environment Facility

IFAD works in close partnership with the Global Environment Facility (GEF), the world's leading international environmental mechanism, to fight rural poverty and environmental degradation. Our alliance with the GEF enables us to strengthen our

support to sustainable management of natural resources, and to fight climate change and its consequences, at the same time as we work with poor rural people to improve their living conditions. The partnership also allows IFAD to participate in thematic and corporate task forces through its Global Environment and Climate Change Unit. During 2009, we played an active role in the preparations for the fifth GEF replenishment (GEF-5).

As a GEF agency, IFAD has access to funds under the GEF Trust Fund. We are also able to access climate change funds under the United Nations Framework Convention on Climate Change's Least Developed Countries Fund (LDCF) and Special Climate Change Fund (SCCF) managed by the GEF secretariat. In 2009, eight grants under these funds were identified and developed, all linked to IFAD-supported operations.

During the year, we secured US\$14 million in grants from the GEF Trust Fund, cofinancing six IFAD investments worth US\$25.3 million. Governments, project participants and other stakeholders contributed a further US\$21 million. These resources fund activities in Jordan (where there are two separate grants), Mauritania, Morocco, Pakistan and Peru.

Since 2004, IFAD has secured a total grant portfolio of US\$103 million from the GEF, directly linked to US\$185 million worth of IFAD investments, and US\$169 million of cofinancing from other partners. The associated programmes promote sustainable management of land and natural resources (biodiversity and water) and sustainable forestry management practices. They also work to lessen the impact of climate change on vulnerable rural communities, and to promote their capacity to cope with changing climatic conditions. Approximately 13 per cent of the value of the total portfolio is dedicated to activities related to climate change, while 87 per cent supports sustainable natural resource and forest management practices.

The Alliance for a Green Revolution in Africa

During the year, we continued to strengthen our partnership with the Alliance for a Green Revolution in Africa (AGRA). IFAD is working with AGRA in Kenya and Mozambique. In Kenya, we jointly financed a loan guarantee scheme, each providing US\$2.5 million in loan guarantees for an agricultural credit programme implemented by the Equity Bank. The bank provided low-risk loans to some 7,000 farmers for the expansion of an agro-input dealers' network. In Mozambique, we are cofinancing the new Rural Markets Promotion Programme. The programme is working to help small farming households make the transition from subsistence to market-oriented agriculture, achieving higher productivity and better market integration.

We are discussing a potential partnership with AGRA during the second phase of the Improved Management of Agricultural Water in Eastern and Southern Africa Programme. AGRA is particularly interested in collaborating with IFAD on small-scale irrigation as an adaptive response to climate change, which is a focus of the programme. Discussions will continue in 2010 as AGRA develops its own agricultural

water management programme. The partnership will be elaborated under the existing memorandum of understanding with the three Rome-based agencies, which was signed in June 2008.

For more on AGRA: www.agra-alliance.org/

African Development Bank

IFAD and the African Development Bank (AfDB) have a strategic partnership in the context of the 2005 Paris Declaration on Aid Effectiveness, and a partnership framework for the period 2008-2010 that covers the whole of the continent. During this time frame, we are establishing joint country strategic programmes and field presence, as well as a joint project pipeline for cofinancing. And we are working together to improve the performance of ongoing cofinanced projects and to eliminate projects at risk. IFAD's independent Office of Evaluation concluded a joint evaluation with AfDB in 2009 (see page 51).

In response to the challenge of poverty reduction and the renewed interest in agriculture as a driver for economic growth, during 2009 our enhanced partnership with AfDB focused particularly on improving the effectiveness of aid. We worked to achieve this by supporting national ownership of development programmes and initiatives, promoting an increased focus on results, and improving alignment and harmonization between donors and agencies. Since IFAD and AfDB signed a memorandum of understanding in 2008, we have achieved significant results, especially in the areas of cofinancing and knowledge-sharing.

During 2009, the number of cofinanced activities, including joint formulation and appraisal, increased. Cofinanced projects rose in a quarter of the countries identified for increased cooperation. Improved supervision and implementation support through joint supervision took place in some of the countries. The partnership also established a number of initiatives that were not originally planned, including the African Water Facility, the Global Forum on Remittances 2009, the Migration and Development Trust Fund and the Africa Fertilizer Financing Mechanism.

For more on AfDB: www.afdb.org

Economic Community of West African States, African Union and New Partnership for Africa's Development

In 2009, the Comprehensive Africa Agriculture Development Programme (CAADP) process accelerated significantly in West Africa as a result of active promotion of the agenda by the Economic Community of West African States (ECOWAS). The Agricultural Commission of ECOWAS worked with member states to promote in-country dialogue with stakeholders leading to agreement on CAADP Compact documents. Compacts are high-level agreements between governments, regional

representatives and development partners for a focused implementation of CAADP. They detail programmes and projects that the various partners can buy into and that address national priorities.

IFAD's role in supporting the CAADP in Western and Central Africa has been growing as African stakeholders themselves step up their leadership of and focus on the programme. Initially, we worked to strengthen the capacity of producers' organizations to engage in the CAADP process, providing continental and regional support grants. At the country level, IFAD-supported country programme management teams have become core mechanisms for promoting dialogue across the agricultural sector and monitoring progress. The teams also share experience and approaches, which are reflected in the CAADP Compacts and emerging investment plans.

IFAD ensures that new country strategic opportunities programmes (COSOPs) are aligned to support CAADP Compact priorities.

As a result of ECOWAS's work, nine countries (Benin, The Gambia, Ghana, Liberia, Mali, the Niger, Nigeria, Sierra Leone and Togo) had signed CAADP Compacts with their partners by the end of the year. Another three countries (Burkina Faso, Guinea and Senegal) were well advanced to complete their agreements. No countries have yet prepared or signed CAADP Compacts in Central Africa reflecting, in part, the limited focus on CAADP from the regional organizations to date.

In 2010, we will step up support to the CAADP process to ensure that all countries benefit from an expected increase in financing and technical support consistent with the CAADP approach. At the regional level, particular focus will be on supporting the Central African states to engage in the CAADP process, building on the experience of ECOWAS, while continuing to support ECOWAS's coordinating and motivating role in Western Africa.

