

Major initiatives and new programmes

Major initiatives

In 2016, the first year of the implementation of the United Nations 2030 Agenda for Sustainable Development and the Sustainable Development Goals (SDGs), IFAD increased its advocacy and knowledge-sharing on smallholder agriculture and rural issues, which are critical to achieving the agenda. It also took important steps towards improving its own operational efficiency and effectiveness, in order to expand its impact and contribution to the goals. As an international financial institution (IFI) and a United Nations agency, IFAD embraced its catalytic role in both disseminating knowledge and data about rural development, and delivering investment projects that make a difference in rural people's lives and help countries attain food security, improve nutrition and reduce poverty.

The global perspective

2030 Agenda and COP22. The global agenda for sustainable development is based on a series of historic agreements achieved in 2015: the 2030 Agenda, the Addis Ababa Action Agenda and the Paris Agreement on climate change. In 2016, IFAD was active in global debates as a champion for better policies for the economic empowerment of smallholder farmers and poor rural people, and for an enabling global policy environment for financing smallholder agriculture and the rural sector. The Fund effectively engaged in such global forums as the first-ever World Humanitarian Summit, the United Nations General Assembly high-level meeting on forced displacement and large-scale migration, the Conference of the Parties (COP22) to the United Nations Framework Convention on Climate Change, and the Committee on World Food Security. In line with our increased focus on nutrition, since January 2016, IFAD has been chairing the United Nations System Standing Committee on Nutrition. Together with our partner United Nations agencies in Rome, during the year

we issued a joint paper on Rome-based agency collaboration, confirming renewed commitment by IFAD, the Food and Agriculture Organization of the United Nations (FAO) and World Food Programme (WFP) to strengthening their joint action in the context of the 2030 Agenda.

G20. IFAD's leadership role was recognized in several instances. During the G20 agricultural ministerial process, IFAD was invited to showcase its experience as a leading investor in smallholder agriculture at the first-ever G20 Agricultural Entrepreneurs Forum, taking place under the presidency of China. Later in the year, IFAD was invited by the incoming German presidency of the G20 to co-lead preparatory work for a special initiative on rural youth employment and agricultural innovation.

Habitat III. IFAD has also been successful in promoting a more nuanced understanding of the importance of the transformation of rural areas, not just for themselves but for the world as a whole. We contributed to the third United Nations Conference on Housing and Sustainable Urban Development (Habitat III), whose outcome – the New Urban Agenda – reflects inputs provided by IFAD throughout the preparatory process and at the conference itself, including recognition of the critical role that rural development and smallholder agriculture must play for a sustainable global future to become reality.

Knowledge as a key to impact

Rural Development Report. IFAD pursues an active research agenda because research helps to back up advocacy and policy recommendations with evidence. In September, we launched the *Rural Development Report*, the work of a team of experts both internal and external, founded principally on the study of experiences in more than 60 countries. The report analyses the impact on poverty reduction

of overall structural transformation of economies (the reallocation of economic activity beyond agriculture to include manufacturing and services) and rural economic transformation (diversification, rising productivity).

