



Enabling poor rural people  
to overcome poverty

# IFAD and the League of Arab States



## Working together in Arab countries

Poverty poses a constant threat to economic growth, trade reform, private sector development, knowledge, governance and gender equality.

Poverty among the 22 members of the League of Arab States (LAS) is primarily a rural phenomenon. A quarter of the region's population, or about 80 million people, live below national poverty lines. Between 60 and 70 percent of these poor people live in rural areas. One of the most pressing challenges in the region is the high rate of unemployment, particularly among young people. Official unemployment rates average 13 per cent, and in some countries the jobless rate among young people is twice as high.

Established in 1945, the LAS promotes and coordinates integration among its 22 member states and strengthens cooperation at all levels: political, security, economic, social and cultural.

IFAD is highly supportive of this process at the socio-economic level through its interventions in LAS countries and through long-term strategic cooperation with the League of Arab States. In June 1993, IFAD and the League signed a framework cooperation agreement focused on shared development goals. Through this agreement, IFAD and the League's Secretariat have cooperated on agricultural and rural development, nutrition and related research in LAS countries.

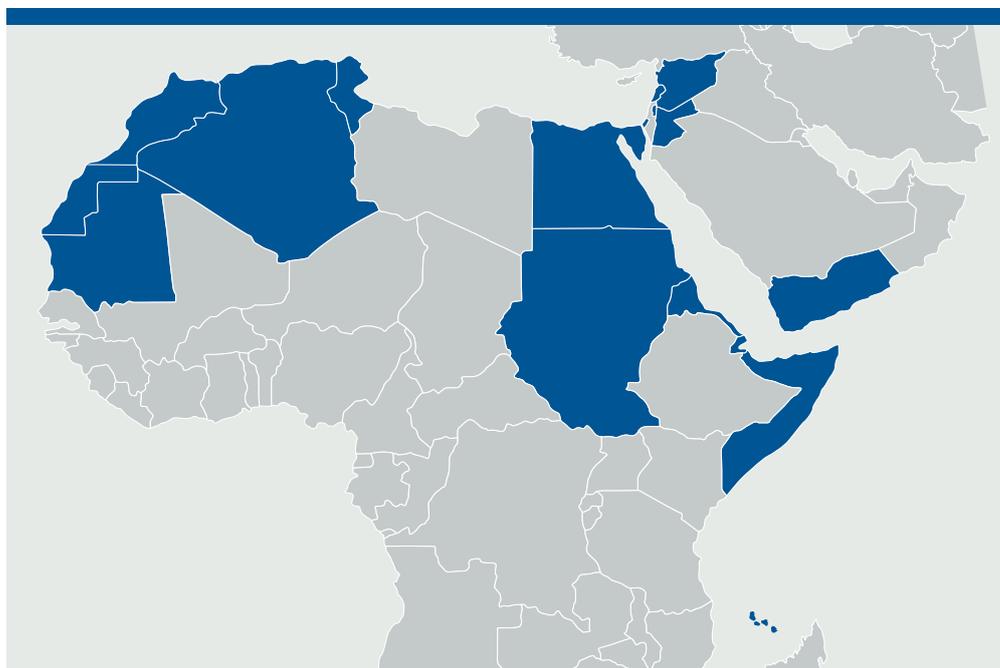
But feeding its growing population poses a serious challenge to the LAS region. In Iraq, Mauritania, the Occupied Palestinian Territory, Somalia and the Sudan, some 21 million people are currently receiving food relief and up to eight million more may require emergency food assistance in the near future. Water scarcity poses a particular challenge to food production and agricultural development in the region. Also, the unprecedented increase in food, grain and commodity prices on international markets in 2006-2008 has taken its toll, undermining regional food security. And socio-economic, political and institutional constraints further contribute to rural poverty in the region.

[www.ifad.org](http://www.ifad.org)

### IFAD

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

Since starting operations in 1978, IFAD has provided almost US\$10.6 billion in loans and grants through some 796 development projects and programmes. Today, IFAD supports about 200 ongoing programmes and projects in 87 developing countries and one territory. These operations have enabled approximately 344 million people, representing more than 64 million households of smallholder farmers, herders, fishers, landless workers, artisans and members of indigenous communities to take steps to achieve a better life for themselves and for their families.



## IFAD's strategic priorities in the LAS region

Since the start of its operations in 1978, IFAD has maintained a strong presence in the region, working to enable the poorest rural communities to overcome poverty. These include farmers in areas without irrigation; smallholder farmers operating in irrigated areas and watersheds; people living in mountainous and remote regions; rangeland herders; women heads of household and unemployed rural young people throughout the entire region.