Global Donor Platform for Rural Development

IFAD is a founding member and co-chair of the Global Donor Platform for Rural Development. This is a joint initiative of donor organizations established in 2003. It is committed to donor harmonization and alignment, as defined by the Paris Declaration on Aid Effectiveness of March 2005. Members of the Platform share a common vision that agriculture and rural development play an important role in poverty reduction. We are all committed to achieving increased and more effective aid for agriculture and rural development, with a particular focus on smallholder farmers.

The Platform uses evidence-based advocacy to work for increased and more effective aid. It highlights the role that more effective investment must play in the achievement of the MDGs. It also develops member agencies' capacities to effectively support agriculture and rural development by facilitating shared learning and the

consolidation of better practices. And it helps individual agricultural development practitioners keep up to date with the latest knowledge and innovations, enhancing their expertise and their capacity to support smallholder farmers.

The Platform has endorsed the principles of the L'Aquila Joint Statement on Global Food Security and joined the follow-up programmes, for example, to track donor commitments. It has also proposed a set of guidelines for donor support to the CAADP process at country level (see page 74). These guidelines should help improve donor coordination and make outputs of these programmes more effective, under the aid effectiveness principles as laid out in the Paris Declaration. Following a knowledge event on agriculture and climate change held in Brussels in June 2008, the Platform released a series of eight issue papers leading up to the COP15 United Nations Climate Change Conference in Copenhagen.

The Platform's website www.donorplatform.org provides an overview of its work, including the 2008 Annual Report.

Farmers' organizations

Partnerships between IFAD and farmers' organizations are gaining ground. This year, we conducted a survey on our progress in working with farmers' organizations in 2008 and 2009. The survey results will be presented at the next global meeting of the Farmers' Forum, which will convene during our Governing Council in February 2010.

Through our Farmers' Forum commitments, farmers' organizations have helped us design and implement nearly two thirds of our COSOPs and our projects. These partnerships have helped us better understand poverty issues, targeting and project efficiency. Direct support to farmers' organizations is increasing mainly through grants.

This year, we have launched a number of large support programmes, including:

- The Medium-term Cooperation Programme with Farmers' Organizations in Asia and the Pacific Region. The objectives are to develop the institutional capacities of farmers' organizations; strengthen their involvement in national, regional and global policy process; and increase their involvement in IFAD's country programmes in the region.
- The Confederation of Family Farmer Producer Organizations of the Common Market of the South (MERCOSUR) in South America. This aims to strengthen the capacity of poor rural people in the region and their organizations so they can better influence policies, laws and regulations that are relevant to rural poverty reduction.
- The Support to Farmers' Organisations in Africa Programme is cofinanced by us and the European Commission. The aim of this large-scale Pan-African programme is to strengthen the institutional capacities of national and regional farmers' organizations and their networks in Africa, and support their engagement in policy dialogue.

Another programme, Empowering Smallholder Farmers in Markets, began operations in Africa, Asia and Latin America in mid-2009. Cofinanced by IFAD with a US\$1 million grant, the programme is managed by the International Federation of Agricultural Producers (IFAP) and is led in each participating country by their national farmers' platforms. The European Consortium for Agricultural Research in the Tropics is providing scientific support. The three-year programme will help producers' organizations improve their access to international markets and enhance their bargaining position with suppliers and customers.

During 2009, we also continued to provide support to farmers' organizations so their representatives could participate in policy dialogue at global forums on agriculture and rural development. These forums included IFAD's round-table discussions on food prices and on climate change, which took place during our Governing Council in February 2009. We also supported the participation of representatives from farmers' organizations at the High-Level Expert Forum on How to Feed the World in 2050 and at the World Summit on Food Security hosted by FAO in October and November 2009 respectively.

Financing data



A worker packs crates in a facility that produces milk and cheese for the local market, Republic of Moldova

©IFAD/P. Marchetti



Managing IFAD's liquidity, cash flow and financial policies

IFAD manages investments worth US\$3.0 billion, all of which are fully committed to our regular programme of work. And we manage US\$0.5 billion on behalf of various supplementary programmes and trust funds. The annual cash-flow operations amount to US\$1.5 billion.

Core focus areas include long-term resource mobilization strategy development, financial policy formulation and implementation, investment and liquidity management, financial risk management, cash inflow/outflow operations and banking relationship management.

To protect investments from continuing market volatility during the year, IFAD further scaled back securities lending activity, reduced exposure to non-governmental sectors, and strengthened investment guidelines and the risk-monitoring system. These proactive measures resulted in the robust investment portfolio performing well above its policy target return of 3.5 per cent. We also initiated a comprehensive review of our investment and liquidity policy, which will continue through 2010.

IFAD is in the process of introducing a more efficient system to manage the loans and grants portfolio. We have also reviewed the lending terms of our loan portfolio in order to align the terms it offers to those offered by other international financial institutions (IFIs). IFAD's Executive Board has endorsed the more timely and frequent updating of the IFAD reference interest rate.

In order to enable country presence officers and staff to function effectively, we are providing country offices with administrative tools and support to help them obtain banking services and manage their finances and administrative requirements locally.

An Enterprise Risk Framework bringing together all elements of Enterprise Risk Management in IFAD was adopted in 2009. As a key step in implementing Enterprise Risk Management, a control framework over financial reporting was introduced in 2009. This control framework will form the basis for management asserting on the effectiveness of key internal controls in place. IFAD intends to issue an audit attestation in 2012 on the effectiveness of such key controls.

During the year, we continued to act as a focal point for the United Nations initiative to harmonize financial functions and operations. In addition to the joint tender for global custodian banking services with the Food and Agriculture Organization of the United Nations (FAO) and the World Food Programme (WFP), IFAD has taken on a leadership role in the United Nations Finance and Budget Network Working Group on launching Common Treasury Services. As a first step, we successfully led the working group to launch a United Nations agencies common treasury services website for exchange of knowledge and information among United Nations treasury teams. This versatile and practical communications platform is already strengthening inter-agency knowledge-sharing and cooperation among United Nations treasuries. It will also help identify additional areas for possible common approach.