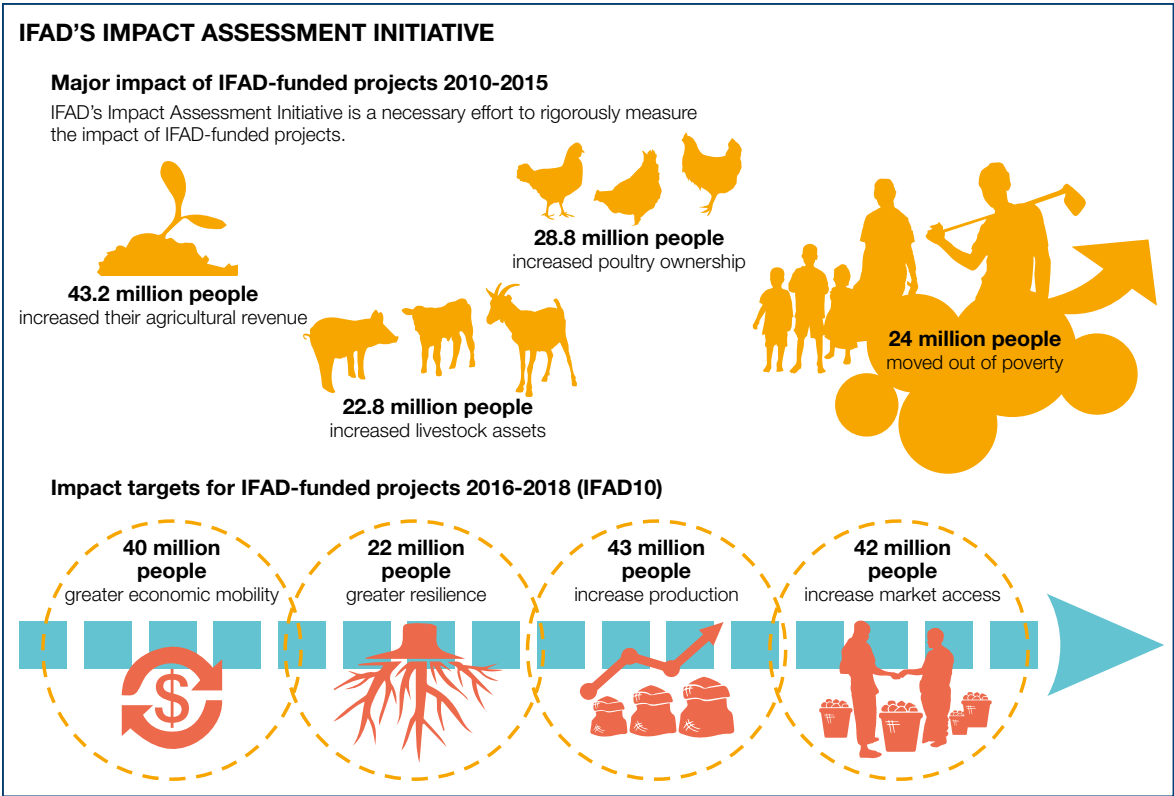
The study found that inclusive rural transformation that reduces poverty is not an automatic outcome of economic growth. It must be made to happen, through pro-poor investments and policies, particularly by governments, with support from other partners, including development institutions and the private sector. Following its initial launch in Rome, the report was further disseminated through events in all the regions where IFAD works, and in donor capitals. It will continue to provide insights and evidence upon which sound, well-targeted policies for poverty reduction can be based.

IFAD research series. In 2016, we also launched a new series of research papers, in order to expand the circulation of cutting-edge thinking and research from across the development arena, and to further build the global knowledge base on agriculture and rural development. These peer-reviewed papers cover a range of themes encompassing policy, social sciences and specific areas of technical specialization.

Impact assessment

The IFAD9 Impact Assessment Initiative (IAI) was completed in 2016. It marked the first time that a development institution had attempted to assess scientifically the impact not just of individual projects, but of the institution as a whole. The IAI employed quasi-experimental approaches to directly assess impact, allowing attribution of impact to IFAD investment. Such an approach is unprecedented among IFIs, whose results measurement frameworks tend to monitor contribution rather than attribute impact. A systematic approach across the portfolio with aggregation to a corporate measure had never been undertaken.

Results showed that for all closed and ongoing projects during the 2010-2015 period, 139 million people and 24 million families were being reached. The IAI demonstrated that IFAD’s investments in rural people generated returns in a number of critical areas, including an estimated 43.2 million beneficiaries who saw an increase in their agricultural revenue, 28.8 million with a rise in poultry ownership, and 22.8 million who increased their livestock assets, as well as 24 million moving out of poverty. The knowledge and learning that is being generated by the IAI will not only benefit IFAD, but will also be a global public good serving all IFIs and stakeholders working to eradicate rural poverty.



Knowledge-sharing, capacity-building and platforms

IFAD shares evidence, know-how and successful approaches in a number of ways, and continued and expanded these efforts in 2016. A corporate action plan to address key knowledge management priorities from 2016 to 2018 was endorsed by management in October 2016. It addresses four main action areas: generating, using and disseminating knowledge; enhancing IFAD's role as a learning organization; improving IT platforms to promote better access to and sharing of knowledge and information; and monitoring, and reporting on, knowledge management performance.

South-South and triangular cooperation.