IFAD's work in the LAS region reflects close consultation on the ground, including with governments, donors, NGOs, financial and development institutions, the private sector and poor rural people themselves. IFAD's work in the region is also guided by its Strategic Framework for 2007-2010, with particular focus on the following priorities:

- expanding poor rural people's access to rural finance
- 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

Following the recent rise in cereal prices, addressing the devastating effects of food price volatility has become an additional priority, while assisting countries in conflict and post-conflict conditions continues to constitute an important axis of IFAD's work in the region.

## IFAD's operations in LAS countries

By December 2008, IFAD had committed over US\$1.35 billion, mostly in soft loans, for 114 development projects in 14 LAS recipient countries and territories. At a total cost of US\$4.82 billion and with the number of direct beneficiaries exceeding 22 million people, these projects were designed to increase agricultural production and raise the incomes of those benefiting from them. IFAD's contribution also helped boost the local economy and has generated additional employment opportunities.

Of the 114 projects, 37 are ongoing, at a total IFAD investment of approximately US\$498 million. The current loan portfolio has generated about US\$594 million in cofinancing from domestic sources as well as from donor organizations and financial institutions. These include several institutions backed by Arab governments such as the Arab Fund for Economic and Social Development, the OPEC Fund for International Development and the Islamic

Development Bank, in addition to bilateral financiers such as the Saudi Fund for Development, the Kuwait Fund for Arab Economic Development and the Abu Dhabi Fund for Development.

IFAD's portfolio in the region also includes a substantial number of regional research grants to address issues such as capacity-building. A total of 132 regional and country grants worth US\$51 million have been extended to 20 LAS countries – both borrowing and non-borrowing Member States – over the past thirty years. The ongoing grant portfolio consists of 17 regional research grant projects worth US\$20 million and 30 country-specific grant projects worth US\$10 million.

Country	Number of Projects	IFAD (loans and grants)	Cofinancing	Domestic	Total (US\$ million)
Algeria	5	65.558		59.247	124.805
Comoros	5	16.461	8.509	4.708	29.678
Djibouti	5	10.957	7.221	4.411	22.589
Egypt	9	190.147	50.783	225.312	466.242
Jordan	7	71.393	45.984	71.956	189.333
Lebanon	3	31.810	35.859	70.748	138.417
Mauritania	11	85.236	127.643	37.555	250.434
Morocco	10	165.087	326.170	961.841	1 453.098
Somalia	4	30.300	83.000	14.200	127.500
Sudan	16	225.371	193.015	165.738	584.124
Syrian Arab Republic	7	126.165	203.960	143.918	474.043
Tunisia	10	130.207	52.010	141.067	323.284
West Bank and Gaza		13.763	20.685	12.959	47.407
Yemen	19	190.902	237.695	165.360	593.957
<b>Total to LAS</b>	<b>114</b>	<b>1 353.357</b>	<b>1 392.534</b>	<b>2 079.020</b>	<b>4 824.911</b>

The regional research grants sponsored by IFAD are mostly designed and implemented by the International Center for Agricultural Research in the Dry Areas (ICARDA), the Arab Centre for the Studies of Arid Zones and Dry Lands (ACSAD), and the International Center for Biosaline Agriculture.

IFAD also has well-established collaborative partnerships with specialized agencies and organizations of the LAS, such as the Arab Organization for Agricultural Development, the Arab Authority for Agricultural Investment and Development and the Arab Centre for Studies in Arid Zones and Dry Lands. Collaboration includes country and regional development and research programmes that focus on food production and poverty reduction in rural areas and on marginal lands. In addition, IFAD works closely with both bilateral and multilateral financial institutions strongly backed by oil-exporting LAS member states, particularly in the areas of cofinancing of joint interventions, policy dialogue and knowledge exchange.

### **Expanding poor rural people's access to rural finance**

IFAD has developed innovative models and instruments to bring financial services, including village credit funds, to poor rural people in the LAS region. There are currently 12 village credit funds in the Sudan and 30 in the Syrian Arab Republic. It is in the Syrian Arab Republic that the IFAD-funded Idleb Rural Development Project established its first *sandug* (village fund) network of 15 village credit funds - self-reliant, self-managed and autonomous local financial institutions. And in Djibouti in February 2008, the Microfinance and Microenterprise Development Programme inaugurated its first savings and credit association. IFAD also works with intermediary institutions, such as the Social Fund for Development in Egypt and Yemen, which provide wholesale financial services to rural microfinance institutions and NGOs. In addition, it supports expanding the outreach of existing microfinance institutions into new rural areas, for example in Morocco.

### **Tackling unemployment among young people in rural areas**

IFAD-supported operations in the LAS region are increasingly addressing rural unemployment, particularly among young people. Through the creation and development of small businesses and microenterprises, IFAD is helping generate employment opportunities, while through the establishment of rural business development centres, IFAD also provides business and technical training for the unemployed and for potential entrepreneurs. For example, the North-Eastern Region Rural Development Project in the Syrian Arab Republic and the Upper Egypt Rural Development Project are creating sustained employment for poor smallholder and tenant farmers, as well as for landless people and the young unemployed. Both projects are boosting incomes through activities to develop the private sector, such as marketing, developing small businesses and microenterprises and improving access to financial services.