Programme and project portfolio management

The number of programmes and projects approved during 2009 exceeded those completed by almost two thirds. This, combined with the expanded programme of work, led to an increase in the number of programmes and projects in the current

portfolio. The overall number of programmes and projects in the ongoing portfolio rose from 205 at the end of 2008 to 221 at the end of 2009, for a total IFAD investment of US\$3.9 billion (Table 5).

Direct supervision

As part of our change and reform programme, we are steadily increasing the number of programmes and projects that we supervise directly. This gives us an unmediated hands-on role in the work of the projects that we fund, improving results and strengthening our partnerships in the field. Direct supervision is also expected to have a positive effect on the detection of any misuse of funds (see page 49). The ongoing portfolio of directly supervised projects increased substantially during the year and reached 186 projects by December 2009 (Table 6). In addition, 33 projects that were not yet effective at the end of the year will also be directly supervised. Most new projects were approved with the arrangement for direct supervision.

The key elements of direct supervision include:

- close ties between supervision of financial transactions and operational activities
- proximity to clients – borrowers, governments and poor rural people – to facilitate prompt and cost-effective response to client needs
- reduction in transaction costs, both to the borrower and to IFAD
- application of simplified procedures that minimize paperwork and controls for borrowers with stable qualified personnel and reliable internal control systems

Direct supervision of projects has strengthened cooperation with the stakeholders on the ground. It is also contributing to better and timelier project implementation and has enabled us to pay special attention to key issues, particularly gender mainstreaming, targeting and the building of grass-roots institutions. Direct supervision is also providing our country programme managers with more opportunities to advance IFAD's objectives at the country programme level through policy dialogue and partnership development.

TABLE 5
Ongoing programme and project portfolio by region^a
(As at end December 2009)

	Number of programmes and projects	IFAD financing ^b (US\$ million)
Western and Central Africa	47	581.0
Eastern and Southern Africa	48	898.6
Asia and the Pacific	57	1 300.5
Latin America and the Caribbean	31	513.2
Near East and North Africa ^c	38	557.1
Total^d	221	3 850.3

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 presented to the Executive Board. Amounts include debt sustainability framework (DSF) grants and component grants for investment programmes and projects.

^c This region includes countries in Central and Eastern Europe and the Newly Independent States.

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

TABLE 6
Supervision arrangements for ongoing programmes and projects^a

	Programmes and projects at end 2007		Programmes and projects at end 2008		Programmes and projects at end 2009	
	Number	%	Number	%	Number	%
IFAD	98	50.0	159	77.6	186	84.2
Cooperating institution						
African Development Bank	3	1.5	-	-	-	-
Andean Development Corporation	8	4.1	2	1.0	-	-
Asian Development Bank	2	1.0	2	1.0	3	1.4
Caribbean Development Bank	1	0.5	1	0.5	-	-
Central American Bank for Economic Integration	3	1.5	3	1.5	1	0.5
United Nations Office for Project Services	56	28.6	15	7.3	11	5.0
West African Development Bank	6	3.1	4	2.0	2	0.9
World Bank	19	9.7	19	9.3	18	8.1
Total cooperating institutions	98		46		35	
Total IFAD and cooperating institutions	196	100.0	205	100.0	221	100.0

Source: Project and Portfolio Management System.

^a Year reference for programmes and projects relates to loan effectiveness. Figures refer to approved programmes and projects that have not been completed for each year period.

Programme and project portfolio, loan disbursements and financing trends

In 2009, 33 new programmes and projects were approved, financed through IFAD loans and debt sustainability framework (DSF) grants worth US\$670.5 million (Table 1) and project component grants worth US\$6.6 million. The total cost of these programmes and projects is estimated at US\$1,358.8 million, of which US\$313.4 million will be provided by other external financiers and US\$368.3 million by financiers in the recipient countries – primarily the governments (Table 1). When fully operational, these projects are expected to directly benefit approximately 14 million people. Grants worth a total of US\$47.0 million were approved in 2009 (Table 1).

IFAD loan disbursements reached their highest level ever in 2009, at US\$437.5 million (Table 11). Cumulative disbursements on loans under the Regular Programme amounted to US\$6,893.6 million (72.8 per cent of effective commitments) at the end of 2009 (Tables 11 and 12), compared with US\$6,456.1 million (72.6 per cent of effective commitments) disbursed at the end of 2008.

Since it began operations in 1978, IFAD has supported 829 programmes and projects in 116 countries and in Gaza and the West Bank for total IFAD financing of US\$11,276.9 million (Table 7). Governments and other financing sources in the recipient countries, including individuals and households participating in the projects, have contributed about US\$9,921.9 million. Another US\$8,111.3 million came from external cofinanciers, of which bilateral donors contributed US\$1,259.9 million, multilateral donors US\$6,431.4 million, and international and northern NGOs US\$31.0 million (Table 1). Basket funding or similar arrangements amounted to about US\$162.5 million and private-sector sources accounted for some US\$7.9 million. Cofinancing that has been approved, but for which sources are yet to be confirmed, amounted to US\$218.6 million.

Regional and priority country financing for programmes and projects¹¹

In 2009, the largest share of new IFAD financing for programmes and projects went to sub-Saharan Africa. The region received 39.8 per cent of 2009 investment (Chart 1).

Asia and the Pacific received 32.1 per cent of new financing for programmes and projects in 2009. Latin America and the Caribbean received 15.1 per cent and the Near East and North Africa received 13.0 per cent.

IFAD continues to emphasize assistance to least developed countries and countries with low food security. Of 2009 programme and project financing, 82.3 per cent was to low-income food-deficit countries – as classified by FAO – and 51.3 per cent to the United Nations-classified least developed countries (Table 8 and Chart 2).