During 2016, IFAD management prepared a refreshed approach to promoting South-South and triangular cooperation (SSTC) and presented it to the Executive Board. This approach articulates technical cooperation and investment promotion as twin pillars underlying the Fund's SSTC activities. As a key element of the new approach, a proposal to establish a digitally based rural development solutions catalogue to promote SSTC was also approved in 2016. At the country and regional levels, IFAD has developed new SSTC initiatives, including peer-to-peer exchanges funded and organized by IFAD-supported projects in all regions, and country, regional and global grant designs featuring SSTC elements to improve documentation of successful approaches and technologies and facilitate their uptake.

Platform for Agricultural Risk Management. In 2016, the Platform for Agricultural Risk Management (PARM), hosted by IFAD, was in its second year of implementation. PARM aims to make risk management an integral part of policy planning and implementation in the agricultural sector. This G20 initiative currently operates in eight African countries. During the year, risk assessment study validation workshops were held in Cabo Verde, Cameroon, Ethiopia, Niger, Senegal and Uganda. Following a request from the government, Zambia became a PARM country in June. Meanwhile, four countries (Ethiopia, Niger, Senegal and Uganda)

have moved into the third phase of PARM, covering tools for the assessment of risk management. In these countries, PARM is now working to design tools to improve the management of agricultural risks. In Uganda, agricultural risk management has been incorporated into both the national agricultural investment plan and the extension services strategy.

Thanks to its collaboration with the New Partnership for Africa's Development (NEPAD), in 2016 PARM played an active role in African policy initiatives, and was particularly visible during the Comprehensive Africa Agriculture Development Programme (CAADP) Partnership Platform meeting in Accra in April. As a result of the prominence of agricultural risk management on the 2030 Agenda, PARM was singled out in the G20 Agriculture Ministers Meeting Communiqué (Xi'an, June 2016) among the initiatives contributing to food security and global stability, providing visibility to IFAD in the global development arena. In 2016, Germany's KfW Development Bank decided to finance PARM through NEPAD and became a member of the PARM Steering Committee.

Weather Risk Management Facility. A partnership between IFAD and WFP, the Weather Risk Management Facility (WRMF) aims to reduce smallholders' vulnerability to weather and other risks through technical assistance, capacity-building, policy dialogue and innovative risk management solutions, particularly agricultural index insurance. In 2016, the WRMF intensified support for scaling up access to index insurance for farmer organizations in Senegal, and also continued its groundbreaking research and development of satellite technologies for overcoming agriculture and weather data constraints. Financed by the French Development Agency AFD, the facility brings together a spectrum of public and private expertise in remote sensing, insurance and reinsurance, aid and development, and agricultural research. The WRMF was invited to take part in user community consultations on a new Belgium-China satellite for agricultural monitoring, and delivered the first-ever technical workshop on satellite data for index insurance to the whole sector in Senegal. It also

contributed to the Global Action Network on index insurance, a G8 initiative, and was invited to become a board member of the Microinsurance Network. The WRMF is working with partners to set up a peer-to-peer government learning platform on agricultural insurance.

Household methodologies. During 2016, we also furthered our work on household methodologies, an innovative approach to engage all household members in examining the entrenched norms that define the respective roles, responsibilities and economic opportunities of women and men, and to promote gender equality (see page 12).

More than 43 IFAD-funded operations have included household methodologies in their design. Scaling up this approach was the theme of the Forum on Empowerment through Household Methodologies, which took place in June at IFAD headquarters. Organized jointly with two NGOs, Oxfam and Hivos, it was aimed at consolidating partnerships, sharing experiences and reinforcing expertise that has been developed, especially in sub-Saharan Africa.

International Land Coalition

The International Land Coalition (ILC) is a global network of over 200 civil society and intergovernmental organizations in 64 countries. Its mission is to put people at the centre of land governance by securing land rights for those who live on and from the land, particularly small farmers, indigenous peoples, pastoralists and women. Hosted by IFAD since it was founded 22 years ago, the ILC continues to address access to land and natural resources as a fundamental factor in IFAD's efforts to reduce poverty, increase food security, improve nutrition and strengthen resilience in rural areas.

In the first year of the International Land Coalition Strategy 2016-2021, the collaborative efforts of ILC's members brought about legally enhanced tenure security for over 32,600 individuals, more than 37,000 households and 95 villages, and led to sustainable management of natural resources over an area of over 20,000 hectares.