### **Linking small-scale growers of non-traditional crops with domestic and international markets**

Herbs and medicinal and aromatic plants offer good potential for adding value through processing and marketing. Because of the relatively high economic returns, they represent a promising economic development opportunity for small-scale growers in the LAS region. A number of IFAD-supported projects in Egypt, Morocco and the Syrian Arab Republic promote the production, processing and marketing of non-traditional crops. IFAD also works with research centres, such as the International Center for Agricultural Research in the Dry Areas (ICARDA), on developing improved varieties of horticultural seeds and more advanced processing and packaging techniques for the marketing and export of medicinal and herbal products. IFAD also promotes the development of value chain relationships that favour the interests of poor producers and small-scale growers.

## FACTS

- Globally, 1.4 billion people live on less than US\$1.25 a day, most of them in the rural areas of developing countries.
- Approximately 80 million people live below national poverty lines (on average US\$1.67/day).
- The 22 members of the LAS are: Algeria, Bahrain, Comoros, Djibouti, Egypt, Gaza and the West Bank, Kuwait, Iraq, Jordan, Lebanon, Libyan Arab Jamahiriya, Mauritania, Morocco, Oman, Qatar, Saudi Arabia, Somalia, the Sudan, the Syrian Arab Republic, Tunisia, United Arab Emirates and Yemen. Aside from Bahrain; they are all Members of IFAD.
- LAS members of IFAD – except the high per capita income countries that include the four members of the Gulf Cooperation Council (GCC) and the Libyan Arab Jamahiriya – are currently borrowing or are eligible to borrow from IFAD.
- LAS countries are home to 5 per cent of the world's population and have less than 1 per cent of global renewable water resources.

## Managing land and water resources and reducing vulnerability to climate change

Smallholder farmers are particularly vulnerable to the challenges of climate change, including water scarcity and increasingly erratic weather patterns. For smallholder farmers, these phenomena often translate into reduced forage and lower agricultural yields. IFAD supports sustainable natural resource management in a large number of its projects in the LAS region by empowering community-based resource management groups. In Morocco, for example, the Rural Development Project for Taourirt-Taforalt promotes improved land use and productivity by applying techniques such as rangeland resting, reseeding, small-scale irrigation and de-rocking. The Rural Development Project in the Mountain Zones of Errachidia Province is also working to improve small-scale irrigation infrastructure, supplying drinking water and promoting soil and water conservation. In Jordan, IFAD's Yarmouk Agricultural Resources Development Project rehabilitated 19 water springs, benefiting more than 1,100 farming families in the Yarmouk Valley. And the Sudan's North and South Kordofan Rural Development Projects are empowering rural communities to better manage natural resources and adapt to more extreme climatic variations.

## Assisting countries in conflict

IFAD also operates in several countries in the LAS region that are in conflict or in post-conflict situations. In these countries, which include Iraq, Lebanon, Somalia, the Sudan, as well as Gaza and the West Bank, there is a pressing need to alleviate the prolonged suffering of poor rural people. In Iraq, IFAD has provided two grants worth US\$3.2 million. The first, which started in February 2007, is supporting a smallholder farmer capacity-building programme in the Northern Governorates. The second, which started in October 2008, established an ongoing programme to improve the livelihoods of small producers through integrated pest management and organic fertilization. In Gaza and the West Bank, IFAD has been supporting programmes and projects in areas where there are few alternative income-generating opportunities. The objective is to raise the incomes and living standards of small-scale farmers by assisting them in developing and managing land and water resources to enhance productivity, and by improving access to rural finance.

## Addressing food price volatility

In response to the global food crisis, IFAD announced in April 2008 that it would make available up to US\$200 million from existing loans and grants to provide an immediate boost to agricultural production in the developing world. This would enable poor farmers to access essential inputs, such as seeds and fertilizer, to allow them to prepare for the next cropping season. Under the initiative, an agricultural support fund was established in the Syrian Arab Republic to assist small-scale farmers and herders by cofinancing the provision of improved seeds, fertilizers and feed for animals at an affordable price. In Yemen, the Government and IFAD have reallocated US\$1.5 million to help small-scale farmers boost their production over the 2008-2009 cropping seasons. The initiative includes the distribution of packages of improved seed and fertilizer in 133 villages; the supply of equipment, medicines, veterinary and beekeeping extension services; and support for saving and credit associations formed by poor rural women in 31 villages to strengthen their loan operations and investments in improved agricultural production, processing and marketing.



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