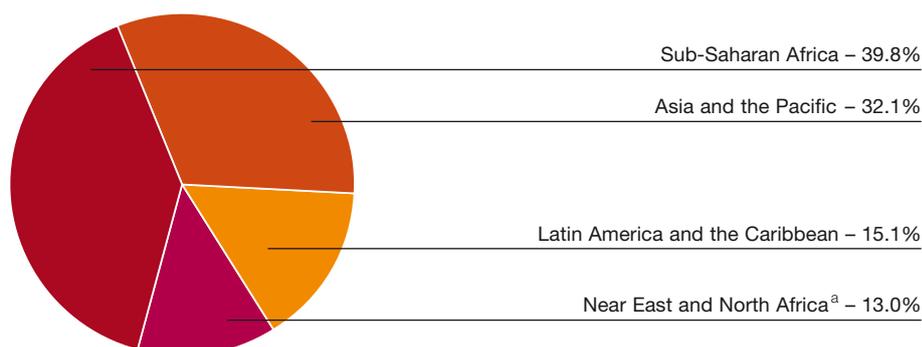
Allocation of programme and project financing by instrument and terms¹²

The bulk of IFAD's financing for investment programmes and projects is in the form of loans on highly concessional terms.¹³ In 2009, the value of highly concessional loans represented 41.9 per cent of the year's financing for programmes and projects. Grants under IFAD's debt sustainability framework (DSF) represented 28.9 per cent of the total. Another 13.1 per cent were intermediate loans and the remaining 16.1 per cent were ordinary loans (Chart 3 and Table 9).

As a share of IFAD's cumulative financing portfolio, DSF grants and highly concessional loans now represent 73.7 per cent (Table 9), higher than the two-thirds target set out in the Lending Policies and Criteria of IFAD.

In terms of regional distribution, 94.4 per cent of total cumulative IFAD lending to sub-Saharan Africa has been in DSF grants and highly concessional terms, followed

CHART 1
Regional distribution of IFAD financing for programmes and projects approved in 2009 under the Regular Programme



Note: The total amount of financing for programmes and projects approved in 2009 is US\$677.1 million.

Source: Project and Portfolio Management System.

^a This region includes countries in Central and Eastern Europe and the Newly Independent States.

¹¹ See pages 24, 28, 32, 36 and 40 for lists of countries by administrative region.

¹² These financing instruments and terms refer to loans and DSF grants made by IFAD to recipient countries. They have no bearing on the terms and conditions placed on credit lines offered through the programmes and projects.

¹³ IFAD provides loans on three different types of lending terms: highly concessional loans carry no interest charge but have a service charge of 0.75 per cent and are repaid over 40 years; intermediate loans carry a variable interest charge equivalent to 50 per cent of the reference interest rate and are repaid over 20 years; ordinary loans carry a variable interest charge equal to the reference interest rate and are repaid over 15 to 18 years.

by financing to Asia and the Pacific with 85.2 per cent (Table 10). In Latin America and the Caribbean and the Near East and North Africa, where recipients on average are relatively higher-income countries, financing tends to be on less concessional terms. DSF grants and highly concessional loans to these regions have represented 22.9 per cent and 43.1 per cent respectively of their financing from IFAD.

Cofinancing of IFAD programmes and projects

Twenty-six of the 33 programmes and projects approved in 2009 were designed and initiated by IFAD (Table 13). Of these, 15 will receive external cofinancing for US\$110.3 million (23.8 per cent of their cost) and domestic contributions – from recipient governments or other local sources – for another US\$95.0 million, or 20.5 per cent of their cost. The other 11 IFAD-initiated projects were financed by IFAD for US\$303.8 million (59.7 per cent) and domestic sources for US\$205.0 million (40.3 per cent).

TABLE 7
IFAD financing by region, 1978-2009^{a,b}
(Amounts in US\$ million)

	1978-1987	1988-1997	1998-2008	2009	%	1978-2009	%
Western and Central Africa							
Total amount	391.4	569.8	899.7	113.6	16.8	1 974.5	17.5
Number of programmes and projects	48	58	69	8		183	
Recipients						24	
Eastern and Southern Africa							
Total amount	401.8	542.6	1 033.1	140.1	20.7	2 117.6	18.8
Number of programmes and projects	36	52	62	4		154	
Recipients						20	
Asia and the Pacific							
Total amount	951.7	987.1	1 510.2	217.5	32.1	3 666.4	32.5
Number of programmes and projects	60	68	73	9		210	
Recipients						23	
Latin America and the Caribbean							
Total amount	347.8	538.4	714.1	102.0	15.1	1 702.4	15.1
Number of programmes and projects	41	48	46	6		141	
Recipients						28	
Near East and North Africa^c							
Total amount	389.1	560.4	762.6	104.0	15.4	1 816.0	16.1
Number of programmes and projects	36	45	54	6		141	
Recipients						22	
Total IFAD financing^d	2 481.9	3 198.2	4 919.7	677.1	100.0	11 276.9	100.0
Total number of programmes and projects^e	221	271	304	33		829	
Total recipient countries/territories						117	

Source: Project and Portfolio Management System.

^a Amounts as per the President's report for each programme or project presented to the Executive Board. Amounts include grant and loan financing for investment programmes and projects.

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

^c This region includes countries in Central and Eastern Europe and the Newly Independent States.

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

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

Of the US\$3,225.3 million contributed over the years to IFAD-initiated projects by external cofinanciers, the bulk was from multilateral donors, 70.1 per cent, followed by bilateral donors with 19.0 per cent. NGOs have contributed US\$21.0 million (0.7 per cent) (Chart 4).

The major multilateral cofinanciers of IFAD-initiated projects were the OPEC Fund for International Development (OFID) with US\$389.6 million, the International Bank for Reconstruction and Development (IBRD of the World Bank Group) with US\$259.9 million, the Arab Fund for Economic and Social Development (AFESD) with US\$236.1 million, and WFP with US\$208.2 million (Chart 5). Together, these four represent nearly 50 per cent of total multilateral cofinancing of US\$2,260.3 million for IFAD-initiated projects.

Belgium is the largest bilateral donor, having provided US\$96.9 million over the years in cofinancing, followed by Germany with US\$86.8 million, the Netherlands with US\$82.7 million, and the United Kingdom with US\$80.1 million. These figures represent 15.8 per cent, 14.2 per cent, 13.5 per cent and 13.1 per cent respectively of total bilateral cofinancing of IFAD-initiated projects of US\$612.3 million (Chart 6).