In 2016, the ILC continued to promote multi-stakeholder dialogue on land governance at the country level through its 20 national platforms, which targeted a total of 69 land policies and legislative processes. In five countries, the platforms were successful in influencing the formulation and revision of laws. Voluntary guidelines on land tenure, endorsed by the Committee on World Food Security in May 2012, were applied in 12 countries (Cambodia, Cameroon, Colombia, Ecuador, Guatemala, India, Madagascar, Malawi, Nepal, Peru, the Philippines and Togo) as a training tool to forge alliances, review policy proposals and draft bills.

Together with partners, the ILC organized the Land Rights Now Campaign (www.landrightsnow.org). The ILC was joined by more than 550 organizations and 3,600 individuals in a Global Call to Action to work towards doubling the amount of land owned or controlled by indigenous peoples and local communities by 2020. The Call to Action was launched at IFAD headquarters in Rome and participation was mobilized in 29 countries worldwide.

The ILC and its members also played a leading role in the Kilimanjaro Initiative, which brought together rural women from across Africa to climb the continent's highest peak, Mount Kilimanjaro. Their charter of demands, which focuses on women's access to and control over their land, will be taken up by the African Union Commission in 2017.

Read more: www.landcoalition.org

Finance and policy

IFAD seeks not only to spread knowledge of – and increase capacity to implement – development approaches that achieve results, but also to expand sources of finance and help create the policy environment in which such approaches can succeed.

Financing Facility for Remittances. For the past 10 years, IFAD's multi-donor Financing Facility for Remittances (FFR) has been pioneering innovative instruments to provide migrants and their families and countries with better options for economic and social development. The US\$42 million FFR has 56 initiatives in 45 countries and is recognized

as a leading actor in the area of migration and development, as well as a global advocate for better remittance policies. With almost 250 million migrants sending nearly half a trillion US dollars home to their families in developing countries in 2016 alone (40 per cent to rural areas), remittances represent a huge source of financing that could be leveraged for development.

In 2016, the FFR launched its fifth global call for proposals for innovative models to leverage the impact of remittances and diaspora investment for rural development. Six were selected, three from the private sector and three from the public sector and NGOs. In addition, the African Postal Financial Services Initiative reached its fourth year of successful implementation. The International Day of Family Remittances, proclaimed by IFAD's Governing Council in 2015, had its second commemoration on 16 June, drawing further attention to the issue of remittances and development.

Country-level policy engagement is an increasingly important aspect of IFAD's work, and during the year we continued to pursue different avenues for improving this type of engagement. First, we supported IFAD country teams in improving the policy focus in their country programmes, including through participation in design missions for COSOPs and projects. The goal was to ensure that COSOPs have realistic strategies for policy engagement that contribute to the achievement of strategic objectives. This work was also aimed at ensuring that project designs integrate policy-related outcomes, outputs and activities, linking these to the project's knowledge management agenda, and defining clear implementation responsibilities.

Another line of work was capacity development, including development of a toolkit to guide operational staff in designing and implementing policy activities. Training was also provided in crafting policy strategies as part of an emerging initiative – IFAD's Operations Academy. We also supported relevant research and prepared country-level studies that addressed such themes as popular consultation in policymaking, the organization of a policy think tank covering the rural and

agricultural sector, the development of an evidence-based agricultural sector extension services policy, and the policy framework for agricultural and rural development in countries recovering from conflict.

In addition, we began work on an analysis of the impact of IFAD's policy activities in specific countries across the Asia and the Pacific region. This study is looking at existing initiatives and also contributing to the development of a methodology for future impact assessment in the policy area.

Indigenous peoples. Also in 2016, IFAD supported policy dialogue among indigenous peoples, governments and United Nations country teams in the Democratic Republic of the Congo, El Salvador, Myanmar, Nepal, Paraguay and Tanzania. The purpose was to develop national action plans to implement the outcome document of the 2014 World Conference on Indigenous Peoples and the 2007 Declaration on the Rights of Indigenous Peoples. We organized regional workshops during the year in Africa, Asia, Latin America and the Pacific in preparation for the third Global Meeting of the Indigenous Peoples' Forum taking place at IFAD headquarters in February 2017. Its thematic focus will be economic empowerment of indigenous peoples, especially women and youth.