TABLE 8
Summary of IFAD programme and project financing for priority countries, 1978-2009
(Amounts in US\$ million)

	1978-1987	%	1988-1997	%	1998-2008	%	2009	%	1978-2009	%	Number of countries ^a			
											In group	IFAD Member States	With IFAD programme and project	
Least developed countries^b														
Amount ^c	1 074.7	43.3	1 118.9	35.0	2 015.4	41.0	347.4	51.3	4 556.4	40.4	49	47	44	
Number of programmes and projects	111		116		137		17		381					
Low-income food-deficit countries^d														
Amount ^c	2 019.7	81.4	2 392.7	74.8	3 926.9	79.8	557.0	82.3	8 896.3	78.9	77	73	70	
Number of programmes and projects	168		195		237		25		625					
Financing for all IFAD programmes and projects	2 481.9		3 198.2		4 919.7		677.1		11 276.9					
Total number of programmes and projects^e	221		271		304		33		829					

Source: Project and Portfolio Management System.

^a All countries in the least developed countries group, except Maldives, Myanmar and Samoa, also belong in the low-income food-deficit group, and thus there are overlaps in the group numbers.

^b The United Nations classifies as "least developed countries" on the basis of the following criteria: low income, low literacy rate and low share of manufacturing in total output. In 2009, 49 were thus classified: Afghanistan, Angola, Bangladesh, Benin, Bhutan, Burkina Faso, Burundi, Cambodia, Central African Republic, Chad, Comoros, Democratic Republic of the Congo, Djibouti, Equatorial Guinea, Eritrea, Ethiopia, The Gambia, Guinea, Guinea-Bissau, Haiti, Kiribati, Lao People's Democratic Republic, Lesotho, Liberia, Madagascar, Malawi, Maldives, Mali, Mauritania, Mozambique, Myanmar, Nepal, the Niger, Rwanda, Samoa, São Tomé and Príncipe, Senegal, Sierra Leone, Solomon Islands, Somalia, the Sudan, Timor-Leste, Togo, Tuvalu, Uganda, United Republic of Tanzania, Vanuatu, Yemen and Zambia. Tuvalu and Vanuatu are not Members of IFAD.

^c 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.

^d In 2009, FAO identified 77 countries as "low-income food-deficit": Afghanistan, Angola, Armenia, Azerbaijan, Bangladesh, Benin, Bhutan, Burkina Faso, Burundi, Cambodia, Cameroon, Central African Republic, Chad, China, Comoros, Congo, Côte d'Ivoire, Democratic People's Republic of Korea, Democratic Republic of the Congo, Djibouti, Egypt, Equatorial Guinea, Eritrea, Ethiopia, The Gambia, Georgia, Ghana, Guinea, Guinea-Bissau, Haiti, Honduras, India, Indonesia, Iraq, Kenya, Kiribati, Kyrgyzstan, Lao People's Democratic Republic, Lesotho, Liberia, Madagascar, Malawi, Mali, Mauritania, Mongolia, Morocco, Mozambique, Nepal, Nicaragua, the Niger, Nigeria, Pakistan, Papua New Guinea, the Philippines, Republic of Moldova, Rwanda, São Tomé and Príncipe, Senegal, Sierra Leone, Solomon Islands, Somalia, Sri Lanka, the Sudan, Swaziland, Syrian Arab Republic, Tajikistan, Timor-Leste, Togo, Turkmenistan, Tuvalu, Uganda, United Republic of Tanzania, Uzbekistan, Vanuatu, Yemen, Zambia and Zimbabwe. Turkmenistan, Tuvalu, Uzbekistan and Vanuatu are not Members of IFAD.

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

TABLE 9

Summary of IFAD loans by lending terms and of DSF grants, 1978-2009^a
(Amounts in US\$ million)

	1978-1987	%	1988-1997	%	1998-2008	%	2009	%	1978-2009	%
DSF grants										
Amount					210.0	4.3	193.8	28.9	403.8	3.6
Number of grants					22		21		43	
Highly concessional loans										
Amount	1 664.6	67.6	2 076.4	65.5	3 830.1	78.0	281.0	41.9	7 852.0	70.1
Number of loans	149		195		243		18		605	
Intermediate loans										
Amount	649.8	26.4	656.3	20.7	392.1	8.0	87.6	13.1	1 785.8	15.9
Number of loans	62		51		26		4		143	
Ordinary loans										
Amount	147.3	6.0	435.1	13.7	475.4	9.7	108.1	16.1	1 165.9	10.4
Number of loans	14		34		30		9		87	
Total amount	2 461.7	100.0	3 167.8	100.0	4 907.5	100.0	670.5	100.0	11 207.5	100.0
Total number of loans and DSF grants^{b, c}	225		280		321		52		878	

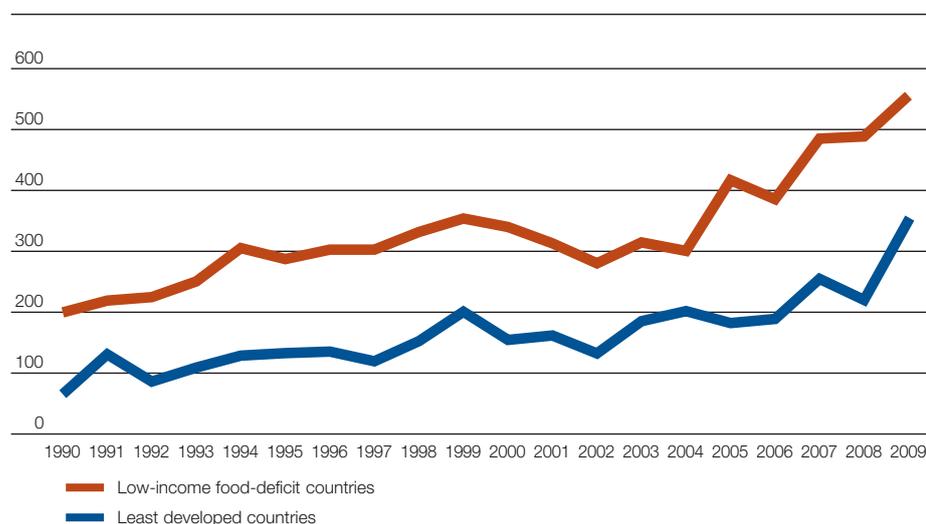
Source: Project and Portfolio Management System.

^a Amounts as per the President's report for each programme or project presented to 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. Other grants for investment programmes and projects are not included. Any discrepancy in totals is the result of rounding.

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

^c Fully cancelled or rescinded loans are not included.

CHART 2
IFAD programme and project financing for priority countries, 1990-2009
(Amounts in US\$ million)



Source: Project and Portfolio Management System.

TABLE 10
Summary of IFAD loans by lending terms and of DSF grants, by region, 1978-2009^a
(Amounts in US\$ million)

	Sub-Saharan Africa	%	Asia and the Pacific	%	Latin America and the Caribbean	%	Near East and North Africa ^b	%	Total	%
DSF grants										
Amount	291.2	6.7	92.0	2.5	13.1	0.8	7.5	0.5	403.8	3.6
Percentage of DSF grants	72.1		22.8		3.2		1.9		100.0	
Number of grants	29		9		4		1		43	
Highly concessional loans										
Amount	3 808.5	87.7	3 023.0	82.7	374.7	22.1	645.8	42.6	7 852.0	70.1
Percentage of highly concessional loans	48.5		38.5		4.8		8.2		100.0	
Number of loans	336		178		36		55		605	
Intermediate loans										
Amount	214.1	4.9	538.4	14.7	470.0	27.7	563.2	37.2	1 785.8	15.9
Percentage of intermediate loans	12.0		30.1		26.3		31.5		100.0	
Number of loans	22		33		50		38		143	
Ordinary loans										
Amount	28.0	0.6	-	-	839.7	49.5	298.3	19.7	1 165.9	10.4
Percentage of ordinary loans	2.4		-		72.0		25.6		100.0	
Number of loans	5		-		60		22		87	
Total amount	4 341.8	100.0	3 653.5	100.0	1 697.5	100.0	1 514.8	100.0	11 207.5	100.0
Percentage of total IFAD loans and DSF grants	38.7		32.6		15.1		13.5		100.0	
Total number of loans^{c, d} and DSF grants	392		220		150		116		878	

Source: Project and Portfolio Management System.

^a Amounts as per the President's report for each programme or project presented to 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. Other grants for investment programmes and projects are not included. Any discrepancy in totals is the result of rounding.

^b This region includes countries in Central and Eastern Europe and the Newly Independent States.

^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 11
Annual loan disbursement by region under the Regular Programme, 1979-2009^a
(Amounts in US\$ million)

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	1979-2009
Western and Central Africa	34.2	34.2	30.4	36.0	33.0	34.5	48.6	61.4	62.3	57.8	61.8	64.4	66.8	997.5
Eastern and Southern Africa	24.9	37.9	30.7	40.2	54.1	46.9	55.4	70.2	75.9	88.6	89.4	85.4	106.4	1 207.6
Asia and the Pacific	94.8	95.7	86.2	83.0	97.9	86.1	78.7	73.1	93.1	127.2	122.0	99.1	129.2	2 359.4
Latin America and the Caribbean	45.3	50.4	53.2	51.0	63.1	51.4	47.0	49.1	42.3	57.4	63.4	79.1	61.6	1 116.7
Near East and North Africa^b	28.9	55.5	70.2	59.7	43.2	44.5	56.1	57.6	68.0	55.9	62.1	96.1	73.5	1 212.4
Total^c	228.2	273.7	270.7	269.8	291.3	263.4	285.8	311.4	341.6	386.9	398.7	424.1	437.5	6 893.6

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 This region includes countries in Central and Eastern Europe and the Newly Independent States.

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

TABLE 12
Loan disbursement by region and lending terms under the Regular Programme, 1979-2009^a
(Amounts in US\$ million)

	Highly concessional	Intermediate	Ordinary	Total
Western and Central Africa				
Amount	923.9	60.3	13.3	997.5
Percentage of effective commitment	68.2%	100.0%	74.8%	69.7%
Eastern and Southern Africa				
Amount	1 117.6	88.8	1.2	1 207.6
Percentage of effective commitment	70.7%	86.3%	19.3%	71.5%
Asia and the Pacific				
Amount	2 006.0	353.4	-	2 359.4
Percentage of effective commitment	71.9%	84.5%	-	73.6%
Latin America and the Caribbean				
Amount	287.9	382.1	446.7	1 116.7
Percentage of effective commitment	75.9%	87.7%	58.7%	71.1%
Near East and North Africa^b				
Amount	679.5	333.4	199.5	1 212.4
Percentage of effective commitment	80.7%	70.0%	77.7%	76.9%
Total^c	5 014.9	1 218.0	660.6	6 893.6
Total percentage of effective commitment	72.2%	81.7%	63.4%	72.8%

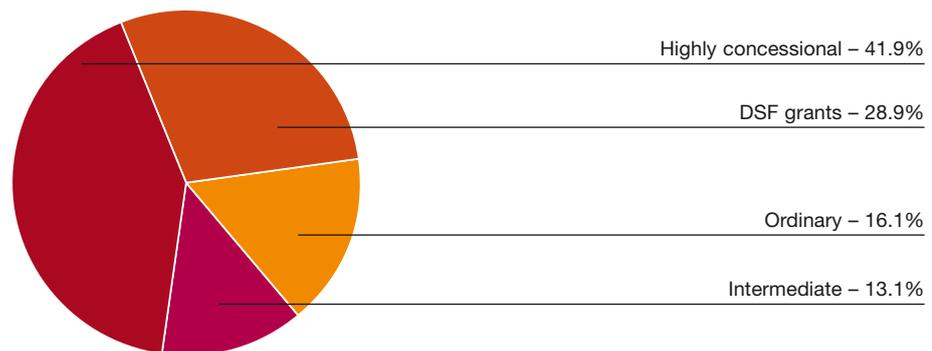
Source: Loans and Grants System.

^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 This region includes countries in Central and Eastern Europe and the Newly Independent States.

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

CHART 3
IFAD loans by lending terms, and DSF grants, 2009



Note: The total amount of loans and DSF grants approved in 2009 is US\$670.5 million.