Managing for results

IFAD's new Strategic Framework 2016-2025 came into effect during the year. The Framework sets out how IFAD will work over the coming decade, and positions the Fund to play a crucial role in the inclusive and sustainable transformation of rural areas. It articulates IFAD's contribution to the 2030 Agenda, including the larger role IFAD will play in supporting countries to fulfil their priorities relative to the Agenda.

The Strategic Framework outlines how the Fund will work in ways that are bigger, better and smarter: bigger, by mobilizing and leveraging substantially greater investment in rural areas; better, by strengthening the quality of countries' rural development programmes; and smarter, by further sharpening its efficiency and delivering results more cost-effectively. It sets three strategic objectives: increasing the productive capacity

of poor rural people; increasing their benefits from market participation; and strengthening the environmental sustainability and climate resilience of their economic activities. (Read the full Strategic Framework <https://www.ifad.org/who/sf/overview>).

In terms of IFAD's own policies and enhancing its own operations framework, in late 2016 IFAD management presented the Executive Board with five important policy documents, which were approved. These included: a strategy for engagement with countries in fragile situations; an updated approach to middle-income countries; a review of the performance-based allocation system; an approach to SSTC; and the corporate decentralization plan.

Decentralization is an overarching theme that will be driving many of our major initiatives over the next five years. We have been building our field presence since 2003, stressing the importance of country office staff participation in project design, supervision and implementation. And we are now moving from field presence to corporate decentralization. We have identified three important benefits of decentralization that focus on non-lending activities: policy dialogue, partnership development and knowledge management. Having piloted different types of field presence, as we decentralize we are consolidating around a few models, while maintaining some flexibility to adapt to specific circumstances. The existing and proposed IFAD country offices will be configured as subregional hubs, country programme groups or individual country offices based on specific criteria. (Take a look at the map inside the front cover to see operational and planned IFAD country offices and proposed subregional hubs.)

Development Effectiveness Framework. During the year, and based on knowledge developed through the IAI (see above), IFAD crafted a Development Effectiveness Framework to build structures that facilitate the use of evidence in designing and implementing projects. The Framework is the next logical step in IFAD's evolution as a results-based organization, and builds on the approach instituted over a decade ago with the Results and Impact

Management System. It is a multi-pronged initiative that includes strengthening self-evaluation tools, creating a dedicated and accountable unit to ensure expanded learning and fulfilment of corporate requirements, selecting a subset of IFAD-funded projects (15 per cent) for impact assessments using experimental and quasi-experimental approaches to attribute impact and the results, and increasing staff capacity in evidence-based project management through IFAD's Operations Academy. The Development Effectiveness Framework is an important step in furthering IFAD's focus on delivering impact in its investments and value for money.

New programmes and projects West and Central Africa

Strengthening value chains for food security in Mauritania

The new Inclusive Value Chain Development Project in Mauritania will build on the achievements of an earlier project that closed in 2015, having improved food security by strengthening value chains and the access of poor producers to markets. Hunger and malnutrition are major concerns in Mauritania, where about 24 per cent of households are food-insecure, particularly in the south. Ongoing food insecurity leads to high rates of chronic malnutrition among children under 5, with national rates above 20 per cent. The country is also highly vulnerable to the effects of climate change.

The new project will involve poor rural people, including women and young people, in profitable and resilient value chains such as market gardening, poultry farming, goat's milk and non-timber forest products. A pilot operation in inland fishing will be conducted around Fom Gleita lake.

The project will facilitate partnerships, from simple contractual arrangements to public-private-producer partnerships. It will provide training and advisory services, including nutritional education and agricultural advice. It will also work to give participants access to financial services and bring them into the banking system.

A grant from the Adaptation for Smallholder Agriculture Programme (ASAP) will facilitate the use of solar energy along the value chain, from production to storage and processing. It will also promote sustainable management techniques for natural resources such as water, pastureland and plants, which are particularly important in the non-timber forest products value chain.

East and Southern Africa

Dairy farming is a pathway out of poverty in Rwanda

Agriculture contributes 33 per cent of GDP in Rwanda, while employing over 80 per cent of the labour force and providing 90 per cent of the country's food requirements. The dairy sector is crucial for rural development, offering a pathway out of poverty for the many households keeping livestock and for others providing services along the

supply chain. Over the past decade, the government has made significant investments in the sector, yet its performance could still be improved and many challenges remain to be addressed.