Source: Project and Portfolio Management System

TABLE 13
Cofinancing of IFAD programmes and projects, 1978-2009^a
 (Amounts in US\$ million)

	1978-1987	%	1988-1997	%	1998-2008	%	2009	%	1978-2009	%
Programmes and projects initiated by cooperating institutions										
IFAD ^a	990.4	14.7	331.8	17.5	294.2	20.7	115.4	29.8	1 731.7	16.6
Cofinanced ^b	2 710.4	40.3	1 099.7	57.9	872.7	61.4	203.2	52.5	4 886.0	46.8
Domestic	3 023.6	45.0	466.4	24.6	254.4	17.9	68.2	17.7	3 812.6	36.6
Total	6 724.4	100.0	1 897.8	100.0	1 421.3	100.0	386.8	100.0	10 430.3	100.0
Number of programmes and projects	91		34		24		7		156	
Programmes and projects initiated by IFAD and cofinanced										
IFAD ^a	701.1	38.0	1 900.8	45.4	2 687.8	45.2	257.9	55.7	5 547.6	44.6
Cofinanced ^b	650.4	35.3	993.7	23.8	1 470.9	24.8	110.3	23.8	3 225.3	25.9
Domestic ^c	493.3	26.7	1 288.4	30.8	1 784.2	30.0	95.0	20.5	3 660.9	29.4
Total	1 844.8	100.0	4 182.9	100.0	5 942.9	100.0	463.2	100.0	12 433.8	100.0
Number of programmes and projects	72		164		167		15		418	
Programmes and projects initiated and exclusively financed by IFAD^c										
IFAD ^a	790.4	58.3	965.6	60.6	1 937.7	64.8	303.8	59.7	3 997.5	62.0
Domestic	564.7	41.7	626.9	39.4	1 051.8	35.2	205.0	40.3	2 448.4	38.0
Total	1 355.1	100.0	1 592.5	100.0	2 989.4	100.0	508.9	100.0	6 445.9	100.0
Number of programmes and projects	58		73		113		11		255	
All programmes and projects^d										
IFAD	2 481.9	25.0	3 198.2	41.7	4 919.7	47.5	677.1	49.8	11 276.9	38.5
Cofinanced	3 360.8	33.9	2 093.4	27.3	2 343.7	22.6	313.4	23.1	8 111.3	27.7
Domestic	4 081.6	41.1	2 381.6	31.0	3 090.3	29.8	368.3	27.1	9 921.9	33.9
Total	9 924.3	100.0	7 673.3	100.0	10 353.7	100.0	1 358.8	100.0	29 310.0	100.0
Number of programmes and projects	221		271		304		33		829	

Source: Project and Portfolio Management System.

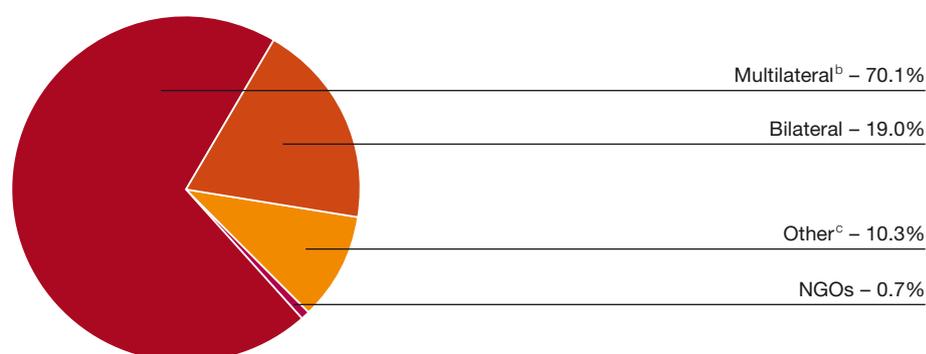
^a Amounts as per the President's report for each programme or project presented to the Executive Board. Programme and project amounts include DSF grants and component grants for investment programmes and projects. Total amounts may include additional financing for programmes/projects previously approved. Grants not related to programmes and projects are not included in this table. Any discrepancy in totals is the result of rounding.

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

^c Figures include IFAD financing for the Indonesia National Programme for Community Empowerment in Rural Areas Project approved in 2008.

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

CHART 4
Cofinancing of IFAD-initiated programmes and projects, 1978-2009^a



Note: The total amount of cofinancing for IFAD-initiated programmes and projects in 1978-2009 is US\$3 225.3 million.

Source: Project and Portfolio Management System.

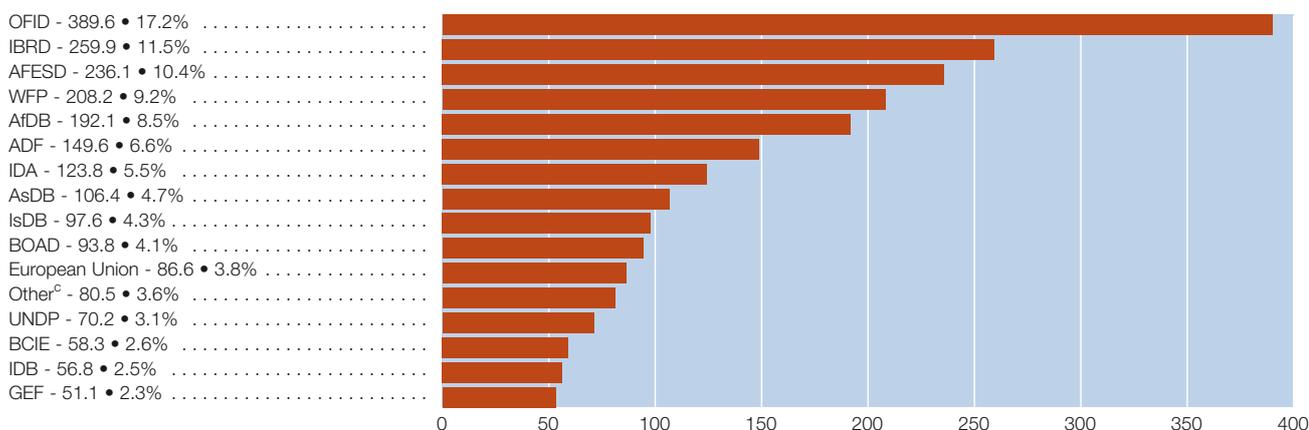
^a Amounts refer to cofinancing as appearing in the President's report at the time of approval.