The new IFAD-supported Rwanda Dairy Development Project will capitalize on the opportunities created by past investments in the sector. It aims to raise the productivity of smallholder dairy farms and increase supplies of quality milk. This will help to close the gap in domestic demand and increase cross-border exports.

The project, to be implemented from 2016 through 2024, will work with 100,000 rural households in four provinces. Women will make up at least 45 per cent of the participants. It will also help to improve organizational capacity and enterprise skills among smallholder dairy farmers and their cooperatives, and improve dairy processing and marketing infrastructure. Another objective is to consolidate an evidence-based, inclusive policy framework and institutional structure for the Rwandan dairy sector.

Asia and the Pacific

Making value chains work for small farmers in Cambodia

Between 2004 and 2011, Cambodia's poverty rate fell from 32.8 per cent to 10.1 per cent. More than 60 per cent of this reduction was attributed to the agriculture sector, and most of it took place in rural areas. However, agricultural growth has stalled in the past three years and needs to be stimulated. Fortunately, a number of important building blocks are in place to support it: rural communities are increasingly connected, through both roads and telecommunications; the rural finance sector is improving rapidly; and farmers are increasingly interested in the market opportunities of farming as a business.

The new IFAD-supported Accelerating Inclusive Markets for Smallholders Project will increase returns from farming for smallholders, including young people, through efficient public-sector investment. It will work to develop five high-value product value chains: quality assured rice, vegetables, backyard chicken, cassava and raw silk. It will also increase private-sector investment.

Using IFAD's public-private-producer partnership model, the project will develop and promote links among buyers, producers and service providers. It will give priority to innovation in local value chains, especially through a value chain innovation fund, which will provide direct financial support to stimulate private investment. The project will be implemented in all parts of the country and about 75,000 families are expected to participate.

Latin America and the Caribbean **Improving livelihoods for indigenous peoples in the hinterlands of Guyana**

Persistent poverty, climate change and the increasing encroachment of mining and logging activities are straining resilience and social cohesion in the hinterlands of Guyana. Among the predominantly indigenous population, dependence on remittances is rising, and so is the incidence of chronic diseases, partly a result of dietary changes. The challenges facing small farmers include low soil fertility, severe floods and prolonged dry spells, and lack of adequate water management technologies.

Indigenous peoples make up two thirds to three quarters of the population in the country's hinterlands, and the government is working in these areas to help communities identify new income opportunities and diversify rural livelihoods. The new IFAD-supported Hinterland Environmentally Sustainable Agricultural Development Project aims to build livelihood resilience, strengthen access to assets, and improve nutrition and adaptation to climate change.

The project will help community councils and value chain roundtables to plan and prioritize investments in local value chains – including ginger and turmeric, which have export potential. It will establish an investment fund to finance goods and services that will prioritize investments that reduce climate and investment risks; provide training and raise awareness; and provide technical assistance to support the diffusion of knowledge and technologies. The project will reach about 6,000 households, or about 30,000 people. At least 75 per cent will be indigenous peoples and at least 50 per cent will be women.

Near East, North Africa and Europe **FARMS: the new Facility for refugees, migrants and rural stability**

IFAD launched its Facility for Refugees, Migrants, Forced Displacement and Rural Stability (FARMS) during the 2016 United Nations Summit for Refugees and Migrants. With an overall envelope of US\$100 million, FARMS will focus on sustainable rural development and livelihood support for refugees, displaced persons and rural host communities. It will create economic opportunities in areas of origin to motivate people to return, while giving those who remain in host countries a chance to rebuild their livelihoods. With an initial focus on the Near East and North Africa, where the current crisis is the most acute, FARMS is expected to reach 1 million people.

The Facility will create 20,000 jobs, especially for women and youth, and at least 1 million days of temporary work, mainly in the agrifood sector. Over 500 community infrastructure projects will improve roads, irrigation systems and access to markets, while a focus on better governance of natural resources will help reduce conflicts and promote equitable access.

During the Facility's launch, Imad Najib Fakhoury, Jordan's Minister of Planning and International Cooperation, said that FARMS was "a far-reaching initiative that tackles one of the critical issues of forced migration: food security. It demonstrates a progressive, resilience-focused vision, acknowledging the proven fact that even short-term crises require long-term solutions."