^b Figures do not include the Indonesia National Programme for Community Empowerment in Rural Areas Project approved in 2008.

^c The "other" category includes financing under basket or similar funding arrangements, financing from private-sector resources, or financing that may not have been confirmed at the time of Executive Board approval, of which US\$120.6 million has been secured.

CHART 5

Cofinancing of IFAD-initiated programmes and projects by multilateral donors, 1978-2009^{a, b}
(Amounts in US\$ million)



Source: Project and Portfolio Management System.

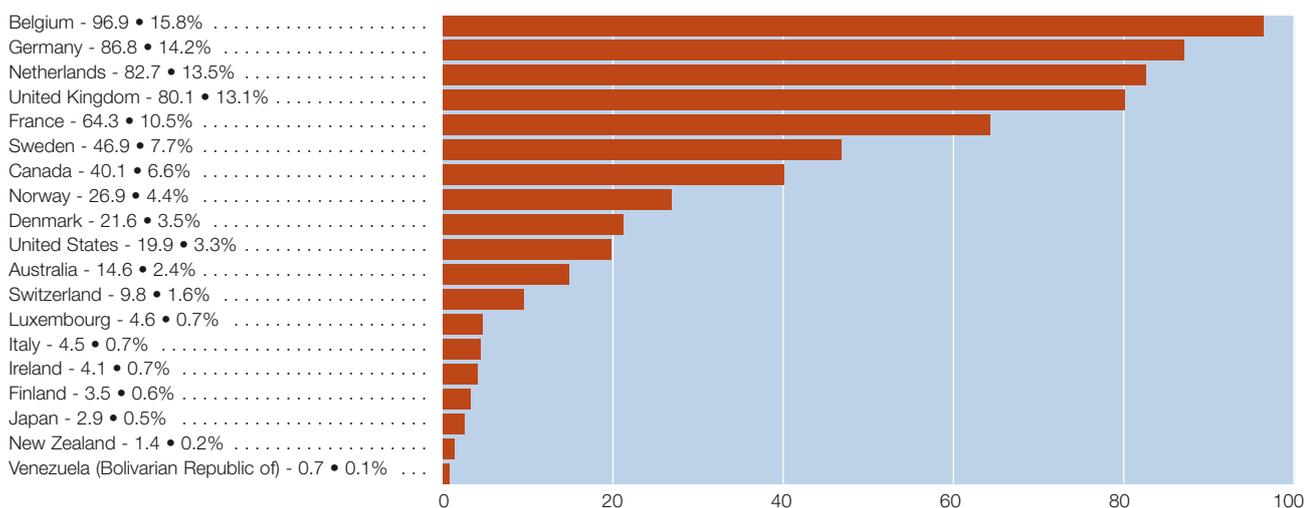
^a Amounts as per the President's report for each programme or project presented to the Executive Board. Any discrepancy in totals is the result of rounding. The amounts and percentages shown here represent the share of each multilateral in total multilateral cofinancing of US\$2,260.3 million. Multilateral participation in basket or similar funding arrangements is not included.

^b OFID = OPEC Fund for International Development; IBRD = International Bank for Reconstruction and Development; AFESD = Arab Fund for Economic and Social Development; WFP = World Food Programme; AfDB = African Development Bank; ADF = African Development Fund; IDA = International Development Association; AsDB = Asian Development Bank; IsDB = Islamic Development Bank; BOAD = West African Development Bank; UNDP = United Nations Development Programme; BCIE = Central American Bank for Economic Reconstruction; IDB = Inter-American Development Bank; GEF = Global Environment Facility.

^c Other cofinanciers include: Arab Authority for Agricultural Investment and Development (AAID); Africa Fund; Arab Bank for Economic Development in Africa (BADEA); Andean Development Fund (CAF); Caribbean Development Bank (CDB); FAO; Inter-American Institute for Cooperation on Agriculture (IICA); 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).

CHART 6

Cofinancing of IFAD-initiated programmes and projects by donor Member States (bilateral), 1978-2009^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\$612.3 million. Bilateral participation in basket or similar funding arrangements is not included.

The designations employed and the presentation of material in this publication do not imply the expression of any opinion whatsoever on the part of the International Fund for Agricultural Development of the United Nations concerning the legal status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries. The designations “developed” and “developing” economies are intended for statistical convenience and do not necessarily express a judgement about the stage reached by a particular country or area in the development process.

This publication or any part thereof may be reproduced without prior permission from IFAD, provided that the publication or extract therefrom reproduced is attributed to IFAD and the title of this publication is stated in any publication and that a copy thereof is sent to IFAD.

Cover:

Drying fish to sell at market, a crucial source of income for women
and of nutrition for families, Bangladesh

© IFAD/G.M.B. Akash

© 2010 by the International Fund for Agricultural Development (IFAD)

Printed by Quintily, Rome, Italy

2010

Printed on ecological paper

CD-ROM contents

IFAD at a glance, 1978-2009

President's foreword

IFAD Strategic Framework 2007-2010

The issues that shape IFAD's work

Programme of work for 2009

Measuring and improving results

Resource mobilization in 2009

Partnerships

Financing data

Summary of 2009 programmes, projects and grants

Membership and representation

Consolidated financial statements

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

The International Fund for Agricultural Development (IFAD) works with poor rural people to enable them to grow and sell more food, increase their incomes and determine the direction of their own lives. Since 1978, IFAD has invested nearly US\$12 billion in grants and low-interest loans to developing countries, empowering some 350 million people to break out of poverty. IFAD is an international financial institution and a specialized United Nations agency based in Rome – the United Nations' food and agricultural hub. It is a unique partnership of 165 members from the Organization of the Petroleum Exporting Countries (OPEC), other developing countries and the Organisation for Economic Co-operation and Development (OECD).



International Fund for
Agricultural Development
Via Paolo di Dono 44
00142 Rome, Italy
Telephone: +39 06 54591
Facsimile: +39 06 5043463
E-mail: ifad@ifad.org
www.ifad.org
www.ruralpovertyportal.org

ISBN 978-92-9072-154-3

